# UK

## UK key data 2018

| | |
|---|---|
| Population (m) | 66.6 |
| TV households (m) | 27.6 |
| Consumer spending on physical video software (EUR m) | 730.5 |
| Comparison with 2017 | -18.1% |
| Consumer spending on physical video software (EUR m) - Total Europe | 2,970.0 |
| Comparison with 2017 | -15.8% |
| Consumer spending on digital video and TV VoD (EUR m) | 1,980.2 |
| Comparison with 2017 | 25.8% |
| Consumer spending on digital video and TV VoD (EUR m) - Total Europe | 8,785.6 |
| Comparison with 2017 | 30.9% |
| Consumer spending on total video (EUR m) | 2,710.7 |
| Comparison with 2017 | 9.9% |
| Consumer spending on total video (EUR m) - Total Europe | 11,755.7 |
| Comparison with 2017 | 14.8% |
| Exchange rate EUR/GBP | 0.89 |

In 2018, the UK market saw a fourth consecutive year of growth, with a double-digit increase in total sterling spend on video. Due to the impact of the fluctuating GBP:EURO exchange rate across the year, sterling spend shows stronger growth than it does in Euros year-on-year, with a 11% increase on 2018 to a total of £2.404 billion.

The British entertainment market is subject to tough and changeable economic conditions, with a slowdown in economic growth and uncertainty about the outcome of Brexit seeing consumer spend declining. Video category sales are standing strong however, despite the rise in overall price of consumer goods, as indicated by the Consumer Price Index, which has seen a jump of 11.9% in 2018, from 96.3 to 107.8.

Reflecting the abundance of choice now on offer to audiences, some 62% of consumers chose to rent or stream film and TV content, with subscription services seeing healthy growth (+34% YoY), while ownership remains a significant contributor to the market's success, with 38% of category value generated by people choosing to buy and own content either on disc or via digital download.

### Physical

Physical disc remains a leading factor in the transactional space, accounting for 59% of spend in 2018, with DVD, Blu-ray and 4K UHD Blu-ray discs continuing to be a key driver across the market as a whole. The strength of new release film in particular is also driving sales in other areas, as evidenced by the performance of original soundtracks across the music category throughout 2018.

Across retail, the average disc price maintained its upward trend as core buyers within the market continue to engage across all formats. The average selling price for Blu-ray hit £14 for the first time in seven years, enabling the format to retain a 17% share of disc spend across the year. The high definition format was further boosted by the performance of the premium 4K UHD format, which saw significant growth, to represent a 13% share of all Blu-ray spend across 2018 from a limited title base.

The effects of tough trading conditions on the UK high street persist, with a number of retailers going in to administration, including Debenhams, Select, L.K. Bennett, Patisserie Valerie and the major entertainment retailer, HMV, which fortunately was purchased by Canadian Sunrise Records in the early part of 2019. Despite these struggles, almost half of all spend on physical content in 2018 was generated by Amazon and HMV (including HMV Online), the former seeing a small dip, down to 24% share, whilst HMV represented over 25% of consumer spend for a second year running.

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## Digital

In the last year, the share of spend for SVOD has surpassed 50% across the UK and Total Europe (TE), which is a key influence in why total digital spend now accounts for 73% of the total visual entertainment market in the UK, and 75% in TE.

When looking at retail digital video spend across TE, the UK represents a 43% share, which is significantly higher than the 23% that the UK represents of all video spend across TE. This higher UK share of digital retail spend is thanks to continued engagement from consumers of transactional services and has resulted in a stronger focus on UK initiatives to showcase ways to transact and collaboration between content owners and digital platforms to increase customer reach.

