Video on Demand in Europe

Study caried out by NPA Conseil for the Direction du développement des médias and the European Audiovisual Observatory

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E-mail: obs@obs.coe.int - URL: http://www.obs.coe.int

Printed in France
ISBN 978-92-871-6258-8

OBS ref.: n53290v2 – Revised 06/2007

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1 SUMMARY OF THE STUDY

1.1 BACKGROUND TO THE STUDY

The term "video on demand" (for which we shall use the acronym VoD) covers a wide range of technologies, all of which allow the selection and rental – or remote purchase in dematerialised form – of video content for immediate or later viewing on various types of device (computer, television, telephone, portable player) for a limited or unlimited period.

VoD services are growing rapidly, in line with the rise of digital transmission in Europe. It is important to analyse the various aspects of this growth, together with country-specific features, in order to put into perspective the future development of on-demand services in Europe and their implications for the film and audiovisual industries.

The growing number of digital networks and terminals and the convergence between media and telecommunications have allowed VoD services to take off. The development of these new services is giving rise to a major regulatory debate. At European Union level, the process of revising the Television without Frontiers Directive is expected to result, in the second half of 2007, in the inclusion of "non-linear audiovisual services" – primarily VoD – within the scope of this text. Pending the text's adoption and transformation by the various Member States, national legislation and interprofessional agreements in some countries represent an initial endeavour to supervise such services.

1.2 SCOPE OF THE STUDY

Against this background, the Direction du Développement des Médias (DDM - France) and the European Audiovisual Observatory wished to have some analysis of European VoD markets and the programmes on offer at their disposal [1].

The study covers 24 European countries, all of which are members of the European Audiovisual Observatory and most of the European Union. These countries are seeing varying levels of growth in video-on-demand services.

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[1] The survey focuses mainly on market development. Regulatory information is presented briefly, and is not authoritative. The European Audiovisual Observatory intends to publish a paper on regulatory aspects of VoD in the course of 2007.

Table 1: Countries included in the study

	Observatory members	EU members	EU candidates
AT- Austria	X	X	
BE- Belgium	X	X	
CH - Switzerland	X		
CY - Cyprus	X	X	
DE - Germany	X	X	
DK - Denmark	X	X	
EE - Estonia	X	X	
ES - Spain	X	X	
FI - Finland	X	X	
FR - France	X	X	
GB - United Kingdom	X	X	
HU - Hungary	X	X	
IE - Ireland	X	X	
IS - Iceland	X		
IT - Italy	X	X	
LU - Luxembourg	X	X	
NL - Netherlands	X	X	
NO - Norway	X		
PL - Poland	X	X	
PT - Portugal	X	X	
SE - Sweden	X	X	
SI - Slovenia	X	X	
SK - Slovakia	X	X	
TR - Turkey	X		X

Source: NPA Conseil

A survey of VoD services in each of these countries yields a framework for across-the-board analysis. Although VoD is still an emerging market, it is already significantly altering forms of access to programmes. It is also bringing about numerous changes in the film and audiovisual industry in terms of economic and consumption models. In almost all the countries surveyed, the initial implications of the rapid rise of video on demand include the "delinearisation" of programme schedules[2], the reorganisation of windows and the entry of new players positioning themselves in direct competition with traditional audiovisual operators.

[2] Viewers' ability, thanks to VoD, to select the programmes they wish to view and the order in which to view them, irrespective of broadcasters' programme schedules.

The survey sets out to answer a number of key questions. Is there one European model for VoD, or several? What major trends are emerging? What long-term changes does this mean for the European audiovisual sector? What strategies (economic, technological or editorial) are the leading VoD operators in the process of developing?

It should be noted that the study focuses on a certain type of video on demand, being confined exclusively to services offering at least partial pay VoD (the criterion being the act of purchase or rental). It does not cover amateur videos, community sites ("user-generated content"), platforms offering only free audiovisual programmes, or music clips. Some services, the main purpose of which is not to market works via VoD, were also excluded from the study's scope. Lastly, video-on-demand services via mobile telephony are not included.

1.3 METHODOLOGY

A number of methodological tools were used in order to fulfil these objectives.

1.3.1 Data collection and preparation of country sheets

Firstly, it was necessary to identify and compile existing data on the various VoD programmes and markets.

In order to prepare country sheets outlining the services available and the current status of different projects, three sources of data were used to generate an overview of VoD operators in each country: information was collected from national operators, national institutions and French overseas posts and contacts. First of all, the various sources were consulted over the Internet; questionnaires were then mailed out; lastly, telephone interviews were conducted where necessary.

Table 2: Data collection

National operators	National institutions	French Economic Expansion Posts and NPA Conseil contacts in the countries concerned
National operators able to provide VoD services • Internet access providers • Internet operators • Audiovisual groups • Major television broadcasters	Institutions dealing with this sector in each country • Network of public film and audiovisual funding bodies • Network of national audiovisual regulatory authorities • Culture and communications ministries in each country • Professional organisations	Data collection in the countries concerned via • French Economic Expansion Posts • Interviews conducted or questionnaires sent out by NPA Conseil contacts in the countries concerned

For each of the VoD services identified, three forms of analysis were then conducted:

- firstly, the service was consulted over the Internet;
- secondly, telephone interviews were conducted with the directors of the service in order to obtain more detailed information about each operator's strategies and future goals;
- lastly, a written questionnaire was mailed out to rights-holders, operators of VoD services, interprofessional associations and specialised institutions.

VoD services in each country were counted as follows:

- services are counted once for each of the distribution networks (Internet, IPTV, cable, etc.) on which they are present. The same service present on two different distribution networks is therefore counted twice.
- services are counted in each reception country. The same service present in two different countries is therefore counted twice.

1.3.2 Overview of VoD and analysis of country sheets

Once the data collected had been compiled and organised, analysis was undertaken with a view to obtaining an overview of the current situation with regard to VoD.

Thanks to this analysis, it is possible to:

- describe the various VoD techniques and the economic models that currently prevail;

- outline the economic, industrial and legal implications of video on demand;
- produce a summary quantifying and classifying the current status of video on demand (programmes and market) in Europe and within broad geographical regions of Europe, and quantifying and classifying the role of video on demand in the distribution of cinema films (from Europe and the rest of the world) and TV programmes(from Europe and the rest of the world);
- identify possible trends in the development of video on demand, in terms of both market growth and operators' strategies;
- put forward proposals relating to the potential development of accountability standards and statistical indicators at the European level with a view to monitoring the emergence of this market as closely as possible;
- identifying new services by making enquiries of local audiovisual regulatory authorities, local public film and audiovisual funding bodies and the trade press;
- mailing out a questionnaire to market players;
- conducting interviews with market experts and specialised journalists.

1.4 KEY POINTS

1.4.1 Multi-speed Europe

142 VoD services were identified in the 24 countries surveyed[3]. This makes an average of 5.8 services per country, with a median of 4 services. Four countries have particularly well-developed VoD markets (the Netherlands, France, Germany and the United Kingdom). Between the four of them, they account for 65 services, or nearly 50% of total supply. Only three of the 24 European countries do not have any VoD services: Luxembourg, Slovenia and Turkey. The vast majority of services are delivered via the Internet and IPTV[4]. Only a small percentage (10.7%) are distributed via cable, satellite or digital terrestrial television.

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3 Services only dediacted to adult programmes and music not included.

4 Where the transmission network is in fact DSL, for the purposes of this survey (for reasons of simplicity and in accordance with Anglo-Saxon usage) we have opted to use the term IPTV rather than DSL television.

Table 3: Number of services per country and breakdown by transmission network (2006)

		Total number of services (1)	Internet	IPTV	Cable	Satellite	DTT
>10 services	France	20	15	8			
	Netherlands	19	17	2			
	United Kingdom	13	6	3	3	1	1
	Germany	12	9	3		2	
5-10 services	Belgium	10	3	5	5		
	Sweden	8	6	5			
	Italy	8	5	3			
	Norway	7	6	2			
	Spain	6	2	3	1		
	Ireland	5	5			1	
	Denmark	7	4	1	1		
	Austria	5	3	1		1	
1-4 services	Finland	4	6	1			
	Switzerland	3	2	1			
	Poland	3	1	2		1	
	Hungary	4	2	2			
	Portugal	2		1	1		
	Estonia	2	1	1			
	Cyprus	2		2			
	Slovakia	1	1				
	Iceland	1		1			
No service	Turkey	0					
	Slovenia	0					
	Luxembourg	0	0				
Total (2)		**142**	**94**	**47**	**11**	**6**	**1**

(1) The same service may be available on different networks but is counted only once in the total.

(2) The same service may be available in various countries and, in this case, is counted several time in the total.

Source: NPA Conseil / European Audiovisual Observatory

1.4.2 Different VoD operators in the countries surveyed

Three types of operators stand out as being particularly active in the VoD market:

- **Television broadcasters**, which are positioning themselves on the basis of TV programmes(particularly in the form of catch-up TV [5]) and launching film services;
- **Content aggregators**, which are positioning themselves between B2B (services under generic or partnership brands) and B2C (direct sales to consumers via their own Internet services);
- **Telecommunications operators,** which are new entrants into the content distribution market and the most active, innovative players in terms of the range of services on offer (particularly through transversal partnerships).

1.4.3 Coexistence of two economic models: pay VoD and free DVD

1.4.3.1 Pay VoD: rental and purchase

Rental

A number of rental options coexist: pay per download (each download is paid for individually, usually at a cost of between €1.50 and €6), packs, packages and subscriptions – often known as SVoD[6] (payments are valid for a range of programmes, available on an unlimited basis for a set period). Rented programmes can normally be viewed for a period of 24 to 48 hours.

Purchase

Payment is also made per download, usually at a cost of between €5 and €15. Programmes may be viewed and stored on a PC, but cannot usually be transferred to the lounge DVD player (owing to the use of certain types of encryption).

5 Catch-up TV service: video on demand service allowing a programme to be viewed after it has been broadcast on television.

6 Subscription VoD

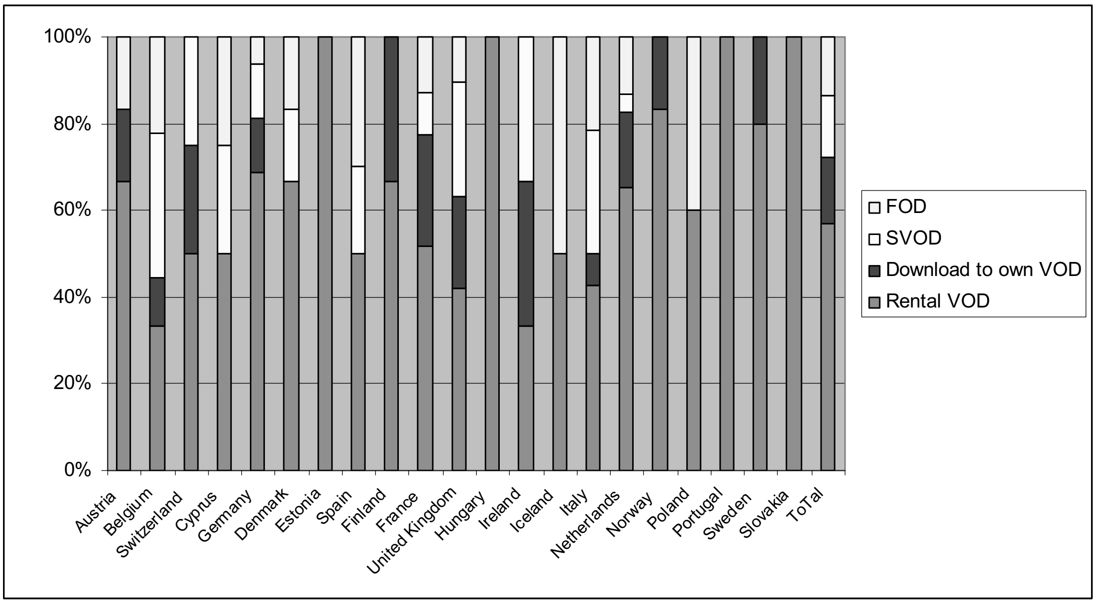
A “buy and burn” option, allowing the downloaded programme to be burned to a DVD (sometimes including a limited number of copies), may also be available. Prices range from €15 to €20.

1.4.3.2 Free VoD (or FoD for “Free on Demand”)

Free VoD is generally used for catch-up TV programmes (that is, programmes available via VoD services for a limited time after being broadcast on television).

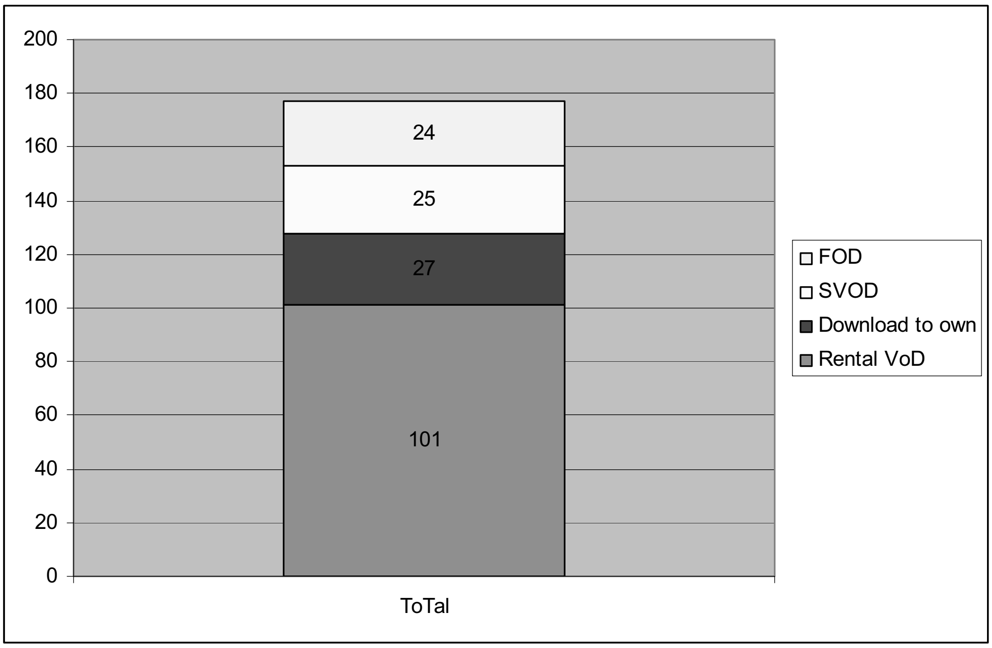
There are two free VoD models: free programmes supported by advertising (usually television series and films) and free programmes offered without any money changing hands. The latter model is used either for promotional purposes or to test the potential of the free model, thereby affording a better basis for negotiating with advertisers.

Figure 1: Breakdown of VoD services by marketing model in the countries surveyed - Country by country



Source: NPA

Across all services



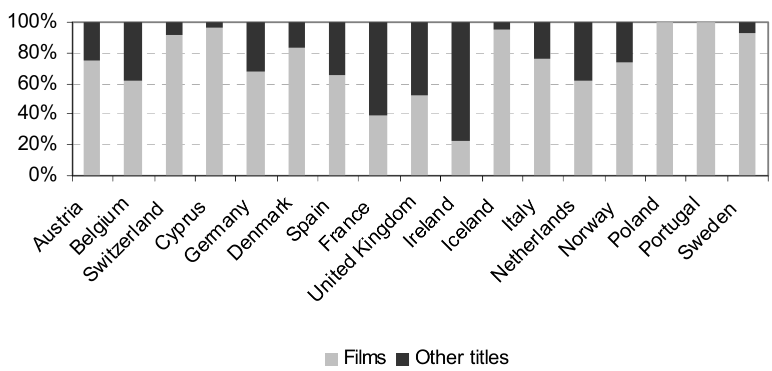
The same service may be marketed in different ways, which is why the total number of services broken down by marketing model is higher than the total number of services in the countries surveyed.

Source: NPA Conseil, based on an analysis of the services available.

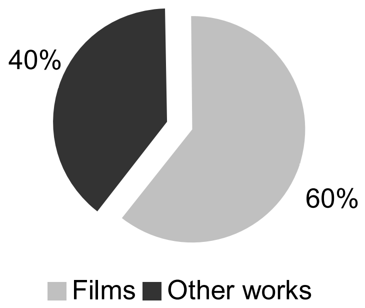
1.4.4 Films: the main form of editorial content on offer

Analysis of the catalogues of European VoD services shows that films account for the majority of titles available in return for payment.

Figure 2: Proportion of films offered by pay-VoD services - Country by country



Across all services



Source: NPA Conseil, according to those operators allowing access to their data[7]

As far as the breakdown between new and catalogue titles is concerned, the data supplied by VoD service providers was not detailed enough to allow the compilation of consolidated figures. However, observation of the various services shows that between 3% and 25% of cinema films are new titles, depending on the service.

1.4.5 Shorter release windows

Most of the countries surveyed do not have any specific regulations on VoD or non-linear services.

In those countries with a specific distribution sequence for VoD, particularly where it is set by interprofessional agreements, most such agreements are being renegotiated; there is a clear trend towards shorter windows.

VoD release on the same day as the DVD release (in accordance with the "day-to-date" model, widespread in the United States) is becoming increasingly common, particularly in Nordic countries.

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7 See detailed table in the Appendix.

Table 4: VoD release windows by country

No timeframe communicated	3 months	≥ 6 months	Negotiation by mutual agreement
Luxembourg Slovenia Turkey	Norway	Austria (12 months) Cyprus (12-18 months) France (7.5 months) Iceland (6 months)	Germany (6-9 months) Spain (12-14 months) Finland (45-90 days / 1.5-3 months) United Kingdom (6-9 months) Italy (25 weeks / 6.5 months after cinema release) Poland Portugal Belgium (7-8 months) Ireland Switzerland Denmark (45-90 days after DVD release) Estonia (3-6 months) Hungary Netherlands Slovak Republic Sweden

Source: NPA Conseil, according to VoD service providers

2 INTRODUCTION

2.1 VARIATIONS IN THE MATURITY OF THE VoD MARKET: A MULTI-SPEED EUROPE

On-demand services have not developed to the same extent in all the countries surveyed. In some countries (such as the Netherlands, the United Kingdom, France and Germany) VoD is well developed, in terms of both the number of services available (more than ten different services[8]) and catalogue size. Others, however, have not yet seen any practical applications of VoD (Slovenia and Turkey, for example).

Table 5: Development of the supply of VoD services in the countries surveyed (December 2006)

VoD unavailable (end of 2006) (0 services)	Limited supply of VoD services (1-4 services)	Fairly well-developed supply of VoD services (5-10 services)	Well-developed supply of VoD services (>10 services)
Luxembourg Slovenia Turkey	Finland Switzerland Poland Hungary Portugal Estonia Cyprus Slovakia Iceland	Belgium Sweden Italy Norway Spain Ireland Denmark Austria	France Netherlands United Kingdom Germany

Source: NPA Conseil

There is also a correlation between the development of video-on-demand services and the penetration of high-speed Internet and digital transmission in the countries surveyed. For instance, limited supply of VoD services is often linked to a low penetration rate in terms of the number of high-speed Internet connections per household.

VoD underwent significant growth everywhere in 2005 and 2006. In early 2007, there were 142 VoD paying services across the 24 countries surveyed. The number of services has increased, as has the number of titles in each catalogue. For example, the total

8 The survey deals with pay-VoD services.

number of films available from French services Canal Play, Orange 24/24 and TF1 Vision apparently grew more than 50% from July to November 2006, up from 735 films to 1137 films[9].

At present, there is an almost universal trend towards non-exclusive catalogues, with all services seeking to offer as comprehensive a range as possible. The emerging trend is thus not so much one of complementarity, but rather one of competition between services. Accordingly, the question arises as to the value that will be added in the long term by one VoD service as opposed to another, if they share similar catalogues, transmission modes and pricing structures. This state of affairs may lead to stabilisation, followed by consolidation of the different services (and thus an eventual reduction in the number of services).

2.2 REDEFINING THE BALANCE OF POWER BETWEEN DIFFERENT PLAYERS

Many types of operator are involved in developing video-on-demand services. While traditional players were the first to offer video on demand in Europe (rights-holders, broadcasters, cable operators), the continent has subsequently seen a rapid rise in services offered by new entrants (telecommunications operators, mass electronics manufacturers, retailers of cultural works, video rental specialists and so on). The emergence of such players is reshaping the European audiovisual sector, and could upset the traditional balance of power.

It is worth mentioning that in those countries in which VoD has been slower to develop, the main players are precisely the new entrants; it is as though the introduction of VoD in these countries has not followed the same cycle as in other countries (traditional players and then new players), but skipped a stage (imitating, or perhaps catching up to other countries), with the market being pioneered by new entrants into the audiovisual sector. This is the case in Hungary, for example, where the two main VoD providers are T-Online Teka (a Deutsche Telekom subsidiary) and TVNet (a telecommunications operator); and in Slovenia, which is to see the launch of its first VoD service in the course of 2007, instigated by SIOL (Telekom Slovenije’s Internet subsidiary).

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[9] Source: National Film Centre (*Centre National de la Cinématographie*, or CNC)

2.3 COEXISTENCE OF VARIOUS MARKETING MODELS

While, historically speaking, on-demand content was first made available in the form of pay per download, a growing number of marketing strategies are being adopted to promote current developments: packs, subscription offers (SVoD, or subscription VoD), packages allowing unlimited viewing of all or part of the available catalogue, and financing by third parties (cross-subsidies between operators' product lines or advertising contributions).

These offers are shaped by various criteria: how recent a film is (without there being any prevailing international definition of new releases as opposed to catalogue titles), duration of the availability window (although most videos are available for a 24-hour period), restitution quality (depending on available speed and the compression level chosen), link with television broadcasting (programmes broadcast recently or otherwise), reception techniques (streaming or progressive download), the ability to transfer content to a nomadic terminal or burn copies, and so on.

Two economic models for marketing video on demand coexist: the pay model (rental, permanent purchase without the ability to burn copies, permanent purchase with the ability to burn copies, or monthly subscriptions to a set of programmes) and the free model, supported by advertising. The question then arises as to whether these models are in competition (with one model cannibalising another) or in fact complement one another. Based on observation of current trends in different countries, particularly the rapid rise and success of SVoD packages and the development of the free model (mainly for audiovisual programmes, as part of catch-up TV services), both models may be expected to play a growing role in the years to come. Accordingly, a rental or virtual purchase model will give way to a model entailing the genuine "delinearisation" of programme schedules, with catalogues available to viewers who are free to arrange them as they see fit (including both TV programmesand films). Viewers will then be able to programme the content of their choice.

3 VOD TECHNIQUES AND ECONOMIC MODELS

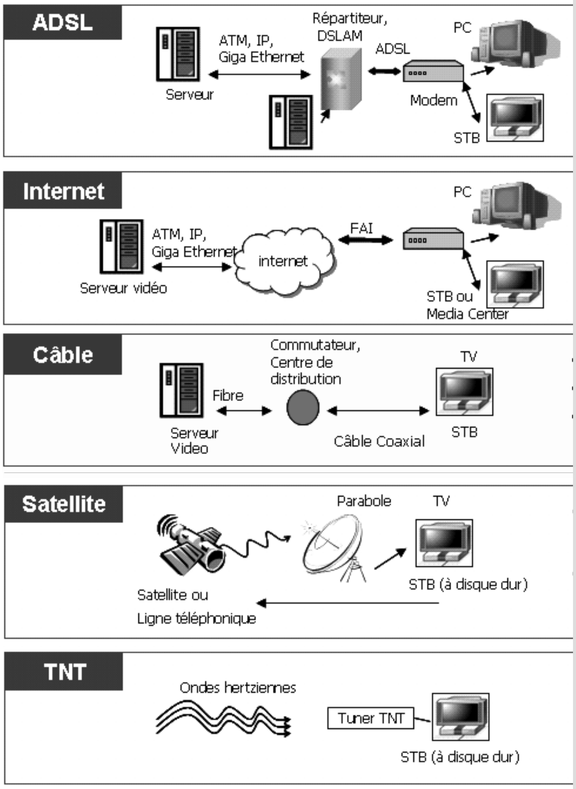
3.1 VoD TECHNIQUES

There are a number of complementary VoD techniques.

3.1.1 Networks delivering VoD

Video-on-demand flows are accessible via a number of networks: Internet, DSL (IPTV), cable, digital terrestrial television and satellite.
Each of the different services available on the VoD market has opted to position itself on one or more of these networks, according to strategic and business considerations.

Figure 3: Transmission networks



- Various types of architecture are possible; ideally servers are located as near to subscribers as possible
- Video content reaches the TV via either a dedicated STB or an outlet on a multi-functional ADSL modem

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- The delivery of video flows is transparent, with the service's capacity limited only by the subscriber's connection speed
- Two possible reception modes: streaming and download

- Bi-directional, large bandwidth
- Servers located at the network head-end
- The order reaches the server, which delivers a high-quality MPEG-2 flow to the digital receiver

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- The satellite can transmit films in a loop by starting them every 30 minutes
- On-demand functions are possible, but necessitate "client" storage: an advanced STB can store a library of titles locally, but choice remains limitedThe order reaches the server, which delivers a high-quality MPEG-2 flow to the digital receiver

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- No return path unless coupled with a broadband connection
- On-demand functions are possible, but necessitate "client" storage: delivery relies on dedicated transmission channels and an advanced STB able to store a library of titles locally. Choice remains limited.

Source: NPA Conseil

3.1.1.1 VoD via PC

Many VoD services are directly accessible over the Internet from a connected computer.

Video is delivered thanks to the Internet's capacity to transport flows. A service's capacity is limited only by the speed of the subscriber's Internet connection. Videos may be streamed or downloaded[10]. They may initially be viewed directly on a computer, and possibly on a television if the user has connected his or her television screen to the computer.

Main network head

Each Internet provider's network head comprises a number of video servers able to perform one or more of the various tasks necessary in order to deliver the video-on-demand service: encoding/transcoding of video flows received via satellite or terrestrial links, access management (subscriber verification, rights management), video storage, transmission of flows and interactivity. While encoding is normally performed by a single server, other tasks may be shared out among several servers (clusters) and a number of distinct geographical areas (thereby reducing network congestion problems).

Delivery

There may not necessarily be an economic link between the company providing the video service and the company managing the distribution network. Internet connections, in particular, are supplied by access providers and – by extension – bodies responsible for backbone systems, both of which may be separate from the service provider.

This kind of video delivery consequently stands out from the other networks in terms of the relative transparency of the form of delivery used. That transparency is only relative, however, for the service's capacity may be limited by two bottlenecks:

- **At the video server end**: the necessary bandwidth for the service must be sufficient to supply data flows to each client using the service at any given time. It is difficult to generate multicast flows (a single data flow transmitted to several clients) over the Internet.

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[10] See section 3.1.2

- **At the client end**: the width or (to misuse language) speed of an individual's Internet connection may limit the number and quality of programmes received. The equipment users need depends on the specific nature of the video flow (encoding method, speed, type of programmes) and the method chosen for sending it (downloading or streaming). In order to view a 1 Mbit/s streaming flow in real time (without having to wait for the flow to start), clients must have a minimum speed of between 1.5 Mbit/s and 2 Mbit/s.

Reaching sufficient speeds for a quality video service is not the only technical challenge that must be overcome if an Internet VoD service is to be developed. It must be said that a television is the best, most suitable terminal for viewing audiovisual content. All the systems outlined consequently have to grapple with the major challenge of reaching the household television(s).

Performance and advantages of VoD via the Internet: a low-cost distribution network

The service relies primarily on the Internet's capacity to transport data. Distribution costs are associated mainly with the purchase or rental of bandwidth capacity leaving the video servers at the network's head-end.

Limitations of VoD via the Internet

<u>Poor video quality and network congestion problems</u>
Unlike proprietary networks, the network used by video data transmitted over the Internet is not under the service provider's control. Accordingly, service quality can be ensured only partially (at the server end). Temporary network blockages may thereby prevent the proper transmission of video flows.

There are two ways to limit the impact of blockages:

- Sending a flow at variable speed. The quantity of data sent adapts to the household's reception capacity at any given time (the lower the sending speed, the worse the video and sound quality, but in most cases the service continues to be available). This type of solution does not work for all encoding systems.

- Buffering: the playback device (set-top box or computer) plays the video flow received after a time lapse, always keeping a few seconds of video in advance on a storage device so as to avoid any jerkiness in delivery. When the network slows down (that is, the speed received is below playback speed), playback continues using the data already loaded. This system, which is very effective for on-demand content, has its limitations when it comes to videos transmitted in real time (typically television channels). If the reception speed is too slow over a long period, the buffer will become empty, delivery will stop and the buffer will have to be refilled before playback can continue.

Content piracy and security

Content can be pirated at a number of points in the distribution chain: the video servers, accessible via the Internet, may be attacked (although the risk is regarded as low); at the client's end, playback devices may be diverted and used to generate unprotected copies (high risk).

3.1.1.2 VoD via IPTV

Many Internet access providers offer a VoD service via IPTV, generally as part of a multi-play package (usually Internet, telephony and television). In this case, video flows are delivered using the IP protocol, with content reaching the television via a dedicated set-top box.

A promising market

IPTV is a service associated with high-speed connections, managed by the operator. It differs from Internet television primarily in terms of its closed infrastructure and the fact that delivery is confined to subscribers of the provider offering the service.

This distribution network suffers from one of its technological limitations: the bandwidth (quantity of data able to be communicated per second) available to a given client depends on the distance between his or her home and the main telephone distribution frame.

Operators other than the historic operator must have access to the subscriber connection node in order to install the necessary equipment for delivering IPTV services. They must therefore be unbundled. For reasons of profitability, unbundling initially developed in large urban centres.

Main network head

The network head hosts VoD servers, on which content is pre-encoded, and middleware servers to manage programme enrichment and interactivity. For a given service, each of several decentralised video servers generates video flows for a sub-section of the network.

Delivery

Video flows travel through a backbone located between the network head and the main distribution frame (DSLAM). These fibre-optic backbones may be installed and run by a third operator, in which case the delivery of video signals is charged to the telecommunications operator. The DSLAM, located within the telephone network near the subscriber, provides a DSL connection between the backbone and the subscriber's telephone socket.

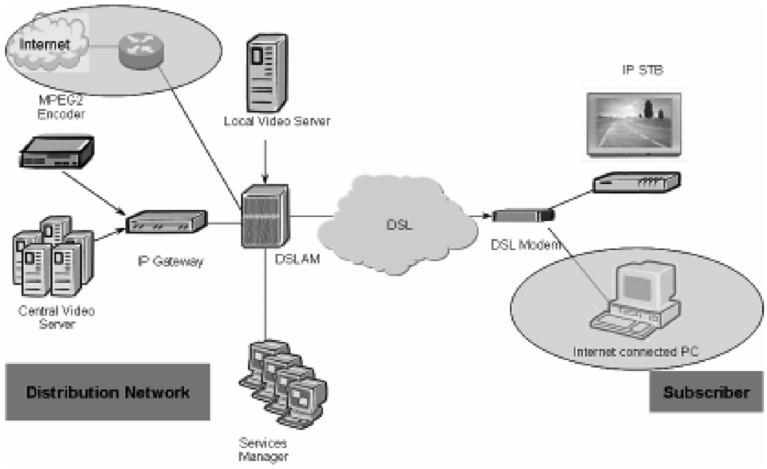
For on-demand services, each consultation involves an individual flow of data between the VoD server and the subscriber. The distribution architecture is more or less centralised, with one or more video servers supplying content to clients who request it. The further the content transmission server is from the client, the higher the cost of delivering data. Accordingly, more servers are needed in order to reduce the distance between the video server and the DSLAM, thereby increasing equipment and maintenance costs. Technical solutions are available for aggregating data flows to subscribers, thereby limiting the bandwidth used (pyramid or skyscraper broadcasting).

User's equipment

The equipment needed by final users of an IPTV service consists of a decoder and a DSL modem connected to the telephone socket. The decoder is connected to the modem (via an Ethernet network cable or a Wi-Fi link) or incorporated into it inside a set-top box.

Video flows are then decoded by the set-top box. Interactivity is managed mainly by either the set-top box or the video servers. This type of architecture is regarded as a necessary basis for the provision of VoD services via DSL.

Figure 4: Video transmission via DSL



Source: Thomson

Performance and advantages of IPTV networks

Control of the transmission network

Compared with Internet VoD services, providers of VoD services via DSL control the transmission network from the network head-end down to the subscriber's set-top box. Having control over the transmission network means they can optimise bandwidth use by the various services (television, telephony and Internet) so as to ensure the best possible quality for VoD services. In addition, most IPTV and VoD packages involve the access provider renting the set-top box to the client, making it difficult to modify or divert content protection devices.

Effective return path

The DSL network has a built-in return path to take data from subscribers to the operator's servers (unlike the satellite network, for example). There are a number of possible uses for this return path: audience measurement, on-line sales, greater interactivity and information services (interactive directories, electronic programme guides updated in real time, etc.).

Good coverage by DSL networks

Existing telephone networks have allowed the rapid development of DSL services in many countries. National and international political pressure to develop high-speed Internet access for all have also facilitated the development of such networks. IPTV has the added advantage of being simple to install, without any need for an extra aerial; subscribers simply have to be connected to the traditional telephone network.

Development of VDSL

Progress has been made over the last five years in terms of the speeds offered by services using DSL technologies. The exponential increase in speed – from DSL "light" (downloads at 512 Kbit/s) to DSL2+ (18 Mbit/s) – has made it possible to cope with the bandwidth requirements of video services. The latest technology introduced, VDSL, offers theoretical speeds of 52 Mbit/s near the DSLAM and allows simultaneous transmission of several high-definition video flows.

Limitations of IPTV networks: number of flows able to be transmitted simultaneously

The speeds now available thanks to DSL technologies allow one or two video flows to be delivered to the subscriber's home. In many cases, such limitations make it impossible to connect more than two televisions to the service.

3.1.1.3 VoD via cable

Like DSL, it is fairly easy for cable services to provide VoD. Firstly, they have the capacity for unicast transmission, meaning a specific channel can be created for sending data from source to user; secondly, they have a return path. Cable operators can thereby introduce centralised VoD services incorporating server-client architecture.

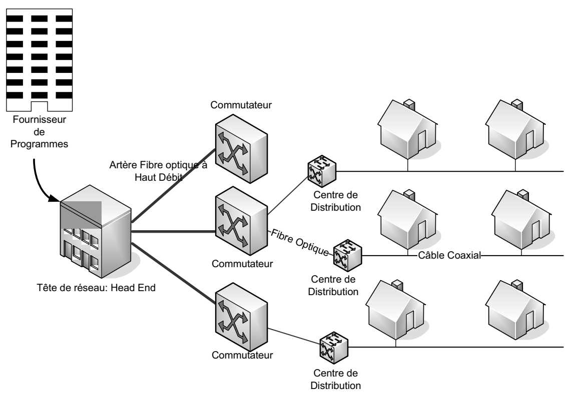
Features of cable networks

Video signals arriving at the network head-end are formatted (encryption, modulation, multiplexing, scrambling and amplification) for subsequent transmission over fibre-optic networks. Operators receive encrypted flows via satellite, decode them and create a channel multiplex ("package") that they then re-encrypt with their own access controls.

Video transmission was originally uni-directional, along a downward path from the network head-end to subscribers.

For VoD services, part of the bandwidth must now be allocated to the transmission of signals from subscribers to the network head-end (upward path): cable networks have thereby changed from broadcast operations[11] to combined broadcast/unicast operations[12].

Figure 5: Architecture of cable networks



Fournisseur de programmes =
Programme supplier
Tête de réseau =
Network head-end
Artère Fibre optique à Haut Débit =
High-speed fibre-optic link
Commutateur =
Commutator
Centre de distribution =
Distribution centre
Câble coaxial =
Coaxial cable
Fibre optique =
Fibre-optic link

Source: NPA Conseil

While the bandwidth available via cable networks can cope with speeds greater than one gigabyte, the speeds currently offered by operators are generally limited to 30 Mbit/s. There are two reasons for this:

- The speed theoretically available is shared among those subscribers connected to the same section of cable. Thus, if the operator wishes to make a contractual undertaking to provide clients with a given speed, it must be able to supply that speed multiplied by the number of households connected to the section in question. The frequency band allocated to the delivery of interactive services reduces the frequency band available for television channels proportionately.

- In most cases, cable operators have to continue broadcasting a number of analogue channels via cable so that clients with analogue modems can receive the service, or owing to regulatory constraints (requirement to ensure compatibility with old modems, guaranteed television reception for blocks of flats).

[11] Broadcast: Transmission from one emitter to several receivers
[12] Unicast: Transmission from one emitter to one receiver

Performance and advantages of cable networks: flexible bandwidth

One clear competitive advantage of cable over DSL is its transmission equipment: the coaxial cable.

Operators have a much wider spectrum available than that afforded by the twisted pair forming the basis for DSL networks, and thus greater bandwidth. Distribution networks will have to be updated to make the most of this bandwidth; the capacity is there. DSL technologies and the services they offer will remain more limited than those offered by cable if an "all-digital" system is introduced. Only FTTH (fibre to the home) can compete with cable in terms of speed and the range of services on offer.

Limitations of cable networks: development of the network

The situation with regard to cable networks differs significantly between countries, and infrastructure development is not always consistent within each country.

For instance, not all of the network may have switched to digital, and development of the fibres needed to transport IP packets may be uneven. Accordingly, the opportunities afforded by cable depend a great deal on the current status of the network and the future funding available to operators.

3.1.1.4 VoD via digital terrestrial television and satellite

Digital terrestrial television and satellite face the same constraints, in that they do not have a return path (or only a very limited one). In order to offer VoD, these networks resort primarily to client storage. The delivery of video on demand requires dedicated transmission channels and a PVR set-top box[13] able to store a library of videos locally (in the user's home). The choice of titles is limited by the storage capacity of the set-top box's hard drive(s).

[13] PVR: Records video flows onto a digital storage device (hard drive)

3.1.1.4.1 Digital terrestrial television

Features of digital terrestrial television networks

Digital terrestrial television is a broadcast network, which consequently does not have a return path enabling users to communicate with the service or programme provider; this automatically limits the degree of interactivity possible, and thus the development of VoD on such networks.

An adaptor must be installed near the television in order to receive digital terrestrial signals. This decoder may incorporate multiple functions allowing a number of programme-related interactive services. High-end models or models distributed as part of a pay-TV package contain a hard drive enabling them to offer basic PVR services (control of live transmission and recording). In order to increase the range of possible interactions and market some of these, the system needs a return path.

Favourable capital investment period

Digital terrestrial television is undergoing significant growth throughout Europe. The act of purchasing an adaptor in order to gain access to this service may be the perfect opportunity to sell clients complex set-top boxes offering advanced personal television services (PVRs, which allow "push VoD"[14] via digital terrestrial television). Strategies using the adaptor as a kind of Trojan horse can then be devised, leading to the subsequent development of pay interactive services.

Mass market

Terrestrial television is still in a dominant position in a number of European Union countries. As the network that will eventually replace analogue terrestrial television, digital terrestrial television will thereby become a mass market, making it profitable to offer services requiring significant initial investment.

Limitations of digital terrestrial television networks: lack of return path

Without a return path, it is impossible to provide advanced interactive services. The complexity of the services on offer varies according to the type of connection. It may not be straightforward for users to install a return path (availability of a telephone socket or Internet connection near the television). Accordingly, the only way to develop VoD via

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[14] Push: term referring to the systematic downloading of content onto the user's PVR by the operator, allowing immediate access to that content if necessary.

digital terrestrial television is using a PVR storage system, offsetting the lack of a return path through access to stored programmes.

3.1.1.4.2 Satellite

Satellite differs from digital terrestrial television primarily in terms of the number of channels it can carry: several hundred video flows can be transmitted simultaneously. The resources thereby made available can support a content-rich push video-on-demand service (on a PVR), although it will still be subject to local storage constraints (limited space on the hard drive, security issues, etc.).

Features of satellite networks

Signals emitted by broadcasters are encoded (MPEG-2 or MPEG-4 compression), multiplexed (several channels are "combined" into a single data flow) and encrypted (in the case of pay-TV channels) at a digital broadcast centre. The signals are then sent to satellites by transponders (nine- to 12-metre dishes). The satellite then broadcasts them to geographical areas of varying size, depending on the frequency band used.

Each transponder sends seven to 10 channels to the satellite, at an annual cost of roughly six million euros. The bandwidth dedicated to each channel is continually adapted to the type of content being broadcast: football games, for instance, need more bandwidth than teleshopping programmes, while music channels will allocate a greater proportion of their bandwidth to delivering sound. The subscriber's satellite dish receives the signal, which is finally decoded by his or her terminal.

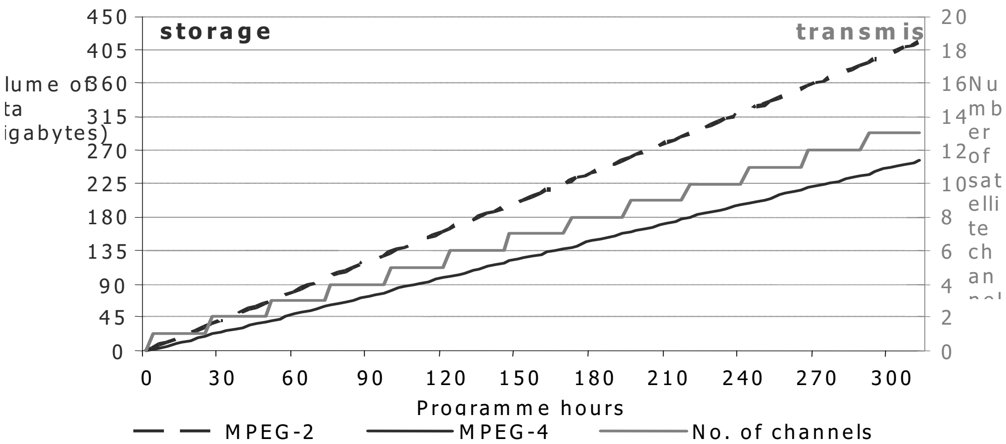
All satellite packages now offer pay-per-view (PPV) or near video-on-demand (near VoD) services. These services use a number of channels to broadcast films and events. Each film on offer can be broadcast on several channels with different time lags so that a new "screening" can start every 15 to 30 minutes.

Pay-per-view channels can be converted into push VoD distribution channels. Such facilities are not free from constraints, however: the limitation here comes from PVR storage capacity. Generally speaking, the hard drives now incorporated into such equipment can record 40 programme hours (80 Gb), although storage capacity is constantly increasing. In theory, if Moore's law (whereby capacity doubles every 18 months at a constant price) continues to hold true for hard drives over the next four years, the set-top boxes supplied will be able to store an increasing number of programme hours in MPEG-4 on their hard drives. It should be borne in mind, however, that part of the hard drive is set aside for programme recording and time-shifting services.

Accordingly, push VoD services cannot draw on the entire available catalogue; as a rule, just 30 or so titles are offered. The basis for push services is thus the quality and "freshness" of the content supplied, a large proportion of which is likely to be made up of TV programmesshorter in length than films.

In order to improve such services, notwithstanding the limitations imposed by storage device capacity, PVRs can be equipped with a system able to identify – according to the subscriber's interests – free or pay programmes to record. Advance ordering systems are also conceivable (the subscriber orders content in advance, which is then downloaded overnight, for example); this is effectively a pull model, however, the only difference being the storage location (in the subscriber's home rather than on the network).

Figure 6: Push VoD via satellite - Channels and storage space required per hour of traffic distributed per day



Source: NPA Conseil

Service coverage

One of the advantages of a satellite television service is its coverage without "white areas". Two limitations must be taken into account, however: the size of dish needed to receive the signals, which in some countries is regarded as an "aesthetic" impediment to the installation of such services, and the difficulty of broadcasting local channels. Both of these limitations should be eliminated by the new K_a and K_u band (12 to 40GHz) satellites, which allow transmission over smaller areas and can be received by smaller dishes (minimum size of 45 cm).

No return path

Without a return path, additional equipment (PVR) is needed in order to provide advanced interactive services. The complexity of the services on offer varies according to the type of connection. It may not be straightforward for users to install a return path (availability of a telephone socket or Internet connection near the television).

3.1.1.5 Prospects across all networks: DRM, compression formats and piracy

Digital rights management systems (DRM)

Digital rights management systems make it possible to protect the access, rights (intellectual property) and income (economic models) associated with certain digital files[15].

DRM systems can:

- protect content: service providers wishing to develop VoD facilities must be able to protect rights-holders' content. This is a prerequisite for making catalogues available.

- control and organise film offers and consumption: for VoD operators, the opportunities afforded by DRM systems determine the feasibility of commercial propositions (subscriptions, availability window, copying, mobility, etc.).

DRM solutions artificially recreate the necessary conditions viewing works in the digital universe while complying with copyright. They restore a work's rarity value, previously guaranteed by the physical medium, and make it impossible to produce intact copies of the file by attaching restrictions to its use.

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[15] In relation to DRM systems, see paper by Francisco Javier Cabrera Blázquez, "Digital Rights Management Systems: Recent Developments in Europe", *IRIS Plus*, European Audiovisual Observatory, Strasbourg, January 2007. http://www.obs.coe.int/oea_publ/iris/iris_plus/iplus1_2007.pdf.en

DRM systems make files subject to a specific set of licences (permitted number of viewings and length of use, right to make copies and modifications, right to transfer, etc.). They thereby lay down conditions and restrictions governing use, providing scope for multiple options such as à-la-carte downloads, subscriptions, rentals and previews.

Digital rights management solutions help to balance the system by separating services from pricing structures, while preventing them from supplanting one another. They can also be used to deal with over-distribution, that is, the transfer of licensed, paid-for files to other users.

DRM technologies can also provide strategic leverage, ensuring market exclusivity for one or more players (by refusing access to proprietary technology, for example, as Apple does with its FairPlay protection system).

Table 6: Main DRM systems on the market

Name of DRM (Manufacturer)	Type of content protected	Type of service	Type of DRM (encryption or straight marking)
Helix (Real Networks)	Audio, Video	Computers, PDAs	Encryption (copy management, expiry of rights)
Windows Media 9 & 10 (Microsoft)	Audio, Video	Personal audio and video players (PMPs), computers, lounge players	Encryption (copy management, expiry of rights)
DivX DRM (DivX)	Video	Computers, PDAs, lounge players	Encryption (copy management, expiry of rights)
MediaGuard (Nagra)	Video	Pay-TV	Encryption (management of access to flows)
Viaccess (France Télécom)	Video	Pay-TV	Encryption (management of access to flows)
CSS (Matsushita)	Video	DVD	Encryption (management of copying and geographical zones)
RipGuard (Macrovision)	Video	DVD	Marking (preventing digital copying)
Macrovision (Macrovision)	Video	DVD, VHS	Marking (scrambling analogue copies)
OpenMG (Sony)	Audio	Personal stereos, computers	Encryption (copy management)
OMA DRM (Open Mobile Alliance)	Audio	Mobile telephony	Encryption (prevention of copying, expiry of rights)
FairPlay (Apple)	Audio	Computers, iPods, mobiles	Encryption (copy management)
CPRM	All types	Secure Digital Flash Memory	Electronic device (control of copying and file deletion)
HDCP (Intel)	All types	DVI / HDMI connection	Encryption (prevents copying of signals sent to screens)

Source: NPA Conseil

For the aforementioned reasons, DRM systems are crucial to the development of the VoD market.

