



Online content distribution trends to 2011: Market values and forecasts for music, TV and movies

London 24th September 2007: Screen Digest today releases research and forecasts on the business of online distribution from its broadband media analyst team, covering music, TV and movies. The analysis was first presented to an audience of industry players in London on 21st September.

Music tops the chart

Dan Cryan, Music Analyst illustrated how music is going to continue to lead the market for online distribution. With revenues in the UK in 2006 at £45 million, this market is already the model that other online content distributors emulate. By 2011, Screen Digest forecast that 191 million single tracks and 21 million albums will be downloaded, with UK revenue at £285.6 million. Dan says "The rapid growth of online music constitutes an invaluable lifeline for the record industry as the decline in physical sales shows no sign of letting up. So the question remains whether the growth in digital will be able to fill the revenue gap left by the fall in physical sales."

Online TV gets switched on

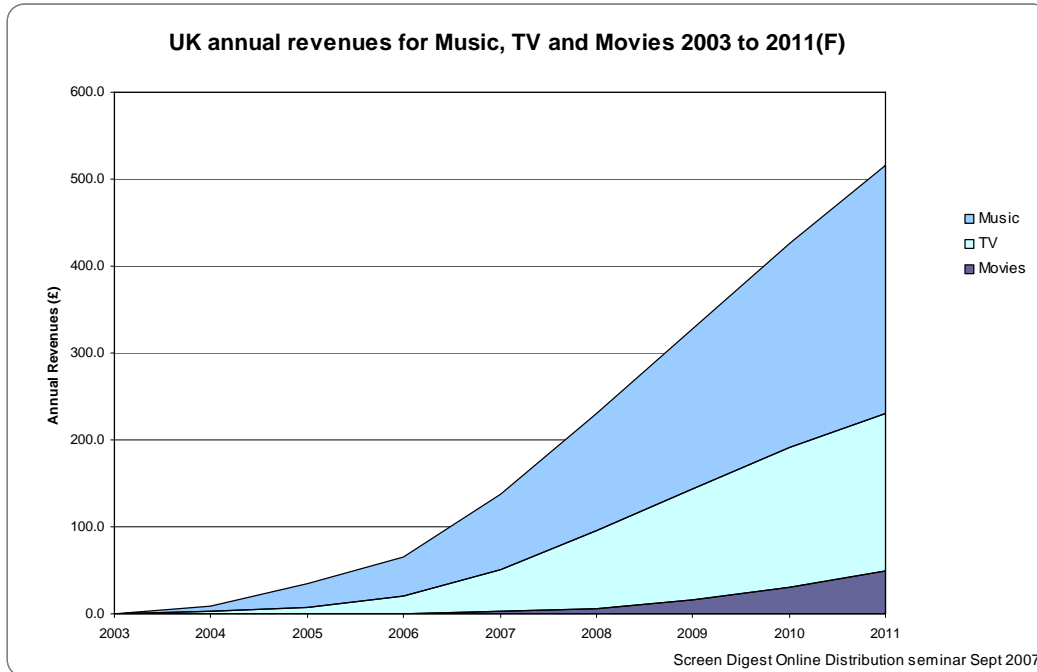
Despite a slow start, Screen Digest forecasts that the online TV market will generate annual revenues of £181 million by 2011. Whilst at present there are only a few online TV options to choose from, as more services become available consumers will increasingly adopt online TV to catch up on soaps, dramas and reality TV shows and to preview their favourite shows.

Arash Amel, Senior Analyst says "Broadcasters and pay-TV operators will come under increasing pressure from many major 'virtual networks', such as YouTube and Joost, who will be competing for viewers' time and attention. This will be exacerbated by hardware manufacturers, such as Apple, Microsoft and Sony, who will be far more adept at selling TV shows because of their existing device relationships with the consumer.

The result is that the UK online TV market will be increasingly fragmented, with the new entrants trapping considerable market share. The threats and opportunities for traditional broadcast networks and pay-TV platforms is clear. They must adapt their online strategies quickly and efficiently, whether it is focusing on maximizing the potential of video offered through their own websites and online outlets, or co-operating with the new platforms to syndicate as widely as possible in order to tap significant additional revenue."

Online movies not yet a hot ticket

Yet it is the forecasts for the value of the online movies market that reveals the slowest market growth. There are a number of reasons for the comparatively small size of movie downloads compared to music and TV. Screen Digest believes that consumers will be reluctant to watch three hour long films on their PC, preferring to view them on their plasma screens and home entertainment systems. For movie downloads to make it into the British front room, film fans need to update their hardware to make transferring them possible – and this is a long way off.



Ben Keen, Chief Analyst says “While the Internet offers an important new opportunity for movie distribution, studio fears of a ‘single dominant platform’ and revenue cannibalization are in danger of limiting development of digital services, and damaging consumer attitudes towards downloads”

Ends

For more information please contact:

Screen Digest:

Fay Hamilton, Marketing Manager

Tel: +44 (0) 20 7424 2847 fay.hamilton@screendigest.com

Media enquiries:

Lucy Green

Tel: +44 (0) 7817 698366 lgreen@greenfieldscommunications.com

About this research

The data in this press release is taken from one of Screen Digest's six online services – Broadband Media Intelligence.

About Screen Digest - Global media intelligence

Screen Digest is the pre-eminent firm of industry analysts covering the global media markets. We employ a team of 30 specialist analysts covering television, broadband, mobile, home entertainment, cinema and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on.

To find out more, please contact Screen Digest sales sales@screendigest.com

Tel: +44 (0) 20 7424 2820 www.screendigest.com