Italy

Italy key data 2017

Population (m)	59.4	Comparison with 2016 (%)	-14.2
TV households (m)	25.1	Consumer spending on digital video and TV VoD (EUR m)	273.9
Consumer spending on physical video software (EUR m)	255.9	Comparison with 2016 (%)	46.5

Home Video Market

- In 2017 total consumer spending was equal to EUR 529.8 million, up 9,2% compared to 2016.
- Main growth factor was subscription digital video (OTT), growing from EUR 99.9 million to EUR 172.5 million.
- Excluding subscriptions, transactional consumer spending (physical rental and retail, digital rental and retail) was equal to EUR 357,3 million in 2017, down 8,7% compared to 2016.
- For the first time, total digital video consumer spending (across digital retail and rental, subscriptions and pay TV VOD) exceeded physical consumer spending.

Physical Market

- Physical Video consumer spending in 2017 was equal to EUR 255,9 million, down 14,2%.
- Physical video rental was down 27,3%, although 1 million individuals still rented discs regularly in 2017.
- Physical video retail was down 14,7%.
- DVD is still the dominating format representing over 70% of consumer spending.
- Consumer electronics are the main physical distribution channel representing 40% of total sales.
- Kiosks, historically an important distribution channel in Italy, registered a decline in sales by 16%.

Digital Market (OTT)

- In 2017, digital subscription grew rapidly in Italy like in many other territories, up over 70% compared with 2016.
- Rental digital video grew by only 8%.
- The same marginal growth applied to retail digital video, up 5% versus the previous year.
- In total, rental and retail digital video represent 17% of the Italian OTT video consumer spending.

Pay TV Transactional VOD

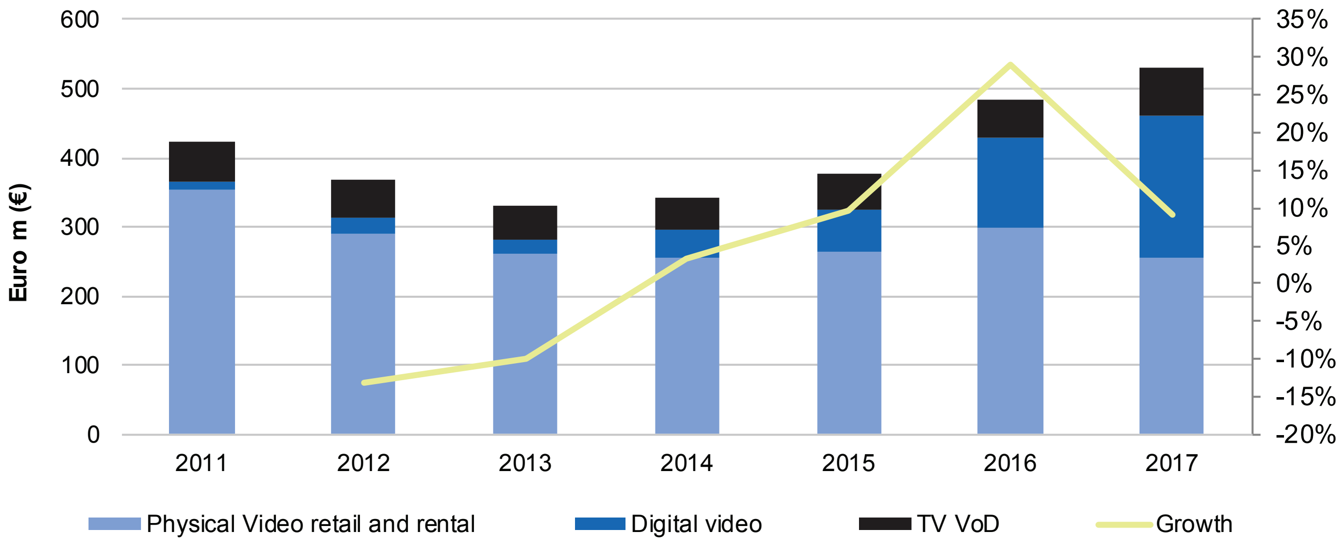
- Pay TV transactional VOD consumer spending was equal to EUR 68 million in 2017, growing by a significant 22% compared to the previous year.

Other relevant developments

- Piracy continues to be a serious problem for the film and audiovisual industry in Italy. According to the recent IPSOS research, 39% of Italian adults engaged in at least one act of piracy (films, TV series or TV programmes) in 2017.
- It is estimated that the piracy of films and TV series results in approximately 130 million lost viewings, causing an economical loss of approximately EUR 600 million.