Compression technologies

The issue of compression is just as topical for cable networks as it is for satellite, digital terrestrial television and the Internet. While each service is free to make its own technological choices, the more or less widespread adoption of common standards nevertheless affects the degree of interoperability between services. The availability and cost of microchips (digital integrated circuits) – and thus indirectly the development of the market in question – is a decisive factor when it comes to the installation of such devices in set-top boxes, and therefore the availability of these technologies.

Compression technologies are also known as codecs; MPEG-2, MPEG-4 ASP, MPEG-4 H264-AVC and VC1 (created on the Windows Media 9 codec) are the four main formats on the market. There are also the solutions offered by Real and DivX (similar to MPEG-4 ASP) and numerous other codecs, made by various companies and designed specifically for certain types of content and use. Such technologies cannot be used unless they are encapsulated in a format (e.g.: MPEG-4 in Quicktime, VC-1 in WMV9) making it possible to add audio flows and a vast amount of meta-data (author, subtitles, etc.) to the video data.

All of these digital compression techniques reduce the speeds required to broadcast video programmes, at an equivalent level of perceived quality. Generally speaking, sports events are the programmes that use the greatest bandwidth, followed by films and reports, then cartoons and news.

Table 7: Performance of codecs for a 90-minute DVD quality film

	Required bandwidth (Mbps)	Storage used (MB)	Download time* (minutes)
MPEG-2	3.0	2025	131
MPEG-4 ASP	1.8	1234	80
MPEG-4 AVC/H264	1.1	727	47

** Download time for a 2Mb/s connection*

Thanks to the new codecs, it is conceivable that in 2008 HD will in fact use less bandwidth than that needed for SD digital transmission when MPEG-2 was launched a decade ago. During the transition, the bandwidth capacity needed for VoD services is likely to increase significantly.

Controlling piracy

Piracy is growing alongside lawful video-on-demand facilities: rights-holders are afraid of losing control over the circulation – and thus the marketing – of their works. It is increasingly accepted, however, that it will be impossible to curb the bypassing of intellectual property rights without introducing attractive lawful services.

3.1.2 Streaming and downloading

Video content can be delivered to clients in two ways: streaming or downloading.

Streaming is the most suitable method for sending linear or synchronised programmes (such as continuous television broadcasts or sports events). Data are sent to the client in real time as the video is played. With streaming, at each request from a client a continuous video flow is transmitted from the server to the client's terminal. This is often the best option, for the file does not need to be stored on the user's hard drive, thereby limiting the possibility of piracy and storage capacity problems. Problems with network overloading in the event of multiple requests have been partially resolved by a temporary download system in advance of transmission (the buffering process), which reduces the interruptions and jerkiness resulting from irregular speeds.

As for downloading, the video file is downloaded at the client's end (on his or her computer or set-top box). The download may be either permanent or limited to a set period or number of viewings. Less bandwidth is needed than for streaming transmission (thereby lowering the cost); delay time is not an issue thanks to the development of progressive downloading, which enables users to start playing a film while continuing to download it. Nevertheless, the delay time before the film starts playing is still longer than for streaming (a few minutes in the case of progressive downloading). The disincentive for this form of transmission, however, is the risk of piracy, since the video file is stored directly on the client's hard drive. It must therefore be accompanied by robust encryption keys and a procedure for erasing the file once the rental period has expired. In addition, content producers may still be nervous about accepting this model, which some of them find frightening.

Downloading involves sending all or some of the video data before playback starts. It is possible only if the client's transmission terminal (computer or set-top box) contains a storage device (hard drive, flash memory, etc.). Downloading is less sensitive to problems with bandwidth overload, but the client has to wait several minutes (or hours, depending on the connection speed) for the programme to start.

3.1.3 Push and pull VoD

In terms of the form of transmission used, VoD includes two types of service:

- **Pull video on demand,** which operates on a request from the viewer to a programme server. Pull VoD is offered as part of on-demand services via three types of network: the Internet, IP television and cable. End users have much greater control than over broadcast transmission, since they can make individual decisions about the content to be viewed.

- **Push video on demand,** which requires the service provider to download the available programmes onto the client's storage device (such as a PVR) in advance. Push VoD techniques are used mainly by satellite platform or digital terrestrial television operators as a means of offsetting the lack of return path. Push techniques can also be used on cable networks, however (for example, networks that have not been modernised to make them bi-directional). Push can also be used to offer targeted, personalised services on the basis of prior requests from registered users, who can ask to be sent specific categories of programmes of their choice (along the same lines as podcasting).

3.2 ECONOMIC MODELS FOR VoD

3.2.1 Two leading models: pay-VoD and free VoD supported by advertising

Although the VoD market is still emerging, pay-per-download rental VoD is proving to be the dominant economic model. Other models are developing rapidly, however, and may feature prominently in coming months and years. Operators are experimenting with a variety of systems for viewing programmes or films (including rental, purchase and free VoD supported by advertising).

Two main different economic models are emerging: pay-VoD and free VoD supported by advertising.

3.2.1.1 Pay-VoD

3.2.1.1.1 Rental VoD

Pay per download

Rental VoD covers the rental of content for unlimited viewing during a restricted period (usually 24 or 48 hours). Programmes may be rented at an average cost of €0.50 to €5 (the price is set according to the programme). Rental VoD is similar to renting a DVD in terms of its consumption mode and increasingly its accessibility to clients, with the release of programmes and films closer to the DVD release date.

Rental VoD is the leading economic model in most of the countries surveyed, being offered by the majority of VoD services.

Packs

Consumers purchase a pack of several programmes for a set price. These are marketed in two forms:

- A pack featuring a number of pre-selected programmes (the consumer cannot choose the programmes in the pack) for a set price. This is a commercial proposition often used for the sale of television series, for example: the TF1Vision service (provided by French channel TF1) offered a pack of two pre-selected episodes of *Lost* (while the channel was broadcasting the series).

- A pack featuring a choice of several programmes or films for a set price: the consumer can choose a certain number of programmes or films among those on offer (X € for X films). This is the kind of pack offered by Rosso Alice in Italy, for example, featuring five cinema films aimed at a youth audience (to be selected from films in the youth catalogue) for 5€.

Packages

The consumer makes a credit payment, usually between €5 and €100: this is the same principle as pre-paid cards debited for each programme purchased. The system is now starting to take off, especially for independent or niche content sites or non-linear access to sporting content (particularly in Italy, on Rosso Alice for example).

SVoD

Subscription VoD allows the consumer access, usually for a set monthly charge, to unlimited viewing – during the period in question – of a limited number of programmes included in the package.

In Europe, programmes accessible via SVoD tend to be television series or other television programmes (as in Scandinavia with the TV4 On Demand / SF Anytime and MTV3 / SF Anytime agreements, or in France with the youth content available from Zooloo Kids, Nickelodeon and so on). However, service providers are increasingly trying to include films in their SVoD catalogues, although there is resistance from rights-holders, particularly the major American studios.

Observation of VoD services in the countries surveyed shows that SVoD is gradually starting to take hold among the various players as the best way to ensure client loyalty and increase profitability: SVoD may therefore become the dominant model in the long run.

3.2.1.1.2 Download to own

Download to own allows the consumers to purchase content rather than simply renting it, as if they were purchasing a virtual DVD. Moreover, the release window for download to own is often aligned to the DVD release (3 to 6 months after cinema release, depending on the country).

The degree of flexibility in the consumption of downloaded content varies between VoD services: it may or may not be possible to transfer the file to another monitor, such as a PC or portable player (it is not normally possible to play the file on a lounge DVD player, for example); options may include download to burn or receiving a DVD by post after purchasing dematerialised content on the service's Internet site.

At present, the major American studios are particularly encouraging download to own. For instance, Universal, among others, is working with VoD services Lovefilm in UK and TF1Vision in France on download to own for films in its catalogue, sold at the same price as DVDs in shops (between €15 and €20).

Warner, much of whose catalogue is also referenced on the various European download-to-own services, has developed its own VoD facility, In2Movies (present in Germany, Austria and Switzerland), which is in fact based on a download-to-own model (although a rental package has recently been made available).

3.2.1.2 VoD supported by advertising (or FoD for "free on demand")

VoD service providers are increasingly offering free VoD supported by advertising: it is a model that allows the consumer to view content for free, and the service provider to pass rental costs on to a third party, namely the advertiser. At present, most of the content available for free consists of television series and dramas (following the example of the ABC in the United States, which offers its flagship series – such as *Desperate Housewives* and *Lost* – on the basis of this model). Just a few catalogue films are currently supported by advertising so that they can be distributed for free.

3.2.2 Defining characteristics of the various models

3.2.2.1 Framework for the development of VoD

Several groups of factors are affecting the development of video on demand in Europe. Some are common to all countries, while others are local, stemming more from a specific national context and the balance of power between different players.

The shift towards all-digital in European countries

The main factor boosting the development of VoD services is the European audiovisual sector's transition to digital. All countries have embarked on this process, although some have made more progress than others.

Analogue switch-off

The transition from analogue to digital terrestrial broadcasting has been given impetus by international telecommunications bodies such as the International Telecommunications Union (ITU) and the European Conference of Postal and Telecommunications Administrations (CEPT). A treaty agreement on digital broadcasting services was signed at the conclusion of the ITU's Regional Radiocommunication Conference (RRC-06) on 16 June 2006. The agreement provides that "digitalisation of broadcasting in Europe, Africa, Middle East and the Islamic Republic of Iran by 2015 represents a major landmark towards establishing a more equitable, just and people-centred Information Society".

The transition is the responsibility of member States, but in the case of European Union countries has also been promoted by the European Commission and the European Parliament. Following an initial communication published in September 2003, outlining the advantages of switching to digital television and exploring various political options, on 24 May 2005 the European Commission adopted a communication on accelerating the transition from analogue to digital broadcasting. Finally, on 16 November 2006, the European Parliament adopted a resolution on accelerating the transition from analogue to digital broadcasting, supporting the Commission's call for all European Union member States to complete the transition process by the end of 2012.

Accordingly, most countries have already set deadlines:

Table 8: Targets for analogue switch-off in Europe

Target for analogue switch-off	Countries
Switch-off already complete	Some regions of **Germany** (since August 2003), some regions of **Sweden** (since 2005), **Luxembourg** (01/09/2006), **Netherlands** (11/12/2006), some regions of **Switzerland** (Tessin, 24/07/2006, Engadine, 13/11/2006)
End of 2010 at the latest	**Austria** (2010)**, Denmark** (2009), **Spain** (2008 for Catalonia, 2010 for the rest of Spain), **Finland** (2007)**, Italy** (with the initial late-2006 deadline expected to be revised, however; first regional switch-off scheduled for Sardinia for March 2007), **Malta, Sweden** (2008), **Norway** (2009), **Iceland** (2010)
Between the end of 2010 and the end of 2012 at the latest	**Germany** (2011, completing a process started in Berlin in August 2003), **Belgium** (Flemish Community 2010), **Estonia** (2012)**, Hungary** (2012)**, France** (30/11/2011)**, Latvia** (2011)**, Portugal** (2012)**, Czech Republic** (2012), **United Kingdom** (gradual switch-off region by region, 2008-2012)**, Slovenia** (2012)**, Slovakia** (2012)
After 2012	Ireland, Cyprus, Greece (2015), Lithuania (2015), Poland (2014), Russian Federation (target: 2015), Switzerland (2015)

Not yet decided: Belgium (French-speaking Community of Belgium, scheduled for 2012), Bulgaria, Croatia, Romania

Source: European Audiovisual Observatory, NPA Conseil

Higher-speed cable and DSL networks

The transition to digital is not confined to digital terrestrial television. Most operators have completed technological updates of their networks or made significant progress, and consumers are in the process of adopting the various digital networks.

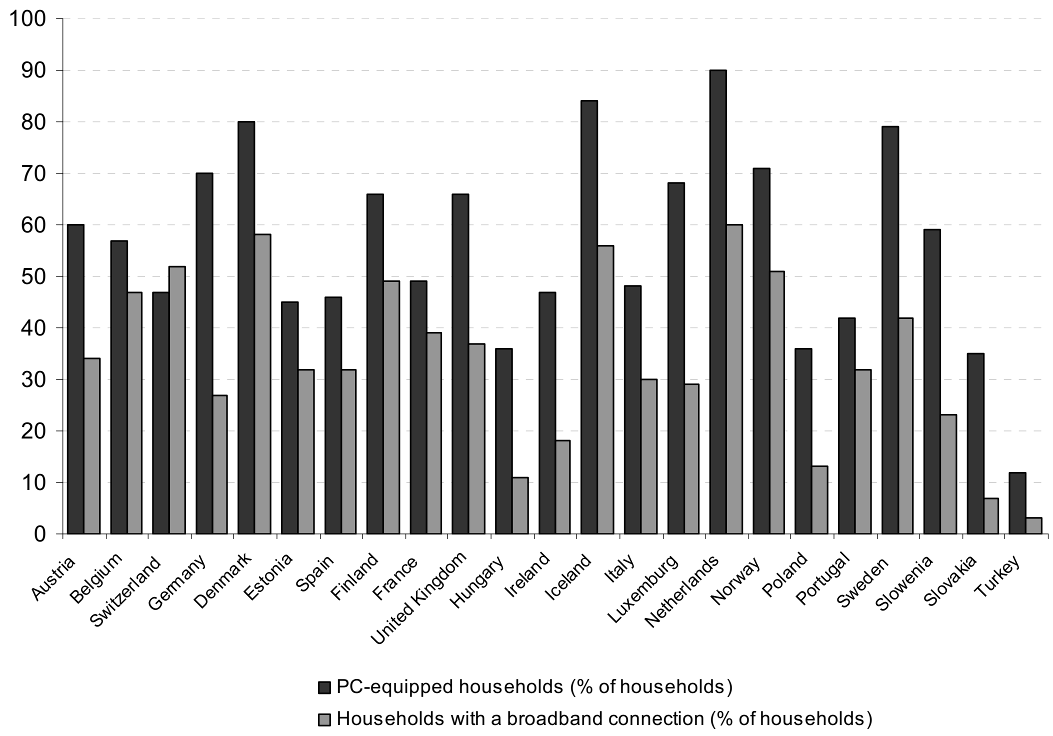
The rise of digital cable in particular (modernisation of networks, migration to digital by analogue subscribers) and DSL (continued unbundling of the local loop, higher speeds thanks to VDSL networks) is a trend observed in all the countries.

Along the same lines, the trend towards increased speeds is taking a new form in the most advanced countries, with the development of fibre-optic networks ever closer to subscribers.

The upgrade and installation of such networks has a dual impact on VoD services: firstly, they enable operators (of cable or telecommunications networks) themselves to provide services; secondly, they allow access to VoD services available over the Internet via high-speed connections.

The development of such networks is therefore a prerequisite for the emergence of VoD.

Figure 7: PC equipment and penetration rate for broadband connections in the countries surveyed as at 31 December 2005



Source: European Audiovisual Observatory, according to Screen Digest

Local factors affect the development of VoD in each country

Factors outside the VoD market can have an impact

Factors such as standard of living affect the development of video-on-demand services in some countries. Turkey, for example, has a significantly lower standard of living than other European countries, while the cost of high-speed access is similar to that in the most developed countries in Europe. Such a discrepancy automatically restricts the number of potential subscribers, and for the time being is impeding a real upsurge in video-on-demand services.

In addition, the appetite for video services, as shown by video expenditure per household, varies from country to country.

Network upgrades and competitive pressure

The extent to which networks (DSL, digital cable, fibre-optic, FTTH, etc.) have been modernised and competitive pressure between operators also affects the development of video on demand.

Accessibility of alternative options for viewing films (cinema, video shops, pay per view, pay-TV channels)

The impact of alternative options for viewing films is difficult to assess.

For instance, does a large number of cinemas and video shops and a high penetration of multi-channel pay-TV and pay per view in a country foster or hinder the development of VoD services? Similarly, is a small cinema and video shop network conducive to the development of VoD services (which would thereby be filling a gap) or, on the contrary, do the latter suffer from the fact that cinema and video consumption is not a habit in these markets?

Observation of the introduction of VoD services appears to show that countries with a high level of film consumption (at cinemas or on video) are also fertile ground for the development of VoD services. France, the United Kingdom and Germany, the three European countries with the most cinema admissions in 2005, are among the leaders in terms of the number of VoD services.

It is still too soon, however, to make a categorical statement about the extent to which other forms of film consumption have a stimulating effect on VoD services. Nevertheless, it is worth mentioning that this observation is confirmed by a French National Film Centre (*Centre National de la Cinématographie Français*, or CNC) study, which presents the consumption of cinema and other sources of video as a factor conducive to consumption of VoD services[16].

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[16] See country sheet for France

3.2.2.2 Efforts to arrive at a sustainable model

Several economic and transmission models coexist in a context of experimentation and efforts to identify the best practices: over the Internet? via IPTV? via digital terrestrial television? temporary rental or permanent purchase? free or pay? and if pay, at what price?

Choice of network

The increase in high-speed connections and better mastery of Internet broadcasting techniques appear to have paved the way for the development of on-line services (95 of the 140 services are available over the Internet). Moreover, this momentum is likely to continue and even build in the medium term with the emergence of set-top boxes (such as the Slingbox and Apple TV) able to deliver content offered and broadcast over the Internet to a television screen.

Nevertheless, other transmission networks also play a relevant, active role in supplying VoD services. Unlike the Internet, they have the advantage of allowing the content ordered to be viewed directly on a television screen. This should enable them to partake in the growth of such services in the short term.

For instance, telecommunications operators already distribute 47 services – nearly one in three – via their IPTV packages.

Accordingly, many VoD service providers are now taking a gamble on multi-channel transmission by attempting to reference their services on as many networks as possible (both IPTV and cable, as is the case in the United Kingdom, for example).

Choice of marketing model

Rental VoD is the most developed model at present, operating on the same principle as virtual video shops (such as Glowria in Germany and France or Blockbuster in the United States; these rental outlets allow consumers to connect to an Internet site on which they choose the film they wish to rent, which is then posted to them together with a stamped envelope making it easier to return the film after viewing) and targeting the same film consumers. Films are downloaded on a temporary basis and the consumer does not intend to "keep" them permanently (known as "pay-to-keep" content).

Lastly, the development of pay-to-keep VoD is limited by the capacity of hard drives (in computers and PVRs), which does not always allow consumers to build up a virtual library of programmes (as they can with music). However, pay-to-keep VoD is particularly suitable for specialised programmes (music or gymnastic lessons, for example) designed to be viewed several times.

Although pay-to-keep VoD is less widespread, some operators have made it their main form of purchase (such as Film2Home in Scandinavia, In2Movies in Germany, Switzerland and Austria and Imineo in France), thereby gambling on their content being sufficiently attractive (and geared to their customer base) to warrant storage.

Choice of price

With rental VoD, films are usually accessible for around €5 for new releases and between €2 and €3 for catalogue titles. Prices for TV programmes(documentaries, animations and television dramas) are closer to €2 per viewing.

Differences may be observed, however, depending on the country and its standard of living. VoD films cost more in the United Kingdom (€6 on average, or 15% more than in other countries) and Scandinavia (between €5 and €6). In east European countries, on the other hand, such as Estonia and Slovakia, films are much less expensive, with new releases available for 2€.

Table 9: Examples of rental VoD prices (2006)

<table>
<tr><th></th><th>UK</th><th>Italy</th><th>Germany</th><th>Spain</th><th>Norway</th><th>Slovakia</th><th>France</th></tr>
<tr><td>Example</td><td>FilmFlex</td><td>Rosso Alice</td><td>Maxdome</td><td>Imagenio</td><td>SF Anytime</td><td>T-Station</td><td>CanalPlay</td></tr>
<tr><td>New releases</td><td>GBP 3.50 (€5.20)</td><td>€2.99</td><td>€3.99</td><td>€3</td><td>€6</td><td rowspan="2">€1.60</td><td>€3.99 to €4.99</td></tr>
<tr><td>Catalogue</td><td>GBP 2 (~€3)</td><td>€1.99</td><td>€2.99</td><td>€1.50</td><td>€2</td><td>€2.99 to €3.99</td></tr>
</table>

Source: NPA Conseil

Prices for pay-to-keep VoD are usually about €4 (for audiovisual programmes) but can exceed €20 for some films or complete series (from services such as In2Movies in Germany and Film2Home in Sweden).

Owing to the coexistence of more than one economic model (rental and pay-to-keep VoD), therefore, prices range widely.

In order to boost custom, VoD services are also pursuing an active marketing policy, with regular promotions driving down average prices: French service CanalPlay, for instance, has special offers every week ("buy one, get one free"; "€1.99 discovery offers", etc.).

On the other hand, the emergence of SVoD may stabilise pay-per-view prices: services may find it is to their advantage to offer SVoD packages at attractive prices and pay-per-view programmes at stable prices (still around €4 to €5) so as to encourage consumers to pay monthly subscriptions, thereby building up a loyal, identifiable customer base.

Nevertheless, the option of free VoD supported by advertising is not being rejected. In some countries, films cannot be offered for free (in France, for example, this is prohibited under a December 2005 interprofessional agreement). Free films are sometimes offered for purely promotional purposes, by Denmark's CDON.com site for instance.

3.2.2.3 Market appraisal and types of programmes on offer

Market appraisal

Most service providers do not publish or communicate download figures, but they all agree that the market took off in the first quarter of 2006.

In the United Kingdom, FilmFlex announced that 80% of the 2,200,000 homes eligible for its VoD service (homes connected to the Virgin Media cable network) had already watched one film via VoD (1,760,000 people – July 2006). BSkyB, for its part, announced that its *Sky Anytime* service had recorded more than a million downloads in 2006.

New releases as a stimulus to growth

New releases (films and audiovisual programmes) are a loss leader that can stimulate the growth and consumption of such services.

Otherwise, the best sellers still tend to be those titles having been marketed and promoted during previous release windows (such as blockbusters). Electronic programme guides and marketing tools can thereby encourage the consumption of "secondary" titles.

Youth programmes: some of the most popular content

Youth programmes, which automatically engender considerable loyalty in their target audience owing to the large number of episodes, are contributing to the development of

VoD, in the form of subscriptions (SVoD) rather than pay per view. A set price allows unlimited viewing of a specified number of cartoons over a set period.

4 ECONOMIC, INDUSTRIAL AND REGULATORY IMPLICATIONS OF VOD

4.1 LEGISLATION

4.1.1 National legislation and interprofessional agreements

4.1.1.1 The arrival of VoD has not been accompanied by an increase in national legislative controls

As far as the regulatory framework for VoD is concerned, countries fall into one of three categories, generally depending on the maturity of their VoD services:

- total absence of any specific legislation on VoD services;
- inclusion of VoD services under general regulations on "conventional" television services;
- inclusion of VoD services under specific existing regulations on telecommunications services.

There are no legislative controls in those countries in which VoD services are non-existent or in their infancy. In Turkey, for example, although a VoD service is due to be launched in February 2007, no legal framework has been defined as yet and it has not yet been decided whether video on demand should come under the broadcasting or telecommunications regulations.

VoD services are subject to general or specific regulations in those countries with more services on a larger scale.

Belgium illustrates the two models well: the French-speaking Community of Belgium classes VoD services as conventional television services. They are therefore subject to similar regulations, particularly in relation to quotas and protection of minors. The Flemish Community, for its part, classes VoD as a "television service", subject to less stringent regulations than conventional television services.

4.1.1.2 VoD release of films and audiovisual programmes: self-regulation by operators in many countries

The framework governing the VoD release of films and TV programmesis generally the result of self-regulation by operators through:

- either a general interprofessional agreement;
- or by mutual agreement with rights-holders (on a case-by-case basis).

In most countries, regulators have left it up to – or even encouraged – market players to develop their own framework for VoD releases.

In the United Kingdom, for example, in January 2006 OFCOM ordered national broadcasters and independent producers to conclude an agreement on the release of their programmes for catch-up TV services, under threat of intervention and the insertion of a specific deadline into the Broadcasting Code. Self-regulation agreements were thereby negotiated between established broadcasters and the PACT (*Producers' Alliance for Cinema and Television*), and included in terms and conditions from June 2006.

In France, renegotiation of the interprofessional agreement concluded in December 2005 is generating considerable debate, and is expected to result in a new agreement in the first quarter of 2007.

4.1.2 European Union initiatives

A European regulatory framework for video on demand is being developed as part of the debates under way on the revision of the Television without Frontiers Directive (adopted in 1989). The idea of including audiovisual services such as video on demand in the scope of the Television without Frontiers Directive had already been raised when the directive was first revised in 1997; at the time, however, the Council of Ministers and the European Parliament had agreed that it would be premature to include webcasting and video on demand in the directive's scope.[17] As long as the Television without Frontiers Directive did not cover video on demand, this type of service could be regarded as

[17] For the historical background to the process of revising the Television without Frontiers Directive, see A. SCHEUER, "Traditional Paradigms for New Services? The Commission Proposal for an 'Audiovisual Media Services Directive'" in "Media Industry Facing Convergence" in *Communications & Strategies,* No. 62, IDATE, 2006.

coming under “information society services”, as defined by the Electronic Commerce Directive adopted in 2002.

In 2003, the European Commission embarked on a consultation process concerning the revision of the Television without Frontiers Directive, including the possibility of extending its scope. At the end of the consultation process in 2003, the Commission published a communication on “The Future of European Audiovisual Policy”, giving rise to a fresh round of consultation (“Focus Groups” in 2004, Liverpool Conference in 2005).

Pending the adoption of a proposed Audiovisual Media Services Directive (officially adopted by the European Commission on 13 December 2005), the Commissioner for Information Society and Media, Viviane Reding, launched the proposed European Charter for Film Online to coincide with the 2005 Cannes Festival.

4.1.2.1 European Charter for Film Online

In the context of preparations for the revision of the Television without Frontiers Directive, the European Charter for Film Online is a step towards self-regulation. Proposed by Commissioner Viviane Reding, it was approved at the Cannes Festival in May 2006 by leading representatives of the film and content industries, Internet service providers and telecommunications operators from the European Union and the United States.

The Charter sets out the requirements content and infrastructure providers must satisfy if online film services are to be a commercial success. It also serves as a reference for future business agreements and for wider European Commission policy on online content. The Charter lists four factors crucial to the development of film online:

- a wide range of attractive films,
- user-friendly online services,
- adequate copyright protection,
- and close co-operation in efforts to combat piracy.

The consensus the Charter represents is based on a number of key points, including: the principle of making films available on line in a fair, economically viable manner; the need for producers, rights-holders and online distributors to agree on the most appropriate availability window; the need to create a climate of respect for creativity and ensure effective copyright protection; the need for co-operation between content suppliers and online service providers in order to develop technologies designed to protect copyright over content; and the need for incentives to help reduce the cost of digital distribution[18].

4.1.2.2 From the Television without Frontiers Directive to the proposed Audiovisual Media Services Directive

Initiated in 2003, the second revision of Directive No. 89/552/EEC of 3 October 1989 – known as "Television without Frontiers" or TWF – sets out, *inter alia*, to broaden the scope of the directive, originally designed solely for television services, while also reviewing the rules governing various aspects of the provision of such services.

The proposed new directive, adopted by the European Commission on 13 December 2005, is known as the "Audiovisual Media Services" (AVMS) Directive.

Debate on the AVMS Directive entered its final phase in late 2006. The European Parliament adopted a position on 13 December 2006, while the Council of Ministers of the European Union adopted a preliminary compromise on the text on 13 November 2006. The Council of Ministers will meet under the German presidency in May 2007, and is expected to adopt a common position based on the preliminary compromise, taking into account the text adopted by the Parliament.

The many areas of consensus between the Council of the European Union and the Parliament should allow rapid progress during this final phase of debate on the AVMS Directive, with the process of shuttling back and forth between the Commission, the Parliament and the member States expected to culminate in the text of the directive being finalised in the first half of 2007. Each member State will then have two years to transform the new directive into national laws, regulations and administrative provisions.

4.1.2.3 Extending the directive's scope

Keen to modernise the directive, in particular by ensuring that its scope embraces convergence, the European Commission is proposing that it include on-demand services.

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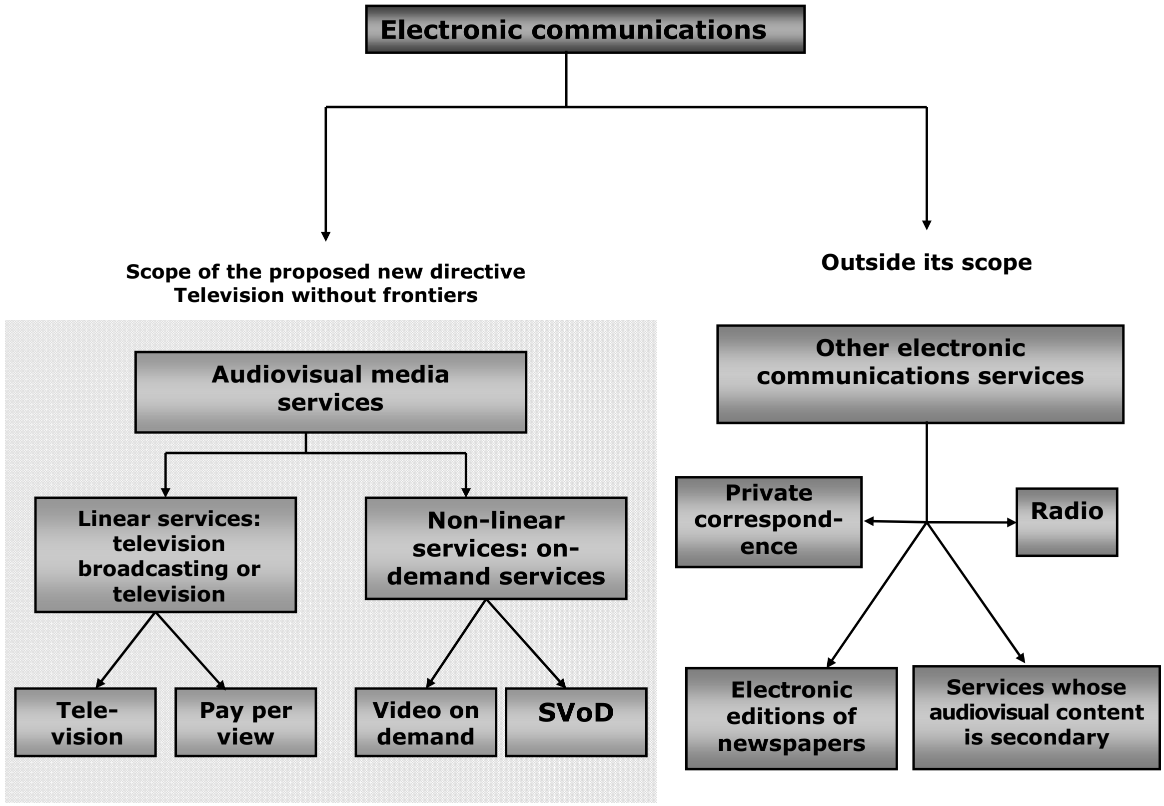
18 The full text of the charter is available at the following address: http://ec.europa.eu/comm/avpolicy/docs/other_actions/film_online_en.pdf.
In addition, the European Commission recently published a paper on online content: http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/95&format=HTML&aged=0&language=EN&guiLanguage=en

Accordingly, the draft sets out an overall definition of audiovisual services that covers both linear and non-linear services (see diagram below).

Figure 8: Scope of the AVMS directive



Source: NPA Conseil

The scope of the directive provides for the introduction of a "two-tier" regulatory system.

Firstly, all "audiovisual media services" will be subject to a set of four common basic rules concerning:

- protection of minors and human dignity;
- identification of audiovisual commercial communications (in a manner suited to the communication features of new forms of advertising, such as split screens, interactive advertising, product placement and future forms of commercial communication);

- minimum quality standards for commercial communications (maintaining the prohibitions relating to alcohol and tobacco for all services, and monitoring of advertising aimed at minors);
- identification of service providers.

Secondly, quantitative rules derived from those set out in the current TWF directive – albeit streamlined and "modernised" – apply solely to linear audiovisual services.

With regard to on-demand services, the European Commission, the Council of Ministers and the European Parliament all agree that the definition of non-linear services should be based on three key factors:

- the degree of control exercised by users: editorial decisions taken by the service provider rather than the viewer;
- transmission;
- choice of content determined by the service provider.

As at the end of 2006, the proposed definitions were those set out in the table hereafter:

Table 10: New definitions set out in drafts of the AVMS Directive

*Amendments and additions proposed by the European Parliament in the text adopted on 13 December 2006 and the Council of the European Union in its preliminary compromise of 13 November 2006 appear **in bold**.*

Definitions	European Commission proposal	European Parliament proposal	Council of the European Union proposal
Audio-visual media services	Article 1a): “audiovisual media service” means a service as defined by Articles 49 and 50 of the Treaty the principal purpose of which is the provision of moving images with or without sound, in order to inform, entertain or educate, to the general public by electronic communications networks within the meaning of Article 2(a) of Directive 2002/21/EC of the European Parliament and of the Council.	Article 1a): (a) “audiovisual media service” means a service **provided under the editorial responsibility of a media service provider** as defined by Articles 49 and 50 of the Treaty the principal purpose of which is the provision of programmes consisting of moving images with or without sound in order to inform, entertain or educate, to the general public by electronic communications networks within the meaning of Article 2(a) of Directive 2002/21/EC, **and/or audiovisual commercial communications. It does not include services where the provision of audiovisual content is merely incidental to the service and not its principal purpose, nor does it include the press in printed and electronic form.**	Article 1a): “audiovisual media service”: - a service as defined by Articles 49 and 50 of the Treaty **which is under the editorial responsibility of a media service provider** and the principal purpose of which is the provision of **programmes** […] in order to inform, entertain or educate the general public by electronic communications networks within the meaning of Article 2(a) of Directive 2002/21/EC of the European Parliament and of the Council. **Such audiovisual media services are either television broadcasts as defined in paragraph (c) of this Article or on-demand services as defined in paragraph (e) of this Article; and/or - audiovisual commercial communication.**
Linear services	Article 1c): ”television broadcasting” or “television broadcast” mean a linear audiovisual media service where a media service provider decides upon the moment in time when a specific programme is transmitted and establishes the programme schedule.	Article 1c): “television broadcast” or **“linear service”** means an audiovisual media service **where a chronological sequence of programmes is transmitted to an indeterminate number of potential viewers, at a point in time decided upon by the media service provider according to a set programming schedule.**	Article 1c): ”television broadcasting” […] or “television broadcast” **(i.e. a linear audiovisual media service)** means an […] audiovisual media service provided by a media service provider **for simultaneous viewing of programmes […] on the basis of a programme schedule;**

Definitions	European Commission proposal	European Parliament proposal	Council of the European Union proposal
Non-linear services	Article 1e): "non-linear service" means an audiovisual media service where the user decides upon the moment in time when a specific programme is transmitted on the basis of a choice of content selected by the media service provider.	Article 1e): **"on-demand service"** or "non-linear service" means an audiovisual media service **consisting of an offer of audiovisual content, edited or compiled by a media service provider, and where the user, on an individual basis, requests the transmission of a particular programme from a choice of content and at a time of his choice, or which is not covered by the definition of a linear service in point (c).**	Article 1e): **"on-demand service" (i.e. a non-linear audiovisual media service**) […] means an **audiovisual media service provided** by a media service provider for the **viewing of programmes at the moment chosen by the user and at his/her individual request […] on the basis of a […] catalogue of programmes** selected by the media service provider;
New definitions proposed by the Parliament and the Council		Article 1 (kb): **"programme" means a set of moving images with or without sound constituting an individual item within a schedule or a catalogue established or compiled by a media service provider.** Article 1 (kd): **"editorial responsibility" means responsibility for the composition of the schedule or the compilation of programmes intended for the general public, in a professional capacity, in order to deliver the media content within a set time frame or to allow it to be ordered from a catalogue.**	Article 1aa): **"programme" means a set of moving images with or without sound constituting an individual item within a schedule or a catalogue established by a media service provider and whose form and content is comparable to the form and content of television broadcasting.** **Examples of programmes include feature-length films, sports events, situation comedy, documentary, children's programmes and original drama;**

Source: NPA Conseil

In addition, the initial draft of the AVMS directive did not provide for any practical measures relating to the contribution of non-linear services to the production and promotion of European works. The fact that a number of member States and professional organisations wished to see the spirit of the former Articles 4 and 5 and of the Television without Frontiers Directive retained – albeit in an adapted form – prompted the European Commission to incorporate a political objective, aimed at all providers of audiovisual media services (linear and non-linear), dealing with the promotion of European production. Thus, under Article 3(f), *"Member States shall ensure that media service providers under their jurisdiction promote, where practicable and by appropriate means, production of and access to European works within the meaning of Article 6".*

Consolidated version published by the European Commission

On 9 March 2007, the European Commission published a consolidated version of the draft Audiovisual Media Services Directive[19]. It is a non-binding working document in which the Commission either directly incorporates the Parliament's amendments or proposes a new version.

The proposed definition of "audiovisual media service" set out in Article 1 (a) is now as follows:

> *"'audiovisual media service' means a service as defined by Articles 49 and 50 of the Treaty which is under the editorial responsibility of a media service provider and the principal purpose of which is the provision of programmes in order to inform, entertain or educate the general public by electronic communications networks within the meaning of Article 2(a) of Directive 2002/21/EC of the European Parliament and of the Council.*
> *Such audiovisual media services are either television broadcasts as defined in paragraph (c) of this Article or on-demand services as defined in paragraph (e) of this Article and/or audiovisual commercial communication."*

The text does not incorporate the restriction proposed by the Parliament ("[This definition] does not include services where the provision of audiovisual content is merely incidental to the service and not its principal purpose, nor does it include the press in printed and electronic form.").

Article 1(e) now gives preference to the term "on-demand service" rather than "non-linear audiovisual media service", to which objections had been raised, although the latter term has not been removed entirely:

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19 http://ec.europa.eu/comm/avpolicy/reg/tvwf/modernisation/proposal_2005/index_en.htm

(e) *"'on-demand service' (i.e. a non-linear audiovisual media service) means an audiovisual media service provided by a media service provider for the viewing of programmes at the moment chosen by the user and at his/her individual request on the basis of a catalogue of programmes selected by the media service provider".*

With regard to the promotion of cultural diversity on non-linear services, both the Council (in its general approach of 13 November 2006) and the European Parliament (in its resolution of 13 December 2006) propose strengthening the provisions suggested by the Commission. They propose that the Article in question set out a non-exhaustive list of strategies that could be implemented with a view to achieving the aim in question, namely: a financial contribution by non-linear services to the production of and acquisition of rights for European works, or to the share and/or prominence of European works in the catalogues offered by such services. Unlike the Council, the Parliament specifies that these measures should also include European works by independent producers.

The European Parliament, in the text adopted on 13 December 2006, had sought to strengthen the Article by means of recital 35:

(35) *"Non-linear audiovisual media services have the potential to partially replace linear services. Accordingly, they should where practicable promote the production and distribution of European works and thus actively contribute to the promotion of cultural diversity. In the promotion of non-linear audiovisual media services, support for European works might for example take the form of a minimum share of European works proportionate to economic performance, a minimum share of European works in video-on-demand catalogues, or the attractive presentation of European works in electronic programme guides. It will be important to regularly re-examine the application of the provisions relating to the promotion of European works by audiovisual media services. Within the framework of the reports set out in Article 3f paragraph 3, Member States shall also take into account notably the financial contribution by such services to the production and rights acquisition of European works; the share of European works in the catalogue of audiovisual media services as well as in the effective users' consumption of European works proposed by such services. In these reports, appropriate account should also be taken of the works of independent producers."*

The Parliament also proposed a new version of Article 3(f), paragraph 1, containing specific provisions on non-linear services:

> *"1. Member States shall ensure that media service providers under their jurisdiction promote, where practicable and by appropriate means,* ***and taking due account of the various means of delivery,*** *the* ***development,*** *production of and access to European works within the meaning of Article 6.* ***For non-linear audiovisual media services, support and promotion might take the form of a minimum number of European works proportionate to economic performance, a minimum share of European works and of European works created by producers who are independent of broadcasters in video-on-demand catalogues, or the attractive presentation of European and works created by such independent producers in electronic programme guides."***

The Commission partly incorporated the Parliament's proposals into the consolidated version of 9 March 2007. Recital 35 is reworded as follows:

> *(35) "Non-linear audiovisual media services have the potential to partly replace linear services. Accordingly, they should where practicable,* ***promote the production and distribution of European works and thus actively contribute to the promotion of cultural diversity.*** *Such support for European works might, for example, take the form of a minimum share of European works* ***proportionate to economic performance****, a minimum share of European works in video-on-demand catalogues, or the attractive presentation of European works in electronic programme guides. It will be important to regularly re-examine the application of the provisions relating to the promotion of European works by audiovisual media services. Within the framework of the reports set out in Article 3f paragraph 3, Member States shall also take into account notably the financial contribution by such services to the production and rights acquisition of European works; the share of European works in the catalogue of audiovisual media services as well as in the effective users' consumption of European works proposed by such services."*

Article 3(f) is reworded as follows:

Article 3f

1. Member States shall ensure that on-demand services provided by media service providers under their jurisdiction promote, where practicable and by appropriate means, production of and access to European works. Such promotion could relate, inter alia, to the financial contribution made by such services to the production and rights acquisition of European works or to the share and/or prominence of European works in the catalogue of programmes proposed by the service.

2. Member States shall ensure that media service providers under their jurisdiction do not transmit cinematographic works outside periods agreed with the rights holders.

(…)".

4.1.3 Consultation on the competitiveness of Europe's online market

Alongside the process of revising the Television without Frontiers directive, on 28 July 2006 the European Commission launched a public consultation on ways to stimulate the growth of a true EU single market for digital content, such as films, music and games. The Commission intends to encourage the development of innovative business models and to promote the cross-border delivery of diverse online content services. It is also keen to ascertain how European technologies and devices can be successful in the creative online content markets. Input to this consultation will help shape a Commission Communication on Content Online. A hearing was also held in Brussels on 11 October 2006[20]. Publication of a Commission communication was announced for late 2006.

The public consultation thus launched is intended to pave the way for a true European single market for online content delivery. Online content can play a crucial role in the growth of Europe's information and communication technologies (ICT) and media sector.

Some of the questions raised as part of the consultation on online content organised by the Commission include: what economic and regulatory barriers are there to the development of online content services in the European single market? How competitive

[20] http://ec.europa.eu/comm/avpolicy/other_actions/content_online/index_en.htm

is the European online content industry compared with that in other parts of the world? Would creative businesses benefit from Europe-wide or multi-territory licensing and clearance? Does the interoperability of digital rights management (DRM) systems in Europe need to be improved?

The current consultation on online content also seeks to ascertain the views of those concerned on self-regulation initiatives such as the European Film Online Charter, in order to assess whether it could serve as a model for similar initiatives in other online content sectors and whether regulatory measures are needed at EU level to ensure that a true EU online content market is established.[21]

[21] In connection with this consultation, the European Commission published a major study in October 2006: SCREEN DIGEST et al., Interactive Content and Convergence: Implications for the Information Society, http://ec.europa.eu/information_society/eeurope/i2010/docs/studies/interactive_content_ec2006_final_report.pdf.
Also see the Annexes:
http://ec.europa.eu/information_society/eeurope/i2010/docs/studies/interactive_content_ec2006_annexes.pdf

4.2 HOW VoD FITS INTO THE FILM AND AUDIOVISUAL INDUSTRY

4.2.1 How VoD fits into the film industry

4.2.1.1 Debate on the role of VoD providers and distributors in financing film production

The introduction of VoD appears to be generating more debate and discussion in those countries where public funding for the film industry is based on financial levies on revenue or voluntary contributions by distributors of works (cinema operators, television broadcasters, video producers/distributors and cable distributors). In those countries where few films are produced or distributed, VoD appears to have a lesser impact, being regarded as a new film viewing platform – and often a stimulus to growth – rather than a value-reducing factor.

According to the European Audiovisual Observatory, more than 40% of funding for European public film support bodies in 2002 derived from levies on the revenue of various types of distributor: 10.7% of such funding came from taxes on cinema tickets, 27.1% from taxes on television channels' revenue, 2.7% from taxes on video distributors' revenue, and 0.2 % from taxes on cable operators' revenue. Voluntary contributions by television channels accounted for 5.1% of such funding.[22]

It is not surprising, therefore, that VoD has generated considerable debate within professional film industry circles in those countries with complex, well-established public funding systems. France affords an interesting example of the debate surrounding the emergence of VoD, in that a substantial proportion of public funding for production comes from a levy on the revenue of cinema operators, television channels and video distributors.

The fact that VoD is prompting telecommunications operators and Internet access providers to enter the film marketing industry is seen as necessitating an updated model. While telecommunications operators and Internet access providers generate revenue

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[22] A. LANGE and T. WESTCOTT, *Public Funding for Film and Audiovisual Works in Europe – a Comparative Approach*, European Audiovisual Observatory, Strasbourg, 2004, p.63.

from films sold via VoD, according to the logic underlying the French model these operators ought to be taxed like other distributors, thereby contributing to the production support fund (COSIP). To this end, the "Television of the Future" Act, promulgated on 7 March 2007[23], included a measure extending the "COSIP tax" to Internet access providers. Internet access providers took differing views of the measure. While the AFA (Association of French Access Providers) and France Télécom[24] declared themselves "satisfied", Internet access provider Free clearly expressed its opposition, describing the measure as a "serious mistake".

4.2.1.2 Reorganisation of the film distribution sequence as a result of VoD

Trend towards shorter windows

The rules governing the sequence of film distribution ("windows" often referred to in France as "media chronology") still vary between European countries, but windows are tending to become shorter overall.

American distribution companies have spread the concept of day-to-date release, where films are released simultaneously on DVD and VoD. American cable operator Comcast, for instance, is using its VoD service to experiment with day-to-date release for certain films. Many European countries are also moving in this direction; the Nordic countries, for example, have negotiated with local distributors and a number of major American studios.

In many countries, windows are governed by contractual provisions and depend on the guaranteed minima agreed by the parties. Against this background, most European countries with a developed VoD sector are seeing windows move closer to the theatrical release date.

In Germany, for example, VoD release previously tended to coincide with the pay-per-view window, 90 days after DVD release; often this period is now reduced to 60 days, however.

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23 Act No. 2007-309 of 5 March 2007 on the Modernisation of Audiovisual Broadcasting and the Television of the Future, J.O. No. 56 of 7 March 2007, page 4347. http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=MCCX0600104L.

24 The operator has also set up a film production subsidiary to take part in co-productions, along the same lines as television channels' co-production subsidiaries.

Nevertheless, a number of countries are maintaining longer VoD release windows, such as Austria (twelve months after cinema release) and Germany.

Titles are not systematically withdrawn from VoD services when the "pay-TV" window opens; this depends on agreements with rights-holders.

At the European level, the proposed "Audiovisual Media Services" Directive retains the principle of an organised chronology of diffusion ("windows"); Article 3(f)(2) provides that *"Member States shall ensure that media service providers* [including non-linear services] *under their jurisdiction do not transmit cinematographic works outside periods agreed with the rights holders".*

Table 11: Windows in the countries surveyed (2006)

Generally speaking, all windows are calculated in terms of the number of months (unless otherwise stated) following the cinema release date in the country in question.

