



The market for video downloads is set to follow in the footsteps of music as internet users embrace movie downloading

London 19th October 2005: According to new research by media consultancy Screen Digest, the European market for legitimate movie downloads is poised to take off and will be worth more than £60m a year by 2010 in the UK and €250m across Europe as a whole.

By 2010 the equivalent of every broadband household in the UK will have downloaded at least one movie from a legitimate Internet movie service, as increased broadband speeds see movies follow the path of music in the digital era. Screen Digest anticipates more than 18.5m broadband homes in the UK by 2010, consuming over 20m movies a year via Internet platforms.

Screen Digest Senior Analyst, Arash Amel, states: "Although there are still issues in terms of bandwidth, download times and general consumer familiarity with the Internet as a means of consuming movies, these issues are becoming less significant. The market will be driven by the emergence of competing service providers, whether telcos, ISPs or DVD rentalers and retailers, as well as the eventual appearance of download-to-own and download-to-burn strategies from content owners.

Despite the potential threat of peer-to-peer (P2P) piracy, movie downloading represents an additional and potentially lucrative revenue stream for the Hollywood studios."

The launch of the video iPod last week and the announcement with Disney that iTunes would sell individual episodes of Disney TV shows also marks the birth of the download to own market for paid television content. Consumers will now be able to pay for, download and keep previously broadcast episodes of TV programmes.

Importantly, this move by iTunes and Disney lays down a marker for the price of an individual episode of a TV series – namely \$1.99 in the US although the service is current unavailable in Europe. In the same way that consumers have become used to paying 99 cents for a single music track, from now on they might see a \$1.99 price point as the norm for a premium TV programme.

Arash Amel states: "However, the revenue generated from 'a la carte' Internet downloads of TV programmes and movies is likely to be affected by the availability of 'free' download services from European pay-TV operators who will provide the Internet model as a customer retention strategy to existing pay-TV subscribers, as well as public broadcasters providing content online for free as part of their existing public service function."

Editors' Notes

The data, forecasts and analysis contained in this press release are taken from recent research produced by Screen Digest.

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