This commentary was provided by Univideo, the Italian Video Association.

Consumer spending by segment



Source: IHS Markit

Video market: Italy

	2011	2012	2013	2014	2015	2016	2017	16/17 %
GENERAL								
Population (m)	59.8	59.7	59.7	59.6	59.5	59.4	59.4	-0.1
TV households (m)	24.1	24.4	24.5	24.6	24.8	25.0	25.1	0.6
Population Total Europe (m)	622.4	623.8	624.9	626.1	627.7	629.4	630.9	0
TV households Total Europe (m)	250.8	253.2	255.0	257.3	259.3	261.3	263.2	1
Broadband households (m)	11.5	11.8	11.9	12.2	12.5	13.0	13.9	6.8
Nominal GDP (EUR m)	1,638.0	1,613.3	1,604.3	1,622.6	1,651.4	1,681.6	1,718.1	2.2
Consumer price index (100 in 2010)	107.9	102.8	107.5	107.6	89.9	89.6	92.3	3.0
DVD Video player/recorder (%)	95.2	94.4	94.4	91.4	86.6	87.5	85.7	-2.0
Blu-ray Disc player/recorders penetration (%)	5.7	10.8	15.7	19.4	21.3	22.2	22.5	1.1
DVD Video player/recorder Total Europe (%)	76.7	76.1	73.9	71.8	69.2	67.1	64.5	-3.9
Blu-ray Disc player/recorders penetration Total Europe (%)	6.8	11.2	15.4	18.4	20.7	21.7	22.3	2.5

Total video software market

	2011	2012	2013	2014	2015	2016	2017	16/17 %
CONSUMER LEVEL ALL VIDEO								
Total market figures include consumption of both physical and digital video								
Total spending on video (EUR m)	423.6	368.5	331.9	343.3	376.3	485.1	529.8	9.2
Growth (%)		-13.0	-9.9	3.4	9.6	28.9	9.2	
Total spending on video Total Europe (EUR m)	9,124.9	8,847.3	8,466.8	8,587.3	9,356.6	9,718.8	10,448.2	7.5
CONSUMER LEVEL PHYSICAL VIDEO – TOTAL SPENDING								
Total market figures include consumption of legacy formats not broken out separately (eg, VHS, HD-DVD, UMD) where relevant.								
Physical video rental (EUR m)	74.1	52.1	46.1	41.3	37.0	28.1	25.5	-9.3
Physical video rental Total Europe (EUR m)	984.8	865.3	683.8	526.9	430.8	293.7	213.4	-27.3
Physical video retail (EUR m)	281.0	239.6	215.5	214.0	226.0	270.1	230.4	-14.7
Physical video retail Total Europe (EUR m)	7,193.4	6,606.9	5,808.7	5,181.8	4,753.6	3,991.3	3,317.4	-16.9
Physical video software (EUR m)	355.1	291.7	261.6	255.3	263.0	298.1	255.9	-14.2
Physical video software Total Europe (EUR m)	8,178.2	7,472.2	6,492.5	5,708.7	5,184.4	4,285.0	3,530.9	-17.6
CONSUMER LEVEL DIGITAL VIDEO (OTT) – TOTAL SPENDING								
The purchase or rental of films and TV series delivered over the open internet through transactional models (also known as EST, DTO, Internet VOD) or on a subscription basis. This category specifically excludes sports, live events and adult content to ensure it is comparable to physical video data.								
Retail digital video (EUR m)	3.9	5.9	8.6	13.1	14.9	16.2	17.0	5.0
Rental digital video (EUR m)	3.1	5.9	8.3	11.2	13.4	15.0	16.2	7.9
Subscription digital video (EUR m)	2.9	9.3	4.6	15.8	34.6	99.9	172.5	72.7
Total digital video (EUR m)	9.9	21.1	21.5	40.0	62.9	131.1	205.7	56.9
Total digital video Total Europe (EUR m)	393.6	703.5	1,232.2	2,012.1	3,152.8	4,322.7	5,708.3	32.1
CONSUMER LEVEL PAY TV TRANSACTIONAL VOD – TOTAL SPENDING								
The rental of film and TV content on a transactional (VoD, NVoD/PPV) basis via cable/satellite/IPTV services. These, paid for at the point of consumption, transactions occur only on set-top-boxes or through online services provided as part of a wider pay TV package to which consumers must subscribe prior to purchase. This category specifically excludes sports, live events and adult content to ensure it is comparable to physical video data.								
Pay TV TVOD (EUR m)	58.6	55.7	48.8	48.0	50.4	55.9	68.2	22.0
Pay TV TVOD Total Europe (EUR m)	553.1	671.6	742.1	866.5	1,019.4	1,111.2	1,209.1	8.8