Country	VHS/DVD	VoD	Pay per view	Pay-TV channels	Free-to-air television	Comments on rules governing VoD
Austria	6	12	12	18	24	Chronology for films having received funding from the Österreichisches Filminstitut
Belgium	6	7/8	-	12	-	No specific regulations; windows negotiated by mutual agreement.
Switzerland	-	-	-	-	-	No specific regulations; windows negotiated by mutual agreement.
Cyprus	6 – 12	Case by case (12-18)	-	-	-	No specific rules governing VoD.
Germany	6	Case by case, (6-9 months)	9	18	30	VoD is incorporated into the film release sequence. VoD release generally starts 6-9 months after the film's cinema release (managed on a case-by-case basis in accordance with the producer's wishes).
Germany (films funded by the FFA)	6	12	12	18	24	Exemptions in agreement may be obtained.
Denmark	-	Day-to-date (simultaneous DVD and VoD release), or 45-90 days after DVD release.	-	-	-	No specific regulations; windows negotiated by mutual agreement (as far as local distributors are concerned): generally either day-to-date (simultaneous DVD and VoD release), or 45-90 days after DVD release.
Estonia	-	Case by case (3-6 months)	-	-	-	No regulation of VoD in Estonia. Windows negotiated by mutual agreement. It is worth mentioning that VoD release generally precedes DVD release.

Country	VHS/DVD	VoD	Pay per view	Pay-TV channels	Free-to-air television channels	Comments on rules governing VoD
Spain	4-7	Case by case (12-14 months)	10-12	12-14	24	Distribution periods for new models (FoD, SVoD, VoD) following cinema release are currently under review. VoD services generally come within the "pay-TV" window (12-14 months); it is possible that in the near future they will come within the pay-per-view (PPV) window (10-12 months).
Finland	4 -9 months	Case by case Usually DVD+90 days; sometimes 45 days or day-to-date	9	12-24	-	No specific rules on VoD. DVD: 4-9 months
France	6	Approximately 7.5 (33 weeks)	9	12	24-36	Regulated by law. Video – from 6 months, video maker may obtain an exemption in agreement with the film distributor; pay-TV channels – 12 months; free-to-air television – 24 months in the case of co-productions with television channels (for French films), otherwise 36 months. VoD: 12-month professional agreement concluded in December 2005. Fresh discussions under way.
United Kingdom	3-6	Case by case (6-9 months)	6-9	12-18	24-30	VoD services generally follow the PPV window, in which case films are available between 6 and 7 months after cinema release, or 9 months at the latest.
Hungary	6	-	-	12	24	No regulations: negotiated by mutual agreement. Trend towards shorter windows, especially during holiday periods (Christmas, Easter).

Country	VHS/DVD	VoD	Pay per view	Pay-TV channels	Free-to-air television	Comments on rules governing VoD
Ireland	-	-	-	-	-	In the case of video on demand, the BCI has not laid down any regulations at present. Moreover, as at late 2006, the only services offering video on demand in Ireland were British; they are therefore not subject to Irish regulations laid down by the ComReg or the BCI, since they are broadcast from the United Kingdom rather than Ireland.
Iceland	3	6	-	-	-	
Italy	3-6	Case by case (25 weeks after cinema release)		12	24	Act setting video release date at eight months after cinema release was repealed in 1998. VoD release dates are decided on a case-by-case basis by cinema distributors and video makers, taking into account market conditions. However, distributors and the various VoD service providers have informally decided to open the DVD release window 15 weeks after cinema release, and the video-on-demand window 10 weeks later.
Luxembourg	-	-	-	-	-	No VoD regulation or windows in Luxembourg at present; negotiated by mutual agreement.
Netherlands	-	-	-	-	-	No specific regulations; windows negotiated by mutual agreement.

Country	VHS/DVD	VoD	Pay per view	Pay-TV channels	Free-to-air television	Comments on rules governing VoD
Norway	3-6	3-6 months for Norwegian films. 45 days after DVD release for films by major American studios.	-	-	-	VoD release windows are between 3 and 6 months after cinema release, but are becoming shorter. For films of Norwegian origin, distributors are now opting for day-to-date VoD release (simultaneous DVD and VoD release). For films by major American studios, VoD release takes place 45 days after DVD release. This period is being reduced to 30 days, however.
Poland	6	Case by case	-	12	24	
Portugal	_	Case by case	-	-	_	No regulations; windows negotiated by mutual agreement.
Sweden	-	Case by case (3 months after DVD release)	-	-	-	Sweden has no specific regulations on VoD. Films are normally available via VoD 3 months after DVD release. There are also day-to-date releases (simultaneous DVD and VoD release) where agreements are concluded between local distributors and VoD platforms.
Slovenia	-	-	-	-	-	Generally speaking, the video-on-demand market has not yet developed in Slovenia.
Slovak Republic	-	-	-	-	-	
Turkey	-	-	-	-	-	As at late 2006, Turkey did not have any VoD services.

Source: NPA Conseil, according to International Video Federation

4.2.2 How VoD fits into the audiovisual industry

VoD is giving rise to a degree of reappraisal and a number of developments in the audiovisual sector. Indeed, this new form of television viewing may eventually transform the sector considerably by introducing true "television on demand". The main issues raised relate to the very status of programme schedules, changes in the life cycle of audiovisual programmes, audience fragmentation and the sector's revenue (from advertising and other sources).

4.2.2.1 Reappraising programme schedules and the life cycle of programmes

By making it possible to watch programmes without any time constraints, VoD is eventually expected to transform the status and structure of programme schedules. The strategy channels adopt in formulating schedules is to offer programmes – according to the channel's format – to potential television viewers at all times of day, with a view to maximising their audience and thus their advertising revenue.

By altering a programme's life cycle, VoD may challenge the basic principle of television flows. Depending on the genre, a programme's first screening on a channel may be its final destiny (in the case of "real" televised events), or alternatively the first phase in its life cycle ("showcasing" it with a view to maximising future marketing opportunities).

Against this background, the purpose of programming schedules will depend on the different types of programme available:

- Event programmes, where the primary focus is live transmission and exclusivity: news, sport and major events. These are mainly flow programmes.
- "Niche" programmes, such as documentaries, dramas and science, culture or art shows, where people's desire to watch a particular programme does not necessarily coincide with the television broadcast. For these programmes to be "consumed" in the form of VoD, however, they need to have been promoted on television.
- Dramas and series, some of which are already big DVD hits. Once again, in order to maximise their consumption via VoD, the television broadcast needs to have created the event in order to generate a desire to view the programme again or for the first time.

- Television channels' VoD sites are also starting to offer programmes that are no longer – or not – broadcast on television (concerts, comedy shows). In this case, beyond the actual programmes broadcast, the channel and its programme schedule become the bridgehead for the global brand the channel may represent on different platforms and media, including VoD.

Rather than being a threat, video on demand should eventually become a form of viewing that complements TV programmes(and not a form of substitution). In order to avoid falling victim to the delinearisation of its content, television must focus more on its strengths – live transmission, creation of events and exclusive content – but also regard itself as the first stage in a programme's life cycle, showcasing it as an event, just as cinema release is now the first stage in a film's life cycle.

4.2.2.2 Audience fragmentation and measurement of VoD downloads

Along with other digital leisure pursuits, VoD is contributing to the fragmentation of television audiences. Audience rating systems will have to be adapted to keep up with more individualised media consumption.

Reduction in television viewing

A number of countries recorded significant drops in individual television viewing for the first time in 2005. According to Eurodata-TV data, television viewing per individual decreased in 20 countries out of 32 between 2004 and 2005.

Table 12: Average television viewing per person in Europe (2003-2005) – Minutes/day

Country		Target age group	2003	2004	2005
AT	DEI	3+	152	156	157
BE (CFR)	DEI	4+	208	216	224
BE (VLG)	DEI	4+	161	170	178
CH (Al.)	DEI	3+	141	148	147
CH (It.)	DEI	3+	175	178	175
CH (Ro.)	DEI	3+	168	173	171
CY	DEI	4+	159	162	161
DE	DEI	3+	203	210	211
DK	DEI	3+	157	161	153
EE	DEI	4+	227	224	222
ES	DEI	4+	213	218	217
FI	DEI	10+	173	167	169
FR	DEI	4+	202	204	206
GB	DEI	4+	223	222	219
HU	n.a.	4+	261	271	265
IE	DEI	4+	178	177	180
IT	DEI	4+	230	240	237
LT	DEI	4+	206	213	199
LU	DEI	12+	n.a	n.a	n.a
NL	DEI	6+	187	192	195
NO	DEI	3+	154	156	155
PL	DEI	4+	235	236	241
PT	DEI	4+	207	214	212
SE	DEI	3+	150	151	147
SI	DEI	4+	170	173	172
SK	DEI	12-79	250	235	201
TR	DEI	5+	235	223	216

Source: Eurodata-TV / European Audiovisual Observatory Yearbook 2006

The downward trend in viewing time appears to be continuing, particularly among young people. According to a recent study by OFCOM (the British regulator), television is of declining interest to young people aged 16 to 24. On average, they watch one hour less than the average viewer. Moreover, young people are spending less and less of their viewing time watching public service channels (74% of total viewing time in 2001, compared with 58% today). Instead, their time is spent on the Internet, which plays a central role in their daily lives.

Changes in audience rating systems

There is virtually no reliable means of measuring VoD audiences at present. Statements by the operators of such services, which remain fragmented, yield approximate audience figures. A number of agencies are currently working on adapting their rating systems to television programmes on other platforms, including VoD.

<u>United States: Nielsen announces key changes to its audience measurement system</u>

In June 2006, Nielsen Media Research (the authority on television ratings in the United States), wishing to demonstrate its ability to adapt its measurement techniques, explained its strategy (the A2/M2 plan) and outlined the five key changes it intended to make.

VoD services are expected to be incorporated into Nielsen's audience measurement system at the end of the second quarter of 2006. On the technical front, viewing will be measured by Active/Passive Meters, which work by recognising a code inserted into the content, making it possible to track Internet viewing. This prior encoding will be undertaken by the company Anystream (a major player in the market for encoding Internet flows).

Nielsen Media Research's audience ratings have included viewing of programmes recorded on PVRs since late 2005, providing the market with three types of indicator: live, live with slight time-shifting, and viewing within the following seven days; programmes viewed on PVRs slightly later the same day or within a week of being broadcast can thereby be taken into account.

Given that channels use audience figures as a basis for calculating the price of advertising space, this change in audience measurement has given rise to a debate among different players in the advertising market, who do not share the same interests: channels have an interest in calculating their prices on the basis of live and seven-day results, while agencies prefer to stick to the live programme audience; the market now has to decide between these concepts and determine the value of "delinearised" advertising contact. According to Nielsen, just 7% of American households are equipped with PVRs, although Forrester Research is predicting 37% penetration by 2010.

Audience measurement techniques are starting to change in Europe

The two countries having made reasonable progress in adapting audience measurement to new forms of viewing are the United Kingdom and France.

In the United Kingdom, leading ratings agency the BARB has looked into ways of measuring new forms of television viewing. In June 2005, it launched a public consultation process entitled *"Future into View"*, aimed at seeking opinions within the advertising and audiovisual markets on the future of audience measurement.

Based on the results of that consultation, in April 2006 the BARB presented a forward analysis of television viewing across the Channel and announced its action plan. This study quantified and qualified expected developments between 2006 and 2015. Three main causes of change in television viewing were identified:

- new forms of viewing (via mobile telephones, handheld screens and PCs),
- out-of-home viewing,
- and changes to in-home viewing (new types of screen, the split between live/time-shifted/on-demand viewing).

The BARB thereby pinpointed the proportion of television viewing likely to escape measurement of the type currently undertaken. It acknowledges that 12% of television viewing was not covered by its measurement system in 2005.
In the light of these findings, the BARB presented a number of aspects it wishes to monitor or implement in its action plan, the key points of which include:

- measuring out-of-home viewing;
- retaining a specific category and a separate measure for television viewing;
- offering separate, aggregate measurements for smaller channels (IPTV, Internet and so on);
- continuing to provide overnight data, to measure time-shift viewing and to classify programmes by genre, all of which contributors identified as positive features.

In France, in an effort to extend audience ratings to new types of content and forms of reception, Médiamétrie has launched a system for measuring streaming audio and video. This new development was decided by Médiamétrie's Internet committee, made up of various market players (broadcasters, operators and advertisers), with a view to optimising the advertising market. Introduced in July 2006, the technology behind this new tool works on the basis of watermarking (inserting an inaudible mark into television channels' bandwidth).

It is worth noting that the consumption of streaming video flows is undergoing rapid growth in France. According to the Internet Use Monitor published by Médiamétrie, in the first quarter of 2006, 8,637,000 Internet surfers – or more than a third of French Internet surfers (32.6%) – had used the streaming video function at least once in the previous six months.

Similarly, against a background of increasing numbers of television broadcast networks, this year Médiamétrie introduced specific audience measures for digital terrestrial television channels (February 2006) and IPTV (since October 2006 its Médiamat ratings have included homes subscribing to IPTV packages, irrespective of the access provider).

The introduction of this new system should facilitate the subsequent development of measures for VoD and even PVR use. In this connection, three audience measures were announced at the Médiamétrie Forum in March 2006: one fixed (in-home), one portable (individual out-of-home viewing) and one via return path (use of terminal connections).

VoD consumption in France can also be analysed using information communicated by service providers. Laurent Souloumiac[25], managing director of FTVI, explains that "what works on television works for VoD". For instance, *Plus Belle la Vie*, a series broadcast at 8.20pm daily, achieves very good audience ratings on both the France 3 channel and the Internet. It is also a VoD success, however, and is expected to reach 60,000 sales by the end of 2006, or one third of all sales and rentals from the France 3 site throughout the year (making 180,000 sales and rentals during the year). *Petits Meurtres entre Amis*, a four-part series broadcast on France 2 with an average audience share of 20%, is expected to exceed 2,000 sales by the end of 2006. In total, France tvod.com will have sold or rented at least 150,000 programmes in 2006, with a rapid increase since September and 238,000 unique visitors in November.

As with cinema films, however, there are significant differences between television viewing and VoD consumption. According to the director of FTVI, documentaries are proportionately more successful online than on television. For example, *L'Odyssée de la Vie* (broadcast on France 3) and *Ecoles en France* (broadcast on France 2) were

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[25] Source:, No. 19258, Monday 25 to Sunday 31 December 2006

purchased 5,000 and 2,000 times respectively; these are fairly significant thresholds in an emerging market.

With the emergence of new television viewing services, broadcasters wished to attach advertising value to time-shifted viewing. Numerous professionals called for such services to be taken into account, so that audience measures more accurately reflect these new forms of television viewing.

Adapting audience measures to different media (television, radio and press) is a key issue for audience ratings agencies, which are working to refine their methods. The American and English markets were the first to react and to introduce major changes. In France, Médiamétrie launched a measure for the consumption of audio and video streaming in July 2006. Further developments are expected in 2007.

4.2.2.3 VoD and audiovisual sector revenue

In the United States, in June 2005 Procter & Gamble, leader of the hygiene and beauty sector and one of the world's largest advertisers, announced its intention to reduce its investment in traditional television advertising spots (-5% on terrestrial networks and -25% on cable networks) in the light of the development of personal television viewing. Procter & Gamble has since adopted a policy of innovative advertising, testing campaigns on new platforms such as video on demand.

While in the United States advertisers were showing signs of defiance towards "live" television audiences as early as 2005, prompting them to start reallocating budgets, the same is not true of Europe. There are no studies or figures showing that advertising expenditure is starting to be transferred. On the contrary, television advertising investment in the Europe zone has been rising overall in recent years, with the exception of a short-term drop in 2001, well before the introduction of VoD.

According to the latest forecasts from European Advertising and Media Forecast/WARC (December 2006), advertising expenditure in the Eurozone is expected to grow by 3.3% in 2007, compared with 3.7% in 2006. Growth is thus expected to be slower than last year, owing to slightly weaker economic growth. With the exception of the Internet, each medium is also expected to record growth, albeit less than in 2006. The Zenith

Optimedia central buying service is predicting a 2.2% increase in television advertising investment in western Europe between 2005 and 2006[26].

Growth in Internet advertising investment is significantly higher. Again according to Zenith Optimedia, the proportion of media advertising investment on the Internet is expected to increase from 4.1% in 2005 to 5.4% in 2006 and 6.8% in 2007[27].

Personal television services should eventually be able to create advertising value. The advertising market already offers alternatives to traditional advertising spots (sponsorship, exchanges of advertising space or bartering [28], product placement, interactive advertising, etc.), but delinearised television could create new spaces and enhance the value of new forms of audiovisual consumption.

Personal television services may help to increase individual television viewing. VoD and PVR thereby generate opportunities necessitating the development of new advertising spaces and measures of their effectiveness.

It is conceivable that these services could feature behaviour monitoring systems similar to those used for the Internet. Over time, PVR hard drives and VoD servers could collect data making it possible to categorise users: content could then be tailored to household characteristics as determined by viewing history or data in the possession of service providers (geographical area, number of children, etc.).

In all likelihood, the value of spaces affording opportunities for interaction will be on an altogether different scale to current television pricing structures.

Lastly, in the case of both VoD services and PVR use, delinearised consumption of audiovisual content involves an interface offering a choice of content.

These interactive interfaces are therefore likely to become a mandatory step for viewers, serving as anchor sites. Advertising space in electronic programme guides is already being sold. Gemstar-TV Guide, a company specialising in electronic programme guide design, has already worked with nearly 80 advertisers, including Daimler-Chrysler, Nestlé and Sony Pictures.

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26 Source: Advertising Expenditure Forecast – December 2006
27 Source: idem
28 Arrangement where advertisers and/or their agencies produce programmes (dramas, documentaries, variety shows, etc.) which they then offer to radio or television platforms in exchange for advertising space.

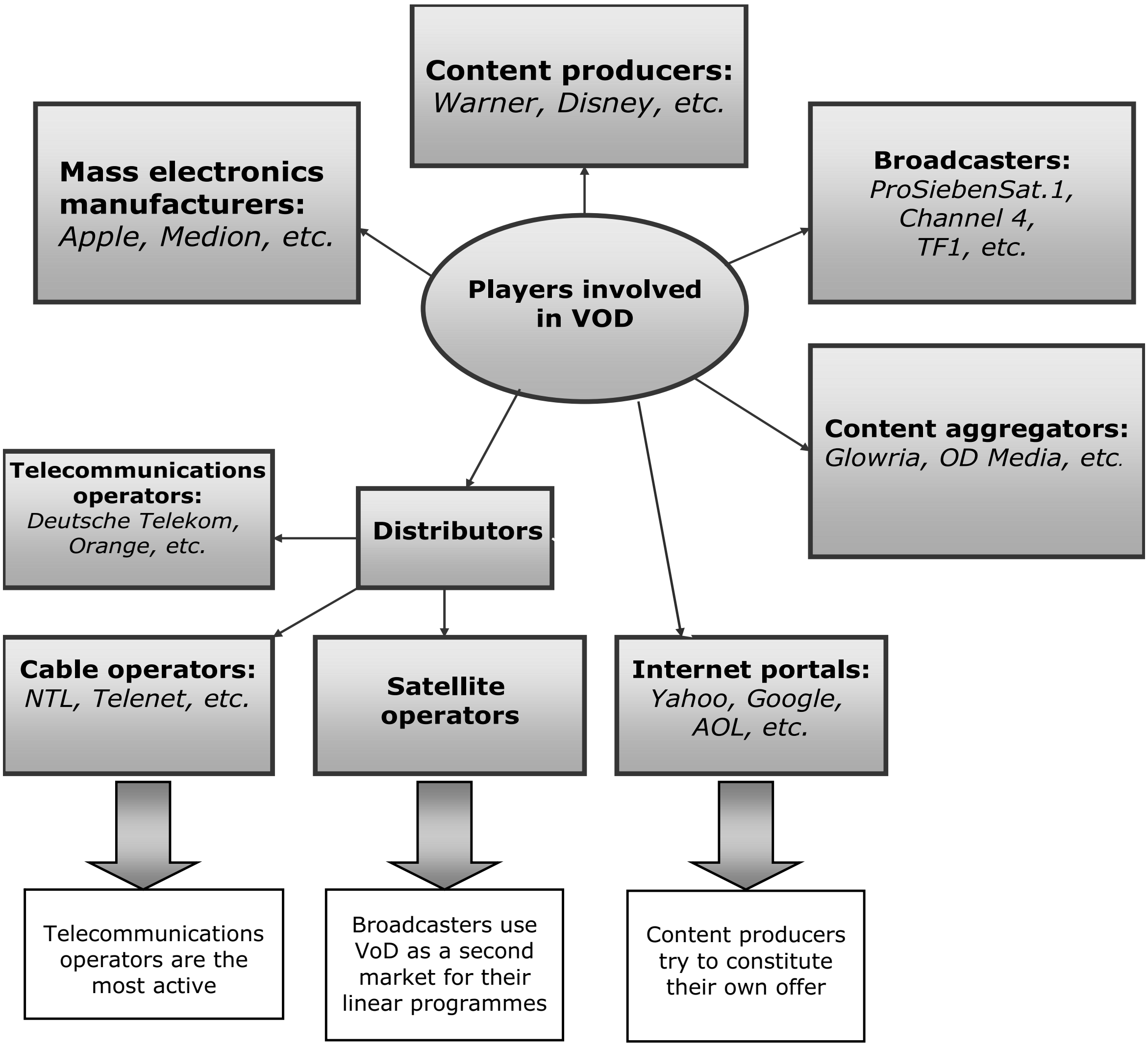
While in the United States VoD is partly supported by advertising, the latter is difficult to incorporate and lacks flexibility. Accordingly, cable operator Charter Communication is currently field testing the active insertion of advertising on two VoD channels in partnership with agencies Ogilvy and Mediaedge:cia and companies C-Cor and Atlas. The aim is to allow advertisers to target their messages, change them or limit the number of viewings, and above all to manage their campaigns over time. This solution also enables Charter Communication to measure the audience for advertising alone, as distinct from the audience for the video in question, which was not previously possible: advertising campaigns and formats (duration, degree of acceptance) will eventually be able to be tested and adjusted in the light of initial feedback so as to optimise advertising messages.

In France, only the TF1Vision service, with *Le Maître du Zodiaque*, has offered a free television programme in the form of VoD supported by advertising. Just after the programme was broadcast on television, it was made available with three one-and-a-half minute commercial breaks; advertisers also had a presence on the TF1Vision home page. Seven advertisers took part in the operation, although it did not generate any feedback via the channel's advertising department.

4.2.3 Different players involved in VoD: types and relationships

Numerous players are now part of the value chain for non-linear services, as shown by the following diagram.

Figure 9: Value chain for non-linear services



Source: NPA Conseil

A broad distinction may be drawn between rights-holders (producers and broadcasters) and the aggregators and distributors able to negotiate with them. The strategies adopted by the various players differ, however, according to each player's size and exact position in the supply chain.

4.2.3.1 Content producers

Overwhelming support for major studios

Titles from major American studios are some of the most referenced content on the various European services. They are strong loss leaders, which VoD service providers are keen to index in their catalogues.

Accordingly, the major studios, which enjoy considerable negotiating power, show no desire at present to develop a European version of Movielink (an American VoD service in which the major studios are shareholders). In this emerging market, they prefer to deal with the largest possible number of local partners, even it means paying – sometimes substantial – guaranteed minimum prices, thereby transferring the financial risks to those partners.

Rights transfer agreements consequently tend not to be exclusive.

Nevertheless, one major studio has taken a gamble on developing its own online service, offering only its own content. Warner's In2Movies service is available in Germany, Austria and Switzerland. Its strategy is not to deprive other portals of its catalogue, however; Warner content is also referenced on other services in these different markets.

Virtual absence of European film groups

Europe has ten or so fairly well-established film groups with an annual turnover in excess of 100 million euros (including UGC, Gaumont, Pathé, Cecchi Gori, Medusa, Nordisk Egmont, Constantin and Bavaria). It is striking that only one of them, Nordisk Egmont, is involved in supplying VoD, via the SF Anytime service offered by Swedish group Bonnier. Other groups simply deal with service providers. This is a fundamental difference in respect of the model emerging in the United States, where the major studios instigated the Movielink project.

Efforts by independent producers

It is more common for independent producers to offer their own services, however. While the latter also negotiate with the various platforms, their negotiating power is more restricted and they generally receive less exposure on the different services. They seek to raise their profile by offering their own services, such as France's Universcine.com service bringing together 34 independent French producers or CineZime.

4.2.3.2 Broadcasters are starting to position themselves

Most television broadcasters entered the VoD market in 2006, by means of platforms launched on the Internet. Capitalising on their brands and potential synergies with their television channels, broadcasters' offerings consist mainly of their audiovisual programmes, which are made available online in delinearised form after being broadcast on television.

This new service, known as catch-up TV, has put them in a strong position in the VoD market, even though they have not been the most active players to date. Such offers are most advanced in Belgium (with its Telenet and Belgacom services) and the Netherlands (the RTL, NOS and Tien services).

The programmes available in the form of catch-up TV include both the broadcaster's own productions and the channel's flagship programmes, for which specific VoD rights have to be acquired. In some cases services are developed solely on the basis of these specific VoD rights, which are generally for American series (where access is charged for): for instance, RTL in Germany and Five (RTL Group) in the United Kingdom are currently laying the foundations of their Internet VoD services by offering just the series *CSI*.

Unlike the major studios, most of which do not operate VoD services and thus seek to distribute their content via as many services as possible, the broadcasters' strategy is to capitalise on the exclusive nature of their programmes: their content is available only on their own services, which secure traffic thanks to their brands and synergies with their channels (users know they will find *CSI* on Five's portal because this is the channel that broadcasts the programme on television).

Alongside their catch-up TV services, broadcasters are increasingly offering cinema films. Some services have even been set up on the basis of a mixed model (cinema films and audiovisual programmes) from the outset, such as Maxdome (ProSiebenSat.1 Media AG) in Germany.

Broadcasters are now exploring two avenues for growth:

- **Boosting the cross-promotion of their VoD services and channels** by allowing certain programmes to be viewed via VoD before they are broadcast on television. In Germany, for example, the series *CSI* (on RTL Now), *Desperate Housewives* and *Lost* (on Maxdome) are accessible even before they are broadcast on television (known as "previews").

- **Ensuring greater initialisation of their services** by having them referenced by DSL distributors (via their IPTV services) or cable operators. The French market is particularly advanced in this respect, with the services offered by French broadcasters TF1Vision (TF1), M6Vidéo (M6) and Canalplay (Canal+) available on the Internet and taken up by various distributors (Free, Neuf-Cegetel, etc.).

4.2.3.3 Content aggregators and rights management companies: between B2B and B2C

Content aggregators are companies able to build up catalogues of rights for works likely to be distributed via VoD. They include video publishers, collective copyright management companies (such as the SGAE in Spain), archive management agencies or companies (the National Audiovisual Institute in France, the Norwegian Film Institute, British Pathe) and retail companies (chains such as FNAC and Virgin, companies specialising in DVD rentals by correspondence and so on). Some companies have beeen set up specifically for the purpose of becoming content aggregators.

These players use two models: a B2C ("business to consumers") model and a B2B ("business to business") model operated on behalf of third parties.

The B2C model usually takes the form of an Internet service, enabling players that were previously intermediate links in the audiovisual and cinema supply chain to make online services available directly to the public. This is the case in Spain, for example, with the SDAE (Sociedad Digital de Autores y Editores / Digital Society of Authors and Publishers), which launched Accine.com, one of Europe's first VoD portals, in late 2003.

More traditionally, content aggregators take advantage of their catalogues to develop B2B activities. For instance, online DVD rental outlet Glowria, in France, offers its own Internet service, but also offers the services of FNAC, a distributor of cultural products, and some of the services of Internet access provider Neuf.

Some players are positioning themselves purely on the basis of B2B models. This is the case, in particular in the Netherlands, for the company OD Media, which provides its catalogue to 14 VoD services operated by ten different clients. Over the next three years, it hopes to expand Europe-wide, providing its catalogue to 150 services under generic brands.

The development of B2B models sometimes makes it difficult to distinguish between service providers (which have editorial responsibility) and mere distributors. The transparency mechanisms introduced under the consolidated version of the AVMS Directive should make it easier to distinguish the two functions.

4.2.3.4 Distributors: telecommunications operators are some of the most active

Telecommunications operators are among the operators most involved in supplying VoD services. This enables them to reduce churn rates and increase ARPU[29] (by generating content purchases or encouraging users to migrate to digital or higher-end services). It is also a key distinguishing feature in a highly competitive environment.

Telecommunications operators generally enter the audiovisual content market with triple play (Internet, telephony and television) services over their DSL networks or multimedia services accessible from their Internet portals. In the case of the latter, positioning strategies vary: some are universally accessible (such as the Arcor service in Germany), while others are accessible only to the operator’s clients (such as the T-Online service, also in Germany).

Most cable operators are still positioning themselves on the basis of NVoD offers, although some already offer VoD services over their digital networks, such as Telenet in Belgium.

Telecommunications and cable operators, which normally position themselves solely on the basis of cinema services, are now seeking to add TV programmesfrom domestic channels according to the principle of catch-up TV.

Satellite platform operators suffer from the weakness of their return path, and generally offer services with limited catalogues (usually 30 or so titles) downloaded onto the subscriber’s PVR (“push PVR”).

It is worth mentioning that the VoD services offered by telecommunications, cable and satellite platform operators are developed either on an exclusive basis, by making

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[29] Average Revenue Per User

contact directly with rights-holders (a content aggregator strategy), or via a third party (a distributor strategy). Such intermediation is highly developed in France; Virgin, for example, offers the services of Internet access provider Internet Alice. Such agreements are also found in Germany, with telecommunications operator 1&1 offering Maxdome's VoD services, and Great Britain, with an agreement between Virgin Media and FilmFlex.

4.2.4 Cross-border VoD services

VoD services may target a purely national market, or take on a cross-border dimension.

The services provided as part of IPTV packages are necessarily national, since IPTV services generally operate at national level. That said, service providers can offer their services to IPTV distributors in different countries.

As for services accessible via the Internet, access may be restricted to the national level through various filtering techniques (geocodes, identification of the user's IP address, country identification by means of bank cards, etc.) or be open to users anywhere in the world. Worldwide accessibility does not mean their marketing strategy is truly international, however, and the language in which the service is provided often acts as a *de facto* limit on international delivery.

As shown by the table below, the only transnational services are generally provided by players located in adjoining countries that share the same language (Germany/Austria, United Kingdom/Ireland, Netherlands/Flemish Community) or traditionally form an area with an integrated business approach in the audiovisual sector (Nordic countries).

Table 13: Transfrontier provision of VoD services (2006)

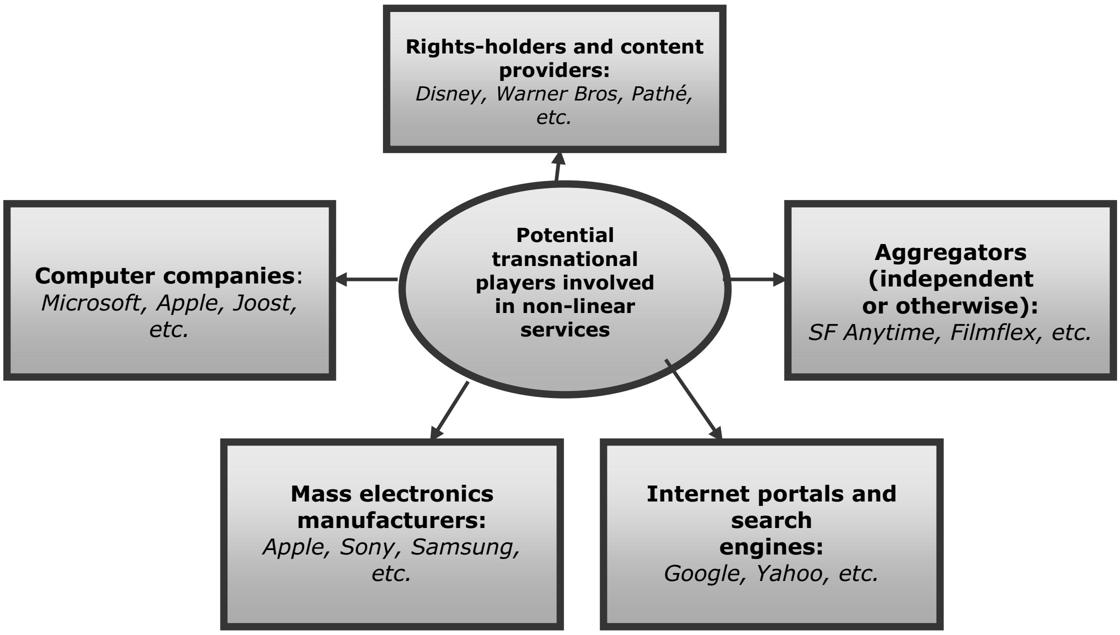
Country	Service(s) originating in another country	Network
Austria	In2Movies (Germany)	Internet
	Premiere Direkt (Germany)	Satellite
	Premiere Videothek Online (Germany)	Internet
Belgium	Direct Movie (Netherlands)	Internet
Switzerland	In2Movies (Germany)	Internet
Denmark	Live Networks (Sweden)	Internet
	SF Anytime (Sweden)	Internet, IPTV
	CDON.com (Sweden)	Internet
Finland	Live Networks (Sweden)	Internet
	SF Anytime (Sweden)	Internet, IPTV
	Film2Home (Sweden)	Internet
Ireland	BSkyB (United Kingdom)	Internet
	4oD (United Kingdom)	Internet
	Fivedownload (United Kingdom)	Internet
	LoveFilm (United Kingdom)	Internet
	World Cinema Online	Internet
Netherlands	7 Days (Belgium)	Internet
Norway	Live Networks (Sweden)	Internet
	SF Anytime (Sweden)	IPTV, Internet
	CDON.com (Sweden)	Internet
	Film2Home (Sweden)	Internet

Source: NPA Conseil

Apart from SF Anytime (available via IPTV in the Nordic countries), these transnational services settle almost exclusively for open networks (Internet or satellite) able to circumvent borders.

Moreover, it is via the Internet that new global or transnational services are expected to develop in Europe. There is no lack of potential players, as shown by the following diagram:

Figure 10: Potential transnational VoD players



Source: NPA Conseil

Two types of player, expected to become active in the European VoD market in the near future, stand out: electronics manufacturers and computing companies such as Apple, and developers of global audiovisual transmission technologies, such as Joost and Babelgum.

In the case of Apple, it is expected that the launch of Apple TV – a set-top box enabling clients to view content offered by the iTunes Store on their television screens – will soon be coupled with a significant increase in video services.

Outside the United States, where films by the Disney and Paramount studios and series from numerous networks are accessible, the various iTunes Stores do not have large video catalogues (only video clips, Pixar short films (€2.49) and a few video podcasts of television programmes are available). The first agreements between Apple and the major studios and European television groups are expected in 2007. The position acquired by iTunes Music Stores as the European leader in the online music distribution market may enable Apple to position itself as a cross-border VoD service provider. The iTunes Music Stores are managed by a single company, established in the Grand Duchy of Luxembourg, which services 14 European countries. Home portals, however, are tailored to national markets; this is also is likely to be the case for the portals and probably the catalogues of any European iTunes Video Stores.

Services such as those offered by Joost and Babelgum go beyond the confines of Europe, seeking to deliver content all over the world via the Internet. Since late 2006, for instance, Joost has been testing a VoD service allowing access to programmes (solely Anglo-Saxon programmes at present, including content from the Viacom group) from anywhere in the world. Silvio Scaglia, founder of Italian telecommunications operator Fastweb, is expected to launch a similar project, known as Babelgum, in March 2007.

5 THE MARKET FOR VOD IN 24 EUROPEAN COUNTRIES

A description of the offer of VoD is given for each of the 24 countries under consideration. Each description is drawn up on the basis of a standard model covering the following points, so that it is possible to make rapid, operational comparisons and a reliable summary.

- context (audiovisual scene and Internet penetration)[30];
- presentation of the state of regulation of video-on-demand services and provisions concerning the chronology for broadcasting films;
- overview of the main trends in VoD in the country;
- detailed presentation of existing offer and plans for the near future in those cases where the suppliers of VoD services have agreed to supply us with this information;
- table summarising VoD services.

The order of presenting the different countries follows ISO 3166:

AT	Austria	IE	Ireland
BE	Belgium	IS	Iceland
CH	Switzerland	IT	Italy
CY	Cyprus	LU	G.D. Luxembourg
DE	Germany	NL	Netherlands
DK	Denmark	NO	Norway
EE	Estonia	PL	Poland
ES	Spain	PT	Portugal
FI	Finland	SE	Sweden
FR	France	SI	Slovenia
GB	United Kingdom	SK	Slovakia
HU	Hungary	TR	Turkey

30 Unless indicated otherwise, this information is taken from the 2006 *Yearbook* (data to the end of 2005) published by the European Audiovisual Observatory

5.1 AT - AUSTRIA

Table 14: Basic data for Austria

(million)	2005
Population	8.207 No. of households: 3.431
No. of households with TV	3.328 (97%)
Broadband penetration	33.6%
Cinema attendance	15.7

Source: European Audiovisual Observatory, 2006 Yearbook

5.1.1 General background

AUDIOVISUAL PANORAMA

The main player in the audiovisual sector in Austria is the public-sector broadcaster ORF. In 2005, ORF 1 and ORF 2 together had an audience share of more than 47%.

In 2003, ATVplus – the first private channel in Austria – was launched. In 2005 it had an audience share of no more than 2.4%. Most demand is for the many private German channels that are accessible on cable, satellite and DSL networks; the most frequently watched are Sat1 with a 6.2% audience share, and RTL with a 5.6% share.

For offers of pay television, the German platform Premiere offers a local version (Premiere Österreich). It holds the main pay television rights in terms of films and also broadcasts matches in the Austrian football league. At the end of 2005 it had 310 000 subscribers.

Digital television is not particularly developed in Austria – at the end of 2005 the penetration rate was 22%, supported mainly by the number of households with satellite reception.

Terrestrial digital television was launched in the autumn of 2006; terrestrial analog broadcasting is scheduled to be phased out in 2010.

Satellite is the most important network for the distribution of television; 48% of households have a satellite dish, and 20% are able to receive digital broadcasts.

Cable is the second most important means of distribution, serving 36% of households, but only 2% is digital. The most important cable operator in the country is UPC Telekabel. At the end of September 2006, it had 494 000 subscribers to its pay television offer, of which 47 000 were using its digital offer, UPC Digital TV.

The only IPTV offer available, aonDigital TV, was launched in March 2006 by the incumbent operator, Telekom Austria. The group was looking to recruit between 15 000 and 20 000 clients by the end of 2006.

Pay-per-view services are available through Chello Media/UPC Telekabel Digital TV on cable and through Premiere on satellite.

INTERNET

At the end of 2005, 33.6% of households in Austria had broadband access, i.e. 1.152 million households. The market is dominated by Telekom Austria, which had 549 000 broadband clients at the end of September 2006. The second most important Internet access provider is UPC Telekabel, with 376 000 subscribers to its broadband Internet offer.

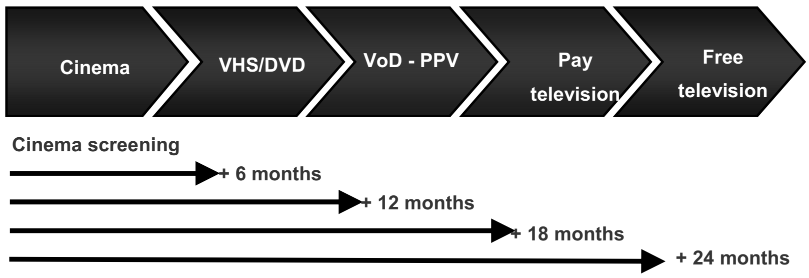
5.1.2 Regulation of non-linear services and provisions on the chronology of film distribution

There is no specific scheme for non-linear services en Austria.

The chain for exploiting films, as defined in the 2005 *Filmförderrunggesetz* (Section 11A), includes NVoD and VoD in a regulated chronology of windows for exploiting films receiving public aid from the *Österreichisches Filminstitut*[31]. For these films, films are released for VoD 12 months after being screened at the cinema screening and 6 months after being released on VHS/DVD. Authorisations may nevertheless be granted at the producer's request, in which case the windows are reduced.

[31] http://www.parlament.gv.at/pls/portal/docs/page/PG/DE/XXII/I/I_00704/fname_030550.pdf

Figure 11: Chronology for showing films in Austria (number of months after cinema screening) for films receiving aid from the *Österreichisches Filminstitut*



Source: NPA Conseil, according to information from the Österreichisches Filminstitut

5.1.3 Development of non-linear services

There are three main players in the VoD market in Austria. The incumbent telecom operator Telekom Austria has two offers, one on the Internet and the other on IPTV. The other two services providers are German; they are In2Movies services on the Internet, and Premiere on satellite (push to PVR).

CONTENT PRODUCERS

Warner/Arvato Mobile: In2Movies

The In2Movies service[32] directed at Austria was launched in May 2006 by the German company In2Movies GmbH, which is a joint venture run by Warner and Arvato Mobile (Bertelsmann) – one month after it began operating in Germany. It is also present in Switzerland, where the offer was launched in July 2006 (see information on Germany).

32 http://www.in2movies.at

BROADCASTERS

Premiere: Premiere Direkt+ and Premiere Internet TV

Like its parent company in Germany, Premiere Österreich offers VoD push to PVR services as well as its offer on the Internet[33] (see information on Germany).

TELECOM OPERATORS

Telekom Austria: Aon.tv and Aon Digital TV[34]

Telekom Austria has been offering the multimedia portal **Aon.tv** on the Internet since 2003.

This gives access to the national channels ORF1, ORF2, ATV Plus and TW 1, to international channels such as MTV, VH-1 or XXL as well as to a VoD service offering about a hundred MGM films on demand and many video clips. ORF's programmes are also available on catch-up TV service the week after ordinary broadcasting. The service is only available to the operator's subscribers.

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[33] http://www.premiere.at/premweb/cms/de/programm_premieredirekt_premieredirekt_film_4706.jsp ; http://vod.premiere.at

[34] http://www.aon.at, https://aontv.proxitv.speednet.at

Table 15: Details of the offers available on aon.tv (2006)

	aon.tv Light	aon.tv Start	aon.tv Plus
Price per month	€1.00	€7.90	€14.90
Television channels accessible	ORF 1, ORF 2, ATVplus, TW1	ORF 1, ORF 2, ATVplus, TW1, MTV hits!, MCM Top, Mezzo, Eurosportnews, FashionTV	ORF 1, ORF 2, ATVplus, TW1, MTV hits!, MTV base, VH1 Classic, VH1 Europe, MCM Top, Mezzo, Eurosportnews, FashionTV, XXL
Radio stations accessible	Ö1, Ö3, FM4	Ö1, Ö3, FM4 and theme stations (Rock, Dance, Retro, etc)	
Video clips included at no extra cost	10	100	200
VoD	€2.00 – €5.00 per film		
Use of video recorder on-line	€4 per hour		

Source: Aon.tv

In March 2006, the operator launched its IPTV offer, **aonDigital TV**[35], which offers unlimited access to about fifty channels and more than 230 titles as pay VoD (including about a hundred films from MGM's catalogues) as well as free services such as information modules, film trailers and reruns of broadcasts of programmes in the third season of *Starmania* (broadcast since 6 October 2006 on ORF 1).

"Cult" programmes are also offered in the "Best of TV" section; these include the series *Der Sonne entgegen* and *Alfred auf Reisen* and the shows *Phettbergs Nette Leit Show* and *echt fett*.

The breakdown of content available indicates the dominance of audiovisual programmes. These represent approximately 60% of references, compared with 40% for the offer of cinema films.

Access to the VoD service is conditional on subscription to aonDigital TV's basic offer (€19.90 per month) and the minimum charge for pay content is €1.

[35] http://aondigital.tv/

CABLE OPERATORS

There is no offer of VoD on cable at present, although the cable operator Liwest carried out tests in 2006 in 500 households as part of the experiments for ITV4Cable.

Table 16: VoD services in Austria (2006)

Service providers	**In2Movies GmbH (Warner/Arvato Mobile)**	**Premiere AG**		**Telekom Austria AG**	
Offer	In2Movies	Premiere Direkt +	Premiere Online Videothek	Aon.tv	Aon Digital TV
Launch date	May 2006	July 2005	September 2006	July 2003	March 2006
Network	Internet	Satellite (push to PVR)	Internet	Internet	IPTV
Stock	1020 references: 470 films 550 series (complete + individual episodes)	30 films, series and concerts per month	One4Movie catalogue + Champions League	~100 films + series	239 titles: cinema: 101 films Television: 138 programmes - 78 animated series for children - 24 series - 20 shows - 16 cultural programmes + 13 broadcasts from the third season of *Starmania*
Prices	Download to own: - €6.99 – €22.99 - €0.99 – €1.99 for series episodes Rental: from €2.99	€2.00 – €4.00 (not including adult films: €6.00)	Films: €0.50 – €3.00 Concerts and shows: €4.00 League of Champions: - €6.00 for any one live match - €2.00 (summing up of all the matches)	€2.00 - €5.00	from €1
Content for adults	yes	yes	yes	yes	yes
Availability	24 hours (for rental offer)	24 hours	24 hours	24 hours	24 hours
Content providers	Warner	Various	Constantin, Kirch Media, UEFA	MGM, producers and providers for the Austrian channels	
Diffusion	Downloading	Downloading	Downloading and streaming	Streaming	Streaming
Economic model	To-own and Rental VoD	Rental VoD	Rental VoD	Rental VoD and FoD	

Source: NPA Conseil, October 2006 for Premiere, December 2006 for Telekom Austria and In2Movies

5.2 BE - BELGIUM

Table 17: Basic data for Belgium

(million)	2005
Population	10.446 Households: 4.440
No. of households with TV	4.378 (98.6%)
Broadband penetration	46.7%
Cinema attendance	24

Source: European Audiovisual Observatory, 2006 Yearbook

5.2.1 General background

AUDIOVISUAL PANORAMA

The audiovisual scene in Belgium reflects the country's division into three language communities (French-, Dutch- and German-speaking), each with its own public broadcaster.

In the French-speaking Community of Belgium, RTBF has to face competition from the French channels, but more particularly from the channels operated by the RTL Group (RTL-Tvi, ClubRTL and Plug TV), broadcast since 1 January 2006 by the Luxembourg company CLT-UFA S.A.[36], and more particularly its channel RTL-TVi, the most important French-language channel, with a 17.9% audience share. The private French channel TF1 takes second place among the French-language channels in terms of audience share (16.4%). The most important public channel, La 1, has an audience share of 14%.

In the Flemish Community, the audiovisual scene is dominated by the national channels, particularly those of VRT, the public broadcaster. The most important public channel, één (27% audience share in 2005), stands out ahead of the channel VTM (22% audience share) belonging to the private group VMMa, and the two public channels Ketnet and Canvas (9.4%), broadcast on a shared canal. VT-4, the most important channel belonging to the SBS broadcasting group, has an audience share of 6.4%. For

[36] Until the end of 2005, these channels held a licence from the French-speaking Community of Belgium. From 1 January 2006, they have been broadcasting under a licence from the Grand Duchy of Luxembourg. The CSA of the French-speaking Community of Belgium considers nevertheless that these channels still fall within its jurisdiction, which is the source of a complex dispute.

comparison, Ned 2, the most watched Dutch channel, achieved an audience share of 1.6% in 2005.

Broadcasting in the German-speaking Community (population of 70 000) is in the hands of the public broadcaster BRF, but what people watch most are the German television channels.

The main broadcasters of pay channels are BeTV for the French-speaking Community and Prime for the Flemish Community.

Digital television is not well developed; only 3% of households (120 000) were capable of receiving it at the end of 2005.

Television is distributed in Belgium mainly by cable; 90% of households receive television in this way, and only 2% is digital. The most important cable operator in the country is Telenet, with 1.6 million subscribers to a television service, of which 233 000 are for its premium offers (VoD, theme packages). At the beginning of 2007 it completed its acquisition of UPC Belgium (Liberty Global), together with its 125 000 subscribers.

