



## **Download to own business models, not rental will drive video-on-demand spending over the next decade, concludes a new study**

**9<sup>th</sup> August 2005, London.** The download to own model being pioneered on the audio side by Apple's iTunes shop could help drive movie video-on-demand (VoD) spending. Current VoD services are delivering paltry returns to the Hollywood studios – especially when compared to the DVD sell-through cash cow – with global DVD sales reaching £19bn (€27.5bn) in 2004.

A new study, published by Screen Digest of the UK and Adams Media Research of the US, argues that the way forward lies in replicating the DVD retail business model in the domain of digital distribution. This key insight was echoed by a recent New York Times article, which reported that several Hollywood studios are already preparing to make the leap to electronic sell-through over the Internet ("Forget the Bootleg, Just Download the Movie Legally" 7/5/05).

In the US, consumer spending on video-on-demand movies totaled less than \$400m (£225m / €324m) in 2004, three years after cable operators began hooking consumers up to on-demand servers in earnest and studios launched the first Internet movie sites. But in its newest strategic report, ***Video-On-Demand: The Future of Media Networks – A Strategic Analysis of the US Market***, Screen Digest and Adams Media Research map out how industry strategies are shifting to reflect the new realities of the on-demand market.

"Video-on-demand technology is spreading rapidly, and will become pervasive in the decade ahead," noted Adams Media Research's president and senior analyst Tom Adams, "but turning that technology into a substantial movie market is going to require a complete reassessment of the industry's 10-year-old assumptions about VOD. The results of that rethinking process are in this report."

"The soaring success of audio downloads since Apple opened the iTunes music store—which sports the most liberal licensing options available on any music site—has proven that legitimate digital downloads are both a hot ticket *and* the best way to beat pirates to the punch," said Adams. "The parallel analyses in this report of what's going right for Internet audio and what has gone wrong for VoD leads to an inescapable conclusion: on-demand networks will succeed only by catering to the consumers' desire to own and control their own content."

## Editors' Notes

The data, forecasts and analysis contained in this press release are taken from the new Screen Digest and Adams Media Research report *Video-on-Demand: The future of media networks – a strategic analysis of the US market*.

The 102-page report features a proprietary projection model of VoD's future, both on cable, DBS and telco networks, and on the open Internet. The model—covering the US market for the period 1997-2014—includes VoD-enabled households, per-HH consumption, pricing, consumer spending and studio revenue from all forms of on-demand networks. In addition, the report provides a history of VoD technology, an analysis of VoD's position in the overall film entertainment market, and a detailed model walk-through, which identifies the underlying data and assumptions driving the projections in each network category.

To find out more about this please contact [sales@screendigest.com](mailto:sales@screendigest.com) or call +44 20 7424 2820

### About Screen Digest

Screen Digest is the pre-eminent source of business intelligence, research, and analysis on global audiovisual media. *Screen Digest* the journal has been published for more than 30 years and is read in over 40 countries. Screen Digest is primarily a research company and publishes a rapidly growing number of major business reports on media markets. The company also offers continuous online research services providing searchable access to a vast database of global audiovisual market research information. Screen Digest also provides single client consultancy services and has undertaken a wide variety of bespoke projects on behalf of numerous national and international organisations.

### About Adams Media Research

Adams Media Research is the US media industry's key source of market data and financial analysis on the film entertainment and digital media markets. AMR conducts financial and market research, covering media industries including home video, the Internet, cable TV, DBS, digital television, and video games, publishing its findings monthly in the *Hollywood Aftermarket* newsletter and in a series of comprehensive reports, including ***Video-on-Demand: The Future of Media Networks***, ***The Future of Video Rental***, and ***Selling Video: A Strategic Analysis***.

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