

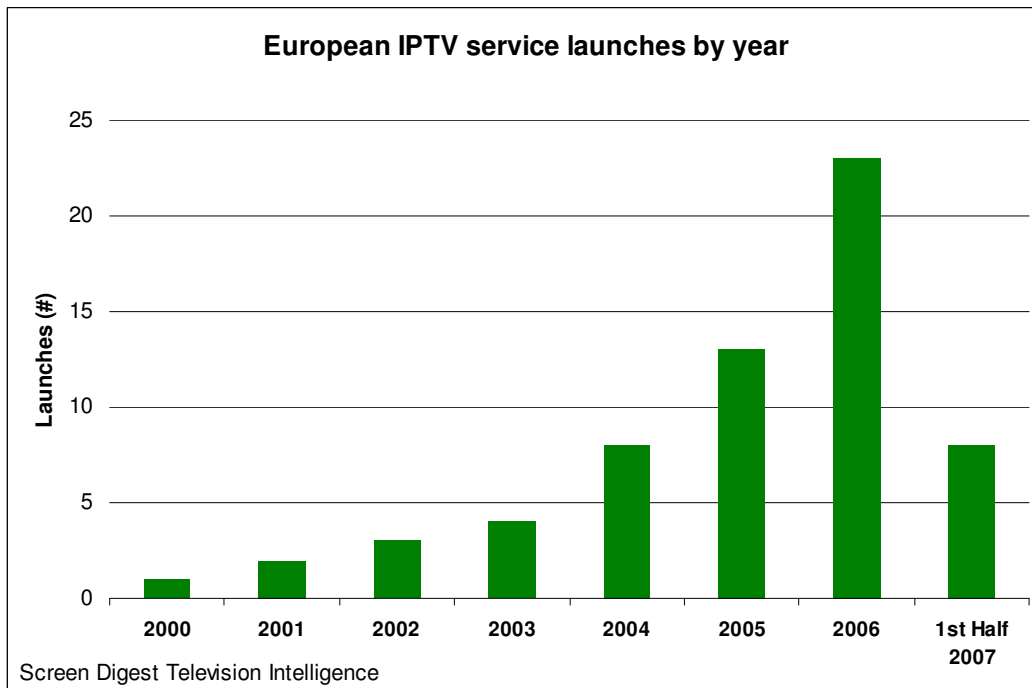


IPTV becomes a disruptive influence in the European pay-TV market

London 29 August 2007: The latest research from Screen Digest (www.screendigest.com) released today examines the rapidly expanding European market for IPTV. Well over 60 IPTV services operated across Europe at the end of the second quarter of 2007, with more to launch in the second half of the year. Whilst some major Western European states are used to competing with so many players, others are unfamiliar with such a jam-packed market.

IPTV service launches swamp the pay-TV markets

The number of services in certain countries, like France, has given consumers an overwhelming array of suppliers to choose from. The country boasts eight IPTV operators and is a nation now saturated with TV services.



Basic multi-channel TV in France is provided by operators like Darty and France Telecom, while film channels are available on Neuf for as little as €8 per month. The existing top operators have been constrained to the upper price echelons - satellite service CanalSat provides a moderate to high priced basic package, with cable operator Numericable topping the offers at nearly €30 per month.

The UK is in a similar situation - BT covers the low-price market, Tiscali and Virgin the mid-range, and Sky the premium end of the scale. A further dimension was recently added to the UK's situation with the launch of Setanta sports on BT Vision. UK sports fans are now able to watch a significant amount of football without having to pay a higher monthly subscription to Sky Sports.

Screen Digest's IPTV Analyst Richard Broughton says: "There is now a TV service for everyone. While in the past, consumers were forced to pay a premium for multi-channel TV, they can now simply pick the operator which best suits their needs and their pocket."

IPTV is an opportunity for business development

But such developments haven't worried all of the incumbent pay-TV operators, as IPTV is not just being seen as competition. In many markets, existing operators are treating it as an opportunity to expand their reach.

In Germany, Deutsche Telekom's T-Home, prevented by competition regulation from providing its own content, has video supplied by satellite operator Premiere. France's CanalSat and Canal Plus channels are available over almost all of the country's IPTV services, while in Italy, Sky Italia packages are available over both Alice Home TV and Fastweb. Indeed, running content over competitor's networks is being increasingly adopted by pay-TV operators, taking the 'if you can't beat them, join them' mentality. Viasat, Nova, TDC and Canal Digital are just some of the major brands with services available in full or in part over IP.

Yet the UK is failing to exploit it...

For a country supposed to be one of the 'Big Five' TV markets, the UK is not showing any of this movement, primarily due to the fact that IPTV in the country is so far behind the rest of Europe. There is currently only one nationally available IPTV service in the UK – BT Vision. This compares to the eight services in France, four major operations in Spain, two in Italy and two in Germany.

The UK began the year with only 54,000 IPTV customers, and while BT is now adding 2,000-3,000 customers per week, the delayed national roll-out of Tiscali TV has ensured that fewer than one in 100 UK households will be taking IPTV by the end of the year. By contrast, according to Screen Digest predictions, nearly one in 25 will have it in Spain and around one in ten French households will take IPTV by the beginning of 2008.

Yet despite this, European IPTV as a whole has showed strong gains so far this year, with old hands like France Telecom, Telefonica, Free and Neuf Cegetel making amends for the UK's lackadaisical roll-out.

“The acceleration seen in the uptake of European IPTV this year is symptomatic of the success operators have had in marketing and targeting their services. BT can only be hoping that its service will emulate this success.”

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About this research

The data in this press release is taken from Screen Digest's online service – TV Intelligence. The service continuously tracks and forecasts IPTV operators globally.

About Screen Digest - Global media intelligence

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