Terrestrial broadcasting only concerns 8 000 households, and analog broadcasting in the Flemish Community is scheduled to cease in 2008. The French-speaking Community of Belgium had not yet set a date for phasing out analog broadcasting.

On the market for satellite reception (8% of households), TV Vlaanderen, jointly with the Dutch satellite platform operator Canal Digitaal, launched a pay-television offer in July 2006 directed at the Flemish population, on Astra. At the start of 2007 this had 30 000 subscribers.

Lastly, Belgacom, Belgium's incumbent telecom operator, launched its IPTV offer – Belgacom TV – in July 2005; this includes the Jupiler League channel, devoted to first-division football championship matches. The football offer was supplemented in September 2006 with the launch of the "11" offer, which includes various commercial offers, including one pay-per-view service. The number of subscribers at the end of September 2006 is evaluated at almost 103 000.

INTERNET

At the end of 2005, 2.075 million households (46.7%) had subscribed to broadband access in Belgium. The two main suppliers are Belgacom and Telenet, with 948 000 and 697 000 broadband subscribers respectively (at the end of September 2006).

5.2.2 Regulation of non-linear services and provisions on the chronology of film distribution

The Decree of 27 February 2003, which defines the scheme applicable to broadcasting within the French-speaking Community of Belgium, does not include any particular provisions for non-linear services. VoD offers are currently subject to the general scheme for the authorisation of television services. This is under reconsideration, particularly in the context of re-examination of the Framework Decree of 27 February 2003 and the Public Consultation[37] of 1 July 2004, including an analysis of these new services.

It is interesting to note that, in its decision of 5 October 2005 on the agreement between RTBF and the provider of a Skynet Internet site, the opinion and supervision board of the audiovisual regulatory authority (*Conseil supérieur de l'audiovisuel* - CSA) came down against RTBF. The main argument was that broadcasting the news on an Internet site as part of a video-on-demand scheme did indeed constitute a form of broadcasting.[38]

In its contribution to the debate on the revision of the TWF Directive, the CSA of the French-speaking Community of Belgium supported the principle of extending the scope of the Directive and considered more particularly that it would not be impossible to transpose the programming objectives referred to in Articles 4 and 5 to the providers of non-linear services.[39]

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37 http://www.csa.be/Publication/Publication_Detail.asp?Id=22&Action=ARC

38 Authorisation and supervision board of the CSA - decision adopted on 5 October 2005 http://www.csa.be/scheme/document/nom/370/CAC_Decision_20051005_RTBF_Skynet__opposition.pdf

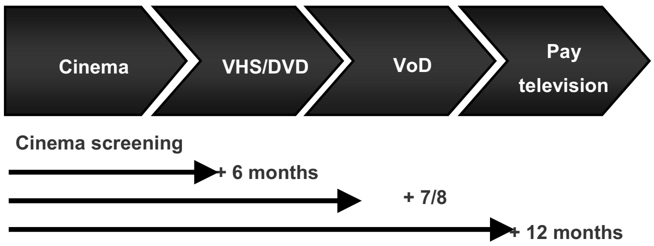
39 "Réexamen de la Directive « Télévision sans frontières: contribution du CSA", in Diffusion, Régulation, no. 25, September 2005

RTBF's management contract for the period 2007-2011[40] includes the provision of non-linear services in the tasks incumbent on the public-service body.

In the **Flemish Community**, VoD services are defined as television services ("*televisiedienst*"), subject to a declaration scheme, and as such are less strictly regulated that traditional television offers, for which authorisation is required.

There is no regulation of windows in either of the Communities. The various windows for operation are agreed in each individual case with the rightsholders, although generally the chronology observed puts VoD 7 or 8 months after cinema screening.

Figure 12: Chronology for broadcasting films in Belgium (as generally observed) (2006)



Source: NPA Conseil

5.2.3 Development of non-linear services

At the end of 2006, there were five offers of VoD in Belgium. Three are operated by major players, since two (on cable and on the Internet) are provided by the country's most important cable operator, Telenet, while the incumbent telecom operator Belgacom has an offer as part of its IPTV service. These two players include in their services the catch-up TV offers of the main broadcasters.

The two other VoD offers are available on the Internet; they are offered by the independent service providers 7 Days and Direct Movie, both established in the Netherlands.

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[40] Decision adopted by the Government of the French-speaking Community of Belgium on 13 October 2006 http://www.csa.be/scheme/document/nom/599/GVT_20061013_RTBF_contrat_gestion.pdf)

BROADCASTERS

The main television broadcasters in Belgium put together offers of catch-up TV offered exclusively on the digital television offers of Telenet and Belgacom.

VRT: Net Gemist and Het Archief

Net Gemist[41] is the catch-up TV offer provided by VRT, the public broadcaster in the Flemish Community. The service was launched in December 2005. It allows access to programmes broadcast over the previous seven days by the channels één, Ketnet and Canvas. The content of the offer changes frequently, depending on the various programmes broadcast.

Net Gemist can be accessed for €5.95 per month as part of the Telenet and Belgacom offers; it provides unlimited access to the programmes.

The group also offers Het Archief, an archive service that allows access to programmes broadcast more than seven days earlier. A charge is made for each individual item of content, with a minimum of €0.50.

Vlaamse Media Maatschappij (VTM): iWatch

The private group Vlaamse Media Maatschappij has been providing its offer of catch-up TV called iWatch[42] since August 2006; this covers the programmes shown on the channels VTM, Kanaaltwee and Jim. It is available as part of the Telenet and Belgacom offers.

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41 http://www.vrt.be/vrt_master/vragen/vrt_vragen_veelgesteld_digitale_televisie/index.shtml
42 http://iwatch.be/

The offer also makes it possible to access previews, i.e. programmes available on demand before being broadcast on television.

A charge is made for each individual item of content, and prices start at €1.00. The price levels vary according to the length of the programme (more or less 45 minutes), their power of attraction (top-rating programmes) and their exclusivity (previews, bonus scenes of programmes not broadcast on television).

Table 18: Prices for the iWatch offer (2006)

Programmes less than 45 minutes long	€1.00
Programmes more than 45 minutes long	€1.50
Top-rating programmes	€2.00
Previews	€3.00
Bonus scenes	+€0.50

SBS Belgium: C-More

C-More[43] is the catch-up TV offer of the two Flemish channels in the SBS group (VT-4 and VIJFtv), provided by the company SBS Belgium. It also offers programmes before they are shown on television. The service was launched in October 2006, and is accessible through Telenet's VoD offer.

Commercialisation is on an 'à la carte' basis and prices range from €0.50 to €3.00.

RTBF: RTBF à la carte

RTBF, the public broadcasting body of the French-speaking Community of Belgium, offers its programmes 'à la carte' on the on-demand offers of Belgacom[44] and Telenet. Advertised prices range from €0.50 to €1.50 and the content may be accessed for 24 hours.

CLT-UFA: RTL Forfait 7/7 and RTL-TVI à la carte

Since 1 January 2006, the Luxembourg company CLT-UFA S.A. (RTL Group) has been providing three television channels directed at the French-speaking Community of

[43] http://www.c-more.be/
[44] http://www.belgacomtv.be/

Belgium (RTL-Tvi, ClubRTL and TV Plug); it offers two catch-up TV offers distributed on Belgacom's on-demand offer[45].

RTL Forfait 7/7 makes it possible to see a re-run of the programmes broadcast in the previous seven days on the channels RTL-TVi, Club RTL and Plug TV. The service is offered for a monthly subscription charge of €5.95.

The 'RTL-TVI à la carte' offer allows access to some of the programmes broadcast more than seven days earlier. Prices range from €1.00 to €2.00.

The week's news programmes on RTL-TVI can also be viewed free of charge on the Internet.[46]

CONTENT AGGREGATORS

T.M.A. bvba: 7 Days

7 Days[47] is a VoD portal on the Internet; it is provided by the company T.M.A. bvba. Its stock mainly comprises genre films attracting a relatively small audience (action films, martial arts, etc) and films for adults indicated on the home page. There is also music content, documentaries, flow programmes, and youth content.

Table 19: Breakdown of references present on 7 Days (2006)

Films	TV programmes
86%	14%

45 http://www.rtl.be/site/Index.aspx?PageID=1615,
46 http://www.rtl.be/page/player/player/28.aspx?lg=1&ntab=1
47 http://www.7days.be/

Table 20: Breakdown of TV programmespresent on 7 Days (2006)

Flow programmes	Stock programmes		
	Documentaries	Animation	Musical videos
22.5%	12.5%	47.5%	17.5%

The offer provides two ways of purchasing content on a download-to-own basis - VoD for individual items (€4.00) and SVoD (€25 for a one-month subscription, €60 for a three-month subscription, and €150 for an annual subscription).
Content may be downloaded and burned onto a disk (DivX format).

Direct Movie

The Dutch service provider also provides an offer in Belgium[48] (see information on the Netherlands).

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48 http://www.directmovie.be

TELECOM OPERATORS

Belgacom/Skynet: Belgacom TV

Belgacom Skynet, the ISP subsidiary of the incumbent telecom operator Belgacom, launched its IPTV offer Belgacom TV[49] in July 2005. At the end of September 2006, the service had 103 000 subscribers.
The IPTV service gives access to a VoD offer with approximately 300 references (including content for adults and catch-up TV programmes). In 2007, the stock will include a further hundred titles.
in December 2006 its on-line catalogue contained 80 films, accessible at a cost of between €2.00 and €4.50. Most are from the catalogues of DreamWorks, Paramount, Warner, Disney and independent French distributors.

Table 21: Country of origin of the films included in Belgacom's VoD offer (2006)

Pays	%
United States	70
Belgium	10
Other European countries	20

Animation series for young people (*Code Lyoko*, *Kid Paddle*, *Cédric*, *Titeuf*, *Lucky Luke* and *Funky Cops*) are particularly present, with more than 100 titles available. These stand alongside the teenage series *Largo Winch*, which has 25 episodes available on the service.

About a dozen items of musical content can be viewed in return for payment (concerts by Robbie Williams, Kylie Minogue, etc), or free of charge (various performances as part of the *Piasnites 2006*). These are not financed by advertising. Similarly, the programmes of the channel operated by the Anderlecht football club (RSCA TV) are offered to viewers free of charge and with no advertising.

Table 22: Breakdown of references present on Belgacom TV's on-demand offer (not including catch-up TV and films for adults) (2006)

Films	TV programmes
33%	67%

[49] http://www.belgacomtv.be/

Table 23: Breakdown of TV programmes present on Belgacom TV's on-demand offer (not including catch-up TV) (2006)

Flow programmes	Stock programmes		
	Series	Animation	Musical videos
9%	15%	66%	10%

The service also makes it possible to access the catch-up TV offers of Net Gemist (VRT), iWatch (VTM), RTL Forfait 7/7, RTL à la carte, and RTBF à la carte. The news programmes of RTL-TVi and RTBF are also available free of charge.

It should be noted that the group draws more particularly on catch-up TV to enhance its offer and is particularly pro-active, as witness its partnership with RTL-TVi in the form of the operation *RTL en fête*, when it was possible to view all the special broadcasts offered by the channel during the Christmas and New Year holiday period at the end of 2006.

Table 24: Prices of the various content included in Belgacom TV's on-demand offer (2006)

References	Price
Films	€2.00 – 4.50
Series	€1.50
Series, animation, for young people	€0.50 – 1.00
Concerts	€0.00 – 3.50
Net Gemist (VRT)	€5.95 per month
Het Archief (VRT)	from €0.50
iWatch (VTM)	€1.00 – 3.00
RTL Forfait 7/7	€5.95 per month
RTL à la carte	€1.00 – 2.00
RTBF à la carte	free of charge, or from €1.00

CABLE OPERATORS

Telenet: PCTV and Films à la carte/TV-Thèque

Telenet[50] provides two VoD offers in the Flemish Community, one using its iDTV offer on digital cable (launched in September 2005), and the other using its offer of PCTV on the Internet (launched in February 2005).

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50 http://idtv.microsite.be/fr/aanvraag/aanvraag.html

The VoD offer on digital cable is divided between two schemes – Films à la carte and TV-Thèque. They offer more than 2 000 hours of cinema films, television programmes and music content.

The films are taken from the catalogues of the major studios (Paramount, Universal, Sony, DreamWorks, MGM) and are charged at between €2.95 and €4.95, while the TV programmesare taken from the catch-up TV offers C-More, iWatch, Net Gemist and RTBF à la carte. Programmes shown on the channels Tele Z, Nickelodeon, local channels and channels of the Belgian production company for animation programmes Studio 100 can also be accessed. The 'à la carte' programmes are available at a price of between €0.50 and €3.95, although some ordinary programmes on RTBF, VRT and VTM (such as the news) are offered free of charge.

There is also an offer of music programmes - Music à la carte/i-concerts provides access to concerts featuring international stars (Robbie Williams, Moloko, Björk, etc). The concerts are offered at prices starting at €1.95.

From September 2005 to September 2006, the group announced that it had registered 4 million downloads using this iDTV offer.

The PCTV offer comprises almost 300 titles, accessible only by the cable operator's Internet subscribers. Most of the stock comprises film from the United States, offered at prices of between €2.95 and €4.95. Television and music programmes (provided by Studio 100, i-concerts, Prime, TMF and VT-4) can also be accessed, at prices of between 0 and €3.95.

Table 25: VoD services in Belgium (2006)

Service providers	VRT	Vlaamse Media Maatschappij	SBS Belgium	CLT-UFA S.A.	RTBF
Offer	Net Gemist and Het Archief	iWatch	C-more	RTL Forfait 7/7 and RTL à la carte	RTBF à la carte
Launch date	December 2005	August 2006	October 2006	August 2006	October 2006
Network	IPTV (using Belgacom's offer), cable (in the framework of Telenet's offer)	IPTV (using Belgacom's offer), cable (in the framework of Telenet's offer)	Cable (in the framework of Telenet's offer)	IPTV (in the framework of Belgacom's offer)	IPTV (in the framework of Belgacom's offer), cable (in the framework of Telenet's offer)
Stock	Programmes of the channels één, Ketnet and Canvas	Programmes of the channels VTM, Kanaaltwee and Jim	Programmes of the channels VT-4 and VIJFtv	Programmes of the channels RTL-TVi, Club RTL and Plug TV	Programmes of RTBF's channels (La 1 and La 2)
Prices	- Net Gemist: €5.95 per month - Het Archief: from €0.50	€1.00 – €3.00	€0.50 – €3.00	- RTL Forfait 7/7: €5.95 per month - RTL à la carte: €1.00 - €2.00	- RTBF à la carte: 0 – €1.50
Content for adults	no	no	no	no	no
Availability	24 hours	24 hours	24 hours	24 hours	24 hours
Content providers	The channels één, Ketnet and Canvas	The channels VTM, Kanaaltwee and Jim	The channels VT-4 and VIJFtv	The channels RTL-TVi, Club RTL and Plug TV	RTBF's channels (La 1 and La 2)
Diffusion	Streaming	Streaming	Streaming	Streaming	Streaming
Economic model	Rental VoD and SVoD	Rental VoD	Rental VoD	Rental VoD and SVoD	Rental VoD and FoD

Source: NPA Conseil, December 2006

Table 26: VoD services in Belgium (2006)

Service providers	TMA bvba	Direct Movie (NL)	Belgacom Skynet	Telenet	
Offer	7 Days	DirectMovie	Belgacom TV à la demande	Films à la carte / TV-Thèque	PCTV
Launch date	n.a.	August 2005	July 2005	September 2005	February 2005
Network	Internet	Internet	IPTV	cable	Internet
Stock	281 titles: Films: 241 For young people: 19 Shows: 9 Documentaries: 5 Musical videos: 7	550 references	241 titles: Films: 80 Animation: 106 Concerts: 16 Series: 25 Sports (talk): 14 + catch-up TV content from the channels RTL, RTBF, VTM and VRT	2 000 hours of programmes comprising films from major studios and catch-up TV content from the channels RTBF, VTM, VT-4, Vjiftv and VRT	300 references
Prices	VoD: €4.00 SVoD: 1-month subscription: €25.00 3-month subscription: €60.00 1-year subscription: €150.00	VoD: €1.30 - €5.99 SVoD and pre-payment: €4.99 - €34.99	Films: €2.00 - €4.50 Series: €1.50 For young people: €0.50 - €1.00 Concerts: 0 - €3.50 *Catch up TV*: - Net Gemist (VRT): €5.95 per month - Het Archief (VRT): from €0.50 - iWatch (VTM): €1.00 - €3.00 - RTL Forfait 7/7: €5.95 per month - RTL à la carte: €1.00 - €2.00 - RTBF à la carte: 0 - €1.50	Films: €2.95 - €4.95 Catch-up TV: - C-More: €0.50 to €3.00 - Net Gemist (VRT): €5.95 per month - Het Archief (VRT): from €0.50 - iWatch (VTM): €1.00 - €3.00 - RTBF à la carte + Tele Z, Nickelodeon: 0 - €1.50	Films: €2.95 - €4.95 Television and music programmes (Studio 100, i-concerts, Prime, TMF and VT-4): 0 - €3.95
Content for adults	yes	yes	yes	yes	yes
Availability	-	48 hours	24 hours (not including catch-up TV)	24 hours (not including catch-up TV)	24 hours
Content providers	Various	OD Media, Dutch FilmWorks, Moonlight Films, BBI, etc	DreamWorks, Paramount, Warner, Disney + independent studios	Paramount, Universal, Sony, DreamWorks, MGM	Major studios
Diffusion	Downloading	Streaming	Streaming	Streaming	Streaming
Economic model	Download To-own VoD, SVoD	Rental VoD, SVoD, pre-payment	Rental VoD, SVoD, FoD	Rental VoD, SVoD, FoD	Rental VoD, FoD

Source: NPA Conseil, December 2006

5.3 CH - SWITZERLAND

Table 27: Basic data for Switzerland

(million)	2005
Population	7.415 No. of households: 3.252
No. of households with TV	3.100 (95%)
Broadband penetration	52%
Cinema attendance	15.5

Source: European Audiovisual Observatory, 2006 Yearbook

5.3.1 General background

AUDIOVISUAL PANORAMA

The television market in Switzerland is shaped by its language divisions (German, French and Italian), with the broadcasting of both public-sector channels and channels in German, French and Italian from over the country's borders.

In the German-speaking part of Switzerland, the public-sector broadcaster SF provides the first two channels in terms of audience share (SF1 with 23.8% and SF2 with 8.5% in 2005), in front of the German channels, particularly RTL (7.4%) and Sat.1 (6.7%).

In the French-speaking part of Switzerland, the public-sector broadcaster TSR provides the first channel in terms of audience share, TSR1 (25.4%), in front of the French channels TF1 (16.9%), France 2 (9.4%) and M6 (8.9%).

In the Italian-speaking part of Switzerland, the situation is similar. The public-sector broadcaster TSI provides the first channel in terms of audience share, TSI 1 (26.2% audience share in 2005), in front of the Italian channels Canale 5 (11.9%) and RaiUno (10%).

Digital television is beginning to develop (16% of households are capable of receiving it), under the impetus of the cable operators, which constitute the most important carrier for television broadcasting in Switzerland.

Teleclub is the main broadcaster of pay television. It also aggregates and distributes premium third-party channels.

At the end of 2005, 86% of households were receiving television by cable, of which 7% in digital mode, while 13% of households were receiving it by satellite, almost exclusively in analog mode.

Terrestrially broadcast digital television was launched in 2003, and deployment was intensified in 2005. 2015 has been set as the date for ceasing broadcasting in analog mode, although it could happen in 2009.

In November 2006, Swisscom, the incumbent telecom operator, began marketing its digital IPTV offer, Bluewin TV. At the end of December 2006, the group had 20 000 orders for the service.

INTERNET

Broadband is relatively well developed in Switzerland, with 52% of households (1.703 million) having broadband access at the end of 2005. The two main access providers are Swisscom and Cablecom, with 886 000 and 395 000 broadband subscribers respectively at the end of September 2006.

5.3.2 Regulation of non-linear services and provisions of the chronology of films

Unlike linear television programmes, which are subject to a concession scheme, programmes on demand are assimilated to telecom services, which are subject to a declaration scheme, and as such are less strictly regulated.

The chronology for film exploitation is left to the players on the market, which conclude agreements for each case separately.

5.3.3 Development of non-linear services

There are three main players in the VoD market in Switzerland. In2Movies, the joint venture of Warner and Arvato Mobile (Bertelsmann), which is also present in both Germany and Austria, proposes its offer on the Internet. The telecom operator Swisscom has been offering an IPTV service since November 2006 as part of its multi-play offer on DSL. The on-line DVD rental company DVDFly joined the market at the end of November 2006.

CONTENT PRODUCERS

Warner/Arvato Mobile: In2Movies

The In2Movies service[51] provided by the German company In2Movies GmbH, a joint venture between Warner and Arvato Mobile (Bertelsmann), was launched in July 2006 in the German-speaking part of Switzerland, i.e. two months after it had begun operating in Germany and one month after it had been launched in Austria. (See information for Germany.) Prices start at CHF 10.95 (€6.75) for downloading one film and CHF 1.45 (€0.89) for one episode of a series.

CONTENT AGGREGATORS

Homedia: DVDFly

The company Homedia provides the on-line DVD rental site DVDFly[52] since its launch in the French-speaking part of Switzerland in 2003. The service has been a great success, with 20 000 subscribers by December 2006.

The VoD service[53] was launched on 27 November 2006 and can only be accessed by subscribers to the on-line DVD rental service. There are rental offers at CHF 25 (€15.60), CHF 35 (€21.80) and CHF 45 (€28.00) per month.

51 http://www.in2movies.ch
52 http://www.dvdfly.ch/
53 http://www.dvdfly.ch/vod.asp

At mid-December 2006, the offer covered about a hundred films, mainly French, released between 2002 and 2006 (plus some European films).

Table 28: Breakdown of films offered on DVDFly by country of origin (2006)

Country	%
United States	0%
Switzerland	0%
Other European countries	80%
Other countries	20%

The films are available for between 24 hours and 10 days from the start of viewing, according to agreements reached for each film between DVDFly and the rightsholders.

TELECOM OPERATORS

Swisscom: Bluewin TV

In November 2006, Swisscom Fixnet, the ISP subsidiary of the incumbent telecom operator Swisscom, launched its IPTV service Bluewin TV[54], for which the access charge is CHF 29.00 (€18.00). To make its offer more attractive, the operator acquired the live broadcasting rights for hockey and football championship matches in Switzerland, and for all matches in the Champions League and the Bundesliga (German football championship). Each match can be accessed on a pay-per-view basis for CHF 1.00 (€0.67).

In addition to the IPTV service there is also a VoD offer, called "Video on Demand", with stock provided by the Cinetrade group, in which Swisscom has had a 49% holding since 2004. The Cinetrade group includes the pay television broadcaster Teleclub, the Kitag cinema theatres, and the video/DVD rental company PlazaVista.

At the end of 2006, almost 800 references were available, of which 370 were in German (of which 346 were films), 259 in French (236 films) and 167 in Italian (132 films).

54 http://www.tv.bluewin.ch

More than 1 000 films are advertised for the coming months, including 400 films in German, 400 films in French, and 200 films in Italian. Excluding duplication in different language versions, the service will be offering more than 500 films in the course of 2007. These include films from the Hollywood majors (Warner, 20th Century Fox, Buena Vista, DreamWorks, Paramount, Miramax, Columbia, etc) and independent distributors. The cost of access is between CHF 3.50 and CHF 6.00 (€2.20 – €3.76). The cost for viewing Discovery documentaries is CHF 2.50 (€1.60).

BROADCASTERS

On 25 April 2007 the public-service broadcasting body, *SRG SSR idée suisse* and the partner associations in the Audiovisual Pact signed an agreement that defines the principles of a new "video on demand" offer[55]. It will henceforth be possible to access the films made under the Pact scheme on a personal computer.

SRG SSR idée suisse and the partner associations are agreed on launching an experiment to make better use of the co-productions produced in the past ten years under the Audiovisual Pact scheme. These films will be available on demand on the sites of TSR, SF and TSI starting in August 2007. This initiative constitutes an ideal complement to the programme offer. Own productions made by the SRG SSR channels are already available on-line on the sites in question.

Signature of the agreement will allow temporary downloading for a 48-hour period. Films will be made available against payment, with a view to providing financial support for Swiss production and creativity in the fiction, documentary and animation sectors that have been particularly popular with the Swiss public in recent years.

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55 Press release of SRG SSR Idée suisse, 25 April 2007, http://www.srg-ssr-idee-suisse.ch/125.0.html?&no_cache=1&L=1&tx_ttnews[tt_news]=1039

Table 29: VoD services in Switzerland (2006)

Service providers	In2Movie GmbH (Warner/Arvato Mobile)	Homedia S.A.	Swisscom Fixnet S.A.
Offer	In2Movies	DVDFly VoD	Bluewin TV Video on demand
Launch date	July 2006	November 2006	November 2006
Network	Internet	Internet (subscribers to DVD rental service only)	IPTV
Stock	1020 references: 470 films 550 series (complete + individual episodes)	100 films	370 German references: 346 films 24 documentaries 259 French references: 236 films 23 documentaries 167 Italian references: 132 films 35 documentaries
Prices	Films: from CHF 10.95 (€6.75) for one film Series: from CHF 1.45 (€0.89 €) for one episode	Subscriptions to on-line DVD services: CHF 25.00 – CHF 45.00 (€15.60 – €28.00)	Films: CHF 3.50 – CHF 6.00 (€2.20 – €3.76) Documentaries: CHF 2.50 (€1.60)
Content for adults	Yes	No	No
Availability	24 hours for rental offer	24 hours – 10 days	24 hours
Content providers	Warner	Independent distributors (French stock in particular)	Majors (Warner, 20th Century Fox, Buena Vista, DreamWorks, Paramount, Miramax, Columbia, etc) and independent distributors
Diffusion	Downloading	Progressive downloading	Streaming
Economic model	Downlaod to-own and Rental VoD	SvoD	Rental VoD

Source: NPA Conseil, December 2006

5.4 CY – CYPRUS

Table 30: Basic data for Cyprus

(million)	2005
Population	0.766 No. of households: 0.250
No. of households with TV	0.250
Broadband penetration	n.a.

Source: European Audiovisual Observatory, 2006 Yearbook

5.4.1 General background

AUDIOVISUAL PANORAMA

The main national channels are two public-service channels - RIK 1 and RIK 2 – owned by the CYBC (Cyprus Broadcasting Corporation).

The three main private channels, which between them account for about 60% of the audience figures, are the private channel Sigma (held by the Dias Publishing media group) and the Cypriot subsidiaries of the private Greek channels ANT1 and Mega.

Athinasat is Cyprus' only satellite platform. It was launched in May 2005, and offers 25 channels, including 6 national channels.

There are no cable operators.

A number of telecom operators have set up offers for supplying IPTV. CYTA (Cyprus Telecommunications Authority), the State-owned telecom operator, has been offering a television service since May 2004, under the name of MiVision. The private telecom operator Prime Tel also offers a television service.

5.4.2 Regulation of non-linear services and provisions of the chronology of film distribution

There are no specific regulations in respect of VoD.

The windows for VoD exploitation are dependent on negotiations by mutual agreement between the players but are, generally, six months after the release on DVD, and from 12 to 18 months after cinema screening.

5.4.3 Development of non-linear services

The market for VoD is somewhat limited, as there are very few players able to offer this type of service. Only CYTA and Prime Tel offer a VoD service, as part of their multi-play offers.

TELECOM OPERATORS

CYTA: MiVideo

In October 2004 the Internet access provider CYTA[56] launched its MiVideo VoD service[57] as part of its MiVision IPTV offer[58].

Subscription to MiVision is necessary to be able to access the VoD offer. This costs CYP 10.00 (€14.20) for subscribers to one of i-choice's Internet offers or CYP 17.00 (€25.20) for subscribers to the MiVision offer on its own.

The VoD offer is based on a rental model – each film rented costs CYP 1.00 – CPY 1.50 (€1.50 – €2.20), and can be accessed during a period of 24 hours.

700 films are available, mainly from the United States (80% of films are of American origin, 10% of Greek origin and 10% of British origin), and more than three years old (550 of the films were released before 2003, 50 in 2003, 50 in 2004, 50 in 2005).

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56 http://www.cyta.com.cy/
57 http://www.mivision.cyta.com.cy/english/movie_categories.php
58 http://www.mivision.cyta.com.cy/english/

Agreements have been signed on a non-exclusive basis, for periods of between 2 and 4 years.

Prime Tel: Prime Home/Prime TV Plus

Launched in September 2006, Prime Home/Prime TVPlus is the IPTV service provided by the access provider and triple-play operator Internet Prime Tel[59].

The IPTV service includes a VoD offer called simply "Video on Demand"[60]. 100 titles are available for rent or by streaming, including 75 films, mainly from the United States (50% of the films are of American origin, 25% of European origin (France and United Kingdom), 25% from elsewhere (Israel)). The stock available is relatively recent - 50% of the films were released in 2005 or 2006.

Table 31: Breakdown of Prime Home films by date of cinema release (2006)

Date de cinema release	%
2006	25
2005	25
2004	20
2003	15
earlier	15

59 http://www.prime-tel.com
60 http://www.primehome.com/Main/main.aspx?id=424

25 documentaries, more than half of which are of American origin (15 American documentaries and 10 from elsewhere), are offered, at prices of between CYP 1.00 and CYP 3.95 (€1.73 - €6.86). Agreements have been signed on a non-exclusive basis for a period of two years with distributors that include Individual and Duke.

Table 32: VoD services in Cyprus (2006)

Service providers	CYTA	Prime Tel
Offer	MiVideo	Video on Demand
Launch date	October 2004	September 2006
Network	IPTV	IPTV
Stock	700 films	100 titles, including 75 films
Prices	Monthly subscription: - CYP 17.00 for non-subscribers - CYP 10.00 for subscribers + payment of CYP 1.00 – CYP 1.50 per film	CYP 1.00 – CYP 3.95
Availability	24 hours	24 hours
Content providers	n.a.	Individual, Duke, etc
Diffusion	Streaming	Streaming
Economic model	Rental VoD	Rental VoD, FoD

Source: NPA Conseil, December 2006

5.5 DE - GERMANY

Table 33: Basic data for Germany

(million)	2005
Population	82.501 No. of households: 38.592
No. of households with TV	37.087 (96.1%)
Broadband penetration	27%
Cinema attendance	127.3

Source: European Audiovisual Observatory, 2006 Yearbook

5.5.1 General background

AUDIOVISUAL PANORAMA

Germany is the largest market for television in Europe, with 37 million households owning a television at the end of 2005.

The number of television channels received free of charge in Germany, either in German or another language, whether national or local, is very high – the average number is between 30 and 40, depending on location.

Alongside the public bodies ARD and ZDF, which netted an audience share of 43.9% in 2005 (13.5% for ARD, 13.6% for ARD III – all the regional public channels - and 13.5% for ZDF, the remainder for the theme channels), there are also the private broadcasters RTL Group (25% audience share for the various channels operated by subsidiaries of the group) and ProSiebenSat.1 Media AG (22% market share for its various channels).

The main operators of pay television are Premiere, which had 3.41 million subscribers at the end of 2006, arena (Unity Media group), which holds the rights for Bundesliga matches and had more than a million subscribers at the end of November 2006, and the digital offers for which a charge is made by the cable operators.

In early February 2007, Premiere and Unity Media announced that they had reached an agreement under which Premiere would be able to distribute the arena channel for the next ten years. In return, arena was allocated 16.7% of Premiere's capital. Its holding is, however, controlled by an independent financial institution which undertakes to play no role in the group's operational decision-making.

Television is broadcast in Germany mainly in analog mode by cable; at the end of 2005, 57.5% of households were receiving television services by cable, of which only 1.7% was by in digital mode.

German cable television is organised at four different levels (depending on the degree of proximity with the end client) and gives the appearance of a relatively dispersed market (there are almost 90 cable operators), although the position is currently being consolidated. There are four main players:

- **Kabel Deutschland**: the incumbent cable operator; 9.53 million households are connected to its basic television service, and 601 000 pay to subscribe to its digital offer, Kabel Digital;
- **Unity Media**: the second German cable operator is the result of the links established between the operators Ish and Iesy (5.1 million households connected and 207 800 subscribers to the digital package TiViDi);
- **Orion Cable**: this holds Tele Columbus (1.5 million households connected) and ewt (2 million households connected) and 26.7% of the cable operator Primacom;
- **Kabel BW**: 2.3 million households connected.

Because of the predominance of cable broadcasting in analog mode, digital television has been developing at only a moderate speed; at the end of 2005, 26.4% of households (10.194 million) had access to digital television services.

Satellite is the second most important carrier for distributing the television offer; 37.1% of households receive programmes in this way, of which 16.7% in digital mode. Strictly speaking, there is no satellite distributor in Germany, as both the free channels and the pay offers are broadcast directly by SES Astra and Eutelsat.

This situation will, however, change. In August 2006, SES Astra announced the creation of a subsidiary, Entavio, which would be setting up a satellite platform for digital television in order to support offers of pay television, VoD services, pay-per-view services, and PVR services. One recently constituted digital television satellite platform, Stargate, should be offering a pay television service on this platform in the course of 2007. Premiere will also be launching a new digital television package– Premiere Sky – in

September 2007 as part of its satellite offer. This will offer, at a low cost, digital channels currently being distributed by cable and not yet by satellite.

2006 was marked by the start of IPTV offers. Alice/Hansenet (Telecom Italia) launched its Alice Home TV service in May 2006, mainly in the regions of Hamburg and Berlin, and has scheduled national development in 2007. Deutsche Telekom joined it in October 2006 by launching its T-Home multi-play offer. Arcor, the fourth broadband DSL operator, announced that it was working on a television offer that should be launched mid-2007.

Pay-per-view is a relatively well-developed concept in Germany. Services are offered more particularly by Premiere (Première Direkt) using satellite and by Kabel Deutschland, Unity Media and Primacom using cable. Premiere's pay-per-view turnover was €29.1 million in 2004 and €27.9 million in 2005, corresponding to 3% and 2.6% of its total turnover respectively. In 2005, 6.1 million PPV "tickets" were sold, representing a 7% increase in comparison with 2004.[61]

INTERNET

Only 27% of households (10.502 million) had a broadband connection at the end of 2005, but the market is growing rapidly. It is substantially dominated by T-Online (Deutsche Telekom), with 5.448 million subscribers at the end of September 2006. The next in line are United Internet and Hansenet/Alice/AOL (Telecom Italia), each with 2 million subscribers, Arcor (Vodafone) with 1.7 million clients, and Freenet (Mobilcom) with 900 000 subscribers.

5.5.2 Regulation of non-linear services and provisions of the chronology of film distribution

On 16 February 2007, the *Bundesrat* adopted legislation on "Telemedia" that came into force on 1 March 2007. The Telemedia Act henceforth applies identically to what were previously distinguished as "television services" and "media services" and subject to separate regulatory schemes. These two types of service are henceforth combined as "Telemedia". Section 2, paragraph 1, sub-paragraphs 3 and 4 of the ninth State broadcasting agreement (*Rundfunkstaatsvertrag*) defines "Telemedia" as any electronic

[61] PREMIERE, 2005 report

information or communication service that does not constitute a telecom service (as defined in Section 3 n.24 and 25 of the Telecommunications Act) or a broadcasting service (*Rundfunk*). Telemedia include teletext services (both radio and television) and tele-shopping.

According to Section 2, paragraph 1, sub-paragraphs 1 and 2 of the ninth *Rundfunkstaatsvertrag,* broadcasting is defined as "the organisation and transmission for the benefit of the public of presentations of any kind of verbal declaration, sounds or images, using electromagnetic oscillations without the junction of lines or by means of a conductor". The definition includes presentations transmitted in code or that may be received in return for specific payment, and teletexts that are broadcast.

Although it is not specifically mentioned in the text of the Act, it may be understood that VoD counts among the Telemedia.

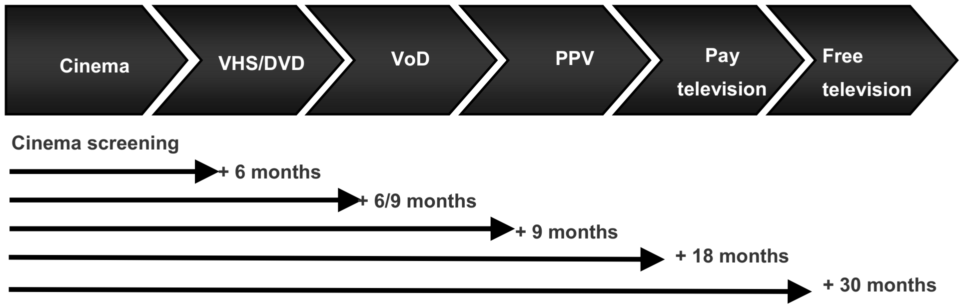
Article 30 of the Federal Act on financing films (*Gesetz über Maßnahmen zur Förderung des deutschen Films*, *Filmförderungsgesetz* (FFG) of 22 December 2003) defines the rules for the chronology of broadcasting films that have received public funding from the Federal Fund (FFA):

- 6 months after cinema screening for the video version;
- 12 months after cinema screening for exploitation as VoD and pay-per-view;
- 18 months after cinema screening for exploitation on pay television;
- 24 months after cinema screening for broadcasting on television without encryption.

A number of waivers are possible.

For those films that have not received support from the FFA, VoD is generally included in the chain for exploiting films between the 6th and 9th months after the film's cinema release (management agreed on an individual basis among the parties concerned).

Figure 13: Chronology for broadcasting films (in number of months after cinema screening) generally noted in Germany for those films that have not received public funding (2006)



Source: NPA Conseil

5.5.3 Development of non-linear services

The German market for VoD is one of the most highly developed in Europe. There are 14 services, privided by various players, including content producers, broadcasters, content aggregators, distributors, and consumer electronics players.

CONTENT PRODUCERS

Warner/Arvato Mobile: In2Movies

The In2Movies[62] VoD service supplied by the company In2Movies GmbH, a joint venture between Warner and Arvato Mobile (Bertelsmann) was launched in April 2006 in Germany. It uses P2P technology supplied by GNAB, a platform developed by Arvato Mobile, which requires the installation of software on the client's television set. The service is also marketed in Austria and Switzerland. The operating model is mainly "download to own" with DRM even though an offer of video-to-rent is also available.

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[62] http://www.in2movies.de

The offer covers more than 1 000 references (from Warner stocks - Warner Bros Concorde Home Entertainment, WVG Medien, Universum Film, Cartoon Network). For the download-to-own offer, prices range from €6.99 to €14.99 for films, and from €0.99 to €1.99 for series episodes. Complete seasons of series (all the episodes of any one season) are offered at €22.99. With the download-to-rent offer, films can be viewed from €2.99.

Table 34: Price charged for In2Movies service (2006)

	Download to own	Download to rent
Films	€6.99 – €14.99	From €2.99
Series	€0.99 – €1.99 for episodes €22.99 for complete series	-

BROADCASTERS

Seven Senses GmbH (ProSiebenSat.1 Media AG): Maxdome

In July 2006 the ProSiebenSat.1 Media AG television group (comprising Sat.1, Pro7, kabel eins and N 24) launched its VoD portal Maxdome[63], provided by its subsidiary SevenSenses GmbH. The service has a stock of several thousand titles, including more than 370 films from the catalogues of Paramount, Constantin Film, Kinowelt, Sony

63 http://www.maxdome.de/

Pictures Television and Disney Buena Vista, and programmes broadcast by the various channels in the group are being added gradually. There are special arrangements for the successful Disney series *Lost* and *Desperate Housewives*, which can be accessed one week before being broadcast on Pro7; they are marketed by means of a subscription system for the season (Season Pass).

The offer is available to anyone on the Internet and it is also distributed on the DSL networks of 1&1 (United Internet). Subscribers to the Internet access provider need to have a dedicated set-top box to be able to access the offer, and there is a selection of 100 films that can be viewed free of charge as often as desired (Movie Flat).

Maxdome operates three economic models:

Firstly, classic VoD with the purchase of each content viewed:

Table 35: Price for individual items in the Maxdome offer (2006)

Genres	Price for individual item
Films and television films	€0.99 - €3.99
Drama	€0.99
Series	€0.99 except for *Lost* and *Desperate Housewives*: €1.49 or €2.49 per episode, offered 7 days before being broadcast on television
Broadcasts/shows	€0.99 except for *Popstar*: €1.49

Secondly, VoD on subscription (SVoD):

Table 36: Price of subscriptions to the Maxdome offer (2006)

Offers	Price
Movie package	€9.99
Drama package	€4.99
Series package	€9.99
Premium package	€19.99
Desperate Housewives Season Pass	€24.99
Lost Season Pass	€24.99

And thirdly, VoD free of charge (FoD), sponsored by a third party; in the period from 1 October to 31 December, advertisers had the choice between:

- the Sponsoring Premium Content package which includes 7-second billboards at the beginning and end of programmes and the sponsoring trailer for the top-rating series *Lost* and *Desperate Housewives*. Content for which a user charge is normally made can then be accessed free of charge;
- the Sponsoring Movie Flat package that allows the combination of the 100 free films pre-selected by the service and available to subscribers to United Internet.

According to the service provider, the offer had 100 000 active subscribers at the beginning of January 2007.

RTL Interactive GmbH (RTL Group): RTL Now

The RTL Group, very present in Germany in the field of television (RTL, RTLII, SuperRTL, etc) started to constitute its VoD service RTL Now[64] in January 2007; it is provided by the company RTL Interactive GmbH.

The service began by putting on-line episodes from season 4 of *CSI* (which are also broadcast by the RTL channel). The episodes are available individually for €1.99 or

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[64] http://rtl-now.rtl.de/

through a subscription for the season which costs €12.99. Episodes of the German series *Gute Zeiten Schlechte Zeiten* (currently accessible on the channel's Internet site) should be included in the offer in the near future. They will be offered at a price of €1.99 each or through two subscription schemes, a monthly one costing €7.99 and an annual one costing €79.99.

To make the offer more attractive, episodes can be accessed on the portal one day before they are broadcast on television. Content is available for a period of 28 hours once viewing starts.

Premiere: Premiere Direkt + and Premiere Online Videothek

The pay channel broadcaster Premiere AG offers a VoD push service called Premiere Direkt+[65] based on a compatible decoder/PVR such as the Humax (iPDR-9800) offered on the broadcaster's site. The box has a storage capacity of 160 gigaoctets, with half being reserved for the VoD service and the remaining 80 gigaoctets being available for personal use of the PVR for recording.

Premiere Direkt+ offers a choice of 30 films, updated each week - 7 titles are replaced each week. The range of films includes new releases, available six months after their cinema screening, series, and films for adults. Films may be ordered by phone, Internet or SMS. After 15 to 20 seconds, the film selected is available for 24 hours. Prices are €2

[65] http://www.premiere.de/premweb/cms/de/programm_premieredirekt_premieredirektplus_start.jsp

(stock), €4 (new releases) and €6 (films for adults). The content is transmitted to the PVR using its double tuner. When the second tuner is not used, packets of data corresponding to 10 minutes of content are downloaded onto the hard disk. The service is included in Premiere's EPG, providing a trailer, the price, the date of arrival and the remaining period of availability.

Premiere Direkt+ can be accessed by subscribers to Premiere, but it is also available through the Premiere Flex offer. This has been on the market since December 2006, and it allows access to the various programmes and services of the group using a prepaid card system.

Since September 2006 the group has also been offering on its Internet site the Premiere Online Videothek VoD offer; this is operated by One4Movie and is available to all (even to people who are not Premiere clients). The providers include an offer of sports videos with the possibility of watching a summing up of matches in the Champions League. The service has since been renamed "Internet TV"[66].

ZDF: ZDF Mediathek

ZDF, which broadcasts the second public channel in Germany, proposes a VoD offer free of charge on the Internet – ZDF Mediathek[67]. Viewers can use this service to see programmes or parts of programmes broadcast on the channel. The videos are broken down into seven themes – current affairs, politics, sport, practical matters, knowledge, culture, and entertainment. Content is available using streaming on the site, but may also be downloaded as podcast video.

CONTENT AGGREGATORS

CLA GmbH

CLA GmbH (*Content Lizenz Agentur*)[68] is not strictly speaking a provider of VoD services, but it has become an important player in the market. It has been negotiating and distributing rights for the past six years. CLA currently manages a portfolio of rights covering about 3 000 titles. It holds instructions from more than 100 distributors for video on demand, near VoD/pay per view, pay channels and mobile services. These

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66 http://vod.premiere.de
67 http://www.zdf.de/ZDFmediathek/
68 http://www.cla-online.de

include the main film distributors, production houses and aggregators, but CLA does not hold rights for the American majors.

4Friends: One4Movie

One4Movie is an on-line VoD portal provided by 4Friends Verlagsgesellschaft GmbH, a company set up in 2002 as a digital content aggregator. Its turnover in 2005 was €1.2 million[69]. The service One4Movie[70], launched in 2004 on the basis of a monthly subscription model, changed its commercial offer at the start of 2006 by including one individual VoD item.

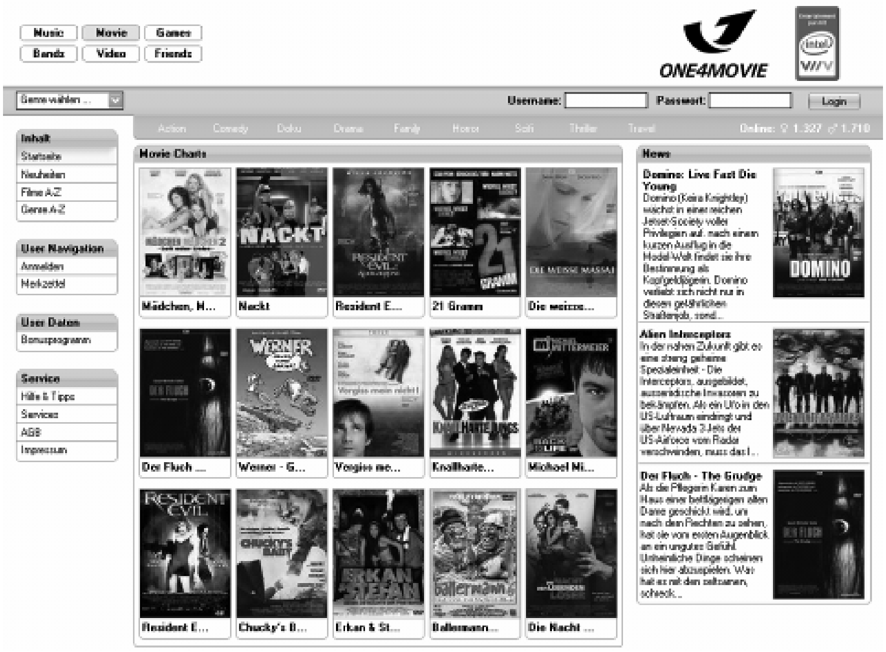
Table 37: Prices for the various types of content in the One4Movie offer (2006)

	VoD	SvoD
Films, Documentaries, Series	€0.50 – 3.00	€9.95 for unlimited viewing of a selection of films
Concerts and Comedy Shows	€4.00	-

The service provides access to a stock of more than 600 references, half of them films, as a result of agreements with CLA, Constantin, VCL, Splendid, Highlight-Film and Euro Arts. The rest of the content available comprises programmes for young people, documentaries, German television series, the travel and discovery programme 'On Tour', and fitness videos and content for adults.

4Friends Verlagsgesellschaft also provides VoD services dedicated to music (One4Music, One4Bands), video games (One4Games), erotic films, and a community video service.