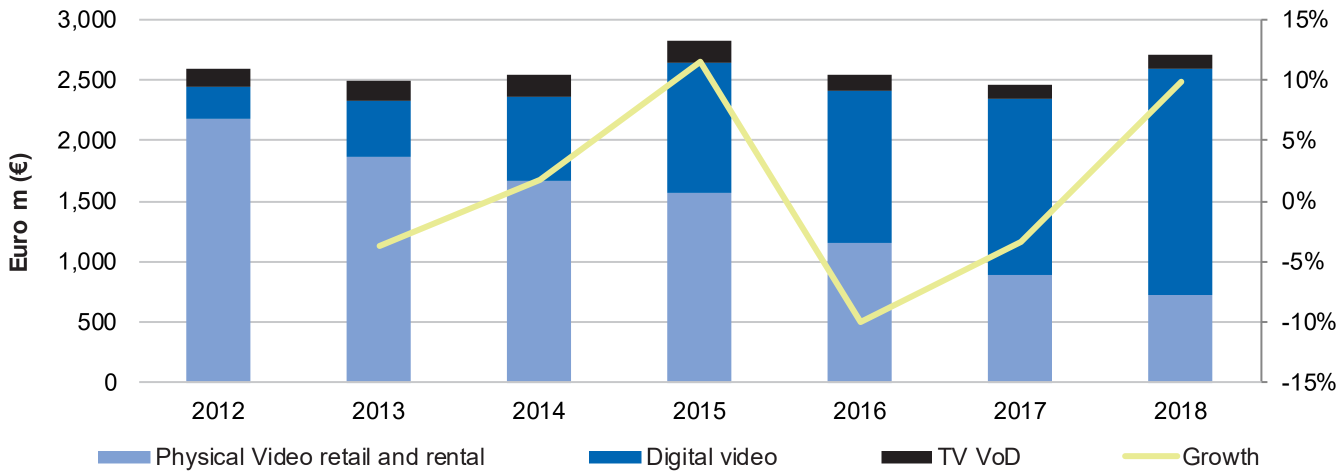
Boosted by these initiatives, EST retail growth remains robust, with over 20% growth year-on-year, now representing over a third of retail value in the UK market, whilst also remaining the preferred choice for consumers when interacting digitally, representing 58% of digital transactional spend (up from 53% in 2017). Considering content type, film EST transactions saw the second half of the year grow by 44% against the same period in 2017, and a total of 36.7% growth across the whole year, with the market achieving a total of just under 20 million transactions.

Recognising that further customer education and engagement is essential to growth in the digital market, 2018 and 2019 have seen a variety of UK industry initiatives driving this forward. BASE's Digital Education campaign with The Telegraph, Consumer Journey research and, in partnership with the DEGE, the ground-breaking cross-industry initiative Mega Movie Week, all made waves, driving user engagement with digital platforms.

With the customer user experience constantly up-graded, latest developments have seen Amazon Prime Video integrated into Virgin Media and TalkTalk Pay TV services, driving engagement by making the user experience as simple as possible. With further integration on the horizon, 2019 will prove to be another transformative year for the digital entertainment market.

*This commentary was provided by BASE, the British Association for Screen Entertainment.*

### Consumer spending by segment

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| Video market: UK | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 17/18 % |
|---|---|---|---|---|---|---|---|---|
| **GENERAL** | | | | | | | | |
| Population (m) | 64.3 | 64.6 | 65.0 | 65.4 | 65.8 | 66.2 | 66.6 | 0.6% |
| TV households (m) | 26.4 | 26.6 | 26.9 | 27.1 | 27.3 | 27.5 | 27.6 | 0.5% |
| Population Total Europe (m) | 623.8 | 624.9 | 626.1 | 627.7 | 629.4 | 630.9 | 632.3 | 0% |
| TV households Total Europe (m) | 253.2 | 255.0 | 257.3 | 259.3 | 261.3 | 263.2 | 264.9 | 1% |
| Broadband households (m) | 20.0 | 21.0 | 21.9 | 22.8 | 23.7 | 24.3 | 25.0 | 2.7% |
| Nominal GDP (EUR m) | 2,090.2 | 2,073.7 | 2,288.4 | 2,612.8 | 2,404.0 | 2,331.4 | 2,382.0 | 2.2% |
| Consumer price index (100 in 2010) | 110.2 | 111.4 | 119.1 | 110.6 | 98.4 | 96.3 | 107.8 | 11.9% |
| Exchange rate EUR/GBP | 0.81 | 0.85 | 0.81 | 0.73 | 0.82 | 0.88 | 0.89 | 1% |
| DVD Video player/recorder (%) | 88.8 | 84.9 | 78.2 | 72.8 | 68.9 | 63.0 | 55.9 | -11.3% |
| Blu-ray Disc player/recorders penetration (%) | 18.1 | 21.7 | 22.3 | 23.6 | 23.1 | 22.8 | 22.0 | -3.3% |
| DVD Video player/recorder Total Europe (%) | 76.1 | 73.8 | 71.7 | 69.2 | 66.8 | 64.2 | 61.5 | -4.2% |
| Blu-ray Disc player/recorders penetration Total Europe | 11.2 | 15.4 | 18.4 | 20.7 | 21.7 | 22.3 | 22.2 | -0.3% |
| OTT Subscriptions (m) | 2.9 | 4.2 | 6.4 | 8.7 | 12.0 | 15.0 | 18.8 | 25.2% |