Notes:* 1)** *Consumer level digital video (OTT) and pay TV transactional VOD figures may differ from locally published figures due to the application of different definitions.* ***2) *Historical numbers in this section may differ from those published in previous years owing to changes in IHS Markit methodology.* ***3)*** *The current online figures are a snapshot of the market in June 2017. Figures are updated regularly and so it may not possible to compare directly to figures published after this date.* ***4)*** *Total Europe include Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Croatia, Czech Republic, Hungary, Poland, Russia, and Slovakia.*

Key players in the market (in alphabetical order)

Physical
- Amazon
- Deltavideo
- Euronics
- Feltrinelli
- IBS (Internet Book Shop)
- Mediamarket
- Mondadori
- Unieuro

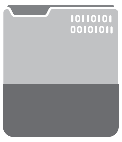
Digital
- Chili
- Google Play
- iTunes
- Mediaset
- Mediaset Premium*
- Rakuten TV
- Sky Italia
- Sony Playstation store
- Telecom Italia

** is expected to stop operating at the end of 2018*

Share of European market 2017

Physical retail
11.9%

Physical rental
6.9%

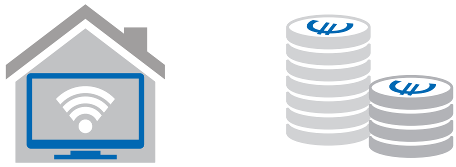


OTT
3.6%

Pay TV TVOD
5.6%

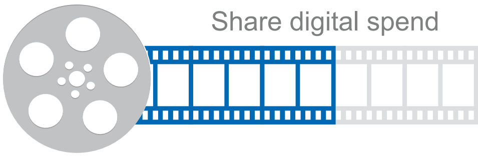
Average home entertainment spending

Spending per TV household (EURO m)
€21.1



Spending per broadband household (EURO m)
€38.2

Digital share of spend vs. broadband speed



Share digital spend
39%

Broadband download speed rank
(ranked across the 9 IVF countries)

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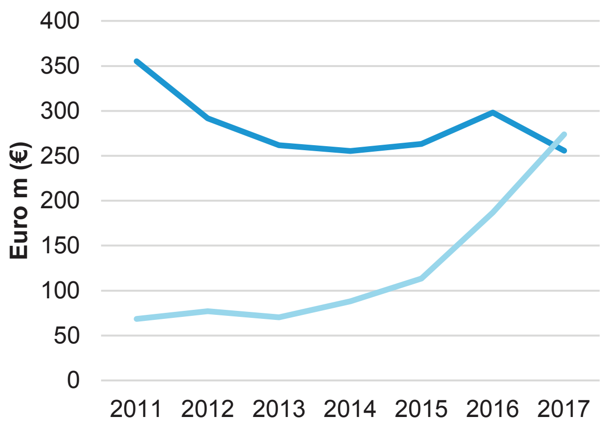
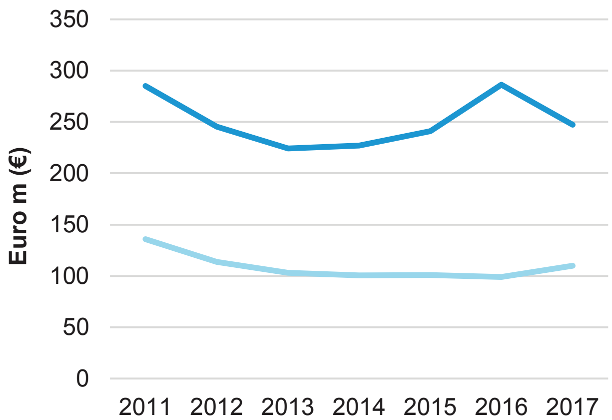
Comparison Physical vs Digital



Physical (Rental & Retail)
Digital (Rental & Retail)

Digital (Rental & Retail) includes SVOD data

Comparison Retail vs Rental



Retail (Physical & Digital)
Rental (Physical & Digital)

Rental (Physical & Digital) excludes SVOD data

Source: IHS Markit