69 http://www.4friends.de/
70 http://www.one4movie.de/



SaT GmbH: myVoD

myVoD[71] is a VoD service that is accessible on the Internet; it is provided by the company SaT – Satellite and Transfer GmbH. The data is transmitted by satellite (satellite push). The service uses the capacity of the satellite operator SES-Astra and requires a set-top box and a compatible PC for accessing the content, which is downloaded onto the computer's hard disk. Less than thirty films are available, with a price range of €0.99 to €3.99.

71 http://www.myvod.de

absolut MEDIEN: absolut on demand

The record and DVD publisher absolut MEDIEN GmbH[72] has created a VoD service called 'absolut on demand'[73] that offers about 25 titles on-line. After registering, users may download films in DivX format. These remain available for 48 hours and cost €5.00 each.

Future plans

The French company Glow Entertainment Group S.A., which specialises in on-line DVD rental (under the name Glowria), bought the German on-line DVD rental companies DiViDi[74] and InVideo[75], and has announced the launch of a VoD offer on the German market in 2007.

TELECOM OPERATORS

T-Online (Deutsche Telekom): T-Online Video on Demand

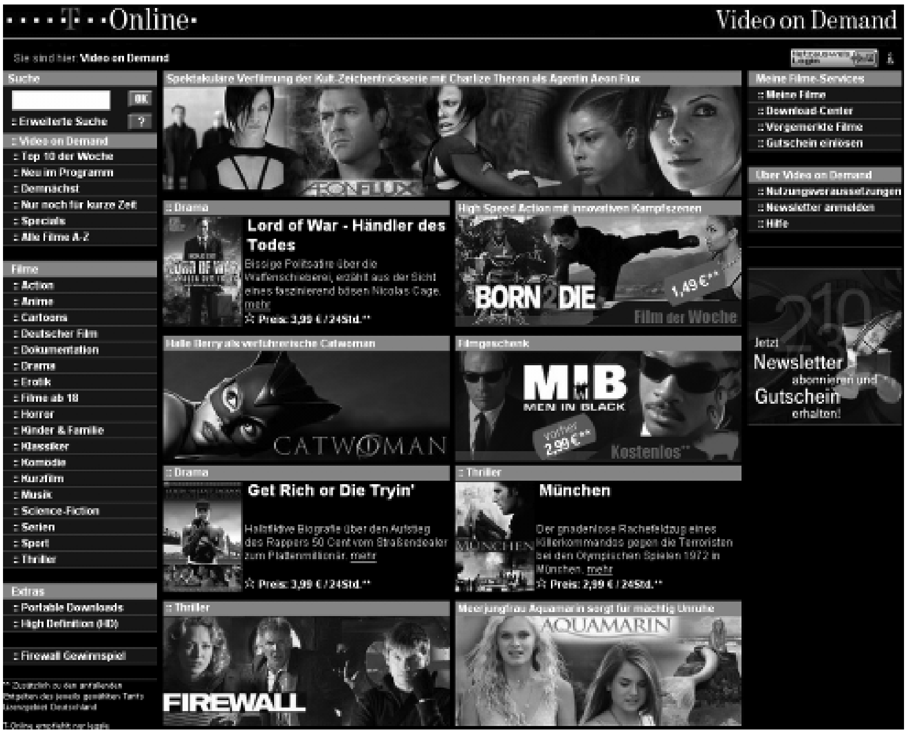
T-Online (the ISP division of Deutsche Telekom AG) provides its VoD offer T-Online Video on Demand[76] both on the Internet (launched in 2003 and only available to its DSL

72 http://www.absolutmedien.de/
73 http://www.absolutondemand.de
74 http://www.dividi.de/
75 http://www.invdeo.de/
76 http://vod.T-Online.de

subscribers) and on its IPTV offer T-Online Vision[77] through the multi-play service T-Home which has been marketed since the end of 2006.

The offers give access to a stock of more than 1 300 references, more than half of which are films. Since the VoD service was launched in November 2003, T-Online has in fact signed a number of contracts with national and international rightsholders, including Warner Bros International Television Distribution, Fox, Universal, DreamWorks, MGM, Paramount and Constantin.

More than 400 series episodes and more than a hundred documentaries are also available.



Since 17 October 2006, the incumbent German operator has been marketing the T-Home multi-play offer, which enables viewers to access the group's VoD stock on their own television sets. It is currently available in those regions where the Internet access provider has deployed its hybrid optic fibre/VDSL network (i.e. in the main German cities of Hamburg, Berlin, Hanover, Cologne, Düsseldorf, Munich, etc). At the end of 2006, 3.8 million households were technically able to use the service. The group has however

[77] http://www.T-Online-vision.de/

decided to make the service available to its ADSL2+ subscribers from spring 2007, which will increase the client base.

The offer costs between €1.99 and €3.99 for films and from €0.99 for short films and series. Each month one film is also available free of charge.

Arcor AG: Arcor VoD

The Internet access provider Arcor AG[78] was the first player to provide a VoD offer in Germany - Arcor Video on Demand[79] - with the launch in 2001 of the service Arcor VoD on the Internet. The offer is available to all, even to those who are not Arcor clients.

The pioneer service provider was able to negotiate exclusive contracts, particularly for the BBC's documentaries and science programmes, some of which are sold at a relatively low price (€1.00) and in many cases have not been broadcast often on German television. The offer also includes educational and personal development content, but it remains focused on films, accessible for unlimited viewing during a 24-hour period. The genres available range from adventure and action to comedy, with a catalogue of almost 300 titles. A good deal of space is devoted to the independent cinema that is directly distributed on video, from American and European sources.

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78 http://www.arcor.de
79 http://www.arcor.de/vod/

Alice: Alice Home TV Movies

HanseNet Telekommunikation GmbH, the German subsidiary of Telecom Italia, is the Internet access provider and triple-play operator called Alice.[80] In May 2006, as part of its IPTV offer, the operator launched Alice Home TV Movies[81], a VoD offer. This replaces the offer available previously on the Internet.

The Alice Home TV option costs €9.90 and gives access to about a hundred television channels and 600 VoD titles. These include all genres, including documentaries, video clips and film trailers, and content for adults. Prices range from €0.90 to €4.90, and the content remains available for 24 hours.

EweTel: Movie on Demand

The regional telecom operator EweTel GmbH[82], which is active in north-western Germany, has developed its own VoD service on the Internet, called Movie on Demand[83], in May 2005. It uses CLA's stock (see above), and has less than twenty films (at the end of October 2006). It is only available to the operator's subscribers.

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80 http://www.alice-dsl.de
81 http://www.alice-dsl.de/kundencenter/export/de/residential/produkte/fun/optionen/index.html
82 http://www.ewetel.de
83 https://mein.ewetel.de/30-19.php

United Internet/1&1: Maxdome

The telecom operator United Internet AG, whose subsidiary 1&1 Internet AG is the Internet access service provider 1&1[84], offers its DSL subscribers the Maxdome[85] VoD service of SevenSenses GmbH (ProSiebenSat.1 Media AG group – see above).

CONSUMER ELECTRONICS PLAYERS

Medion: Medionbox

The consumer electronics manufacturer group Medion[86] launched its Medionbox[87] VoD service in December 2006. The offer uses the same P2P platform as In2Movies; the technology is provided by GNAB, a subsidiary of Arvato Mobile (Bertelsman). It requires the installation of software for the client's television set which gives access to a digital shop for the purchase of music albums, films and seasons of series. The latter come from Warner's stocks and are offered for download to own at prices of between €6.99 and €12.99 for films and €22.99 for entire seasons of series. The price of one children's

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84 http://www.1und1.de/
85 http://maxdome.1und1.de
86 http://www.medion.de/
87 http://www.medionbox.com/

title (*Lauras Stern 4 Gute-Nacht-Geschichten Sternenwärts*), the only one available, is €3.99.

In early January 2007, 61 films and 4 complete seasons of series (season 9 of *Friends*, season 2 of *Gilmore Girls*, season 4 of *ER* and season 5 of *Spacecenter Babylone*) were available.

Content is protected by Microsoft's DRM solution, so it is not possible to burn the downloaded content onto a disk. Use has been made more flexible, however, since the films may now be transferred three times onto other terminals (which must have a Windows operating system).

Table 38: VoD services of content producers and consumer electronics players in Germany

Service providers	In2Movies GmbH	Medion AG
Offer	In2Movies	Medionbox
Launch date	April 2006	December 2006
Network	Internet	Internet
Stock	1020 references: 470 films 550 series (seasons + individual episodes)	61 films and 4 complete seasons of series
Prices	Download to own: - €6.99 - €22.99 - €0.99 - €1.99 for series Rental: from €2.99	Download to own: - €6.99 - €22.99 - except content for young people: €3.99
Content for adults	yes	no
Availability	24 hours for the rental offer	24 hours
Content providers	Warner	Warner
Diffusion	Downloading	Downloading
Economic model	To-own and Rental VoD	Download to-own VoD

Source: NPA Conseil, December 2006

Table 39: VoD services of broadcasters and content aggregators in Germany (2006)

Service providers	SevenSenses GmbH (ProSiebenSat.1 Media AG group)	RTL Interaktive GmbH (RTL Group)	Premiere AG		4friends GmbH	SaT GmbH	absolut MEDIEN GmbH
Offer	Maxdome	RTL Now	Premiere Direkt +	Premiere Internet TV	One4Movie	MyVoD	absolut on demand
Launch date	July 2006	January 2007	July 2005	September 2006	October 2004	May 2005	autumn 2005
Network	Internet, IPTV (1&1)	Internet	Satellite, loaded onto the PVR	Internet	Internet	Ordered on the Internet, for viewing on a PC, but the data is transmitted by satellite	Internet
Stock	372 cinema and television films (including 3 documentary films) 73 of the group's broadcasts (x episodes added daily): 9 shows, 27 series, 33 comedy programmes, 4 magazine programmes	12 episodes of *CSI*	30 films, series or concerts per month	Stock One4Movie + Champions League	625 references: Films: 368 Cartoons: 37 Documentaries: 19 Television series: 89 episodes Music (such as music DVDs): 11 Shows (opera, classical music): 26 Travel: 62 (On Tour) Films for adults: 7 Fitness: 3 Fun sports: 3	27 films	25 references: 21 documentaries 4 films
Prices	VoD: from €0.99 to €3.99 SVoD: from €4.99 to €24.99 Free films, supported by advertising	VoD: €1.99 SVoD: €12.99	Films: €2.00 - €4.00 (films for adults €6.00)	Films: €0.50 - €3.00 Concerts or shows: €4.00 Champions League: - €6.00 for any one live match - €2.00 for summing-up of all matches	SVoD: €9.95 per month (flat rate for a selection of films) VoD: - Films, documentaries, series: €0.50 - €3.00 - Concerts, comedy shows: €4.00	from €0.99 to €3.00	€5.00 per film
Content for adults	yes	no	yes	yes	yes	yes	no
Availability	24 hours	28 hours	24 hours	24 hours	24 hours	24 hours	24 hours
Content providers	Paramount Pictures Global, Constantin Film, Kinowelt, Epsilon Motion Pictures, Sony Pictures Television, Buena Vista International Television + Kirch Media catalogue	CBS	Various	Constantin, Kirch Media, UEFA	CLA, Constantin, old stock of Kirch Media, VCL, Splendid, Highlight-Film, Euro Arts	Various	absolut MEDIEN
Diffusion	Streaming	Streaming	Downloading	Downloading and streaming	Downloading and streaming	Downloading	Downloading
Economic model	Rental VoD, SVoD, FoD	Rental VoD, SvoD	Rental VoD	Rental VoD	SVoD and Rental VoD	Rental VoD	Rental VoD

Source: NPA Conseil, October 2006, except for RTL Now, January 2007

Table 40: VoD services offered by telecom operators in Germany (2006)

Service providers	Deutsche Telekom AG t-com	1&1 Internet AG	HanseNet Telekommuni-cation GmbH (Telecom Italia)	Arcor AG	Ewe Tel GmbH
Offer	T-Online Vision	Maxdome (offer of ProSiebenSat.1 Media AG)	VoD included in Alice HomeTV Movies service	Arcor VoD	Ewe Tel MoD (movie on demand)
Launch date	November 2003 on the Internet October 2006 on IPTV as part of the T-Home offer	July 2006	May 2006	2001	May 2005
Network	Internet (for T-Online clients only) IPTV	IPTV	IPTV	Internet (accessible to all, even if not an Arcor DSL client)	Internet (only for Ewetel clients)
Stock	1329 references: Documentaries: 107 Films: 705 Short films: 59 Series (including animation): 426 episodes and 32 seasons	See Maxdome	600 films	459 References: Films: 253 Reports: 47 (Spiegel-TV: 47) Documentaries: 140 (The History Channel: 20, National Geographic: 32, Discovery Factual: 44, BBC Exklusiv: 37, others: 7) E-learning + personal development: 19	18 films
Prices	Series and short films: from €0.99 Cinema films and television films: €1.99 – €3.99 One film offered free of charge each month		€0.90 – €4.90	€1.00 - €6.50 Films: €1.49 - €4.00 Spiegel-TV: €1.99 National Geographic & Discovery Factual: €2.50 BBC Exklusiv: €1.00 - €1.50 E-learning + personal development: €1.00 - €6.50	€1.99 - €3.99
Content for adults	yes		yes	yes	no
Availability	24 hours		24 hours	24 hours	-
Content providers	Fox, Universal, DreamWorks, MGM, Paramount, Warner Bros, CLA		Various	BBC, Discovery, CLA, etc	CLA
Diffusion	Streaming and downloading (including to mobile equipment for the Internet version)	Streaming	Streaming	Progressive downloading	Downloading
Economic model	Rental VoD, FoD	Rental VoD, SVoD, FoD	Rental VoD	Rental VoD	Rental VoD

Source: NPA Conseil, October 2006

5.6 DK - DENMARK

Table 41: Basic data for Denmark

(million)	2005
Population	5.411 No. of households: 2.330
No. of households with TV	2.269 (97.4%)
Broadband penetration	57.6%
Cinema attendance	12.8

Source: European Audiovisual Observatory, 2006 Yearbook

5.6.1 General background

AUDIOVISUAL PANORAMA

The public channels DR1 and DR2, which do not receive any revenue from advertising, share about 35% of the market.

The channel TV2, which is publicly owned but whose financing, since the Commission came down against the channel in 2004, is limited to commercial income only, accounts for 35% of the market on its own.

The market in Denmark features strong penetration of the multi-channel offer, supported by the substantial penetration of cable in households.

65% of households are connected to cable. TDC Kabel TV (1.1 million subscribers) and Telia Sofa (200 000 subscribers) are the two main cable operators.

Satellite remains in a minority position as a means of receiving digital television, with 12% penetration. There are two competing platforms - Canal Digital, which belongs to the Telenor group, and Viasat, which belongs to Sweden's Modern Times group.

IPTV is developing strongly, with the launch in 2005 of a new service by the operator TDC. TV2 has also launched its offer with the Sputnik service, followed by the operators Fast TV and Dansk Bredbaand. The operator Telenor bought CyberCity in May 2005.

The Danish Parliament has decided that analog broadcasting will be phased out in 2009. The first digital television network was inaugurated on 31 March 2006; it comprises the channels DR1, DR2 and TV2.

5.6.2 Regulation of non-linear services and provisions of the chronology of film distribution

There is no particular regulation of non-linear services.

Exploitation windows are negotiated on an individual basis (for local distributors). Exploitation windows use a day-to-date basis or 45 / 90 days after the DVD release.

5.6.3 Development of non-linear services

The market for VoD in Denmark follows that of the major Scandinavian countries Norway and Sweden; the Sputnik service (developed by the television channel TV2 and the film distributor Nordisk Films) is the first Danish initiative to be an undisputed success. It intends to spread to other Scandinavian countries.

CONTENT AGGREGATORS

The Swedish offers Live Networks[88] and SF Anytime[89] can be accessed on the Danish market (see information on Sweden).

BROADCASTERS

TV2/Nordisk Film: Sputnik

Sputnik[90] is the IPTV service developed by the TV2 television channel.

In this service, the VoD offer comprises Sputnik TV[91], an offer of programmes from various channels in the TV2 group, and Sputnik Film[92], an offer of films proposed in

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88 http://www.livenetworks.dk
89 http://www.sf-anytime.com
90 http://sputnik.tv2.dk

partnership with Nordisk Film, one of the most important distributors in Scandinavia. It has been offering television programmes since December 2004 and films since April 2005.

The programmes may be viewed on a rental basis or as streaming. 600 films are available. It is interesting to note that 100 films are available to Internet users outside Denmark. These are mainly "niche" films, but the service provider intends to extend this initiative to include more films. 20 new titles are added each month.

The films are marketed at the price of DKK 49.00 (€6.57) for new items and DKK 29.00 (€3.90) for catalogue films.

Television programmes are available on a monthly subscription costing DKK 49.00 (€6.57), for unlimited viewing. These are often "premium packs" for specific events. The catalogue offers between 50 and 100 television programmes.

The service is scheduled for extension to Norway, Sweden and Finland in the course of 2007.

91 http://sputnik.tv2.dk
92 http://film.sputnik.dk

DISTRIBUTORS OF CULTURAL GOODS

The Swedish service CDON.COM can be accessed from Denmark[93] (see information on Sweden).

TELECOM OPERATORS

FastTV.net A/S: FastTV Biograf

The triple-play operator FastTV.net A/S offers the FastTV[94] IPTV service. The company was bought by the Bonnier group in January 2004; it uses the VoD offer of SF Anytime (also part of the Bonnier group) for its FastTV Biograf[95] offer. Prices range from DKK 9.00 to DKK 45.00 (€1.20 - €6.00).

TDC A/S: TDC Film

The triple-play operator TDC offers an IPTV service called TDC TV[96]. The service includes a film VoD service, TDC Film[97], which has a catalogue of 250 films that can be rented for 24 hours at prices of between DKK 19.00 to DKK 39.00, depending on titles. This offer is similar to the Selector Cinema service offered by TDC Kabel TV A/S (see below).

Future plans

Dansk Bredbaand

Dansk Bredbaand[98] is a telecom operator that has been offering a triple-play service (telephone, Internet and television) since November 2006. It has announced that it will be launching a VoD service.

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93 http://www.cdon.com/
94 http://www.fasttv.dk/
95 http://www.fasttv.dk/dk/Produkter/Biograf1.html
96 http://privat.tdc.dk/element.php?dogtag=f5_p_tv_tv
97 http://tdc.dk/publish.php?id=9120
98 http://www.dbnet.dk/

CABLE OPERATORS

TDC Kabel TV A/S: Selector Cinema

TDC Kabel TV A/S (TDV group) markets the Selector Cinema[99] offer on cable networks using the offers available from Sputnik Film and C More, plus films for adults. The films are available for a period of 24 hours after the first viewing.

[99] http://privat.tdc.dk/publish.php?dogtag=f5_p_tv_digi_cin

Table 42: VoD services in Denmark v

Service providers	Bonnier Entertainment (SE) (Bonnier Group)	Life Network International AB (SE)	TV2	FastTVnet A/S	CDON (SE)	TDC A/S	TDC Kabel
Offer	SF Anytime	Live Networks	Sputnik Film	FastTV Biograf	CDON.com	TDC Film	Selector Cinema
Launch date	2004	n.a.	- December 2004 for television programmes - April 2005 for films	n.a.	August 2006	n.a.	n.a.
Network	Internet, IPTV	Internet	Internet	IPTV	Internet	IPTV	Cable
Catalogue	850 titles: films and television programmes	Films	50 - 100 television programmes, about 100 films		325 films, television programmes	Films and films for adults	Films and films for adults
Prices	- DKK 9.00 – DKK 39.00 (€1.20 - €5.20) on the Internet - DKK 9.00 – DKK 45.00 (€1.20 - €6.00) on IPTV	n.a.	- DKK 49.00 (€6.57) for new items - DKK 29.00 (€3.90) for stock films - monthly subscription of DKK 49.00 (€6.57) for television programmes		n.a.	DKK 19.00 – DKK 39.00	n.a.
Content for adults	n.a.	n.a.	n.a.	See SF Anytime	yes	yes	yes
Availability	24 hours	24 hours	n.a.		24 hours	24 hours	24 hours
Content providers	American majors such as Warner Bros., 20th Century Fox, Regency and Disney, and at a local level Svensk Filmindustri, Scanbox, Sandrew and Nonstop	n.a.	Nordisk Films, Sputnik Archive		Scanbox, Sonet, Pan Vision, Maxs, Nobeo Entertainment	Sputnik Film, C More	Sputnik Film, C More
Diffusion	Streaming	Streaming	Streaming	Streaming	Streaming		Streaming
Economic model	Rental VoD	Rental VoD	Rental VoD SVoD for television broadcasts	Rental VoD	Rental VoD	Rental VoD	Rental VoD

Source: NPA Conseil-December 2006

5.7 EE - ESTONIA

Table 43: Basic data for Estonia

(million)	2005
Population	1.347 No. of households: 0.515
No. of households with TV	0.500 (97.1%)
Broadband penetration	32%
Cinema attendance	1.13

Source: European Audiovisual Observatory, 2006 Yearbook

5.7.1 General background

AUDIOVISUAL PANORAMA

Eesti Television (ETV) is the public channel in Estonia. There are also two private channels, TV3 (which is part of the Viasat group) and Kanal2.

Cable has a penetration rate of approximately 40%. There are two main players on the cable scene in Estonia - Starman and STV.

The offer of digital television broadcast by satellite is offered by Viasat.

The main IPTV operator is the access provider Elion which, at 21 December 2006, had 24 000 subscribers to its IPTV service DigiTV (launched in April 2005).

The experimental period for terrestrial digital television commenced in 2005, and the changeover to digital is scheduled for 2012.

INTERNET

32% of households had a broadband connection at the end of 2005.
The main broadband access provider is Elion, which shares the market with Elisa and Starman.

5.7.2 Regulation of non-linear services and provisions of the chronology of film distribution

In Estonia at the moment there is neither regulation of VoD nor chronology for broadcasting films; broadcasting windows are defined by agreements reached on an individual basis. Films are released for VoD between three and six months after their first cinema screening, and it is interesting to note that the VoD release generally precedes the DVD release.

5.7.3 Development of non-linear services

The market for video on demand in Estonia is in the start-up stage and reports from television channels, Internet access providers and cable operators are an indication of the interest of the players involved.

BROADCASTER

ETV: ETV Pluss

ETV launched a VoD service on the ETV Pluss multimedia portal[100]. The site is operated by Elion, which uses the brand name of ETV and its programmes.

The offer comprises TV programmesfrom the channel and films, the majority of which are Estonian. No charge is made for short or experimental content.

For the offer for which a charge is made, the breakdown of prices is as follows:

- content for young people: EEK 12 (€0.80)
- films: EEK 30 (€1.90)
- cartoons: EEK 6 to 18 (€0.40 to 1.15)
- video clips: EEK 12 (€0.80)
- plays: EEK 12 to 30 (€0.80 to 1.90)
- comedy programmes: EEK 12 (€0.80)

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[100] https://www.etvpluss.ee/

TELECOM OPERATORS

Future plans

Elion

In the course of 2007 the triple-play operator Elion (Elion Ettevõtted AS) will be launching a VoD offer for subscribers to its IPTV offer, called DigiTV[101]. A test version was launched in December 2006.

About a hundred programmes will be available, including films as well as TV programmes(series, local productions by the television channels, and perhaps channels in the Discovery group).

The offer will be divided between American and Estonian films – between a third and a quarter of the offer will comprise Estonian films, although the service provider wishes to offer films from all over Europe as well.

Elion has concluded an agreement with Universal to use its films on VoD two to three months after their first cinema screening, with the DVD being released subsequently.
Contracts are negotiated on a non-exclusive basis.

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[101] http://www.elion.ee/wwwmain?screenId=html.help-profile.49893&locale=et

Payment will be made mainly for each item separately, although negotiations are in hand for setting up a package scheme. There will be three price categories:

- recent films: between €5 and €6
- stock films: between €3 and €4
- television programmes: €1

Elion is also planning to launch a pay-per-view offer in 2007, as part of its cable digital television offer.

CABLE OPERATORS

Future plans

STARMAN

The cable operator Starman AS[102] will be launching its VoD service on 3 March 2007; 5000 subscribers are eligible to use the service.

150 titles will be available, including 100 films (both American – 80% – and Estonian – 20%) and 50 TV programmes (documentaries and fiction – exclusively American).

Agreements have been signed with the public channel ETV and Tallinfilm for 50 titles, for an unlimited period. Tallinfilm, owned by the Estonian Film Foundation, is the main distributor of Estonian films. It negotiates the VoD distribution of part of its catalogue.

It is expected that the offer will be developed in the course of 2007.

[102] http://www.starman.ee

Table 44: VoD services in Estonia (2006)

Service providers	ETV	Elion
Offer	ETV pluss	Elion
Launch date	n.a.	December 2006 for the trial version, February 2007 for the actual launch
Network	Internet	IPTV
Catalogue	ETV	100 films
Prices	EEK 6.00 (€0.40) – EEK 30.00 (€1.90)	New items: €5.00 - €6.0(Stock: €3.00 - €4.00 TV programmes: €1.00
Content for adults	no	n.a.
Availability	n.a.	n.a.
Content providers	ETV	Estonian producers, American majors such as Universal
Diffusion	Streaming	Streaming
Economic model	Rental VoD	Rental VoD

Source: NPA Conseil - December 2006

5.8 ES - SPAIN

Table 45: Basic data for Spain

(million)	2005
Population	43.038 No. of households: 15.265
No. of households with TV	15.188 (99.5%)
Broadband penetration	32.4%
Cinema attendance	126

Source: European Audiovisual Observatory, 2006 Yearbook

5.8.1 General background

AUDIOVISUAL PANORAMA

The main group broadcasting television terrestrially is the RTVE, the public-sector television entity, which provides two national channels – TVE1 and TVE2 – and a number of themed channels. The main competitors of this public-sector RTVE group are the private commercial channels Antena 3 and Telecinco. The channel Cuatro TV operated by Sogecable S.A. was launched on 7 November 2005 to replace the encrypted channel Canal+. It has become a free channel based on an advertising model, and is aiming for a 15% market share by 2010.

In November 2005 the Spanish Government closed its call for applications to operate a new commercial analog channel and conceded the last terrestrial canal available to the La Sexta consortium. La Sexta started broadcasting at the beginning of 2006. It is owned by the Mexican Televisa group (40% of its capital) and an association of Spanish producers (60% of its capital), including Glomedia and Mediapro. Its aim is to win a 7% audience share by 2010.

The pay television market has not yet reached maturity in Spain. At the end of 2005, only 8.2% of households were subscribing to a cable television offer and 4.8% to a digital offer.

The main national cable operator is Ono, which bought the company Auna in July 2005; in 2006, it had 914 000 subscribers to its television service.

Digital+ is the only operator of a digital satellite platform since its absorption in 2003 of its rival Via Digital, the owner of the telecom operator Telefonica. The main shareholder of Digital+ is currently Prisa (42.94%); its other shareholders include the Telefonica group (16.65%) and the Vivendi group (5.50%).

The IPTV market is particularly active in Spain. Imagenio, Telefonica's offer launched early in 2004 is the leader, with 304 400 subscribers at the end of September 2006. The other major players are the operators Orange, Jazztel and Superbanda.

Pay-per-view services are available as part of the Digital+ satellite package (Taquilla Ciné, Ciné Adulto and Futbol), with more than 10 channels on offer. The purchase price is approximately €3.00 per film and €12.00 per match. On cable, a pay-per-view service is also available, as part of the Fila service offered by Ono; this also includes films, sport and programmes for adults.

INTERNET

At the end of 2005, 4.9 million households had a broadband Internet connection. **Telefonica** leads the DSL broadband market, with 3.4 million subscribers at the end of September 2006.

5.8.2 Regulation of non-linear services and provisions of the chronology of film distribution

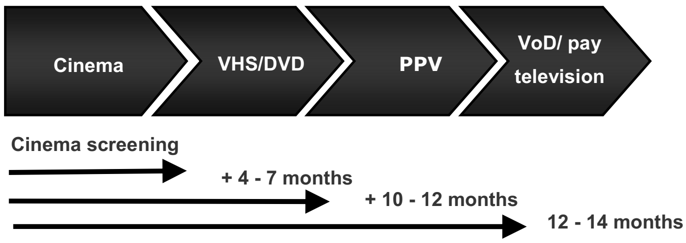
According to Act 34/2002 of 11 July 2002, entitled *Servicios de la sociedad de informacion y de comercio electronico*, the term "information society service" refers to any service rendered in return for payment, from a distance, by electronic means, in response to an individual request. The concept of an information society service also includes services for which no payment is made, inasmuch as they constitute an economic activity for a service provider.

Video on demand (*video bajo demanda*) is specifically referred to as an information society service in the definitions supplied in the appendix to the Act. It is defined in the following terms: "(…) a service in which the user may select from the network both the programme desired and the time of obtaining it and receiving it and, in general, the distribution of content in response to an individual request".

For the chronology for the distribution of films, most of Spain's cinematographic distribution companies re-introduced a new window for the rental period for DVDs (between two weeks and four months before sale) at the end of 2005. This decision is a direct consequence of the importance of the DVD rental market in Spain.

VoD services generally fall within the same window as pay television (12-14 months); in the near future they could shift nearer to the window for pay-per-view (10-12 months).

Figure 14: Chronology for showing films in Spain (2006)



Source: NPA Conseil

5.8.3 Development of non-linear services

The main players in the VoD market in Spain are the telecom operators and the cable operators, as well as two collective management companies, SGAE *(Sociedad General de Autores y Editores* - General Society of Authors and Publishers) and EGEDA (*Entidad de gestion de derechos de los productores audiovisuales* – Body for the Management of the Rights of Audiovisual Producers). There are currently five VoD services in Spain; they offer mainly films (recent releases and stock) and documentaries.

AGENCIES FOR THE COLLECTIVE MANAGEMENT OF ROYALTIES

SGAE/SDAE: ACCINE.COM

At the end of 2003 the SDAE (*Sociedad digital de autores y editores* – Digital Society of Authors and Publishers), a subsidiary of the collective management society SGAE

(*Sociedad general de autores y editors* – general society of authors and publishers), launched Accine.com[103], one of the first VoD services in Europe. The portal, devoted to films and documentaries, offers 321 titles (263 films and 58 documentaries), that are mainly cinematographic works from Latin America, North America and Spain.

Table 46: Breakdown of films and documentaries offered by Accine by country of origin (2006)

Country	%
South America	32.7%
Canada	0.3%
Spain	33.6%
United States	28.0%
Europe excluding Spain	4.7%
Russia	0.6%

Customers have two possibilities – programmes can be watched in streaming mode (Windows Media file encoded at 256 kps) or after downloading the DivX file (video coded in MPEG-4) onto the hard disk. This uses the Windows Media player and Microsoft's DRM.

There are two commercialisation schemes. Payment can be made for each individual item; the charge per film is between €2.70 and €4.50. Under the alternative scheme, clients purchase a number of credits with which they can view a number of films (140 credits cost €30.00, 91 credits cost €21.00, 60 credits cost €15.00, and 33 credits cost €9.00). The titles are available for 48 hours from the start of viewing.

SDAE's offer is used on the IPTV service of the telecom operator Jazztel.

EGEDA: Filmotech

On 27 March 2007 EGEDA (*Entitad de gestion de derechos de los productores audiovisuales* – body for the management of the rights of audiovisual producers)[104] launched a VoD service totally dedicated to Spanish-produced films, called Filmotech[105]. The service can be accessed on the Internet. 215 Spanish films (recent releases and stock films) plus documentaries, short films and animated films can be downloaded either to rent or to own. During the first two months of operations the cost of renting a full-

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103 http://www.accine.com/
104 http://www.egeda;es
105 http://www.filmotech.com

length film is to be €1.00. The download-to-own scheme (TPS – *Tuya para sempre*) allows the definitive downloading of films at a price of between €3.80 and €5.80.

The films are supplied in high definition, protected by Microsoft's DRM. It is a direct-access site, but the supplier is planning to allow access via other distribution platforms as well.

EGEDA intends to expand its catalogue with films from elsewhere in Europe and from Latin America. 400 to 500 titles should be added each year. New items will not be on offer, however, so as to not compete with the sale and rental of DVDs.

CONTENT AGGREGATORS

MEDIAXPRESS: MXP Digital

The company MediaXpress Distribuidora de Medios y Contenidos Audiovisuales S.A.[106] was created in 2003 as an on-line DVD distributor; its turnover in 2005 was €0.57 million. It offers a catalogue of more than 6 000 films for physical rental and, since November 2006, a VoD offer under the name of MXP Digital[107].

The portal offers 130 films for VoD divided into various categories: action, drama, comedy, horror, thrillers, adventure, science fiction and films for adults. Two series are also available: *Agatha Christie* (15 episodes) and *Wallander* (16 episodes), as well as cartoons. The works are available for viewing as soon as they are downloaded.

There are two types of commercialisation – one involves payment for each item rented, at a price of between €2.50 and €4.50, and the other purchase to own. This latter type does not yet, however, include all the cinematographic works available for rental.

For the VoD-to-rent service, the works are available for a period of 24 hours after the start of viewing.

106 http://www.mxp.tv
107 http://www.mxpdigital.com

TELECOM OPERATORS

Telefonica: IMAGENIO Videoclub (Bajo Demanda)

Telefonica, the incumbent telecom operator in Spain, supplies a triple-play offer called Telefonica On Line[108]. Imagenio provides the IPTV distribution service in this offer, while Telefonica offers VoD, SVoD and FoD. There is a catalogue of 610 titles, divided among four services (cinema films, series, documentaries, and music programmes).

The cinema-on-demand service Imagenio Videoclub Cine[109] has a catalogue of more than 300 films, with emphasis on Spanish and European productions. The films are available on the client's television screen for a period of 24 hours. They are accessible using an 'à la carte' payment system with prices of €1.50 for stock films and €3.00 for new releases.

The series-on-demand service Imagenio Videoclub Series[110] provides access to more than 70 series, mainly Spanish, using two commercialisation schemes. Clients may take out a monthly subscription costing €4.00 that provides an unlimited access to the service, or access individual episodes of series for a 24-hour period against payment of between €0.99 and €1.99.

The documentaries-on-demand service Imagenio Videoclub Documentales[111] offers more than 200 documentaries on nature, science, history, travel, society, and religions. For unlimited access to this service, clients need to take out a monthly subscription costing €3.00.

The music programmes service Imagenio Musica[112] lists more than 30 concerts (€3.00 per concert) and provides access to a selection of six video clips (monthly subscription costs €3.00).

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108 http://www.telefonicaonline.com

109 http://www.telefonicaonline.com/on/pub/servicios/onTOEntrada/0,,entrada%2Brd_imagenio%2Bv_segmento%2BAHOG%2Bv_idioma%2Bes%2Bmenu_izq%2B3%2Bnodo_izq%2B4%2BambitoAcceso%2Bpub,00.html?uri=/on/io/es/imagenio/programacion/cine/cine_home.html

110 http://www.telefonicaonline.com/on/pub/servicios/onTOEntrada/0,,entrada%2Brd_imagenio%2Bv_segmento%2BAHOG%2Bv_idioma%2Bes%2Bmenu_izq%2B3%2Bnodo_izq%2B4%2BambitoAcceso%2Bpub,00.html?uri=/on/io/es/imagenio/programacion/series/series_home.html

111 http://www.telefonicaonline.com/on/pub/servicios/onTOEntrada/0,,entrada%2Brd_imagenio%2Bv_segmento%2BAHOG%2Bv_idioma%2Bes%2Bmenu_izq%2B3%2Bnodo_izq%2B4%2BambitoAcceso%2Bpub,00.html?uri=/on/io/es/imagenio/programacion/documentales/documentales_home.html

112 http://www.telefonicaonline.com/on/pub/servicios/onTOEntrada/0,,entrada%2Brd_imagenio%2Bv_segmento%2BAHOG%2Bv_idioma%2Bes%2Bmenu_izq%2B3%2Bnodo_izq%2B4%2BambitoAcceso%2Bpub,00.html?uri=/on/io/es/imagenio/programacion/musica/musica_home.html

ORANGE: Orange Videoclub

The triple-play operator France Telecom España S.A., operating under the name of Orange, includes in its IPTV offer Orange TV[113] a VoD service called Videoclub, with almost 120 titles, mainly films (106 films and 13 documentaries).

The films are offered on an 'à la carte' basis against payment of between €0.5 and €3.00.

Certain films, however – mainly animated films for young people – are available free of charge (FoD).

Table 47: Breakdown of titles available in Orange-Espagne's on-demand offer (2006)

Stock programmes					
Documentaries	**Films (89%)**				
11%	Young people/family	Horror	Action	Comedy	Drama
	5%	12.6%	23.5%	21.8%	26%

JAZZTEL: Jazztelia Videoclub

In 2006 the telecom operator and triple-play service provider Jazz Telecom S.A., operating under the name of Jazztel, launched a service for the distribution of television channels in IPTV mode called Jazztelia. At the end of 2006, this covered 80% of the country. Since November 2006 the service has been offering a VoD service called Jazztelia Videoclub[114].

The company Jazztel has signed an agreement with the SDAE (see above) to be able to use its catalogue of films and documentaries.

In December 2006 Jazztelia was offering 262 films and 58 documentaries on its VoD service.

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113 http://tv.orange.es/
114 http://www.jazztelia.com/videoclub

CABLE OPERATORS

ONO: OJO

In November 2005 the Spanish cable operator Cableuropa S.A., known under the brand-name ONO, launched a VoD service under the name Ojo[115]. An offer of free content (FoD) aimed at promoting Ojo is available; the content available consists mainly of television programmes.

Ojo offers FoD, VoD and SVoD services for various types of content on demand (211 titles), as shown below.

Table 48: Breakdown of TV programmes available using Ojo's on-demand service (2006)

Films	Series	Documentaries	Audiovisual and music programmes	Other
47.9%	11.8%	14.2%	10.9%	15.2%

The operator Ono has signed agreements with Disney, Paramount, Fox and Universal.

Ojo's VoD service is offered either on an 'à la carte' basis (the price for access to new releases is from €2.99, and for access to a stock work is €0.99) or by monthly subscription. Titles are available for 24 hours.

[115] http://www.ojo.tv

Table 49: VoD services in Spain (2006)

Service providers	Telefonica S.A.	France Telecom de España S.A. (Orange)	Jazz telecom S.A. (Jazztel)	Cableeuropa S.AU.U. (ONO)	MediaXpress Distribuidora de Medios y Contenidos Audiovisuales S.A	SDAE
Offer	Imagenio Videoclub	Orange Videoclub	Jazztelia Videoclub	Ojo	MXP DIGITAL	Accine
Launch date	2003	2006	mid-November 2006	November 2005	November 2006	2003
Network	IPTV	IPTV	IPTV	Cable	Internet	Internet
Catalogue	610 titles: - more than 300 films - 74 episodes of series - 200 documentaries - 36 audiovisual music programmes	119 titles: - 106 films -13 documentaries	320 titles: - 262 films - 58 documentaries	211 titles: - 101 films - 25 episodes of series -30 documentaries - 23 audiovisual music programmes - 32 others	164 titles - 130 films - 31 episodes of series - 9 episodes of cartoons	320 titles: - 262 films -58 documentaries
Prices	A la carte: - stock films: €1.50 - new items: €3.00 - series: €0.99 and €1.99 Monthly subscription: - series: €4.00 - documentaries: €3.00 - music programme: €3.00	A la carte: - €0.50 - €3.00	A la carte: - Films: €2.70 - €4.50 Purchase of credits	A la carte: - Films: stock: €0.99 new items: €2.99 Monthly subscription	A la carte: - €2.50 - €4.50	A la carte: - Films: €2.70 - €4.50 Purchase of credits
Availability	24 hours	24 hours	48 hours	24 hours	24 hours	48 hours
Diffusion	Streaming	Streaming	Streaming	Streaming	Downloading	Streaming and downloading
Economic model	Rental VoD, SVoD, FoD	Rental VoD, FoD	Rental VoD	Rental VoD, SVoD, FoD	Rental VoD, Download to own	Rental VoD

Source: NPA Conseil-December 2006

5.9 FI - FINLAND

Table 50: Basic data for Finland

(million)	2005
Population	5.237 Households: 2.379
No. of households with TV	2.070 (97%)
Broadband penetration	49.3%
Cinema attendance	6.9

Source: European Audiovisual Observatory, 2006 Yearbook

5.9.1 General background

AUDIOVISUAL PANORAMA

The audiovisual market has changed since the end of 2004 as a result of the arrival of new players. In January 2005, the Alma Media group, which owns the main private channel in the country, MTV3, was bought by Sweden's Bonnier group (which also owns SF Anytime) and Proventus, both of which are majority shareholders in the private Swedish channel TV4. Then in February 2005 the company C More Group, which operates the Canal Digital Finland package, was bought by SBS Broadcasting. As in the other Scandinavian countries, Canal Digital is in competition with the Viasat package offered by Modern Times Group (MTG) in the market for a multi-channel paying service.

Three channels between them account for a 75% audience share – they are the two public-sector channels YLE 1 and YLE 2 and the private-sector channel MTV3.

A high proportion of households receive television via cable (50% of households connected at the end of 2005) – more than via satellite (11% of households).

IPTV is one alternative. Several operators share the market – TeliaSonera and Elisa are the two most important.

Analog broadcasting is scheduled to cease on 31 August 2007. This makes Finland one of the first countries to drop analog broadcasting in favour of all-digital (digital television was launched in Finland in August 2001). In April 2006, about 50% of households in Finland had already made the changeover to digital.

INTERNET

Broadband penetration has increased strongly since 2000, and had reached 53.6% at the end of 2005. At the end of 2006, the leading players were Elisa with 496 000 broadband subscribers and Sonera (TeliaSonera Group) with 412 000 broadband subscribers.

5.9.2 Regulation of non-linear services and provisions of the chronology of film distribution

There is currently no specific regulation of VoD. Services are subject to the provisions of common law on intellectual property and the classification of programmes.

There is neither regulation nor professional agreements as regards the chronology for distributing films. Films are released on DVD 4 to 6 months after their first cinema screening and are shown on television unencrypted after 18 to 24 months. There is no national pay channel, so there is no specific window for this type of broadcasting. Films are generally released for VoD after the DVD release, but there have been cases of the two being simultaneous and there is a general tendency for the window to become shorter.

5.9.3 Development of non-linear services

The VoD market in Finland is marked by the initiatives of the television channels and the Internet access providers. As in all the other Scandinavian countries, the content aggregator SF Anytime is a very active player in the market.

CONTENT PRODUCERS

Future plans

Provisual Oy / Pixoff

Provisual Oy[116] is an audiovisual production company that was founded in 1994. It works on all types of content (music and films), and in a variety of media (mobile, DVD, VoD). Its activity is based mainly on the creation of new ways of distributing content. Provisual

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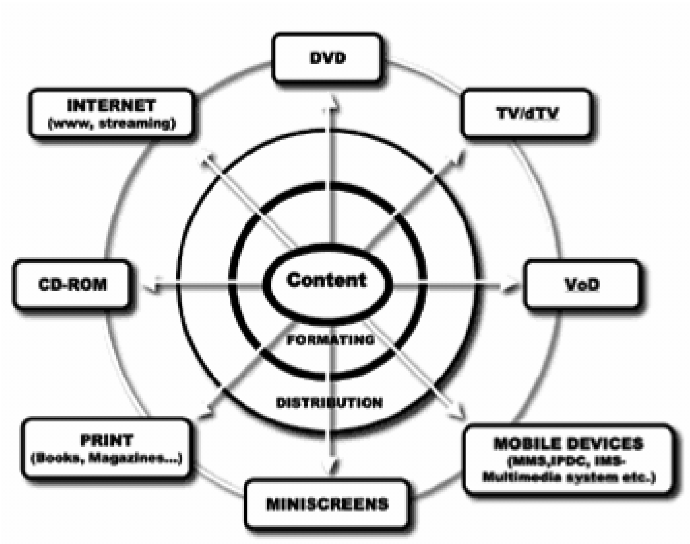
116 http://www.provisual.fi/index_eng.html

produces documentaries, concerts and recorded interviews (DVD bonus material), and its subsidiary Pixoff produces short films. Pixoff.net[117] is an Internet site that shows Finnish short films and animated films that can also be accessed from outside Finland. It enables producers and directors to put their content on-line and, using statistical tools and the comments posted in chat rooms, to obtain feedback on their work.

The first free programmes were offered using streaming in 1998. The company would also like to launch a pay VoD service.

Figure 15: Distribution of Provisual content



Source: Provisual Oy

BROADCASTERS

MTV3/SF Anytime: MTV3 Anytime

The MTV3 Anytime service on the Internet[118] is the result of the partnership between the channel MTV3 (provided by MTV Oy) and the Swedish content aggregator SF Anytime. It uses the latter's catalogue (see information on Sweden).

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[117] http://www.pixoff.net
[118] nettitv.mtv3.fi/nettitv_uutiset/

CONTENT AGGREGATORS

Live Networks International AB: Live Networks

The Finnish version of the service Live Networks[119], provided by the Swedish company Life Networks International AB, can be accessed on the Internet (see information on Sweden).

Bonnier Entertainment AB: SF Anytime

The SF Anytime service[120] was launched on the Internet in Finland in 2005. SF Anytime's catalogue is the same in the four Scandinavian countries in which it is present (Sweden, Denmark, Norway, Finland), but the prices are not identical. In Finland, the items cost between €1.00 and €4.50 (see information on Sweden).

The service can also be accessed on the portal of the operator Sonera[121].

Film2Home AB: Film2Home

The Swedish aggregator Film2Home launched its Film2Home VoD service [122] on the Internet in Finland in September 2006. The service offers both rental VoD and download to own. Prices and the catalogue are the same in all the countries where the aggregator is present (see information on Sweden).

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[119] http://www.livenetworks.com/Site/start.aspx?customerId=igqMQWBulh0J2633t1iuow==
[120] www.sf-anytime.com
[121] http://www.sonera.fi/artikkeli2/0,3400,l-fi_h-11715_a-274890,00.html
[122] http://www.film2home.fi

TELECOM OPERATORS

Sonera Finland: SF Anytime

The access provider Internet Sonera Finland, which belongs to the Telia Sonera group, relays on its Internet portal the offer of SF Anytime[123] (see information on Sweden).

Elisa Finland: SF Anytime

The access provider Internet Elisa Oy launched its VoD service on its Internet portal and on IPTV on 28 November 2006. This relays the offer from SF Anytime[124]. Prices range from €1.00 to €4 .50 on the Internet, and from €1.00 to €4.90 on IPTV (see information on Sweden).