| Total video software market | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 17/18 % |
|---|---|---|---|---|---|---|---|---|
| **CONSUMER LEVEL ALL VIDEO** *Total market figures include consumption of both physical and digital video* | | | | | | | | |
| Total spending on video (GBP m) | 2,102.4 | 2,121.7 | 2,050.7 | 2,057.0 | 2,091.9 | 2,164.0 | 2,404.1 | 11.1% |
| Total spending on video (EUR m) | 2,593.6 | 2,497.2 | 2,541.2 | 2,833.7 | 2,551.7 | 2,466.3 | 2,710.7 | 9.9% |
| Growth (%) | | -3.7% | 1.8% | 11.5% | -10.0% | -3.3% | 9.9% | |
| Total spending on video Total Europe (EUR m) | 8,824.2 | 8,449.5 | 8,513.6 | 9,183.9 | 9,474.6 | 10,236.3 | 11,755.7 | 14.8% |
| **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 (GBP m) | 221.4 | 146.3 | 87.6 | 63.0 | 48.5 | 40.0 | 31.1 | -22.4% |
| Physical video rental (EUR m) | 273.1 | 172.2 | 108.5 | 86.8 | 59.1 | 45.6 | 35.0 | -23.2% |
| Physical video rental Total Europe (EUR m) | 865.1 | 683.1 | 526.3 | 430.2 | 293.1 | 212.9 | 152.0 | -28.6% |
| Physical video retail (GBP m) | 1,542.7 | 1,438.0 | 1,264.0 | 1,075.3 | 893.5 | 742.6 | 616.8 | -16.9% |
| Physical video retail (EUR m) | 1,903.2 | 1,692.5 | 1,566.3 | 1,481.4 | 1,089.9 | 846.4 | 695.5 | -17.8% |
| Physical video retail Total Europe (EUR m) | 6,607.5 | 5,808.5 | 5,184.7 | 4,756.8 | 3,989.8 | 3,312.4 | 2,818.0 | -14.9% |
| Physical video software (GBP m) | 1,764.1 | 1,584.3 | 1,351.5 | 1,138.3 | 942.0 | 782.6 | 647.9 | -17.2% |
| Physical video software (EUR m) | 2,176.4 | 1,864.7 | 1,674.8 | 1,568.1 | 1,149.1 | 892.0 | 730.5 | -18.1% |
| Physical video software Total Europe (EUR m) | 7,472.6 | 6,491.6 | 5,711.0 | 5,187.0 | 4,282.9 | 3,525.3 | 2,970.0 | -15.8% |
| **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 (GBP m) | 96.9 | 119.9 | 140.9 | 164.1 | 193.1 | 216.1 | 265.2 | 22.7% |
| Retail digital video (EUR m) | 119.6 | 141.1 | 174.6 | 226.1 | 235.5 | 246.3 | 299.0 | 21.4% |
| Rental digital video (GBP m) | 38.4 | 53.5 | 65.9 | 73.3 | 78.1 | 81.9 | 86.4 | 5.5% |
| Rental digital video (EUR m) | 47.4 | 63.0 | 81.7 | 101.0 | 95.3 | 93.3 | 97.4 | 4.4% |
| Subscription digital video (GBP m) | 79.1 | 215.6 | 342.8 | 540.8 | 762.6 | 971.4 | 1,298.7 | 33.7% |
| Subscription digital video (EUR m) | 97.6 | 253.8 | 424.8 | 745.0 | 930.2 | 1,107.2 | 1,464.3 | 32.3% |
| Total digital video (GBP m) | 214.4 | 389.0 | 549.6 | 778.2 | 1,033.7 | 1,269.4 | 1,650.2 | 30.0% |
| Total digital video (EUR m) | 264.5 | 457.9 | 681.1 | 1,072.1 | 1,261.0 | 1,446.8 | 1,860.7 | 28.6% |
| Total digital video Total Europe (EUR m) | 716.9 | 1,255.7 | 2,021.0 | 3,127.8 | 4,287.2 | 5,719.6 | 7,737.1 | 35.3% |
| **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 (GBP m) | 123.8 | 148.4 | 149.6 | 140.5 | 116.1 | 111.9 | 106.0 | -5.3% |
| Pay TV TVOD (EUR m) | 152.7 | 174.7 | 185.3 | 193.5 | 141.7 | 127.6 | 119.5 | -6.3% |
| Pay TV TVOD Total Europe (EUR m) | 634.8 | 702.1 | 781.5 | 869.0 | 904.6 | 991.6 | 1,048.5 | 5.7% |