Table 51: VoD services in Finland (2006)

Service providers and distributors	**Elisa Oy**	**Film2Home (SE)**	**Live Networks International AB (SE)**	**MTV Oy**	**SF Anytime (Se)**	**Sonera Oy**
Offer	Viihdekaista - Tilausvideot (SF Anytime)	Film2Home	Live Networks	MTV3 Anytime	SF Anytime	SF Anytime
Launch date	November 2006	September 2006	n.a.	n.a.	2005	n.a.
Network	Internet and IPTV	Internet	Internet	Internet	Internet, IPTV	Internet
Catalogue		800 titles in Rental VoD 400 titles for VoD (Download to own)	Films	Television programmes, films	850 titles (films and television programmes)	
Prices		Download to rent: €4.00 Download to own: €15.00	n.a.	€1.00 - €4.50	- €1.00 - €4.50 on the Internet - €1.00 - €4.90 on IPTV	
Availability	See SF Anytime	24 hours (for Rental VoD)	24 hours	24 hours	24 hours	See SF Anytime
Content providers		Warner and Universal for VoD Download to own + local distributors	n.a.	SF Anytime, MTV3	Warner Bros, 20th Century Fox, Regency and Disney + local players Svensk Filmindustri, Scanbox, Sandrew and Nonstop	
Diffusion	Streaming	Streaming and downloading	Streaming	Streaming	Streaming	Streaming
Economic model	Rental VoD	Rental VoD and download to own	Rental VoD	Rental VoD	Rental VoD	Rental VoD

Source: NPA Conseil-December 2006

123 http://www.sonera.fi/artikkeli2/0,3400,l-fi_h-11715_a-274890,00.html
124 http://elisa.net/elisatv/

5.10 FR - FRANCE

Table 52: Basic data France

(in millions)	2005
Population	60,561 households: 25,228
TV households	24,219 (96%)
Broadband penetration	39.5%
Box-office admissions	176

Source: European Audiovisual Observatory, 2006 Yearbook

5.10.1 General background

AUDIOVISUAL PANORAMA

The free-to-air television market in France is dominated by the private company TF1 S.A. It provides the leading channel in the country, TF1, which gathered 32.3% of audience share in 2005. The public service audiovisual group France Televisions provides the analogue terrestrial channels France 2, France 3 and France 5, which collectively gathered an audience share of 39.4% in 2005, while the second private channel M6 (Metropole Group M6) took 12.6% of the national audience.

France was one of the front-runners in pay television in Europe with the launch of the private channel Canal+ in 1984, which boasts a subscribership of close on 5.14 million at end 2006.

The French audiovisual landscape is characterised by the entry of telecommunications operators on to the television market, which tends to challenge the existing economic models, so all of the players are out to position themselves favourably in this new landscape by means of growth drivers like VoD, mobile TV or High Definition.

28.5% of households equipped with television sets subscribe, according to Mediametrie, to an extended offering (15 channels and upwards) at end 2006.

Terrestrial digital television (TNT) was launched on 31st March 2005 and analogue switch-off is scheduled in France for 2011. With regard to household equipment levels, data available at end 2006 confirmed a rapid upswing with a total of 6,825 million receivers sold or rented out. With some households owning more than one TV set, the equipment rate is estimated at 19%[125].

In France, cable has gone through a period of consolidation. The four historic major networks (France Telecom Cable, Numericable, Noos and UPC Cable) have one by one joined forces and are currently controlled by the investment company Cinven[126].

Similarly the satellite television distribution market has rationalised with the merger of the two platform operators, TPS and CanalSat. The merger, authorised by the Ministry of the Economy in August 2006, became effective at the beginning of 2007.

Where IPTV is concerned, France is one of the world leaders: on 30th September 2005, 1,100,000 households, i.e. 4.4% of French TV households, had a set-top box receiving IPTV.

For the DSL operators, 2006 saw continued concentration and an increase in multiplay offerings.

Where market concentration is concerned, the ISP activities of Tele 2 were taken over by SFR (subject to the consent of the competition authorities at end 2006) and those of AOL by Neuf Cegetel, which brought the number of national operators down to six. The year 2005 had already seen the takeover of Tiscali France by Telecom Italia (Alice).

Concerning multiplay, this is on offer from all the major operators. The differentiation is in terms of new services like pay VoD, PVR services or programmes in HD.

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125 Source: TNT and GFK group

126 Cinven is also well established on the Netherlands cable market : along with the Warburg Pincus investment company it owns operators Essent, Casema and Multikabel.

Table 53: Status of multiplay offerings in France at end 2006

	Free (Group Iliad)	Orange (France Télécom)	Neuf Cegetel	Telecom Italia France (Alice)	Tele2	Club Internet
Launch date	Dec 2003	Dec 2003	Nov 2004	Nov 2005	June 2006	August 2006
Charge (per month)	29.99 €	24.90 €	29.90 €	29.95 €	29.90 €	29.90 €
Basic offering	Fixed-line telephone + internet + television	Internet + television +10 € for fixed-line telephony	Fixed-line numbers + Internet + television	Fixed-line numbers +Internet+ Television	Fixed-line telephone +Internet+ Television	Fixed-line telephone +Internet+ Television
Maximum Internet speed	24 Mbps	1.8 or 18 Mbps	20 Mbps	20 Mbps	20 Mbps	24 Mbps
Free and unlimited telephone calls to	Fixed-line numbers 22 countries	Fixed-line numbers in France (10 €)	Fixed-line numbers 32 countries	Fixed-line numbers to 27 countries	Fixed-line numbers 32 countries	Fixed-line numbers 40 countries
Free-to-air television included in basic offering	100 channels	36 channels	63 channels	40 channels	34 free channels	37 channels
Pay television	CanalSat Canal+ le Bouquet	TPS, CanalSat, Canal+ le Bouquet	TPS, CanalSat, Canal+ le Bouquet	TPS	CanalSat Canal+ le Bouquet	TPS
HD compatibility	Yes	Yes	Yes	No	No	Yes
VoD	Yes	Yes	Yes	Yes	No	Yes
PVR	Yes	Yes (MPEG-2)	Yes, 80 Gigab (option 5 € per month)	No	No	Yes, 80 Gigab
Compatibility MPEG-4	Yes	Nc	Yes	Yes	No	Yes
Terrestrial digital tuner	Yes	Nc	Yes	Yes	Yes	Yes
WiFi	Yes	Yes	Yes	Yes	3 € per month	Yes
Multivision (pay per view)	No	No	No	No	No	No
Number of paying IPTV subscribers[127]	273,000	577,000	300,000	n.a.	n.a.	n.a.

Source: NPA Conseil, from operators

[127] Subscribers on 31/12/06 for Orange and Neuf Cegetel, on 30/06/2006 for Free

In 2005, French households spent 6.55 € per month on videograms (VHS/DVD), which represents a considerable downturn in money terms (but not in volume, because of the fall in DVD prices) compared with earlier years.

INTERNET

At year end 2005, 39.5% of households had a broadband connection and nearly one in two had a computer. The market leader is Orange (France Telecom Group) with 5,900,000 high speed subscribers at the end of 2006, followed by independent operators Free (2,278,000 subscribers) and Neuf Cegetel (2,172,000).

5.10.2 Regulation of non-linear services and provisions on the chronology of film distribution

Non-linear services do not appear in the law on freedom of audiovisual communication. They do not come under the authority of the Conseil Supérieur de l'Audiovisuel (CSA). These "on-line communication services" are subject to the usual legal rules on law and order, competition, etc.

Article 113 of Law N° 2004-660 of 9 July 2004 relating to electronic communications and audiovisual communication services provides that VoD services are equivalent to the sale or rental of a videogram and that a 2% tax based on user prices is consequently applicable to them in the same way as that existing since 2003 on the physical distribution of videograms.

This provision is designed to transpose to the distribution of films in VoD the levy applied to films shown in cinemas, television broadcasting and distribution of videograms in order to finance the production support fund (COSIP, managed by the National Cinematographic Centre).

The professional organisations in the cinematographic industry have also wanted to establish a liability for video-on-demand service providers similar to that existing for broadcasters regarding the promotion of French-language or European works, since television channels are subject to a regime of broadcasting and production quotas. Traditional broadcasters have commitments concerning the quantity and exposure of national, European and independent works.

Some of the main French representatives of cinema and television and Internet service providers came to an agreement on 20th December 2005 on arrangements for programming cinema on demand offerings.

The understanding covered *inter alia* the following points:

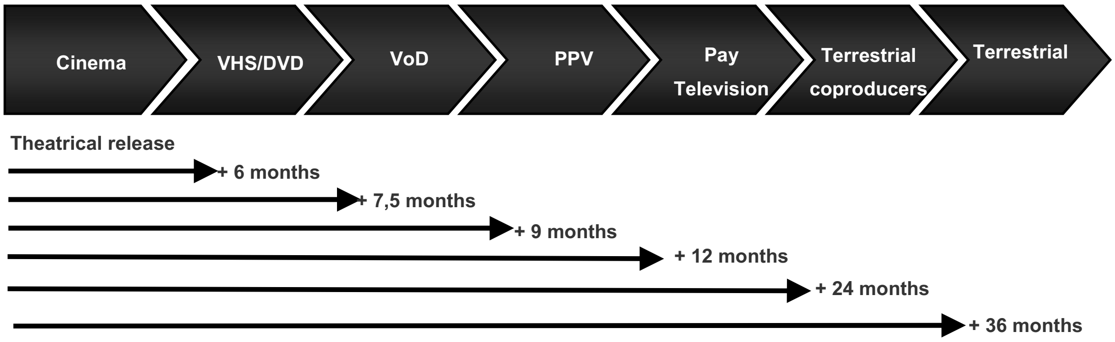
- It covers only cinema works, which are considered as new releases until 36 months after their theatrical release in France and as catalogue items subsequently ;
- New releases may not be programmed in VoD until 33 weeks (about 7.5 months) after their theatrical release in France. This differs both from the video deadline (6 months) and the pay per view window (9 months);
- The agreement concerns both rental and sales, either pay-as-you-go or in the form of a subscription. Service providers also gained the possibility of providing access to several works at an all-inclusive rate but the subscriptions are nonetheless limited to 15 works per month, all catalogue items, to avoid competing with premium channels. The agreement explicitly precludes any free offers of cinema works;
- The text specifies a minimum remuneration for rights-holders proportional to the public price for the transaction (50% for new releases and 30% for catalogue items). The agreement does not at present specify any fixed guaranteed minimum;
- Contributions to developing the production of European cinematographic works or original French-speaking works are also introduced, rising gradually from 5% to an eventual 10% of turnover for European works, with 3.5 to 7% for French-speaking works.

The agreement was concluded for 12 months, i.e. until end December 2006, since which time further discussions have been going on.

At the centre of the talks on renewing the agreement, currently on-going at the time of writing, lies the question of aligning VoD with the video window and a contribution from ISPs to the French cinema and audiovisual production funding system.

In France, the programming of cinematographic films is governed by a specific time frame. Films are programmed in accordance with a timetable that may be determined by contractual agreements, industry agreements or regulatory arrangements. Only the deadline for video release is governed by a regulatory arrangement (6 months after theatrical release), with the remainder covered by inter-professional agreements.

Figure 16: Time windows with effect from theatrical release in France (2006)



Source: NPA Conseil

Table 54: Re-negotiation of the inter-professional agreement on VoD (End 2006)

Agreement in force with effect from 20 December 2005	Proposals by Internet Service Providers		Proposals by cinema organisations	
	AFA (Club Internet, Free, Neuf Cegetel)	France Télécom	BLOC	ARP and SACD
Scope				
Payment for cinema works on a rental or purchase basis	Payment for cinema works –"under rental" - (streaming or temporary download) - on "dematerialised sale" ("by permanent *download: access to works by complete and permanent burn, copy-protected or not")*	Same position as AFA	No change	No change
Definitions				
New releases: works with first theatrical screening in France less than 36 months ago	No change	No change	No change	No change
Catalogue: out for more than 36 months	No change	No change	No change	No change
Pack: limited to 5 films including a maximum of 1 new release	No limitation	Pack: limited to 15 works including maximum of 5 new releases "covering specifically several identified works assembled in particular around a single editorial line or single rights holder".	Pack: defined as a previously identified group of films. Possibility of increasing the number of films proposed.	Pack: possible increase in the number of new releases provided the pack is built around an editorial line. Limit the number and frequency of these offers
Subscription: limited to 15 films, all catalogue items	No limitation	Subscription: covering a limited number of works, all catalogue items.	No change	**No change**
Time windows for applicable media				
Programming possible 33 weeks after theatrical release	Programming in VoD simultaneously with marketing on physical media	Programming in VoD simultaneously with marketing on physical video media (+6 months)	VoD sales: programming simultaneously with marketing on physical video media with exception of films scoring more than a million box-office admissions	VoD sales: programming windows do not close down
Possible suspension of VoD programming based on agreements on ater programming windows	No suspension of programming "so as to ensure programming identical to that applied to physical video media"	Possible temporary suspension solely for dematerialised rental (four months for new releases and two months for catalogue items)	VoD rentals: - keep open the possibility of programming 33 weeks after theatrical release - closedown of windows during programming window for pay channels with respect to new releases	VoD rentals: programming in VoD simultaneously with marketing on physical video media (+6 months) -closedown of windows during programming window on pay channels having prefinanced the films

	Proposals by Internet Service Providers		Proposals by cinema organisations	
	AFA (Club Internet, Free, Neuf Cegetel)	France Télécom	BLOC	ARP and SACD
Remuneration of rights-holders				
For newly released cinematographic works: 50% of the proceeds of rental or dematerialised sale;	No change	No change	No change	Incorporate a minimum guaranteed remuneration per: - sale or rental; - and by film
For catalogue cinematographic works: 30% of the proceeds of rental or dematerialised sale.	No change Regarding minimum remuneration due for rental on a VoD basis, (…) equality of treatment between VoD offerings and videogram rental offerings.	No change	No change Extension of the basis for remuneration to ancillary revenue and advertising sold thanks to films Incorporate a guaranteed minimum remuneration	
Communication policy				
	Rights-holders authorise the development of a promotion policy by VoD suppliers to the extent of one cinematographic work per subscriber to their services per month. These offers shall give rise to a minimum guaranteed remuneration for rights-holders from VoD suppliers. The modalities of this remuneration to be determined by the co-contractants.	Same position as the AFA.	The programmes must be announced two weeks ahead. Free offers banned. By derogation, promotions authorised provided: - the publisher pays; - that the latter remunerates the rights-holders per year and per subscriber; - and that the offer should be limited to 2 films per year and per subscriber.	Free offers banned. By derogation, limited promotions authorised provided that the offer is limited to one film
Contribution to production				
- for a turnover lying between 1.5 and 3 million euros: 5% for European works, of which 3% for original French-speaking works; - for a turnover lying between 3 and 5 million euros: 8% for European works, of which 5% for original French-speaking works; - for a turnover above 5 million euros: 10% for European works, of which 7% for original French-speaking works.	**AFA has maintained its position awaiting the full outcome of the negotiations. In particular, AFA wishes to have details on the use made of the TSA 2% tax.**	No change with the respect to the present position In return for this contribution, the CNC will initiate consultations on the eligibility to COSIP of VoD service providers.	Contribution to be based on the VoD site turnover VoD service suppliers must be obliged to contribute with pre-purchases Obligation incumbent on all VoD service suppliers; do away with the limitation to 1.5 million turnover In return, access to Cosip for all VoD publishers.	Obligation incumbent on all VoD service suppliers whatever their turnover; do away with the limitation to 1.5 million turnover.

	Proposals by Internet Service Providers		Proposals by cinema organisations	
	AFA (Club Internet, Free, Neuf Cegetel)	**France Télécom**	**BLOC**	**ARP and SACD**
Exposure of French and European works				
	The rights holders undertake to provide, under reasonable economic conditions, a number of cinematographic works sufficient to constitute an attractive offering, i.e. with at least 5,000 works held by totality of suppliers, of which at least 2,500 French films and a rate of availability of new releases greater than 75%. In return, the VoD service suppliers undertake to show, promote and highlight on each of their platforms European and original French-speaking works (excluding erotic and adult films).	Once the rights holders have made available, under reasonable economic conditions, a significant number of works constituting an attractive offering, the VoD service suppliers undertake to show, promote and highlight on each of their platforms European and original French-speaking works (excluding erotic and adult films)	No connection between fiilm exposure and a number of offers	

The new law on "television of the future"

The new law on "television of the future" was passed by the National assembly on 31st January 2007 and enacted on 31st March 2007[128]. As regards video on demand, the main novelty introduced by the law lies in the reform of the tax that feeds into the account for the support of the programme industry (COSIP). The objective pursued is to have the Internet service providers (ISP) also distributing TV programmes take part in financing creation via a turnover tax connected to ADSL television. The tax starts from an audiovisual turnover of EUR 10 million, at a rate of 0.5%. The parliamentarians established eight stages, with a maximum of 4.5% beyond a turnover of EUR 530 million. With the exception of Free, the ISPs accepted this financial constraint without demur, as they hope to make good their main demand during these ongoing inter-professional negotiations on VoD: the right to offer films on a VoD rental basis within six months from their theatrical release as against nine today.

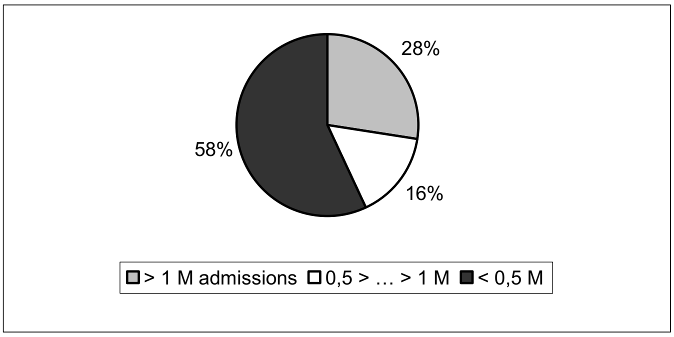
[128] Law n° 2007-309 dated 5 March 2007 on the modernisation of audiovisual broadcasting and television of the future, published in the Journal Officiel on 7 March 2007.
Legislative dossier: http://www.assemblee-nationale.fr/12/dossiers/television_futur.asp ;
Text of the law : http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=MCCX0600104L

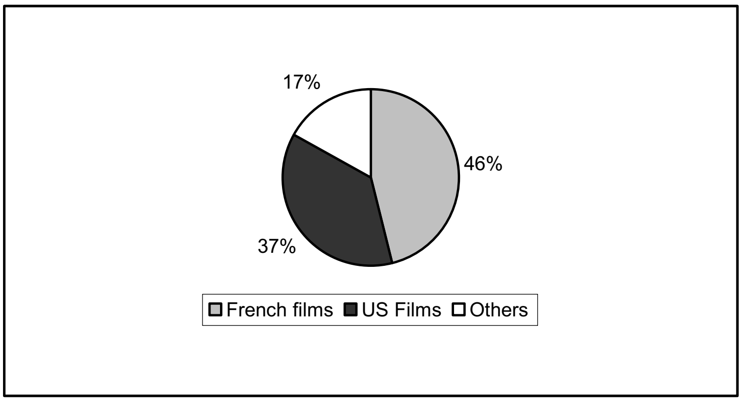
5.10.3 Development of non-linear services

Video on demand developed very substantially in France in 2006, as during the first quarter, according to NPA Conseil estimates, there were two million paid-for downloads. VoD services exist both on the Internet and on IPTV. Among the downloads during the first quarter of 2006, more than 70% were via an IP television offering.

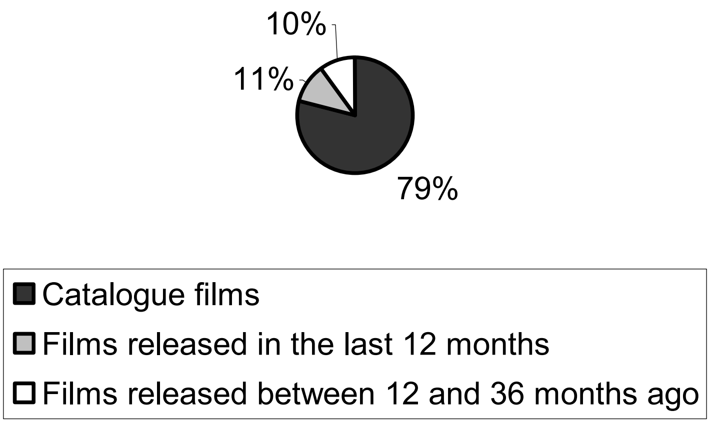
According to a survey published by the CNC[129] covering seven VoD service suppliers (Orange 24/24, CanalPlay, TF1 Vision, France tVoD, VirginMega, Arte VoD, Club Internet), there were reckoned to be 1,311 films (excluding repeats) in November 2006, on these services.

Figure 17: Films present on the seven platforms surveyed by the CNC (November 2006)





[129] VoD activity in France, CNC, December 2006, http://www.cnc.fr/CNC_GALLERY_CONTENT/DOCUMENTS/publications/etudes/PublicVoD061206_.pdf



Source: CNC

Still in the same survey there were found to be around 850,000 users, mainly between 25 and 34 years of age and from the upper socio-professional category (CSP+). 85.6% of users downloaded between 1 and 4 programmes. Furthermore it appears that in France "VoD penetration correlates positively with cinema attendances; 10.4% of addicted cinema-goers are also addicted users of VoD, against 6% of regulars and 3.3% of occasionals." Moreover, the "frequent purchase of DVDs also pre-disposes purchasers to consume films and TV programmes in VoD."

Accordingly, people accustomed to purchasing physical video media (addicts + regulars) represent 17.7% of Internet users but 31.1% of users of VoD services, while the occasionals make up 55.4% of Internet users and 46.1% of VoD users. And whatever the frequency of rental, the fact of renting DVDs promotes the consumption of films and TV programmes in VoD.

The use of VoD is greater, the higher the rate of video rental. Indeed, 13.6% of rental addicts have already engaged in a VoD transaction, against 7.5% of regulars, 5.2% of occasionals and 2.8% of non-renters. The development of video on demand services can lead to a shift away from material rental towards dematerialised renting.

Evidence of the way this mode of programming has taken off is to be seen in the launch, in March 2007, of the TotalVoD website enabling consumers to determine the availability of particular films or TV programmes in the various service providers' catalogues.[130]

[130] http://www.totalvod.

CONTENT PRODUCERS

Le meilleur du cinéma français: Universcine

Universcine[131] was formed from an association between 34 independent French producers linking up in 2001 in the *Le meilleur du cinéma français* (LMCF) company to pool their VoD rights.

The business of Universcine.com is based on several approaches – editorial, commercial and technological – in order to control the value chain. It consolidates the VoD rights on films (catalogue items and new releases) held by independent distributor/producers, plays the films directly to its audience over its VoD service and distributes these rights on an exclusive basis to the principal VoD service distributors (ISPs, communication groups, etc.).

In 2003, the association developed a digital distribution service for the Ministry of Foreign Affairs for the benefit of cultural centres and the Alliance Francaise throughout the world. Between 2004 and 2005 the producers took stock of their inventory and produced a catalogue. The development of the Universcine VoD service in 2006 was handled from equity capital with help from the CNC and PROCIREP (Non-trading company for the collection and distribution of public performance rights for feature films) before being launched on a trial basis on the Internet, on 23rd October 2006, with 126 French films.

The catalogue lists 4% of films with a theatrical release date in 2006, 4% in 2005, 5% in 2004 and 11% in 2003, so 76% of the films were released before 2003.

The commercial launch took place in February 2007 with an offering of 300 films (of which 200 exclusive) at a single price of 4.99 €. Further offers in the form of packs will be forthcoming (from 18.99 € for four films to 49.99 € for 11 films).
This is a 48-hour rental model streaming to computers with Windows Media Player.

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131 http://www.universcine.com/

In the coming years it is planned to set up a European edition.

Zooloo Kids

The company entitled Zooloo Kids SAS, bringing together 10 youth content producers (particularly Dupuis Audiovisuel, Xilam, Millimages, Antefilms Production, France Animation, Dargaud/Marina and Ellipsanime), proposes in its Zooloo Kids[132] service a catalogue of programmes in VoD (1,300 hours of programmes) listed on several French VoD services. Its objective is to be present on all the services. At end December 2006, Zooloo Kids was present on 24/24 Video Orange, CanalPlay, Free, Glowria, Neuf Cegetel, Fnac.com and Club Internet. SVoD offers are available from Orange at a monthly tariff of 4.99 € (with the first month free and no commitment to a definite period). The SVoD of Zooloo Kids on Orange includes 20 series of animations, each with 12 episodes. The monthly renewal rate is about 25%. Zooloo Kids is also proposing SVoD on Club Internet (14 series and 5 episodes) and Free (5 series and 6 episodes) and will shortly be on Neuf Telecom and Noos-Numericable.

Coming soon

Gédéon Programmes, a company which is part of the Millimages group, is marketing the DVDs of its productions on an Internet site called Gédéon La Boutique[133]. It has

132 http://www.zoolookids.com/
133 http://laboutique.gedeonprogrammes.com/

announced that it will also open its catalogue, with more than 500 hours of programmes, to video on demand.

BROADCASTERS

TF1: TF1 Vision

The TF1 VoD site, TF1 Vision[134], was launched in November 2005 by the group's video producing subsidiary, TF Video, with around 30 titles, since which time the offering has been considerably enlarged. The catalogue holds 2,000 titles, half of which are films. The contents of the catalogue are the fruit of agreements concluded by TF1, in particular with Warner Bros, Universal, Disney, TF1 Video, Studio Canal, Pathé and Wild Side.

The VoD service operates in 3 ways:

- **Rental:** programmes can be viewed an unlimited number of times over 24 hours (by streaming). The tariffs are as follows:
    - From 1.99 to 3.99 € for films from the catalogue
    - 4.99 € new release blockbusters
    - As of 0.99 € for kids cartoons
    - 1.99 € for serials (like *Lost*). Packs are also available for the serials

- **Download:** films are downloaded on the computer but copy-protected. The tariffs vary from 9.99 to 19.99 € for films and from 3.99 to 9.99 € for other programmes (kids, shows, documentaries). Not all titles are available under this arrangement.

- **"Universal Pack" download:** this arrangement is available for just 43 titles from the Universal film catalogue and provides for a download on computer, a download on a portable player and the dispatch of a DVD through the mail. Prices vary from 9.99 to 19.99 €.

[134] http://www.tf1vision.com/

TF1 Vision is also proposing a catalogue of 100 adult fims at a tariff of 9.99 €, viewable for 3 hours whenever desired.

This service was also trialling FoD, backed by advertising, during the summer of 2006 with the channel's flagship drama *Le maître du Zodiaque.* After the broadcast the episode was available free for a week with three advertising breaks totalling four and a half minutes financed by seven advertisers.

At the end of 2006, TF1 Vision signed several partnership agreements with Internet service providers Neuf Cegetel and Free and cable operator Noos-Numericable, enabling distribution on these platforms of its VoD film and programme catalogue on catch-up TV.

France Televisions: France tvod

France Télévisions Interactive, a company of the public service group France Televisions, has been proposing a VoD service, France tvod[135], since the end of 2005. The VoD offering is characterised by its close connection with the channel's programming, picking up to a considerable extent the programmes broadcast on the group's channels. 350 programmes are available on a pay basis (including the serial episodes) with 600 free.

135 http://www.francetvod.fr/

The pay content is all available for rental for 24 hours (streamed) or for purchase (download) at the following tariffs:

Table 55: Tariffs of the France tvod offering (2006)

	Rental price	Sale price
« Flagship » soaps, series and serials	from 0.99 to 4.99 € for 24 hours	from 4.99 to 8.99 €
Current affairs mags, news, sport, reports	Free	-
Documentaries	from 1.49 to 3.99 € for 24 hours	from 4.99 to 8.99 €
Entertainments	from 0.99 to 2.99 € for 24 hours	from 1.99 to 5.99 €
Films (95% French films)	3.99 for 24 hours	from 9.99 to 12.99 €
Kids	0.99 € (*Samantha, C'est pas sorcier…)* for 24 hours	1.99 €

For the French serials *Préjudices* and *Plus belle la vie*, packs are available:

- *Préjudices* (for 24 hours): per single unit for 1.69 €, per batch of 2 for 3 €, per batch of 10 episodes for 7 €
- *Préjudices* to purchase: per batch of 10 only, for 14 €
- *Plus belle la vie* (for 24 hours): 0.99 € per episode, 1.69 € per 2 episodes, 3.99 € per 5 episodes and 6.99 € per 10 episodes. Only episodes from the last three weeks are available.

Canal +: CanalPlay

CANAL+ ACTIVE, a company which is part of the Canal+ group, launched its CanalPlay[136] service in October 2005 on the Internet and on the VoD offering of the Internet Service Provider and IPTV distributor Free (Iliad Groupe)[137].

At the launch there were 280 films on line. By end 2006, more than 2,000 programmes were available, with 1,300 films (excluding adult films) and 17% recent releases (2005-2006).

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[136] http://www.canalplay.com
[137] http://adsl.free.fr/tv/vod/

The films are available for 24 hours and cost from 3.99 to 4.99 € for new releases and 2.99 to 3.99 € for catalogue items. A download facility will be launched in 2007.

CanalPlay has a very active marketing policy and arranges a number of promotional cinema offers: for example, certain films at 3.99 € are occasionally offered at 1.99 €; it organises gameshows and in December 2006 on some evenings it was offering one film free for every film purchased.

The kids programmes are the outcome of several agreements with Nickelodeon, Jetix, Zooloo Kids and Canal J. Each episode costs 1.49 €. Unlike the CanalPlay offering on Free, there are no SVoD offers or packs.

Table 56: Kids broadcasts on CanalPlay (2006)

Nickelodeon	Jetix	Zooloo Kids	Canal J
Bob l'éponge Razmoket Hé Arnold ! La Famille de la jungle Rocket Power	Chair de poule Nascar Racers Power Rangers Force du Temps Shinzo X-Men W.I.T.C.H. A.T.O.M. Pucca	Lucky Luke Ratz Titeuf Funky Cops Kid Paddle	Inspecteur Gadget Yu Gi Oh Malo Korrigan Turbo Momies Kangoo Jr

The series *Desperate Housewives* is also available on CanalPlay at 1.99 € per episode or 2.99 € per batch of two (the batches being already made up with no provision for choice of episodes).

More than 300 adult titles also form part of the CanalPlay offering.

CanalPlay has launched a VoD offering in HD, initially on a limited number of titles (*Basic Instinct, Elephant Man, Fog, La haine, Le pianiste, King Kong, Rambo, Rambo II, Rambo III, Total Recall)*.

In March 2007, new titles are coming available simultaneously on HD DVD and VoD High Definition including: *Ali, Arizona Dream, Voyage au bout de l'enfer, La grande vadrouille, L'armée des ombres, Le lauréat, Le pacte des loups, Leaving Las Vegas, Million dollar baby, Mulholland drive, Ran, Serpico, Terminator 2, Traffic, We were soldiers*.

It should be noted that CanalPlay is also available via the Xbox game console when connected to the Internet.

Arte France: Arte VoD

The ARTE France company, the French shareholder in the European General Interest Grouping ARTE which provides the Franco-German channel Arte, launched its VoD service, Arte VoD, on the Internet on 23rd February 2006.

It offers a catalogue of 685 titles covering both TV programmesalready aired and cinema films.

The latter account for only 9.8% of the items listed, the majority being great film classics (particularly from the Argos catalogue). French feature films are especially well represented.

Table 57: Origin by country of films in the Arte offering (2006)

Origin	%
United States	7.5%
France	59.7%
Other European countries	14.9%
Other	17.9%

Table 58: Theatrical release date of films in the Arte offering (2006)

Release date	%
2006	0%
2005	4.5%
2004	3%
2003	6%
Earlier	86.5%

TV programmes represent 90.8% of the offering. Arte's programming, made up largely of stock programmes, lends itself particularly well to deferred airing. Documentaries, for instance, account for 61.7% of the TV programmes offered on its VoD service.

Table 59: Origin of TV programmes in the Arte offering by country and by type (2006)

	%				
	Fiction	**Documentaries**	**Animation**	**Flux**	**Total**
United States	4.5	0.5			**5**
France	8.9	60.2		22.5	**91.6**
Other European countries	0.3	0.8	0.3		**1.1**
Other	1.8	0.2			**2**
Total	**15.5**	**61.7**	**0.3**	**22.5**	**100**

The content is available on a rental model at prices ranging from 0.99 to 4.99 €.

Once playback is intiated, programmes can be viewed for a period of 48 hours. Streaming is the broadcasting technique used on this service.

Arte VoD incorporates a geo-location system that governs territorial availability, content by content, on the basis of rights negotiated with the producers.

As German regulations do not at present allow the use of the licence fee to operate a payVoD service, this is not accessible from Germany except for *Le dessous des Cartes*, *Karambolage* and *Les Carnets d´Histoire Parallèle,* programmes that go out in French.

Still, Arte is hopeful of being able to offer download in the coming months.

M6: M6 Vidéo

Via its subsidiary M6 Web, the Metropole TV M6 group launched its VoD M6 Vidéo[138] service on the Internet in February 2006 in a test version, and the commercial version was rolled out on 3rd October 2006.

In December 2006, the M6 Vidéo catalogue proposed 20 films, 180 episodes of series 45 minutes long, 100 televised programmes and 50 cartoons.

To set up its catalogue, M6 concluded contracts (for durations ranging from 1 to 3 years) particularly with Fox, Disney, Fremantle (for *La Nouvelle Star*), Calt, Link Productions (for *e=M6*) and the M6 production and distribution companies (Cprod, SND).

Half the films on offer are American. The majority are catalogue items with a theatrical release date prior to 2003.

Table 60: Origin of films by country of origin in the M6Video offering (2006)

Geographic origin	%
United States	50
France	20
Other European countries	5
Other	25

[138] http://www.m6video.fr

Table 61: Theatrical release date of films in the M6Video offering

Release date	%
2006	10
2005	10
2004	5
2003	0
Earlier	75

The televised series (with *Prison Break* as the flagship programme) are almost all American, while the cartoons are mainly French.

Table 62: Origin of M6Video TV programmes by country / by type

	%		
	Fiction	**Animation**	**Flux**
United States	97	0	0
France	3	90	100
Other European countries	0	10	0

The economic model on which the M6 offering is based is as follows:

- Series: episodes at 0.99 to 1.9 €, available for viewing for 24 or 48 hours
- Films: back catalogue at 2.99 € / other films at 3.99 € and 4.49 €
- Cartoons: 0.99 € per episode of 15 to 20 minutes
- FoD: the free broadcasts are *Turbo*, *Capital*, *e=M6*, video clips and trailers. At end December f2006, advertising was introduced (initially self-promotion for the M6 group, then in 2007 advertising sold on M6Web). The economic model for FoD has not been finalised.

At end 2006, the site had recorded 700,000 downloads since rollout, both free and paid (including 25,000 downloads of *Prison Break* in one month).

To glamourise the marketing, a number of titles are highlighted on the home page (event strip, automatic upwellings of new releases, the top 6 for sales, the broadcaster's favourite, the week's big film or big broadcast). M6 Video plans to have its own newsletter in early 2007.

In the course of 2007, M6 plans to offer its VoD catalogue on set-top boxes and upgrade its series and cinema catalogue. The programmes will eventually be offered in French or in the sub-titled original version.

For technical reasons, M6 Video is not yet proposing packs but this is a project that should materialise during 2007 for series.

Agreements on referencing the M6 Video offering have been concluded with Free in December 2006 and Club Intenet in January 2007.

Kids channels

The content of kids channels, in particular Canal J, Jetix, Cartoon Networks and Nickelodeon**,** are very present on the French VoD market. They have developed several offerings based on SvoD communication models or in packs, picked up on the CanalPlay and Free services.

Table 63: Presence of kids content on VoD platforms (2006)

Supplier of kids content	Nature	Partnerships with VoD platforms
Canal J on demand	Broadcaster	- Canal Play Kids - Club Internet - Free - Orange - Glowria
Cartoon Networks	Broadcaster	- Canal Play Kids - Club Internet - Free
Jetix	Broadcaster	- Canal Play Kids - Club Internet - Free
Nickelodeon	Broadcaster	- Canal Play Kids - Free
Zooloo Kids	Association of producers (Dupuis Audiovisuel, Xilam, Millimages, Antefilms Production, France Animation, Dargaud/Marina et Ellipsanime)	- Canal Play Kids - Free - Orange - Club Internet

CONTENT AGGREGATORS

Glowria: Glowria VoD

The Glow Entertainment Group S.A., a company whose core business is the Glowria on-line DVD rental service, launched its Gloria VoD[139] service on the Internet on 1st July 2006. The offering is also picked up on the Internet VoD service of the cultural goods retailer FNAC[140] and on the IPTV service of the Internet service provider Neuf Cegetel[141].

The offering provides access to 1,000 titles, of which 40% are films (excluding the adult films available). The number of items is growing rapidly and nearly 3,000 titles should be available in the coming months.

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[139] http://vod.glowria.fr/
[140] http://vod.fnac.com/
[141] http://offres.neuf.fr/offres/television/Neuf-TV-HD/Neuf-VoD.html

The rights-holders having signed with Glowria are the following:

Table 64: Agreements concluded between Glowria and rights-holders (2006)

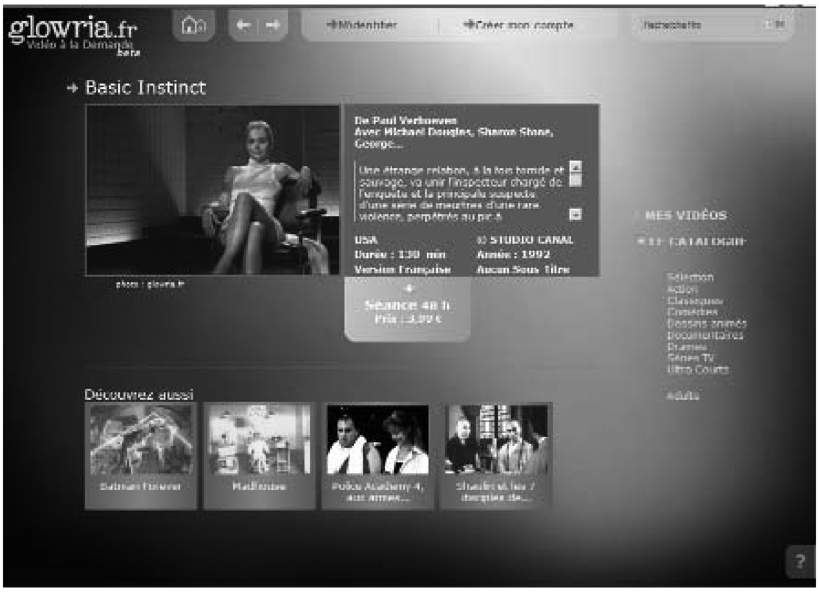
Producer	Type
Antartic	Film
Bach	Film
Editions Montparnasse	Film
Family Films	Film
FIP	Film
France Télévisions Distribution	Film
Gaumont	Film
Koba	Film
La Fabrique de films	Film
M6 Vidéo	Film
Océan Film	Film
One plus one	Film
Pathé	Film
StudioCanal	Film
TF1	Film
Warner (DTO)	Film
WE production	Film
Wild Side	Film
Canal J	Kids
Cartoon Network	Kids
Jetix	Kids
Les Armateurs	Kids
Monroe Stahr	Kids
Zooloo Kids	Kids
Zylo	Kids
Ben J	Kids/Doc
Kaze	Mangas
Eagle Rock	Music
Cable Ready	Documentary
Ellébore	Documentary
Epi Diffusion	Documentary
Janus	Documentary
Média9	Documentary

Source: Glowria

The contracts are signed for a duration varying from one to three years.

The current transactional model is as follows:

- from 0.49 € for a cartoon
- between 2.99 and 4.99 € for a film
- between 5.99 and 9.99 € for an adult film
- between 6.99 and 15.99 € for a download



The site brings out from four to six new releases every week. Promotions with "1st film free" have also been run.

La Banque Audiovisuelle: Vodeo.tv

Vodeo.tv[142] is a documentary on demand service (for documentaries, reportages and magazines) provided by La Banque Audiovisuelle S.A.S. that was rolled out on the Internet on 15th September 2005.

Vodeo.tv is also found among the offerings of the telecommunications operator Club-Internet and the cable operator Noos. Since October 2006, programmes purchased have been transferable for viewing on mobile terminals from Archos (a company specialising in mobile entertainment terminals).

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142 http://www.vodeo.tv/

200 titles are added each month and by end 2006 about 2,800 programmes were available on line. They are downloadable to computers equipped with Windows Media Player (version 9 minimum), supporting Microsoft DRM.

The offering is entirely made up of TV programmes (60% documentaries, 40% major reportages), mainly from France (80% of the items are French-speaking productions). Vodeo.com is nonetheless looking forward to developing its international offering in the coming months.

The pay-as-you-go prices are as follows:

- between 1 and 3.99 € for a streaming rental
- from 1.99 to 8.99 € for a download (DVD quality with the capability of transferring to an Archos terminal but not to a home computer)
- for the payment of an extra 6 €, the consumer can get a DVD on demand: he orders the programme of his choice and has the DVD delivered to his home address.

Vodeo.tv is proposing another marketing format – in packs (5 *packs*: 19 €, 29 €, 49 €, 69 € and 99 €) better value for money than pay-as-you-go - and is planning to launch a subscription system in the course of 2007, accessible on Free's offering, with limited or unlimited viewing facilities of its items.

A further subscription offer is to be rolled out on the Internet in early 2007, but with only limited viewing.

Programmes free of charge, financed by advertising, will also be made available in the course of 2007.

Agreements were signed with around one hundred television producers and distributors for a general duration of four years on an exclusive basis. Vodeo.tv is then entitled to redistribute the programmes purchased to other distributors and VoD service providers with the traditional share-out of revenues.

Vodeo.tv intends to pursue an active marketing policy: newsletters are sent out each week and the home page is editorialised in the light of current international events and the programmes going out on various television channels. A content rating system is available to consumers and a chart of top sales.

For increased visibility, the site has entered partnerships with Google (free access to extracts from the Vodeo.tv video catalogue on Google’s video service), Allociné (incorporating the VoD offer comparator available on the site), Evene, AOL, etc.

Vodeo.tv passes on some interesting feedback on usage: 50% of programmes viewed having been highlighted, out of the full range of programmes 92% have already been bought, so there is an audience out there for each programme and the Vodeo.tv strategy is consequently to have as eclectic a range of programmes as possible.

The projects of Vodeo.tv for 2007 are to develop partnerships to secure more and more visibility, to buy international programmes and move into networks and mobile terminals.

Cinézime

Cinézime S.A., a company created by four cinema-lovers in Grenoble, launched an Internet site on 15th September 2005 dedicated to independent films intitled Cinézime[143]. The target is really the art cinema market, the kind of films that are not promoted over the traditional distribution channels and that have only been shown at festivals.

As regards the technical arrangements, the films can be downloaded directly or via dedicated software.

The offering lists 200 titles. A third of the catalogue is made up of feature films, with 15% of American origin, 75% non-national European and 10% other origins. There are no films of French origin and the majority are catalogue items, 70% dating back before 2003.

Table 65: Breakdown by release date of films in the Cinezime offering

Release date	%
2006	0%
2005	10%
2004	10%
2003	10%
Earlier	70%

The second third of the offering represents documentaries of exclusively French origin and the last third is made up of shorts, 98% of which are French in origin and 2% non-national European, but with cartoon shorts totally French.

Two methods of procurement are available: rental and sale. Prices for a short range from 0.5 to 2 € for a rental and from 3 to 5 € for a download. For films, the prices are from 3.5 to 6 € for a rental and from 13 to 16 € for a download.

Films are mostly available for rental (48 hours) or sale. They can be downloaded before being paid for. The customer can set up his own "library" of films he wants to watch, so when he wants to watch there is no downtime waiting for the download. Each customer has a Cinezime account that he can credit anytime thanks to various arrangements that start at 5 €. When he views the film, the customer must decide whether to rent or buy and the price is accordingly debited to his Cinezime account.

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[143] http://www.cinezime.fr/

Agreements have been signed with 35 distributors, producers and vendors, including La Fabrique des Films, Family Films, Cinemalta, Les Films du Safran and Folimage. The standard contract on offer is for three years.

Cinézime also holds the international rights to some of its items. Consequently, licences can be obtained from abroad in accordance with the territorial rights for each film, enabling francophiles around the world to access a catalogue of films in French. To date, about 50% of the catalogue is available outside France.

Where marketing is concerned, eight films are highlighted on the home page in the section entitled "The selection" (4 of the eight are selected at random each time the home page is displayed). The idea is not to flag the chart-toppers but simply to introduce the films in the catalogue. Additionally, there is a "new releases" section on the home page where films are presented during a week to 10 days.

A consumer content rating system plus an editorial recommendation ("You might also like…") have been placed along with the film introductory blurbs.

W4tch : Imineo

Imineo[144] is put out by the company called W4tch SARL: The name was devised with the idea of immediacy and novelty tied to video on demand.

Launched in November 2004, Imineo comes across as a download portal for videos dedicated to leisure and recreational activities (e.g. guitar lessons, fitness training).

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[144] http://www.imineo.com/

This service has no geographical limitations, so it is accessible outside France.

The offering is made up of 2,100 titles:

- 200 films mainly of U.S. origin released before 2003
- 200 cartoons of French origin
- 1,700 titles dealing with a hundred or so topics that have to do with leisure and entertainment: from fitness to dancing, theatre to magic, music courses to vocational training, etc.

The content is currently designed for download: it can be viewed on five different computers and sells for between 3.99 and 30 € (an exceptional charge for the vocational training courses).

The average price the consumer pays for a video is 9 €.

A rental system will also be set up in the course of 2007.

Agreements were signed with a large number of players (e.g. the public service television group France Televisions): the object is to sign on as many titles as possible to offer the consumer all the videos he might wish on whatever topic. The contracts were signed on a non-exclusive basis for between one and five years (two years on average).

Imineo mainly uses referencing as a marketing tool (with purchase of keywords) so as to be as visible as possible: the objective is that consumers should be able to find the videos they are after (often niche and cutting edge items) as straightforwardly as possible.

Imineo has also established link-up programmes on the sites of other partners: so their programmes are presented on these sites (e.g. www.guitaredebutant.com or www.telechargementvideo.com).

There are promotions on offer, the views of consumers appear on the film blurbs together with recommendations from the site on what to look out for.

Institut national de l´audiovisuel: "Archives pour tous"

The National Audiovisual Institute (INA) is a French public establishment of a commercial and industrial nature created in 1974. Its principal missions are the conservation of the national audiovisual heritage, managing and making it available to the public and professionals and, lastly, staying in touch with developments in the audiovisual business through its research, production and training activities.

It has accordingly committed itself since 2001 to digitally safeguarding fifty years of television archives and sixty years of radio archives. Under its second contract, covering objectives and resources for the period 2005 – 2009, it aims to digitise the totality of its television and radio archives[145] by 2015.

In April 2006, INA launched a major public on-line offering on the Internet, *"Archives pour tous" ("Archives for all")[146],* with nearly 10,000 hours from the French audiovisual heritage based on some 100,000 radio and television broadcasts (television serials and series, current affairs programmes, sports events and scenes from everyday life).

Four marketing models are available: free of charge, free of charge financed by advertising, rental and purchase.

Most of the contents are streamed free of charge on a small-scale video vignette, either in full or as extracts. Viewing the complete video or viewing it full-size generally requires purchase or rental.

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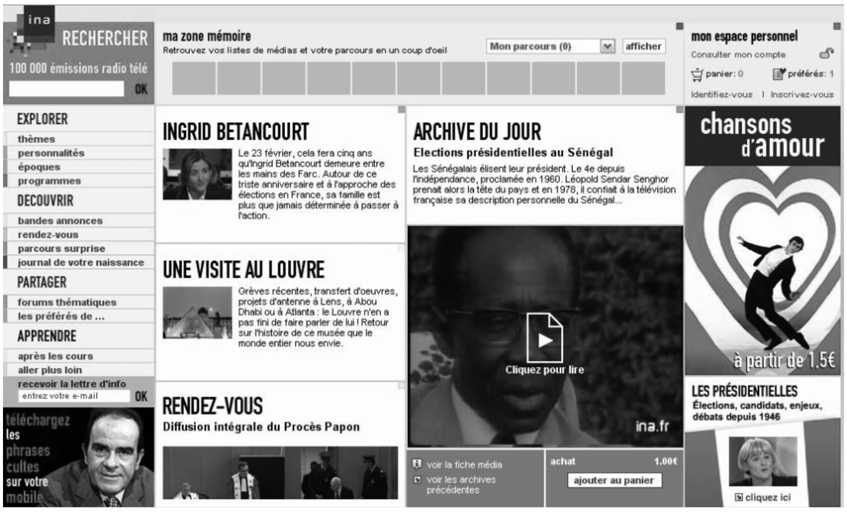
145 http://www.culture.gouv.fr/culture/actualites/dossiers-presse/ina/contrat_etat_ina.pdf
146 http://www.ina.fr/archivespourtous/index.php



Almost the complete range of videos is accessible on a rental basis (and can thus be viewed for 48 hours from the start of screening) and on download. The basic price in both cases is 1 €.

INA is also starting to cash in on some of its free access videos by opening with a brief advertising message.

The revenue from this content management process goes to remunerate rights-holders and finance the safeguarding of the archives.

At the beginning of February 2007, INA entered into an agreement with Universal to make use of broadcasts in which artists under contract with the studio appear. These are variety programmes like *Age tendre et têtes de bois*, *Discorama* and *Le palmarès des chansons*.

By early 2006, 7 million surfers had already made use of this service since launch (which represents 1.5 million hours viewing).

Editions Montparnasse: Video à la demande des Editions Montparnasse

Editions Montparnasse is a videogram publishing company positioned more particularly on the publication of quality documentaries and major world cinema classics. It holds in particular the RKO studio catalogue (e.g. Jacques Tourneur, John Ford, Orson Welles).

In December 2005, it provided an initial VoD offering via the publication of a mini-site devoted to the 1933 *King Kong* by Ernest B. Schoedsack and Merian C. Cooper. The film was accessible on VoD for a rental price of 5 € and 10 € for download.

This trial run led to the roll-out of a VoD service on the Internet in March 2006 with several dozen titles[147]. The catalogue runs to about 80 items at the beginning of 2007 and is due to build up over the coming months to more than one hundred.

The content on offer is consistent with the group's positioning: 60 classic films from the RKO catalogue are accessible, with two contemporary films (the French films *Le dernier été* (1997) and *Thérèse et Léon* (2000)) plus 17 mainly French documentaries. Both films and documentaries are accessible on a rental basis for 5 € (except for some documentaries only 26 minutes long costing 2.50 €). Once screening has started the content is viewable for 72 hours.

The publishing house has put a parallel site online entitled Filmsclassiques.fr with the purpose of highlighting certain classic world cinema movies. 22 films are highlighted in this way and proposed on VoD (via a link to the offering on the Editions Montparnasse site), among which are to be found works by Orson Welles, Howard Hawks, Alfred Hitchcock, Jean Renoir and Luis Bunuel.

[147] http://www.editionsmontparnasse.fr/fr/vod

The Editions Montparnasse VoD service catalogue is also to be found on the VirginMega offering.

Coming soon

MDR & Associés: Locafilm

Since 2003, the company MDR & Associates has been proposing an online DVD rental service on its site at www.locafilm.com. The site was totally revamped in November 2006 in order to set up a VoD[148] service to be opened before spring 2007. According to the company, several thousand titles will be available for 24-hour rental and also for download. Locafilm's strategy is to transpose its DVD rental business over to VoD, so the distributor is negotiating revenue-sharing agreements.

EVoD Club

EVoD Club[149] is to launch its service in the course of 2007 with a positioning on independent and niche contents. 200 titles from the catalogues of Studio Canal, Pathé and France Télévisions will be available, but also documentaries, series and shorts.

The economic model is based on that of the video club: 3 types of flat rate at 20 €, 30 € and 40 € are to co-exist with pay-as-you-go. The service will also constitute a forum for cinema-lovers who will be able to rate films and express their views.

Furthermore, EVoD Club has signed a distribution contract with Direct Vending, a DVD distributor via its network of video clubs, Video Minute, which will allow their DVD customers to reserve or download films on a dedicated Internet site.

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148 http://vod.locafilm.com/
149 http://www.evodclub.fr/

DISTRIBUTORS OF CULTURAL GOODS

FNAC: FNAC Vidéo à la demande

The FNAC[150] VoD service, designed in partnership with Glowria, was launched on 15th November 2006. The service appears under the FNAC brandname. It is accessible from the FNAC home page. The videos can be streamed on a computer using a play software (the same as Glowria's) adapted to FNAC's colours. The films are protected via the Microsoft DRM, preventing a file being transferred to another computer or copied on CD or DVD.

1,000 titles were available at the launch, with the aim of having 3,000 by the end of 2006.

Two purchasing procedures are on offer:

- rental for a 48-hour viewing period (price from 0.99 to 4.99 €), with the possibility of watching the programme up to 30 days after download
- purchase or download (at from 8.99 to 12.99 €)

VirginMega: VirginMega Video

VirginMega is the multimedia branch of Virgin France, the cultural goods retailer bought by the Lagardère group in 2001. Launched in April 2006, the Virginmega[151] site offers music and films for download.

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[150] http://vod.fnac.com/
[151] http://www.virginmega.fr/

1,200 programmes, including 750 films and 150 kids cartoons, are available to rent. The films originate more particularly from the catalogues of Studio Canal, Pathé, TF1 International, France Télévisions, UGC, Arte, Wild Side, Les Éditions Montparnasse, Blaq Out and are mostly of French origin (80% French against 20% U.S.) and 75% are less than 5 years old.

At end 2006, VirginMega was involved in negotiations with other American majors, especially Sony, to build up their stock of U.S. productions in the course of 2007.

Apart from film (kids, series, fictions) there are 500 programmes.

Prices run as follows:

- 4.99 € for new releases
- 3.99 € for catalogue titles
- 7.99 € for a film in HD
- between 10 and 18 € for a programme download
- between 20 and 25 € for an adult film download

VirginMega has signed a distribution partnership on a non-exclusive basis with the telecommunications operator Alice, so the VirginMega offering is available on the portal of Alice's IPTV offering.

TELECOM OPERATORS

Alice: Mes vidéos à la carte

Telecom Italia France, a member of the Telecom Italia group, is the operator of the Alice triple play service. On 14th December 2006, Alice launched its VoD service in the Paris area as part of its IPTV distribution business based on the VirginMega offering. This latter service, christened "Mes vidéos à la carte"[152], has since been extended throughout France.

On 30th September 2006, Alice was reckoned to have 712,000 DSL subscribers, with more than one third signed up to the IPTV service.

It offers 500 programmes, of which 300 are films (200 French, 50 new releases), available on VoD rental for 48 hours.

The economic model used is as follows:

- New Releases at 4.99 €
- Other films and videos at 3.99 €
- Short programmes from 0.99 to 2.99 €
- Launch offer: 10 € of VoDs as a Christmas gift

Additionally, Alice is proposing some adult films (40 titles) in its offering, charged at between 5.99 and 9.99 €, and available for 4 hours.

Club Internet: Club Vidéo

T-Online France, the French subsidiary of T-Online, is the operator of the triple play Club Internet. It launched its VoD offering, christened "Club Vidéo"[153], in June 2006 on its IPTV service which is based on the Microsoft TV system that Club Internet operates exclusively in France. The Club Internet all IP network covered, at end 2006, half of the broadband subscriber base of Club Internet, i.e. 250,000 customers of whom 125,000 were completely unbundled. 25% of IPTV users consumed VoD at an average of 2 films per month.

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[152] http://www.aliceadsl.fr/alicebox/?onglet=televisionEtVideo#
[153] http://www.club-internet.fr/

Club Internet is developing a strategy of content aggregation by setting up agreements directly with broadcasters and studios. Agreements have been entered into with *inter alia* Studio Canal, TF1 Vidéo, France Télévisions Distribution, Gaumont, Cartoon Network, Canal J and Jetix.

The catalogue of Club Internet amounts to more than 1, 000 programmes (films, concerts, kids programmes), including 400 films. The films are 70% French and 30% American. Every month, the offering comes up with 5% of new releases.

Programmes are viewable during a 24-hour window after rental. The economic model and prices follow the pattern below:

- Catalogue films at 2.99 €
- New releases at 3.99 €
- Films that score over one million box office admissions at 4.99 €
- SVoD on kids programmes at 4.99 € per month; this is the Club Video Pass

Billing of purchases takes place directly on the subscription at month's end.

Club Internet has just announced the launch of their "*motion design*" enabling VoD subscribers to customise their television screen. An offer of decorative arts programmes is being put forward under the heading *TV Design* with six decorative arts films. Every month two fresh films will be added in either standard or HD (high definition) format. This optional service is available at 3.99 € for an art film in SD and 4.99 € in HD.

Free: Video on demand

The company entitled Free (a subsidiary of the Iliad group) is a triple play operator. As part of its IPTV Freebox offer, in December 2005 it launched its VoD service in partnership with CanalPlay[154].

Free is now the Internet service provider with the largest-scale video on demand catalogue in terms of variety and depth.

Generally speaking, apart from kids programmes that can be viewed for two weeks, films are available for 24 hours. The tariffs applying to films, kids programmes and concerts range from 0.99 to 3.99 €.

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[154] http://adsl.free.fr/tv/vod/

Free puts out seven VoD offerings on its portal:

- ***CanalPlay***

Free handles a part of the CanalPlay catalogue in accordance with a revenue-sharing arrangement. At end 2006, there were 943 films (the CanalPlay adult films not having been taken up by the Internet service provider).

- ***TF1 Vision***

An agreement was signed at end December 2006 covering access to the channel’s programmes in catch-up TV and to films from the video on demand service.

- ***M6 Video***

As with TF1 Vision, an agreement to access M6 Video’s VoD offering was signed at end 2006.

- ***iConcert***

iConcert is a group of concert videos available in in SvoD at 5.99 € per month.

- ***CanalPlay Kids***

This offering comprises three packs (Zooloo Kids, Jetix and Nickelodeon) accessible in SVoD for 4.99 € per month with unlimited viewing of 30 programmes.

- ***CanalPlay Manga***

CanalPlay Manga gives access to animation films and episodes from series (*GTO, Gate Keepers, La légende du chevalier héroïque, Oban Star racers, Super Submarine, les Chroniques de la guerre de Lodoss, Gun Frontier*...) for 0.99 € per episode under an a payment arrangement à la carte, unlike CanalPlay Kids.

- ***Frissons***

Here we have a package of 500 adult films marketed in SvoD (4.99 € for an evening or 9.99 € per month).

Neuf Cegetel: Neuf VoD

Neuf Cegetel S.A. is a triple play operator that launched its VoD[155] offering as part of its IPTV Neuf TV HD distribution business on 20th December 2006 in partnership with Glowria and TF1 Vision. More than 150,000 customers (out of the 300,000 subscribers at end 2006 to the IPTV Neuf TV offering) are equipped with the "new generation" (HD) decoder, making them eligible for the VoD.

The Neuf VoD catalogue contains 1,000 programmes and includes some adult films.

The films cost from 2.99 to 4.99 €. The TV programmes are available from 0.49 €. For its launch, Neuf VoD offered a VoD programme free.

Programmes are available for 48 hours when they come under the Glowria service and 24 hours under TF1 Vision.

Neuf VoD also intends to establish a position on kids programming, along the same lines as its competitors, with an SvoD offering in 2007.

Orange: 24/24 Vidéo

GIE Orange Portails, a subsidiary of the France-Telecom group, has a VoD offering called 24/24 Vidéo[156]. The service was launched in December 2003 as part of MaLigneTV, which incorporated a VoD offering from the outset. France Telecom Orange is developing a content aggregation strategy, entering directly into agreements with the players concerned to provide the programmes required for its offering, in particular with TF1, France Televisions, Arte, Zooloo Kids, Warner Bros, 20th Century Fox, Europacorp, and Canal J on demand.

The catalogue (approx 1,000 titles) breaks down as follows at end 2006:

- 435 films
- 245 cartoons

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155 http://www.neufvod.tv/
156 http://2424video.orange.fr/

- 46 comedy programmes or shows
- 125 documentaries and reportages
- The complete set of episodes from the France 3 public service channel's soap *Plus belle la vie*

The prices charged are roughly the same as those charged by the other operators in France:

- Films: from 2.99 to 3.99 €
- Cartoons: from 0.49 to 1.99 €
- Comedy and shows: from 0.99 to 3.99 €
- Documentaries: from 1.99 to 3.99 €
- *Plus belle la vie*: 0.49 €
- SVoD kids: 4.99 € per month
- SVoD Music: 4.99 € per month (video clips, concerts, interviews, documentaries, etc.)

This Internet service provider is to launch another SVoD series pack in the coming months.

Orange states that it recorded 862 000 programme downloads on its platform in the first quarter of 2007 compared with 517 000 in the last quarter of 2006 – an increase of 67%.

CABLE OPERATORS

Noos-Numéricâble: Noos VoD

The cable operator Noos-Numéricable provides a video-on-demand offering on the Internet[157]. It makes full use of the Vodeo and TF1 Vision catalogues and markets the titles at the same rates.

157 http://video.noos.fr/

Table 66: VoD services of content aggregators, cultural goods retailers and producer associations in France (2006)

Service providers/ distributors	Cinézime S.A.	FNAC S.A.	Glow Entertainment Group S.A	W4tch	Le meilleur du cinéma français LMCF
Offering	Cinezime	FNAC VoD	Glowria VoD	Imineo	Universcine.com
Launch date	September 2005	November 2006	July 2006	November 2004	October 2006
Network	Internet	Internet	Internet and IPTV (on Neuf Cegetel)	Internet	Internet
Catalogue	- 61 titles (20 feature films 51 short films)	Glowria offering	1,000 titles excluding those aimed at adults Films: 400 Cartoons Documentaries: 170 Series (9 series, each containing several episodes) Adult content Short formats (music, sport):27 titles	- 2,100 titles	- 300 films
Tarifs	- Short film : 0.5 € - Film on rental: 4 € - Download film: 16 € - all-inclusive: 5 €, 10 €, 20 €, 50 €	- Rental: between 0.99 and 4.99 € - Download: between 8.99 and 12.99 €	- Cartoon: as of 0.49 € - Film rental: between 2.99 and 4.99 € - Adult films: between 5.99 and 9.99 € - Download: between 6.99 and 15.99 €	- Films: between 3.99 and 12.99 €.	- Film: 4.99 € - Packs: 18.99 €/ 4 films, 27.99 €/ 6 films, 49.99 €/ 11 films
Content for adults	No	Yes	Yes	Yes	Yes
Availability	48 hours	30 days of availability with viewing window of 48 hours	30 days of availability with viewing window of 48 hours	n.a.	48 hours
Content providers	- Small independent producers	Glowria partnership	- Family Films - Fip -Gaumont - La fabrique de films - M6 Video - Ocean films - Pathé - Wild Side - Canal J - Studio Canal - Dorcel etc. (see description of Glowria offering)	- France Télévisions	- Small Independent French producers
Diffusion	Download	Streaming	Streaming	Download	Streaming
Economic model	- Rental VoD - Download VoD - All-inclusive	- Rental VoD - Download VoD	- Rental VoD - Download VoD	- Download VoD	- Rental VoD - Packs

Source: NPA Conseil December 2006

Table 67: VoD services of content aggregators, cultural goods retailers and producer associations in France (2006)

Service suppliers or distributors	VirginMega	La Banque Audiovisuelle	Editions Montparnasse	INA (Institut National de l´Audiovisuel – National Audiovisual Institute)
Offering	VirginMega Vidéo	Vodeo.tv	Vidéo à la demande des Editions Montparnasse	Archives pour tous
Launch date	April 2006	September 2005	March 2006	April 2006
Network	Internet and IPTV (Alice offering)	Internet	Internet	Internet
Catalogue	- 1,200 programmes Films: 750 (of which 80% French) Series Documentaries Cartoons Shows	2,800 titles Documentaries Major reportages – (80% French-speaking)	79 titles (62 films, 17 documentaries)	10,000 hours of audiovisual heritage
Tariffs	- New releases: 4.99 € - Catalogue Films: 3.99 € - HD Films: 7.99 € - Downloads: between 10 and 18 € -Adult programme downloads: between 20 and 25 €	- Rental streaming: between 1 and 3.99 € - In download: between 1.99 and 8.99 € (for an additional 6 euros, consumers can receive a DVD on demand at home)	5 € (except for documentaries of 26 minutes: 2.50 €)	As of one 1 €
Adult content	Yes	Yes	Yes	Yes
Availability	48 hours	48 hours	72 hours	48 hours
Content providers	- Studio Canal - Pathé - TF1 International - France Télévisions - UGC - Arte - Wild Side - Editions Montparnasse etc - in negotiation with majors at the end of 2006	- Agreements with around a hundred television producers and distributors	RKO and various others	Archives of INA
Diffusion	Download	Streaming Download	Download	Streaming and download
Economic model	- Rental VoD - Download VoD	- Rental VoD - Download VoD - SVoD (as of 2007) - Packs (as of 2007) - FoD with advertising (during the course of 2007)	Rental VoD	Rental and download VoD, FoD

Source: NPA Conseil-December 2006

Table 68: VoD services from telecommunication and cable operators in France (2006)

Providers and distributors	Telecom Italia France (Alice)	T-com France (Club internet)	Free (group Iliad)	Neuf Cegetel	GI.E. Orange (France Telecom)	Noos Numéricâble
Offering	Mes vidéos à la carte	Club Vidéo	Free VoD	Neuf VoD	24/24	Noos VoD
Launch date	December 2006	June 2006	December 2005	December 2006	December 2003	May 2006
Network	IPTV	IPTV	IPTV	IPTV	IPTV	Internet
Catalogue	500 programmes Films: 300 (including 200 French, 50 new) Cartoons Documentaries	1,000 programmes (films, concerts, children's broadcasts), including 400 films (70% French and 30% American, 5% new releases in the offering each month) including the Vodeo.tv offering	Films: 943 Cartoons Concerts	1,000 programmes available	435 films 245 cartoons 46 comedy / show 125 documentaries and special reports *Plus belle la vie*	
Rates	- New films at 4.99 € - Other films and videos at 3.99 € - Short programmes from 0.99 to 2.99 € - Launch offering: 10 € of VoD provided for Xmas	- Catalogue films at 2.99 € - Novelties at 3.99 € - More than one million box-office admissions at 4.99 € - SvoD children's programmes at 4.99 €	- Films, children's programmes and concerts between 0.99 and 3.99 € - In *a* pack 4.99 € per month for 30 children's programmes - SvoD for iConcerts 5.99 € per month	- Films from 2.99 to 4.99 € - TV programmes from 0.49 €. - Launch offering	- Films from 2.99 to 3.99 € - Cartoons: from 0.49 to 1.99 € - Comedy and shows : from 0.99 to 3.99 € - Documentaries: from 1.99 to 3.99 € Plus belle la vie: 0.49 € - Children's SvoD : 4.99 € per month	
Adult content	40 films for adults billed between 5.99 and 9.99 € (with 4 hours of availability)	n.a.	500 films in SvoD as of midnight, unlimited access 4.99 €/day or 9.99 € per month 4,99 €/ per day 9,99 €per month	Yes	Nc	See the offerings of Vodeo.tv and TF1 Vision
Availability	48 hours for all films except pornographic (limited to 4 h)	24 hours	- 24 hours - 15 days for Canal Play Kids (children's programmes)	- 48 hours for Glowria - 24 hours for TF1Vision	24 hours	
Content providers	Partnership with VirginMega.fr (non-exclusive)	Agreements with Studio Canal, TF1 Vidéo, France Télévisions Distribution Gaumont, Cartoon network, canal J on demand, Jetix, Zooloo Kids	Partnership with Canal Play	Partnership with Glowria.fr And TF1 Vision	TF1, France Télévisions, Arte, Zooloo Kids, Warner Bros, 20th Century Fox, Europacorp…	
Diffusion	Streaming	Streaming	Streaming	Streaming	Streaming	
Economic model	Rental VoD	Rental VoD SvoD on kids programmes SvoD (Club Video Pass)	Rental VoD Packs (kids programmes) SvoD: iConcerts	Rental VoD	Rental VoD SvoD on kids programmes (24/24 kids)	

Source: NPA Conseil-December 2006

Table 69: VoD services of the traditional channels in France (2006)

Service providers	Video TF1 (Groupe TF1)	France Télévisions Interactive (Group France Télévisions)	Canal + Active (Group Canal +)	Arte France	M6 Web (Group Métropole TV M6)
Offering	TF1 Vision	France tvod	CanalPlay	ArteVoD	M6 Vidéo
Launch date	15th November 2005	December 2005	12th October 2005	23rd February 2006	February 2006
Network	Internet and IPTV (offerings of Neuf Cegetel and Free)	Internet	Internet and IPTV (offering of Free)	Internet	Internet and IPTV (offerings of Free and Club Internet)
Catalogue	- 2,000 titles Films (50% of catalogue), Kids cartoons, Series	- 350 paying titles - 600 free titles	- 2,000 programmes Films: 1,300 Cartoons Concerts Adult content	- 600 titles Films : 25 (i.e. 4% of the offering) TV programmes	350 titles, including: - 20 films (50% American) - 180 episodes of series - 100 televised broadcasts - 50 cartoons
Tariffs	- Catalogue films : from 1.99 to 3.99 € - New releases: 4.99 € - Kids productions: as of 0.99 € - Series: 1.99 € - Download: between 3.99 and 19.99 € - Adult films: 9.99 € for three hours	- Rental films: 3.99 € - Download films: from 9.99 to 12.99 € - Rental fiction and documentaries: from 0.99 to 4.99 € - Download fictions and documentaries: from 4.99 to 8.99 €	- New releases: from 3.99 to 4.99 € - Catalogue films: from 2.99 to 3.99 € - Series: 1.99 € per episode or 2.99 € per 2 episodes - Kids features: 1.49 €	-Film: 3.99 € - Audiovisual programmes: from 0.99 €	- New releases: 3.99 € and 4.49 € - Catalogue films: 2.99 € - Series: from 0.99 to 1.99 € - Cartoons: 0.99 € - Free M6 broadcasts
Adult content	Yes	Yes	Yes	No	No
Availability	24 hours	24 hours	24 hours	48 hours (availability of 30 days)	24 hours or 48 hours
Diffusion	Streaming and download	Streaming and download	Download and streaming	Streaming	Download (then in 2007 streaming)
Economic model	- Rental VoD - Download VoD - Download VoD not copy protected - FoD	- Rental VoD - Download VoD - Pa*cks* - FoD	- Rental VoD	- Rental VoD - FoD	- Rental VoD - FoD with advertising (self-promotion)

Source: NPA Conseil-December 2006, except January 2007

5.11 GB – THE UNITED KINGDOM

Table 70: Basic data United Kingdom

(in millions)	2005
Population	60,200 Households: 25,778
TV households	25,211 (97.8%)
Broadband penetration	37.2%
Box office admissions	165

Source: European Audiovisual Observatory, 2006 Yearbook

5.11.1 General background

AUDIOVISUAL PANORAMA

The terrestrial audiovisual landscape is made up of five free analogue channels (three public service and two private). The public service channel BBC1 is the most frequently viewed, with an audience share of 23.3% in 2005, followed by the private channel ITV1 and the public business channel Channel 4. However the free channels have seen their audience share diminish as the penetration of the multi-channel offering into households has increased. In the United Kingdom, more than 40% of households have subscribed to pay TV, i.e. 11 million households.

BSkyB is the main player in the multi-channel distribution market in the United-Kingdom via its satellite package. Its portfolio of subscribers, on 31st December 2006, came to 8.441 million.

At the end of 2005, 13.2% households subscribed to cable. The successive mergers between NTL, Telewest and the mobile operator Virgin Mobile, which took place in 2006, profoundly altered the British audiovisual landscape by enabling a new group, Virgin Media, to control more than 90% of the cable market and furnish the first quadruple play offerings in the country (television, Internet, fixed-line and mobile telephony).

The United Kingdom is the country in which the process of digitisation is most advanced. According to Ofcom, 70.2% of households had access to television in digital mode in June 2006. Analogue switch-off is scheduled for 2012. It is important to note that households equipped with the terrestrial digital platform Freeview watch the digital channels more than the five main channels.

The main provider of television through IPTV in Great Britain is the company Video Networks (via its service HomeChoice) bought up in 2006 by Tiscali. In 2006 the original telecommunications operator BT also launched its IPTV service BT Vision, based on Microsoft TV technology. Finally, BskyB following the acquisition of the Internet access provider Easynet in October, is also developing an IPTV project.

INTERNET

At the end of 2005, 37.2% of households were equipped with broadband connection and 66% owned a computer.

On the broadband market, the main Internet access providers are BT and Virgin Media. The alternative operators are Video Networks, Orange and Be Unlimited.

5.11.2 Regulation of non-linear services, contractual agreements and provisions on the chronology of film distribution

VoD is excluded from the scope of application of the texts on radio broadcasting (section 361 of the 2003 Communications Act). Nevertheless, the 2003 Communications Act specified that VoD operating rights remain the exclusive property of producers unless ceded to publishers or clearly assigned by contract.

Self-regulation by the players in this sector has been the practice encouraged by the regulatory authority, OFCOM. ATVoD (The Association for Television On Demand[158]) is therefore one of the British self-regulatory bodies representing several communication companies (Video Networks, On Demand Group, NTL-Telewest, Kingston Interactive Television, Blockbuster, BT, Channel 4). Its objectives mainly concern defining consumer protection rules.

Thus, as far as the VoD rights of films are concerned, studios negotiate video programming contracts (generally non-exclusive) with the services (licence contracts).

Let us furthermore note that the UK Film Council has included VoD in its field of future support actions and commissioned for a feasability study for the delivery of British

[158] http://www.atVoD.org.uk/

independent films and "specialised" films to the home, the British equivalent of *Art et essai* [159].

The situation is more complex as far as the VoD rights of TV programmes are concerned. The question is whether VoD must be considered as a primary (primary rights) or secondary (secondary rights) programming window. Primary rights are the operating rights of national channels regarding all services, acquired for a specific period. Secondary rights, held by independent producers, especially concern the sale of programmes abroad.

The situation is in the process of being resolved between the producers' association (*Producers Alliance for Cinema and Television*, PACT) and the main broadcasters. In January 2006, OFCOM urged national channels and independent producers to conclude an agreement, by threatening to directly intervene and to incorporate a specific timetable into the radio broadcasting Code. Self-regulatory agreements were finally negotiated between PACT and each national channel as far as broadcasting windows are concerned. Only Channel Five has not yet concluded an agreement but should align itself on a 30-day post national broadcasting window which ITV and Channel 4 negotiated.

Table 71: Catch up TV: agreement of PACT with traditional channels

Channel	Window	Other comments
BBC	7 days	Programming rights on all media
Channel 4	30 days (1 week on NTL)	Programming rights on all media
ITV	30 days	Programming rights on all media
Five	To be defined	To be defined

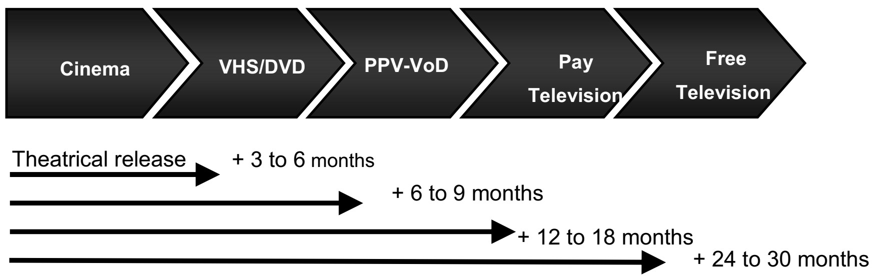
When observing media timetabling as it is practised in the United Kingdom, it can be noted that the trend is moving towards the shortening of windows, thereby increasing the attractiveness of film offerings in DVD, pay per view and VoD:

- video programming: 3 to 4 months after theatrical release, and this can go up to 6 months;
- pay per view: the window opens theoretically 90 days after video release (VHS/DVD). However more and more titles are accessible in pay per view 60 days after video release and this period could be cut back further;
- VoD is lined up with the pay per view window, so films may consequently be available 6 to 9 months after theatrical release;

[159] http://www.ukfilmcouncil.org.uk/information/downloads/?ds=video+on+demand

- Pay Television: the window opens 12 to 18 months after theatrical release;
- terrestrial: the window opens 24 to 30 months after theatrical release.

Figure 18: Programming time windows with effect from theatrical release in the U.K. (2006)



Source: NPA Conseil

With regard to the use of archives, the BBC, Channel 4, the British Film Institute and the Open University tested, between 2005 and 2006, the concept of a 'Creative Archive Licence' by launching the Creative Archive Licence Group[160]. This kind of licence enables users to gain access to and possibly reuse the material downloaded from the website of the group, as long as it is not being used for business purposes. The objective of the Creative Archive project is to place audiovisual material at the public's disposal so as to increase their audiovisual knowledge.

5.11.3 Development of non-linear services

The Video on Demand offering is characterised by its considerable diversity in terms of the actors providing services (content aggregators, telecommunication operators, cable operators, content publishers, etc.) and in terms of distribution networks (it is the only European country to offer a VoD service on terrestrial digital television). The main actors of the VoD market are HomeChoice services (the IPTV offering of Video Networks/Tiscali) and FilmFlex (the VoD offering picked up by the cable operator Virgin Media). The latest entrant, BTVision (the VoD department of BT), and the BBC, which has made its on-demand services a strategic aspect of its development, are to take on an increasing role over the next few months.

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160 http://creativearchive.bbc.co.uk

CONTENT PRODUCERS

FilmFlex Movies Ltd: Filmflex

FilmFlex Movies Ltd is the joint venture of the following companies: OnDemand Group, Sony Pictures International and Disney. It is the exclusive partner of Virgin Media in the United Kingdom.

Filmflex's offering[161] contains almost 600 films coming from the catalogues of Pathé, Icon, independent producers and the American majors (with the exception of Fox).

Most of the titles are catalogue films (70% of items). Each month, 10 or 20 more films are added to the catalogue.

They are sold at prices ranging from 2.5 to 3.5 GBP (3.7 to 5.2 €) for new releases and from 0.5 to 2 GBP (0.75 to 3 €) for catalogue films.
They are available for 24 hours.

FilmFlex has several projects regarding changes to its offering, in particular development of its service on the Internet. It also wishes to extend its commercial range by launching SvoD and download offerings. Its content offering should furthermore incorporate high-definition content and provide "bonus" scenes (as is the case with DVDs) to accompany a film.

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[161] http://www.filmflexmovies.co.uk

FilmFlex is seeking, finally, to extend its operation abroad particularly with respect to cable and telecommunications operators.

BROADCASTERS

Channel 4: 4oD

On 6th December Channel 4 Corporation launched, in cooperation with its business subsidiary 4 Ventures Limited, a VoD service named 4oD[162]. 4oD's offering is available both on the Internet, on cable to Virgin Media[163] subscribers and on IPTV to subscribers of BT Vision.

Regarding these services, the 4oD offering provides three types of content:

- catch up *TV* with most of the programmes from Channel 4 which are free and available for seven days following broadcast and programme archives (with in particular the following programmes**:** *Hollyoaks, Family Brat Camp, Goldplated* or *Deal or no deal)*
- films (especially from the catalogue of its cinema channel Film4)
- music

Virgin Media and Channel 4 signed a three-year agreement; however nothing is known about the duration of the agreement between BT and the broadcaster.

On the Internet, 4oD gives access to programmes from the channel such as *Queer As Folk*, *Trigger Happy TV* on catch up TV for thirty days after being broadcast on

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[162] http://www.channel4.com/4od/
[163] http://allyours.virginmedia.com/html/dtv/ondemand/index.html

mainstream television. The episodes of *Lost* and *Desperate Housewives* broadcast since May 2006 may also be accessed. All in all, 500 TV programmes are available.

Agreements have been signed with more than 100 independent production companies, including Endemol.

The economic model is currently based on rental and download offerings:

- 99 p (1.5 €) per rented audiovisual programme, 1.99 GBP (3 €) per download
- 1.99 GBP (3 €) per rented film

During the course of 2007, SvoD offerings will be provided at 3.99 GBP (6 €) for audiovisual programmes, at 4.99 GBP (7,5 €) for films and 5.99 GBP (9 €) for both. Furthermore, as of April 2007, programmes on catch up TV will be backed up with advertising.
The service is expected to achieve profitability after three years in operation.

Channel 5 Broadcasting: Fivedownload

The company Channel 5 Broadcasting Limited, which is the provider of Channel Five, has a VoD offering on the Internet known as Fivedownload[164]. This offering is provided in partnership with BT Media & Broadcast as part of the digital deployment of the channel (two new channels on Freeview: Five US and Five Life). The VoD service is today limited to the series CSI (The Experts) and Grey's Anatomy.

Two different purchasing modes are available:

- days before broadcast on television: 2.49 GBP (3.7 €) per episode;
- 14 days after broadcast, on catch up TV: 1.49 GBP (2.2 €) per episode.

ITV

ITV is in the process of improving its Internet site to adapt it to the creation of a VoD service and plans to develop an ITV media player. The development of these new tools is being carried out by the American company, Schematic, which contributed to creating platforms for ABC, MTV, CNN and Turner. The launch had been announced for 31 March 2007 but has been deferred, probably to May 2007.

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[164] http://download.five.tv/

BBC: the BBC Archives and BBC iPlayer projects.

In August 2003, Greg Dyke, when Director-General of the BBC, surprised everyone when he announced that the catalogue of BBC archives would soon be accessible on line for all users[165]. Almost four years later important steps have been taken for this project to be on the point of coming to fruition. The general strategy of the BBC with regard to VoD was announced on June 2004 when the following document was published: *Building Public Value: renewing the BBC for a digital world* - drawn up in the context of the renewal of the Charter.[166]

This strategy is structured around iMediaPlayer (iMP), a player designed by the BBC which enables viewers to download any television programme within a time-frame of seven days after being broadcast. Tests were conducted in 2005 involving 5,000 users.

In August 2006, the managers of the BBC made four proposals regarding VoD and on-line broadcasting:

- a "catch-up TV" service with a duration of seven days on Internet,
- a "catch-up TV" service with a duration of seven days on cable,
- a "Simulcast TV" on Internet (live streaming of programmes),
- a DRM-free RM audio programme downloading service on Internet (podcasting selection of radio programmes).

The three Internet services are set to be combined in a direct offering to the consumer, christened BBC iPlayer, which incorporates all existing BBC players, in particular Radio Player.

As part of the implementation of new management mechanisms introduced by the new Charter, a new evaluation procedure, known as the Public Value Test, a procedure which the Trust is launching to verify the relevance of the proposals from the managers of the public body[167], was set up in September 2006[168]. This procedure can be broken down into two phases, the Market Impact Assessment (MIA) and Public Value Assessment (PVA). The Market Impact Assessment phase was conducted by the British regulatory body, OFCOM and was subject, between January and March 2007, to a public consultation procedure.

165 http://news.bbc.co.uk/2/hi/entertainment/3177479.stm
166 http://www.bbc.co.uk/pressoffice/pressreleases/stories/2004/06_june/29/bpv.shtml
167 http://www.bbc.co.uk/bbctrust/consult/closed_consultations/ondemand.html
168 http://www.bbc.co.uk/pressoffice/pressreleases/stories/2006/09_september/18/test.shtml

OFCOM published its report on 23rd January 2007[169]. Its conclusions are on the whole favourable: by providing almost 4 billion audio and video hours by 2011, the service should generate considerable interest on the part of consumers and economic activity and be of significant value to tax-payers forced to pay a licence fee. However OFCOM has made several different observations:

- The provision of series (Series stacking) could discourage investment in the business services of VoD and would probably have a negative impact on the DVD sales and rental markets. OFCOM therefore recommends revising the provision of series, even doing away with them altogether.
- In the field of catch-up TV, the possibility of storing programmes for 13 weeks could have a negative impact on competition and consumer choice. OFCOM believes that storage windows should be reduced or removed. In the event of removal, viewers should have a maximum of 14 days to download and watch content.
- The possibility of download audio content outside the DRM system could have a negative impact on the classical music and recorded book markets.

The BBC Trust should be taking its final decision on 2nd May 2007 but already issued a favourable opinion on 31 January 2007[170]

In its preliminary opinon, the BBC Trust asked however for some restrictions:

- The storage window for seven-day TV catch-up on Internet must be limited to 30 days and not 13 weeks as was suggested by BBC managers.
- Series stacking must be considered in relation to the value of the secondary operation rights of the BBC and must not have a negative impact on the market. This opinion is heading in the same direction as the observations made by OFCOM, demanding that a more specific definition of stacking conditions be provided.
- Neutrality in terms of platform. Whereas the system of catch-up TV designed by the BBC is based on the DRM technology of Microsoft, the BBC Trust has asked managers to adopt a more open policy and to design an alternative DRM framework, open for example to Apple and Linux technologies.
- Audio-books and classical music must be excluded from downloading outside of DRM

169 http://www.ofcom.org.uk/media/news/2007/01/nr_20070123
170 http://www.bbc.co.uk/bbctrust/news/press_releases/31_01_2007.html

- Child protection. The BBC Trust has asked for more guarantees on child protection and limits on access to certain categories of programme
- The BBC Trust shares the opinion of OFCOM that the BBC must not be authorised to favour third party provider access to its offering so as to avoid creating desequilibrium in the market.
- Syndication policies: the Trust considers that BBC content must be accessible to all the important players, on a non-discriminatory basis.

Whilst awaiting the final decision of the trust, the BBC does not have its own large-scale VoD service. It offers its programmes mainly on the platforms of Virgin Media, HomeChoice and BT Vision. On these services, two economic models are being used. The catch-up TV programmes are proposed on FoD and without advertising (around 50 hours per week). Pay programmes (mainly documentaries) are accessible on pay VoD.

The BBC is furthermore carrying out various experiments in terms of VoD:

- An experiment in making archives accessible was conducted in 2005-2006 with the project Creative Archive Licence[171]. 500 clips, programmes, sound and image tracks were made available to the public. Over an 18-month period, 100,000 people have shown interest in using it and it received the 2006 BAFTA Innovation Award.
- In December 2006, the BBC conducted tests of "Push-VoD" with respect to Digital video recorders (DVR), in association with Cabot Communications Ltd[172]. This experiment with 300 participants is planned for a 3-month period. The DVR may store up to 100 hours of programmes each week: 50 hours of BBC programmes are automatically recorded and stored on the hard disk of the DVR. Up to 50 hours may be stored, based on the choice of the viewer involved in the experiment. The BBCi Push VoD project is designed to enable the viewer to build up a package of programmes.
- In December 2006, the BBC announced the launch, for the beginning of 2007, of a trial of BBC Archive. A thousand radio and television programmes of various kinds should be made available to a panel of 20,000 users. 50 hours of programmes will be made accessible to the whole public, in an open environment.[173]

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171 http://creativearchive.bbc.co.uk
172 http://www.bbc.co.uk/pressoffice/pressreleases/stories/2006/12_december/11/push.shtml
173 http://www.bbc.co.uk/pressoffice/pressreleases/stories/2006/12_december/15/archive.shtml

- Regional information programmes of BBC East Midlands are accessible in FoD[174]
- The BBC presented a parental filtering system for its future Vod offerings, the Parenting Video on Demand player.[175]
- On 2nd March 2007, the BBC and BBC Worldwide announced that they had signed a partnership agreement with YouTube. In this non-exclusive partnerhsip, YouTube will create BBC-labelled channels which will be operated within the framework of distinct agreements between the BBC and BBC Worldwide.[176]

CONTENT AGGREGATORS

Lovefilm International Ltd: Lovefilm

The on-line DVD Lovefilm International Ltd[177], which belongs to four capital risk companies, Arts Alliance Media, Benchmark Capital, Esprit Capital Partners and Index Ventures, has been offering a selection of short films for download since September 2005 and feature films since December 2005.[178]

The films are offered in two economic formats: rental and sale.

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[174] http://www.bbc.co.uk/eastmidlandstoday/content/articles/2006/10/09/slicendice_feature.shtml
[175] http://www.bbc.co.uk/pressoffice/pressreleases/stories/2006/01_january/12/parent.shtml
[176] http://www.bbc.co.uk/pressoffice/pressreleases/stories/2007/03_march/02/you_tube.shtml
[177] http://www.lovefilm.com
[178] http://www.lovefilm.com/downloads/

In rental VoD, the catalogue boasts more than 300 films and television programmes and 25 one-reelers. The films are available at two rates, depending on the quality of the file (whether or not it is compressed): at 2.99 GBP (4.5 €) for a compressed file of around 500 MB, and 3.49 GBP (5.2 €) for a file a little more than one giga. The initial price for a television programme is 1.49 GBP (2,2 €). Short films cost 0.79 GBP (1.2 €). 80% of the programmes available in pay VoD are films. Films may be viewed for 5 to 7 days, as of when the second downloading ends. Agreements have been concluded with Blue Dolphin, Celluloïd Dreams, Discovery Channel, Momentum, Warner Bros, Sony Pictures, Contender Films, Tartan Video, Icon and Playboy TV. Lovefilm also picked up the offering of the independent film service World Cinema Online.

In February 2006, Lovefilm associated itself with AOL UK. The AOL Film Download[179] service is supplied by Lovefilm.

In March 2006, Lovefilm launched a full download service. At the beginning, 200 films could be downloaded according to its model either on a PC or on a portable video player (like the Archos terminal) for a price between 9.99 GBP (15 €) and 19.99 GBP (30 €). It has subsequently been possible to make a DVD copy of a downloaded film. The studios that offer their films for sale on VoD on the Lovefilm portal are Revolver, Universal, Sony Pictures, Warner Bros, 2 entertain, Tartran, Fremantle.

Furthermore, 300 short films may be accessed for free. In March 2007, Lovefilm announced that it had 2,500 titles in its catalogue.

Table 72: Origin of Lovefilm service films

(till June 2006)

Country	%
United States	60
United Kingdom	25
Other European countries	10
Other	5

[179] http://filmdownloads.aol.co.uk

Table 73: Breakdown of Lovefilm service films by theatrical release date

(till June 2006)

Year	%
2006	10
2005	20
2004	20
2003	20
Earlier	30

On 14th March 2007, Lovefilm announced the launch, for the beginning of April 2007, of the first "download to burn" system enabling users to burn a DVD using a file downloaded on to a computer. This follows a study of users showing that 57% of them wished to copy films purchased on to DVDs. At the outset, a hundred films coming from the two majors should be available. The mininum price will be 9.9 £ per film[180].

Lovefilm has also announced the launch of a VoD service sponsored by Volkswagen. Customers of Lovefim will be able to download films for a price of 2.99 £. Advertising from the sponsor is sent by streaming on to the user's computer. Films offered as part of this formula are independent productions. As part of the partnership agreement, 100,000 copies may be downloaded over a period of 4 months[181].

World Cinema Online

Launched in October 2005 by World Cinema Online Ltd, World Cinema Online is a service focussing on the distribution of independent films[182]. Almost 40 films were available in January 2006. So far as possible, World Cinema Online Ltd acquires the world rights for these films. In certain cases, however, these rights remain unavailable in some countries due to distribution agreements with other suppliers.

The installation of software called "Download Manager" is required. Users may download a film on a rental basis for five days for 1.99 GBP (3 €) or make a permanent puchase as of 6.99 GBP (10.5 €). Payment is made by credit card.
Apart from the cost of pass band and distribution, World Cinema Online shares the balance of the revenue with the rights-holders. The company takes care of programming, encryption and advertising and is planning to set up subscription arrangements (four films per month).

180 http://www.lovefilm.com/corporate/news_item.html?item=3963
181 http://www.lovefilm.com/corporate/news_item.html?item=3961
182 http://www.worldcinemaonline.com

However World Cinema Online is encountering technical problems and is frequently unavailable.

Coming soon

Blockbuster Entertainment Ltd

Blockbuster Entertainment Ltd is the British subsidiary of Blockbuster Inc., the world leader in videogram rental. It has about 80 shops in the United Kingdom and has also been providing on-line rental since 2001[183].

Blockbuster Entertainmet Ltd conducted a VoD experiment in association with Kingston Interactive between October 2003 and November 2004. The VoD service, which boasted 200 films, was accessible to the 5,000 subscribers of the KIT IPTV offering. The experiment was however interrupted as Blockbuster planned to develop its own service. A partnership with the set-top box supplier, NDS (Newscorp Group), was furthermore signed. But to date, Blockbuster Entertainment Ltd, similarly to its parent company in the United States, only provides on-line DVD rental.

TELECOM OPERATORS

Video Networks/Tiscali: Homechoice

Set up in 1992, Video Networkds Ltd[184] is one of the pioneers of video on demand and the distribution of television in IPTV mode across Europe with its Homechoice[185] service.
Homechoice was initially launched during the summer of 2000 as a VoD service available on cable networks in the London region, accessible to 10,900 households[186]. During mid 2004, Homechoice became a triple play operator, offering more notably the first IPTV mode distribution services and providing 80 channels. In August 2006, Homechoice had 45,000 subscribers;

183 http://www.blockbuster.co.uk
184 http://www.videonetworks.com/
185 http://www.homechoice.co.uk/
186 At this address there is a detailed report reviewing this initial period: http://www.soi.city.ac.uk/organisation/is/research/dhrg/reports/videonetworks-final.pdf

The VoD service is included in the IPTV offering and constitutes one of the main VoD services in Great Britain.

In August 2006, Video Networks and Tiscali UK Ltd[187] merged their activities on the British market[188]. Video Networks International Ltd holds 11.5% of the capital of Tiscali UK. For its part, Tiscali Spa has control of 88.5% of Tiscali UK and will be able to use the Homechoice catalogue with its clients subject to agreements with rights-holders.

Homechoice is not accessible throughout the whole country. The offering is availabe in London and the Stevenage region. The IP television service is encoded in MPEG4.
The IPTV offering is organised though an electronic programme guide (EPG) fully developed by HomeChoice. Other than the standard presentation of television channels, the programme guide includes a “My TV” entry through which the user can, in particular, access offers to demand. EPG, presented in the form of blocks of programmes, includes:

- Like traditional EPGs blocks with future programmes on channels
- But also the possibility of retroactively accessing programmes already broadcast thanks to the “catch-up” offering of the past seven days' programmes.

Homechoice boasts a catalogue of 1,000 films fed by the 7 Hollywood majors. Video Networks also signed a non-exclusive agreement with Dreamworks Studios so as to ensure a full offering. Films may be watched as many times as the viewer wants over a 24 hour period:

- Either new releases (“Film 1st”) about 90 days after their release on video (3.50 GBP (5.2 €) per film), which represents around sixty new titles each month
- Or making use of the catalogue offerings (Movies Now Unlimited) billed around 2 GBP (3 €) per session.

An SVoD offering, giving unlimited access to a catalogue of 50 films partly renewed every month, is also accessible for 5 GBP (7.5 €) per month.

The kids on demand offering is organised in an original manner. At the relaunch of the offering, mid 2004, an interactive youth channel, the channel Scamp, provided by Homechoice was offered for 5 GBP per month. An easy-to-use orange remote-contol,

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187 http://www.tiscali.co.uk
188 http://www.tiscali.co.uk/presscentre/press_release/2006/august/081206videonetworks.html

working only the Kids section of the service, is provided with the subsciption and enables children, via a specific menu, to look at the channel in classic linear mode to zap at any time from one programme to another. They also have the option of recording their favourites.

This model of operation was extended in partnership with publishers such as Disney (Disney Treasures) and Cartoon Networks. According to Video Networks, this offering is used and viewed more than traditional children's channels.