***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 March 2019. 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.* ***5)*** *OTT Subscriptions are subscriptions to online channels and virtual pay TV operators. Figures exclude multiscreen services of pay TV operators.*

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## Key players in the market (in alphabetical order)

**Physical**
- Amazon
- Asda
- Ebay.com
- HMV
- Morrisons
- Sainsburys
- Tesco
- Zavvi

**Digital (Retail/Rental)**
- Amazon Instant Video
- BT Store
- Chili
- Google Play Store
- iTunes
- Rakuten TV
- Sky Store
- Playstation Store
- TalkTalk TV
- Virgin Media Store
- Xbox Live

**Digital (Subscription)**
- Amazon Prime Video
- DisneyLife
- Netflix
- Now TV

## Share of European market 2018

Physical retail
24.7%

Physical rental
23.0%

OTT
24.0%

Pay TV TVOD
11.4%

## Average home entertainment spending

Spending per TV household (EURO)
€98.3

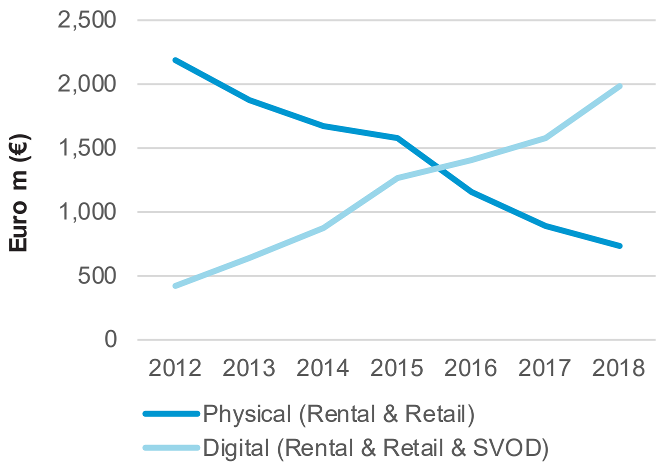
Spending per broadband household (EURO)
€108.5

## Digital share of spend vs. broadband speed

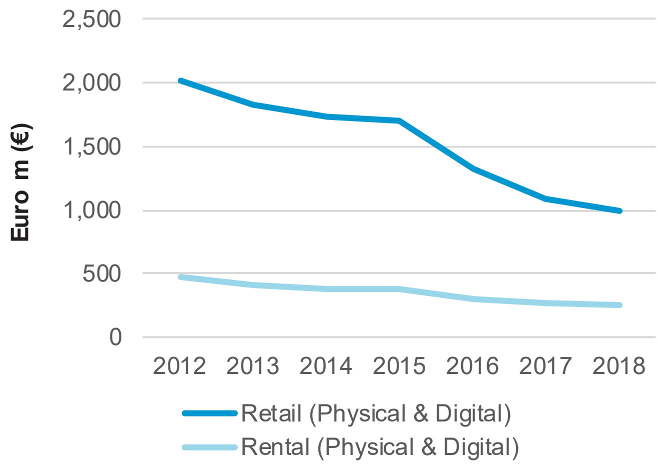
Share digital spend
69%

Broadband download speed rank
(ranked across the 9 IVF countries)
#5

## Comparison Physical vs Digital




## Comparison Retail vs Rental




Note: Digital (Rental & Retail) includes SVOD data; Rental (Physical & Digital) excludes SVOD data

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Source: IHS Markit