Furthermore, Homechoice is providing African and Indian film offerings in VoD and SvoD. African Movie Channel makes it possible to access 20 films renewed each month for 9.99 GBP (15€) per month. Each film may thus be viewed an unlimited number of times. In pay-as-you-go, films cost 1.50 GBP (2.2 €) or 1.99 GBP (3€) for a viewing period of 72 hours. Furthermore, it is possible to gain access to documentaries, talk-shows or short films for 72 hours for free or for less than 1 GBP. Homechoice also provides a Bollywood film offering known as "B on demand". The Indian film catalogue contains 50 different titles. Each month, two new films are on offer. B on Demand is accessible exclusively in SvoD for 10 GBP per month.

In January 2007, Tiscali UK Ltd referred to a survey it has commissioned involving 1,465 adults, showing that the Britsih preferred watching Video on Demand on their television sets rather than on a PC. According to the survey, 17% of British adults had ordered a film from a VoD offering on a television screen[189].

The incorporation of Homechoice in Tiscali TV took effect as of 1st March 2007, however at this date, the operator only had 40,000 subscribers[190] to its name.

AOL: AOL Film Download

In February 2006, AOL (UK) Ltd entered into a partnership with Lovefilm (see above) to provide the AOL Film Download service[191], which is supplied by the Lovefilm catalogue.

BT: BT Vision and BT Vision Download Store

The traditional operator British Telecom PLC launched on 4th December 2006 its IPTV offering BT Vision[192], which also provides a pay-as-you-go VoD and SvoD service.

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189 http://www.tiscali.co.uk/presscentre/press_release/2007/january/010407iptvresearch.html
190 http://www.tiscali.co.uk/presscentre/press_release/2007/february/020507tvpackages.html
191 http://filmdownloads.aol.co.uk

The charges for films vary from 1.99 to 2.99 GBP (from 3 to 4.5 €), television series from 0.79 to 0.99 GBP (from 1.2 to 1.5 €). Children's programmes may be accessed as of 0.49 GBP. Musical videos are sold at 0.29 GBP (0.5€) and concerts at 2.99 GBP (4.5 €). Programmes are downloaded on to the set-top box (V-box) and may be viewed for a twenty-four hour period.

The unlimited offerings (SvoD) in particular include children's and musical offerings (6 GBP i.e. 9 €) and access to catch-up programmes, TV Replay with Channel 4 at 3 GBP (4.5 €) and TV Show and TV Replay at 9 GBP (13.5 € per month). It is possible to subscribe to a pack including the offerings TV Show, TV Replay and Kids and Music for 14 GBP (21 €) per month.

Agreements were concluded with Disney, Sony BMG, Universal, Dreamworks, National Geographic, Viacom, Paramount Comedy and the BBC. Agreements should in the near future be signed with Warner Bros (and EMI for music).

Additionally, BT is going to launch, during the summer of 2007, an offering of sports programmes, BT Vision Sport, which will show amongst other things matches of the English football championships. The telecommunications operator was awarded in May 2006 the non-live broadcasting rights of 242 matches of the Premier League and concluded an agreement with the Irish company Setanta to be able to broadcast the 46 live matches (beginning with the 2007 season) to which this company won the rights. BT will therefore be able to broadcast 75% of matches of the Premier League, live or non-live, next season.

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[192] http://www.btvision.bt.com

Table 74: Agreements concluded by BT Vision (2006)

Genre	Rights holders
Cinema	Paramount Warner Bros Buena Vista International Dreamworks Universal Sony
Information	BBC Worldwide
Kids	Entertainment Rights HIT entertainment
Fiction	Portman Film and Television
Documentaries and lifestyle	National Geographic Wall to Wall Television
Music	Warner Music Group NBD Television
Flux programmes	Endemol Channel 4 Viacom (MTV, Nickelodeon UK, Paramount Comedy) Turner Broadcasting

Source: NPA Conseil according to operators

BT is furthermore providing a VoD offering on the Internet, named BT Vision Download Store[193], accessible to all users irrespective of their service provider. The service is solely accessible on a full download model. Films may, for an equivalent price, be downloaded (VoD) or delivered to the home (DVD sales on-line). In the case of VoD, films may be viewed on PC or on Archos. New releases are available for 16.99 GBP (25 €) and the rest of the catalogue as of 9.99 GBP (15€). The catalogue initially included 102 films but is to be expanded: in March 2007, BT announced that it had concluded agreements with various distributors such as Avalon, Cookie Jar, Contender Home Entertainment, FremantleMedia, Gong, Nelvana, Real Estate TV, Revelation Films, Shorts, TVF, TwoFour Broadcast, Vidzone Digital Media and Warner Bros[194].

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193 http://www.downloadstore.bt.com/
194 http://www.btplc.com/News/Articles/Showarticle.cfm?ArticleID=46372b18-2676-4a4a-9278-4864c6caee87

Coming soon

Be Un Limited

Be Un Limited is an Internet access provider providing an ADSL2+ Internet connection under the label Be[195]. The company was bought up in June 2006 by the mobile telephone operator 02. Be Un Limited has as its objective to develop an IPTV service in 2007, as well as a VoD service.

Orange UK

The operator Orange UK, a subsidiary of the France-Telecom Goup, plans to make a multiplay offering available, incorporating a VoD component during the course of 2007.

CABLE OPERATORS

Virgin Media: Virgin TV on Demand

In March 2006, the main British cable operators, NTL and Telewest, merged. A month later, the newly formed company bought up Virgin Mobile for 1.36 billion € which led to the creation of the group Virgin Media Ltd[196] which more notably boasts 3.3 million subscribers to cable television. The group furthermore proceeded to launch the first quadruple play offerings in the country (television, Internet, mobile and fixed-line phones).

Virgin Media also provides one of the main VoD offerings in the United Kingdom: Virgin TV in Demand[197]. This offering breaks down into four parts:

- Movies on demand; a catalogue of 500 films, offered at a price varying from 1.5 to 3.75 £. This catalogue is offered in association with Filmflex (see above), the exclusive partner for the United Kingdom. As well as Filmflex, Virgin Media offers films for adults (250 titles available between 1O in the evening and 5 in the morning)
- Music on demand: a catalogue of 1,000 music videos, for a minimum price of 20p.
- TV Choice on demand: television series offered on SvoD.
- Catch up TV, offered in association with Channel (see above)

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195 https://www.bethere.co.uk/
196 http://www.virginmedia.com/
197 http://allyours.virginmedia.com/html/dtv/ondemand/index.html

Of the 2.8 million Virgin Media subscribers to digital cable able to access this offering, 75% of them have subscribed to it (i.e. 2.1 million of households which are customers of the VoD offering). 13% of the subscriber base watch a VoD film every month.

The most viewed forms of content on the service are cinema films and free programmes. Sales are supported by one-off promotions (for example: a pack of 2 films for 2 GBP (3€), a pack of 3 films for 3 GBP (4.5€)). The promotions at 0.5 GBP (0.75 €) have made an increase of 600 to 1,100% possible.

SATELLITE PLATFORM OPERATORS

BSkyB: Sky Anytime

With 7.5 million subscribers (excluding free offerings), the satellite platform operator BSkyB, of which News Corp holds 37% of the capital, is the leader of pay television in the United Kingdom and Europe.

BSkyB had set up as of 1998 an offering of Near VoD/pay per view with 62 dedicated channels (Sky Box Office). Facing competition on the pay television market (cable, IPTV) and the success of free multi-channel television with the Freeview terrestrial digital offering, the group has clearly positioned itself with regard to new services and in particular with regard to personal television and aims to compete with cable and BT on multiplay offerings.
Several initiatives have been taken in this area, mainly structured around three “Sky Any time” offerings[198]: Sky Anytime on PC, Sky Anytime on Mobile, Sky Anytime on TV.

Via “Sky Anytime on PC”[199] (previously “Sky on Broadband”), BskyB offers surfers equipped with a broadband connection the possibility of downloading sports films and content via an Internet connection. The service is available for free to customers already subscribing to two Premium channels or more. The sports offering includes summaries and interviews but no complete rebroadcasting of matches. As for the cinema offering, this is based on a selection of 400 films (new releases and catalogue items from the Sky cinema channels). The films cost 3.95 GBP (5.75 €).

Since mid-December 2006, Sky Anytime offers digital subscribers to Sky (United Kingdom and the Republic of Ireland), who subscribe to the channel Sky One, the

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198 http://anytime.sky.com/
199 http://anytime.sky.com/about/pc.aspx

possibility of watching the episodes of the third season of *Lost*, immediately after they have been broadcast on the channel. The programmes are only accessible when equipped with the dedicated application of Sky Anytime on PC. The third season of *Lost* is sold at 2.5 GBP per episode (3.7 €) on download.

Other series are available, like the first seasons of *Weeds, Long Way Round,* or the tenth series of *Stargate SG-1.* Other series will be added as the months go by. Each episode will cost 1.5 GBP (2.2 €) on a rental basis.

Sky Anytime also includes a new VoD offering, Sky Box Office. 30 films are offered on an ongoing basis and are frequently renewed. Sky Box Office is therefore offering premium films for the first time, giving customers of Sky TV the opportunity of looking at films after theatrical release at the same time as they are being broadcast on pay television. Amongst the films included at the launch of the service are *Jarhead*, *Transamerica* and *American Dreamz* which cost 3.95 GBP (5.83€) to download: the price is considerably more expensive than in France (not more than 5 €). Consumers may keep the film on their PC Sky (with a view to being able to watch it or store it on the Sky PVR + which will be equipped with a USB port but which is not yet active) for seven days and view it over a 48 hour period after opening the file. Subscribers to Premium Sky Movies (a subscription from 15 GBP per month – 22 €) will have access to 300 films per month.

Thus, changing the name to Sky Anytime has made it a hybrid service: it is the same service as Sky by Broadband, but with additional content (like televised series and films) for which subscribers have to pay. However subscribers to Sky Movies and Sky Sports do not have to pay more to view content, whereas users of Sky Anytime may not access these two channels if they have not subscribed.

Table 75: Programmes available via Sky Anytime on PC (2006)

Channel	Content	Access / Costs	Usage
Sky Box Office	30 downloadable titles	Accessible to all Sky subscribers 3.95 GBP (6€)/title downloaded	7 days with unlimited viewing for 48 hours
Entertainment	Sky One series like *Lost*, *Weeds* and *Stargate* Séries de Sky	Accessible to all Sky subscribers Lost: 2.50 GBP (3.7€) Other series: 1.50 GBP (2.2 €)	*Lost*: download Other series: 7 days with unlimited viewing over 48 hours
Sky Sports	1,000 video clips from Sky Sports (Barclays Premiership and UEFA Champions League)	No additional cost for customers of Sky Digital in the UK/Ireland also subscribing to Sky Sports 1 & 2 (otherwise 5 GBP a month)	Sports clips can be streamed or downloaded after being broadcast on Sky Sports
Sky Movies	400 titles	No additional cost for customers of Sky Digital in the UK/Ireland also subscribing to Sky Sports 1 & 2	Downloading and viewing for 30 days

Source: NPA Conseil according to BSkyB

The "Sky Anytime on TV"[200], available since 24 November 2006, provides certain VoD services (in particular Sky Box Office) which are available on Sky TV. Sky HD Box set top boxes now come with an Ethernet connection capability making it possible to link them to the Internet and consequently receive, on television, content proposed on-line.

At the same time, the operator brought new PVR Sky+ models on to the market, which in the long term must replace the traditional 40Gigab models (20 hours of recording capacity). Providing the subscriber with the capacity to store up to 40 hours of programmes, the hard disks in fact have double capacity, 40H (80Gigab) of which is "hidden" (protected from access under a software solution) and reserved for push VoD services, or even games or other interactive functions.

BSkyB constitues the second potential operator of on demand services, thanks to the high penetration rate of its equipment. 1.5 million PVR Sky+ have been deployed (20% penetration of its subscriber base) but push VoD has yet to really take off.

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[200] http://anytime.sky.com/about/tv.aspx

Finally the “Sky Anytime on Mobile”[201] enables subscribers to receive on their mobile phone, other than an Internet connection, information, the TV programmes guide, trailers and video music and, with compatible mobiles, 20 channels designed for Sky mobile TV. Furthermore, a remote control system also makes it possible to programme recordings from a distance.

TERRESTRIAL DIGITAL PLATFORM OPERATORS

Top Up TV: Top Up TV Anytime

The pay terrestrial digital television operator Top Up TV was launched in 2004 by the company Top UP TV Europe Ltd, based in Jersey. It initially comprised a mini package of 11 channels, presented as a complement to the free offering of the Freeview package, but it was reduced to a minimal offering as of 2006, so Top Up TV Europe Ltd subsequently repositioned itself as an on-demand service provider. It has, since August 2006, been providing a Vod offering Top Up TV Anytime[202].

Top Up TV Anytime makes it possible to download content on PVRs overnight offering up to 100 hours of storage. Thus, subscribers may have access to more than 100 hours of programmes at any time, with a push weekly update. Top Up TV also developed an electronic programme guide (EPG) enabling subscribers to select programmes or the kind of programme that they wish to receive on their PVR.

To access this service, a double tuner PVR decoder, sold at a price of 180 GBP (270 €), is required. A monthly subscription costs 9.9 GBP and provides ongoing access to 100 on-demand programmes, a part of which is renewed each night. Top Up TV signed agreements with UK TV Gold, TCM, Discovery, Cartoon Network, Boomerang, Comedy, MTV and Eurosport. The titles available are almost always exclusively audiovisual programmes, with the exception of classical films from TCM.

Since September 2006, Top UP TV Anytime has provided a premium on-demand cinema service called Picture Box. An agreement was accordingly concluded with Universal for the supply of films. 7 films, fully renewed every Tuesday, are stored on the PVR and are accessible for 5 GBP per month, via an SvoD formula

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[201] http://anytime.sky.com/about/mobile.aspx
[202] http://www.topup.tv/

Table 76: VoD Services in the United Kingdom (2006)

Service providers	BSkyB Ltd	BT PLC	Channel4 and 4 Ventures Ltd	Channel 5 Broadcasting Ltd
Offering	Sky Anytime	BT Vision	4oD	Fivedownload
Launch date	Autumn 2005	December 2006	December 2006	October 2006
Network	Internet and push VoD Satellite	IPTV and Internet	Internet, cable (Virgin Media), IPTV (BT Vision)	Internet
Catalogue	1,400 titles: - 400 films - Series - Sport	- Films - Sport (BT Vision Sport) - Kids - Music - Series - Catch-up - 4oD	- Catch-up TV (free and pay). 240 fictions and series (each series containing several titles) - 40 films - Music	- Series : *The Experts* (CSI) and its various formats
Prices	- Films: 3.95 GBP - Series: 2.5 GBP - (download, solely for *Lost*) or 1.5 GBP on a rental basis - SvoD Premium Sky Movies: 15 GBP per month, 300 films	- Films: from 1.99 to 2.99 GBP - Televised series: between 0.79 and 0.99 GBP, - Kids programmes: from 0.49 GBP - Video clips: 0.29 GBP - Concerts: 2.99 GBP - Children's or music SvoD: 6 GBP per month - SvoD catch-up: 3 GBP, 9 GBP or 14 GBP per month	- Series and broadcasts: 0.99 GBP - Film (rental): 1.99 GBP - TV programmes(permanent): 1.99 GBP - Televised SvoD programmes : 3.99 GBP per month - SvoD films: 4.99 GBP per month - SvoD films and televised programmes: 5.99 GBP per month	- 7 days before being broadcast on television: 2.49 GBP per episode - After broadcast, on catch up TV: 1.49 GBP per episode
Availability	Available for 7 days, viewing window: 48 hours	24 hours	- Viewing window: 48 hours - Catch-up TV: on Internet, programmes available 30 days after being broadcast on TV (whereas on NTL cable: 7 days)	14 days
Content providers	American *Majors*	- Disney - Sony BMG - Universal - DreamWorks - National Geographic - Viacom - Paramount Comedy - BBC - Warner Bros…	- agreements signed with 100 production companies - partnership with BT Vision on certain content	- *CSI* and its various formats
Diffusion	*Streaming* or download	Download	Download	Download
Economic model	- Rental VoD - Permanent VoD - Packs - SvoD	- Rental VoD - Permanent VoD - SvoD	- Rental VoD - Permanent VoD - free FoD *catch-up TV*, incorporates advertising - Promotions: 2 free programmes, with advertising, offered every month - SvoD	- Rental VoD (exclusivity and catch-up TV)

Source: NPA Conseil-December 2006

Table 77: VoD services in the United Kingdom (2006)

Service providers	Tiscali UK/Video Networks Ltd	World Cinema Online Ltd	Lovefilm International Ltd	Top Up TV Europe Ltd
Offering	Homechoice	World Cinema Online	Lovefilm	Top Up TV Anytime
Launch date	Relaunched in May 2004	Cctober 2005	December 2005	June 2006
Network	IPTV	Internet	Internet	Terrestrial digital television
Catalogue	- 1,000 films	- 40 titles	- 300 films and televised programmes in rental VoD (80% of films, including 10% new releases and 60% of American films) - 25 pay short-films, and 300 free - 200 films in download to burn	- 100 TV programmesrenewed - 7 films (Universal studios) renewed weekly
Tarifs	- New releases: 3.50 GBP - Catalogue films: 2 GBP - African Films 1.50 GBP or 1.99 GBP - SvoD (50 films): 5 GBP per month - Kids SVoD : 5 GBP per month - SvoD African films: 9.99 GBP per month - Bollywood SVoD: 10 GBP per month	Rental VoD: From 1.99 GBP to 2.99 GBP Download VoD: 6.99 GBP	Rental VoD: - Films: from 2.99 to 3.49 GBP depending on compression Televised programmes: As of 1.49 GBP - films: 0.79 GBP. Download VoD: - Films: from 9.99 to 19.99 GBP.	- 9.9 GBP for the 100 TV programmesin SvoD - 5 GBP for the 7 Universal films in SvoD (Picture Box Offering)
Availability	24 hours Except 72 hours of African films	n.a.	5 to 7 days	Unlimited
Content providers	- agreement with Tiscalii for content - 7 *majors* - Dreamworks	n.a.	- Blue Dolphin - Celluloid Dreams - Discovery Channel - Momentum - Warner Bros - Sony Pictures - Contender Films - Tartan Video - Icon - Playboy TV - Revolver - Universal - 2 Entertain - Partnership with World Cinema Online.	- Universal - UK TV Gold - TCM - Discovery - Cartoon Network - Boomerang - Comedy - MTV - Eurosport
Diffusion	*Streaming*	n.a.	Download	Download
Economic model	- Rental VoD VoD locative - SvoD - FoD	- Rental VoD - Download VoD	- Rental VoD - Download VoD - FoD	- SvoD

Source: NPA Conseil-December 2006, except World Cinema Online January 2006

Table 78: VoD services in the United Kingdom (2006)

Supplier and distributor of services	FilmFlex Movies Ltd	Virgin Media Ltd
Offering	FilmFlex	Virgin TV on Demand
Launch date	January 2005	Januay 2005
Network	Cable (Virgin Media)	Cable
Catalogue	- 600 films	See FilmFlex and 4oD
Tariffs	- 2.5 to 3.5 GBP for new releases - 0.5 GBP to 2 GBP for catalogue films	
Availability	24 hours	
Content providers	- All the *majors* except Fox - Pathé - Icon	
Diffusion	Streaming	Streaming
Economic model	- Rental VoD	- Rental VoD - Promotion of series Ist episode for free - One-off promotions - FoD

Source: NPA Conseil-December 2006

5.12 HU - HUNGARY

Table 79: Basic data for Hungary

(million)	2005
Population	10.097 No. of households: 3.817
No. of households with TV	3.703 (97.0%)
Broadband penetration	11%
Cinema attendance	10.8

Source: European Audiovisual Observatory, 2006 Yearbook

5.12.1 General background

AUDIOVISUAL PANORAMA

Apart from local stations, the network for terrestrial broadcasting in Hungary is directly or indirectly owned by Antenna Hungária Rt. The national public-service channel, MTV-1, and the two national private channels (RTL Klub and TV2) use exclusively Antenna Hungária's terrestrial broadcasting infrastructure. A terrestrially broadcast digital television test was launched in Budapest in October 2004.

55.1% of households in Hungary (2.1 million households) were subscribed to cable at the end of 2005. The Hungarian cable television market features firstly an intense fragmentation of the players (there are almost 600) and secondly the substantial concentration of subscribers around the two main operators TeleKabel UPC and T-Kabel Magyarorszag.

The main telecom operators in Hungary are Magyar Telekom (T-Online group, previously Matàv, before the merger in May 2005), Invitel Hungarotel, Tele2, Monortel and Emitel.

INTERNET

At the end of December 2005 there were only 420 000 broadband subscribers in Hungary (47% of the total number of subscribers with an Internet connection), corresponding to penetration of 11% of households in Hungary. This is one of the lowest rates in Europe, but it is increasing rapidly.

Magyar Telekom is the market leader; it had 514 000 subscribers at the end of September 2006.

In January 2006, the European Investment Bank (EIB) agreed to lend €190 million to improve the broadband infrastructure in Hungary. Magyar Telekom instigated the project. The loan will finance the extension of the existing Hungarian broadband network's geographical cover, and an increase in the number, capacity and performance of broadband connections.

5.12.2 Regulation of non-linear services and provisions of the chronology of film distribution

There is at present no specific regulation of non-linear services in Hungary. The most recent policy on regulating telecommunications was adopted in 2003 (Act 100 of 2003 on Electronic Communications). In August 2005, however, the national communications authority (NHH) launched a public consultation on a new draft regulation on electronic communications. The authority invited opinions on strategy for the period from 2006 to 2010 to be sent in by 15 September 2005.

There is no specific exploitation window for VoD either. The chronology for broadcasting is determined by agreements on an individual basis between the players concerned.

5.12.3 Development of non-linear services

Pending the arrival on the market of local film producers and distributors, the main players in the VoD market in Hungary are the Internet access providers.

CONTENT AGGREGATORS

Rajzfilmek: Rajzfilmek TV

Rajzfilmek TV[203] is a VoD service offering cartoons; it is provided by the cartoon production and video publication company Rajzfilmek Rft. At the end of 2006, 8 cartoons, each in a number of episodes, were available on the service. Although a charge is made for most of the content, some of it can be accessed free of charge.

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[203] http://www.rajzfilmek.tv/

Payment is made by sending an SMS, using a system of credits (HUF 480 / €1.8 for 4 credits, of HUF 800 / €3.2 for 9 credits). One cartoon episode costs between 1 and 6 credits. Payment using a bank card is to be set up on the Internet site in the course of 2007.

Hungarian film distributors will probably be setting up new VoD services in Hungary in the near future.

TELECOM OPERATORS

T-Online Hungary: T-Online Teka and T-Home TV Videotéka

T-Online Teka[204] is the VoD service of T-Online Hungary, the ISP company of Magyar Telekom, the incumbent telecom operator in Hungary, which is part of the Deutsche Telekom group. The service was launched in November 2006 and offers films (mainly Hungarian and American), documentaries and animated films. The service is developing constantly and its stock is being added to every day. In March 2007 T-Online Hungary and Warner Bros. International Television Distribution (WBITV) signed an agreement with a view to allowing T-Online Teka access to the major's stock. At the end of 2006, T-Online reported 500 orders for VoD per week.

Films are offered for a 24-hour period; against 'à la carte' payment of between HUF 400 (€1.56) for a stock work and HUF 600 (€2.34) for a new release. Clients will also soon have access to this offer of VoD by means of a monthly subscription (SVoD).

Table 80: Breakdown of films offered by T-Online by country of origin (2006)

Country	%
Europe	30%
United States	65%
Latin America	2%
Asia	2%
Other	1%

[204] http://teka.t-online.hu/

On 6 November 2006, T-Online Hungary also launched Hungary's first IPTV distribution service, called T-Home TV[205], which allows access to 53 television channels and a VoD service called T-Home TV Videotéka[206].

TV Net: TVtévé Videotéka

TVNET[207] is a telecom operator with a triple-play offer that includes an IPTV distribution service – TVtévé was launched on 15 November 2006. TVtévé includes a VoD service called TVtévé Videotéka.[208] Viodtéka's offer includes films, television programmes, and films for adults.

Table 81: VoD services in Hungary (2006)

Service providers	T-Online Hungary	T-Online Hungary	TVNET	RAJZFILMEK Rft
Offer	T-Online Teka	T-Home TV Videotéka	TVtévé	Rajzfilmek TV
Launch date	November 2006	6 November 2006	November 2006	2006
Network	Internet	IPTV	IPTV	Internet
Stock	Hungarian and American films (Warner stock)	Hungarian and American films (Warner stock)	Under construction	Animated films only
Prices	A la carte: Stock work: HUF 400 (€1.56) New release: HUF 600 (€2.34)	n.a.	n.a.	€0.45 - €2.10
Availability	24 hours	24 hours	24 hours	24 hours
Economic model	Rental VoD (SVoD soon)	Rental VoD	n.a.	FoD, Rental VoD

Source: NPA Conseil

205 http://www.t-online.hu/t-home/index.html
206 http://www.t-online.hu/t-home/ajanlataink/termekek/20061103thome.html
207 http://www.tvnet.hu
208 http://www.tvnet.hu/iptv/?oldal=tvtvrol&aloldal=videoteka

5.13 IE - IRELAND

Table 82: Basic data for Ireland

(million)	2005
Population	4.109 No. of households: 1.440
No. of households with TV	1.430 (99.3%)
Consumer expenditure on video	€352.8 million in 2004
Broadband penetration	18.8%
Cinema attendance	16.4

Source: European Audiovisual Observatory, 2006 Yearbook

5.13.1 General background

AUDIOVISUAL PANORAMA

The audiovisual sector in Ireland is relatively small and extremely concentrated.

The analog scene is marked by a strong public sector. Four channels broadcast in analog mode over the territory – there are three in the public sector (RTE1, RTE2 and the Gaelic-language channel TG4) and one in the private sector (TV3). The public-sector channels RTE1 and RTE2 attracted 97 of the 100 best audiences in 2005.

In Ireland, 31.9% of households had a satellite dish at the end of 2005. The only operator of a television satellite platform is the British group BSkyB. The number of its subscribers in Ireland grew by 13% in 2005. It has set up a specific news channel and an advertising window for Ireland[209].

11 August 2006 saw the start of a two-year trial period for terrestrial digital television in Ireland, with 1 000 participants. A second stage of testing was launched in March 2007. In accordance with the objectives laid down by the European Commission, analog broadcasting is scheduled to cease in 2012.

The Internet access provider Magnet Networks submitted an application to the Broadcasting Commission of Ireland, the regulatory authority, in August 2006 to become one of the commercial distributors of digital television[210]. As such, Magnet intends

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209 Sky Ireland is located in the United Kingdom, but there are "Sky Shops" all over Ireland.
210 www.magnet.ie/news/10.08.2006.shtml

providing the digital television decoder with a hard disk (PVR), which will allow it to offer VoD to all those households receiving terrestrially broadcast digital television.

39.6% of households which have television subscribe to cable. The market is shared among 8 operators. The two main operators are NTL and Chorus (both of which depend on UPC Ireland, a subsidiary of Liberty Global).

IPTV is relatively undeveloped in Ireland. Magnet Entertainment is alone in offering IPTV. It provides access to part of Sky's offer, further to an agreement between the two operators. The telecom operator Eircom (the major operator in Ireland) has invested in improving its broadband networks so that it too will be able to offer IP television, and ultimately VoD.

INTERNET

Broadband penetration in Ireland is one of the lowest in Europe. 18.8% of households have a broadband connection (47% of households have a computer). Ireland has been one of the last countries in Europe to introduce broadband connections. There are nevertheless 40 access providers in the broadband market in Ireland. The main operators are Eircom, BT Ireland and UPC.

5.13.2 Regulation of non-linear services

In Ireland, the Commission for Communications Regulation (ComReg) regulates the market for the transmission of signals (allocation of frequencies, transmission networks, etc), while the Broadcasting Commission of Ireland (BCI) is responsible for regulating broadcasters and content.

The BCI's decisions are governed by a legislative environment and take interprofessional negotiations into account.

Video on demand is not regulated by the BCI at present. At the end of 2006, the only services offering VoD in Ireland were British. They are therefore not subject to regulation in Ireland by ComReg or by the BCI, since they broadcast out of the United Kingdom and not Ireland.

5.13.3 Development of non-linear services

VoD services in Ireland are provided by British players. Irish services are nevertheless expected to be launched in the course of 2007.

BRITISH SERVICES

BSkyB: Sky Anytime

BSkyB Ltd is the main supplier of VoD in Ireland, via Internet on its Sky Anytime on PC site (see information on the United Kingdom).

The other British VoD services that can be accessed from Ireland are 4oD (Channel 4 and 4 Ventures Ltd), World Cinema Online, Fivedownload (Channel 5 Broadcasting Ltd) and Lovefilm (Lovefilm International Ltd).

IRISH SERVICES

CONTENT AGGREGATORS

Future plans

Screenclick.com

Screenclick.com[211], an on-line DVD rental company, announced the setting up of a VoD service in the course of 2006, but this has not come into being because of technical problems. Initially, Screenclick.com wanted to develop VoD on PC while retaining its core business (DVD rental). The company is aiming above all to adopt a position on the market before, in a second stage, offering its own set-top box.

TELECOM OPERATORS

Future plans

Magnet

Magnet Networks Ltd[212] is one of the main operators of broadband networks in Ireland. Magnet supplies an IPTV offer called Magnet Services Digital TV.[213] The company has announced that it will launch its VoD service in 2007.

Since January 2006, Magnet has been offering a test group of 100 households the possibility, free of charge, of choosing VoD from a stock of 150 films (mainly classics), series and documentaries. Magnet sets its prices according to the feedback from the

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211 http://www.screenclick.com/
212 http://www.magnet.ie/
213 http://www.magnetnetworks.com/services/digital-tv.shtml

households in the pilot scheme. Many problems were encountered during this initial stage, which is in fact still in progress.

Magnet is expecting the first results before signing agreements with the majors. Magnet also hopes to use BSkyB's VoD stock. BSkyB had already signed a contract of this type in Great Britain with HomeChoice Service.

VoD is transmitted to the television set in streaming mode using the Magnet set-top box, via an ADSL2+ network.

Magnet's offer on IPTV differs from the other offers already presented in that the latter are only available on the Internet. Ultimately, if Magnet obtains authorisation from the BCI to supply decoders for terrestrial digital television, its VoD offer could be extended to all households receiving terrestrial digital television.

Eircom

Although the Eircom network[214] does not at present permit the introduction of an IPTV offer, the operator is nevertheless currently installing an optic fibre network capable of supporting, inter alia, television services. Eircom has already signed an agreement with the sport channel Setanta Sports with a view to distributing its future VoD stock under the name of "Always for Sport".[215]

Digiweb

The Internet access provider Digiweb Ltd[216] is also at the stage of putting together a multi-play offer, which should include a VoD service.

CABLE OPERATORS

Future plans

UPC Ireland

UPC Ireland[217], which owns the cable networks NTL Ireland and Chorus, is currently considering setting up a VoD offer.

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[214] http://home.eircom.net
[215] http://home.eircom.net/about/press/2007/February/9946715?view=Standard&main=yes
[216] http://www.digiweb.ie/
[217] http://www.upc.ie/

Table 83: VoD services in Ireland (2006)

Service providers	**BSkyB Ltd (GB)**	**Channel 4 and 4 Ventures Ltd (GB)**	**Channel Five Broadcasting Ltd (GB)**
Offer	Sky Anytime	4oD	Fivedownload
Launch date	Autumn 2005	December 2006	October 2006
Network	Internet	Internet	Internet
Stock	1400 titles: - 400 films - series - sport	- Catch-up TV (free of charge or paying): 240 fiction items and series (each series in turn representing a number of titles) - 40 films - music	- Series: *CSI* in its various versions
Prices	- Films: GBP 3.95 - Series: GBP 2.50 (download to own, only for *Lost*) or GBP 1.50 on a rental basis - SVoD Premium Sky Movies: GBP 15.00 per month, 300 films	- Series and broadcasts: GBP 0.99 - Film (to rent):GBP 1.99 - Film (to own):GBP 1.99 - SVoD television programmes: GBP 3.99 per month - SVoD films: GBP 4.99 per month - SVoD films and television programmes: GBP 5.99 per month	- 7 days before television broadcast: GBP 2.49 per episode - After broadcasting, as catch-up TV: GBP 1.49 per episode
Availability	Available for 7 days, with a 48-hour viewing window	- Viewing window: 48 hours - Catch-up TV: on the Internet, programmes available 30 days after broadcast on television	14 days
Content supplier	American majors	- agreements signed with 100 production companies	- *CSI* in its various versions
Diffusion	Streaming or downloading	Downloading	Downloading
Economic model	- Rental VoD - Download to own - Packages - SVoD	- Rental VoD - Download to own - FoD catch-up TV free of charge, including advertising - Special offers: 2 programmes available free of charge, with advertising, each month - SVoD	- Rental VoD (exclusive + catch-up TV)

Source: NPA Conseil, December 2006

Table 84: VoD services in Ireland (2006)

Group	**World Cinema Online Ltd (GB)**	**Lovefilm International Ltd (GB)**
Offer	World Cinema Online	Lovefilm
Launch date	October 2005	December 2005
Network	Internet	Internet
Stock	40 titles (in January 2006)	- 300 films and television programmes as Rental VoD (80% films, of which 10% are new releases and 60% are American films) - 25 short films against payment, and 300 free of charge - 200 films on a download-to-burn basis
Prices	Rental VoD: from GBP 1.99 to GBP 2.99 Download to own: GBP 6.99	Rental VoD: - Films: from GBP 2.99 to GBP 3.49, depending on compression - Television programme: from GBP 1.49 - Short films: GBP 0.79 Download to own: - Films: from GBP 9.99 to GBP 19.99
Availability	n.a.	5 to 7 days
Content supplier	n.a.	- Blue Dolphin - Celluloid Dreams - Discovery Channel - Momentum - Warner Bros - Sony Pictures - Contender Films - Tartan Video - Icon - Playboy TV - Revolver - Universal - 2 Entertain - partnership with World Cinema Online
Diffusion	n.a.	Downloading
Economic model	- Rental VoD - Download to own	- Rental VoD - Download to own - FoD

Source: NPA Conseil, December 2006 for Lovefilm, January 2006 for World Cinema Online

5.14 IS - ICELAND

Table 85: Basic data for Iceland

(million)	2005
Population	0.300 No. of households: 0.116
No. of households with TV	0.114 (98.3%)
Broadband penetration	56%
Cinema attendance	1.4

Source: European Audiovisual Observatory, 2006 Yearbook

5.14.1 General background

AUDIOVISUAL PANORAMA

The audiovisual sector in Iceland is extremely diversified. The free-of-charge offer covers eleven channels. However, three channels (one in the public sector, RUV-TV, and two in the private sector, Stod2 and Skjar1) together account for 87% of the total audience.

The market for pay television is dominated by Dagsbrun and Siminn. A large number of foreign channels are accessible by cable or directly by terrestrial broadcasting (for subscribers). One-third of the population subscribes to an offer for which a charge is made. 11.5% of households subscribe to cable, and 7% of households have a satellite dish. The cable market is shared by 5 operators.

At the start of 2006 nearly one household in two had a decoder allowing access to digital television. Analog broadcasting is to cease in 2010. Two multiplexes have been granted to Dagsbrun, and a further three to RUV (public sector). Dagsbrun, unlike RUV, has already begun broadcasting in digital mode.

The rate of penetration of IPTV is the highest in the world. In 2006, 24% of households in Iceland received television by IPTV. The two main operators are Siminn and Novamedia.

INTERNET

The level of broadband penetration in Iceland is one of the highest in the world. At the end of 2005, 56% of households had a broadband connection. The main access supplier in Iceland is Siminn (Iceland Telecom), which was privatised in July 2005.

5.14.2 Definition and regulation of non-linear services

Films are available as DVDs to rent 3 months after they have been screened at a cinema. For video on demand, the broadcasting window opens 6 months after cinema screening.

5.14.3 Development of non-linear services

Although VoD is a great success in Iceland, there are at present few services for which a charge is made.
On the other hand, there are many free catch-up TV services offered by the main broadcasters (Skjarinn, Visir, Novamedia, etc).

TELECOM OPERATORS

Siminn: SkjárBÍó

Since the end of 2005, Siminn[218], the incumbent telecom operator, offers the VoD service, Skjárinn[219]. on a paying basis, as part of its subsidiary's, Skjárinn[220], offer of IPTV distribution (more than 40 television channels). Siminn's VoD service is extremely successful. The rate of penetration in households is high – 20% of households in Iceland have taken up Siminn's IPTV offer. The VoD offer has been used by about 70% of the clients who have access to it. Among VoD users, the level of actual consumption is very high (more than one paying title per month per client).

Siminn's offer includes 500 titles, 95% of which are feature films – 90% of which in turn are American. Of the remaining 10%, 5% are Icelandic, 4% are from elsewhere in Europe, and 1% from other countries. Most of the stock is relatively recent – 30% of the

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[218] http://www.icelandtelecom.is/
[219] http://www.skjarinn.is/bio/
[220] http://www.skjarinn.is/

films available were released in 2006, 30% in 2005, 10% in 2004, and 5% in 2003. Films from before 2003 represent 25% of the stock. The TV programmes included in Siminn's offer are series, available as VoD. The prices of the titles range from €1.00 to €10.00. Siminn has concluded agreements with all the American majors except Paramount. For films for adults, an agreement has been concluded with Playboy. Agreements have also been concluded with Discovery and Icelandic content aggregators. At present, Siminn does not offer packs or SVoD, but it has plans for films and television series (SVoD). Siminn offers FoD for Icelandic TV programmes (catch-up TV), music clips, news and programmes for young people. A trial of financing by advertising is currently under way. Siminn does not publish any figures for the total number of downloads carried out on its service, only the usual figures. These show that each VoD consumer downloads more than one paying item each month.

365 miðlar hf. (365v media): VefTV

This company is the result of the merge between Dagsbrún and 365 ljósvakamiðlar and proposes since Spring 2006 a distribution service on Internet called Visir[221]. In this framework, the company offers the service VefTV, that proposes the flow programmes of 365 tv channels (catch-up TV)[222].

Table 86: VoD services in Iceland (2006)

Group	365 miðlar hf. (365v media)	Skjarrin (Siminn/Iceland Telecom)
Offer	VefTV	SkjárBÍó
Launch date	Spring 2006	End 2005
Network	Internet	IPTV
Stock	n.a.	500 titles
Prices	Free of charge	€ 1.00 - € 10.00
Content for adults	n.a	Yes (Playboy)
Availability	n.a.	n.c.
Content supplier	*365v media*	*Majors* (except Paramount) Discovery, local distributors
Diffusion	Streaming	Downloading
Economic model	FoD (catch-up TV)	Rental VoD, FoD (catch-up TV)

221 http://visir.is
222 http://www.visir.is/apps/pbcs.dll/section?Category=VEFMIDLAR&Template=VefTV&ChannelID=7

5.15 IT - ITALY

Table 87: Basic data for Italy

(million)	2005
Population	58.462 No. of households: 23.310
No. of households with TV	23.310 (100%)
Broadband penetration	29.6%
Cinema attendance	90.6

Source: European Audiovisual Observatory, 2006 Yearbook

5.15.1 General background

AUDIOVISUAL PANORAMA

As far as free-of-charge channels are concerned, the audiovisual scene in Italy is marked by the competition between RAI (3 public-sector channels - RaiUno, RaiDue and RaiTre) and RTI (Mediaset group, Canale 5, Italia 1, Reta 4). In 2005, the channels of the two groups together accounted for more than 85% of the audience figures, with a 44.3% audience share for RAI and 42% for the three Mediaset channels. Viewers in Italy are able to receive 9 channels (3 public and 6 private) in terrestrial analog broadcasting free of charge.

The pay television market is dominated by Sky Italia, the satellite platform operator, which holds a virtual monopoly, as cable is virtually non-existent (0.2% of households). 22.7% of households have a satellite dish. This situation is however being challenged by the arrival of players operating IPTV services and/or terrestrial digital television offers.

Terrestrial digital television was launched in 2003. 4 million decoders had been sold by July 2006. Analog broadcasting is scheduled to cease no later than the end of 2010.

The two main operators of television on IP are Fastweb, the pioneer in Europe, which currently uses an optic fibre network, and the incumbent operator Telecom Italia.

INTERNET

29.6% of households had a broadband connection at the end of 2005. The main broadband Internet access providers are Telecom Italia, Fastweb and Tiscali.

5.15.2 Definition and regulation of non-linear services

The most recent Italian legislation on radio and television broadcasting (Act No. 112/2004 of 3 May 2004) does not provide any definition of non-linear audiovisual services.

For the chronology for exploiting films, the distributors and the various VoD platforms have informally decided to open the window for exploitation on DVD 15 weeks after films have been shown in a cinema, and to open the window for VoD 10 weeks later.

5.15.3 Development of non-linear services

The VoD scene in Italy comprises the offers of the telecom operators Fastweb and Telecom Italia and the offers of RAI. These are offered on the Internet and on IPTV.

BROADCASTERS

RAI/Fastweb: Rai Click

Rai Click is a VoD offer provided by Rai Click S.p.A., a subsidiary of RAI, and distributed by the telecom operator Fastweb S.p.A. It has been available since July 2001 as part of Fastweb's IPTV offer, FastwebTV[223] on the Internet, and it has been available on the Rai Click site[224] since January 2002 – the Fastweb portal[225] also links to this site. The two offers are nevertheless different, according to the network.

The Rai Click site on the Internet provides access to the public-sector group's free catch-up TV offer, including almost 1 500 titles, with no advertising, taken from broadcasts by RaiUno, RaiDue and RaiTre. It is structured in 8 themes (fiction, shows, content for young people, information, sport, history, knowledge, and travel).

On IPTV, the Rai Click portal proposes pay offers, either by subscription (SVoD) or by VoD for individual items. Seven theme channels – Rai Click Oggi (new releases), Rai Click Fiction, Rai Click Cinema, Rai Click Junior, Rai Click News e Sport, Rai Click Focus (culture), Rai Click Spettacolo (shows)) are available. 120 films are available on the

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223 http://www.fastweb.it/web/famiglia/fastweb_full/opzioni_tv/fastweb_tv/
224 http://www.raiclicktv.it/
225 http://www.fastweb.it/portale/raiclick/

cinema channel Rai Click Cinema. 60 of them are available individually at a price of between €3.00 and €5.00, while the remaining 60 can be accessed through the SVoD offer. It is possible to subscribe to the seven channels for €7.50 per month. 80% of the films on offer are Italian.

TELECOM OPERATORS

Fastweb: ONtv and Rai Click

At the end of September 2006, 950 000 households were subscribing to one or other of Fastweb's broadband Internet offers proposed by Fastweb S.p.A. and were therefore in a position to benefit from the offer of an IPTV service. Apart from access to the various Sky Italia packages and about a dozen theme channels, Fastweb's offer gives access to two VoD services – ONtv[226] (VoD for payment), launched in 2003 by the operator, and Rai Click TV[227] (VoD for payment, FoD and catch-up TV – see above). In this way Fastweb offers more than 5 500 titles for VoD (3 500 through Rai Click, and 2 000 through ONtv). These titles include 500 films (400 stock and 100 new releases).

The ONtv offer is structured in 7 theme "channels" (films, fiction, football and sport, young people, music, shows). The cost of films from ONtv's catalogue was between €3.00 and €5.00. The offer of content for young people is also very substantial, and can be accessed either by SVoD, or for individual films, at a cost of between €4.00 and €5.00 (full-length cartoon films such as *Kirikou*, etc).

To keep the ONtv catalogue supplied, agreements have been concluded with various studios, including Universal, DreamWorks, Sony, Mikado, 01 Distribution, Fox and Médusa. More recently, Fastweb signed an agreement with Buena Vista International, which enables the Italian broadband operator to add a considerable quantity to its VoD catalogue. Because of this agreement, Fastweb subscribers have access to all the films distributed by Buena Vista, including Disney, Miramax and Touchstone films.

At the end of 2006, Fastweb carried out tests with a view to including high-definition programmes in its ONtv offer.

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226 http://www.fastweb.it/web/famiglia/fastweb_full/opzioni_tv/fastweb_tv/ONtv/
227 http://www.fastweb.it/portale/raiclick/

Alice: Rosso Alice and Alice Home TV

The incumbent operator Telecom Italia S.p.A. provides two separate offers, one accessible on PC using the Internet (Rosso Alice), and the other as part of the IPTV offer (Alice Home TV).

On the Internet, the VoD offer called "Rosso Alice" has been available since 25 February 2004 either on the Rosso Alice site[228] or via the Alice portal[229]. The catalogue includes 200 general films, 110 films for adults, sport, news, and Italian television broadcasts.

News and television programmes are available free of charge. Films cost €1.99 ("cult" films) or €2.00 (new releases). Films can be paid for individually or by using a system of pre-paid rechargeable cards (€5.00, €10.00 and €50.00 values). It is even possible to give another person a credit for films in the form of a gift. Packs are available - 3 films for €5.00, 5 films for young people for €5.00. Family films cost €1.50.

The Rosso Alice portal also offers SVoD, at the following prices: €4.00 for one month, €10.00 for 3 months, or €36.00 for one year.

Sport can be accessed at various prices. Basketball is available as SVoD for €20.00 per year. Individual matches cost €2.00 if live or €0.50 if pre-recorded. For football, Inter Milan matches are available on SVoD at a cost of €3.00 per month. Series A and B championship matches are available pre-recorded at a cost of €0.50 per match. There is also an offer at a cost of €1.00 per month, with 3-minute summaries of the highlights of each match.

As part of the Alice Home TV IPTV offer[230], the VoD service that has been offered since December 2005 and called simply "I contenuti" is structured in four catalogues – films, sport, TV series and music.

For the films, agreements have been concluded with 20th Century Fox, Sony Pictures International, Paramount Pictures, Warner Bros., Bim, Lucky Red, Mediafilm, Mikado and Rai Cinema. There is also a partnership with the Sky package, allowing VoD access to all the films of Sky Movie. New releases cost €4.00, and other films €3.00. 315 films were available in December 2006. Almost 80% of the films are American. Under the SVoD

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228 http://hp.rossoalice.alice.it/
229 http://www.alice.it/rossoalice/indexbb.html?pmkf=oggi
230 http://www.alice.it/alicehometv/indexbb.html

offer at a cost of €16.00 per month it is possible to access Sky films and a number of Italian films (140 films are included in the subscription).

Sport can be accessed on subscription (SVoD), at a cost of €15.00 per month. Football matches can be purchased individually at a cost of €4.00 to €5.00 for a live match, depending on the importance of the match, and €1.00 for a pre-recorded match. A basketball match costs €2.00 for a live match and €1.00 for a pre-recorded match.

Alice Home TV's annual offer amounts to 2 500 titles, of which 500 are available each month. 200 titles are changed each month.

Tiscali: Tiscali Videoclub

The VoD offer of the ISP Tiscali S.p.A., originally called Tiscali Videoclub before changing its name to Tiscali Cineclub[231], was launched on the Internet in 2003. The offer includes both programmes that are free of charge and programmes for which a charge is made.

TV programmes(short films, series, television broadcasts, news programmes, etc) can be accessed free of charge. To be able to offer this, Tiscali has reached a good number of agreements, including with the BBC, Associated Press, and Canale Live.

At mid-December 2006, the stock of video for which a charge is made comprised 25 documentaries at €2.50 and 75 films at €1.99 (mainly classics, with fewer than 5% new releases). Among the feature films, Italian films represent 40% of the total (compared with 60% European American films). Payment may be made for each item individually or using a system of rechargeable credit (€10.00, €20.00 and €100.00 values).

Payment may be made either by credit card or by inclusion on Tiscali's Internet billing. For each film, the user may choose between streaming, downloading and progressive downloading.

Until now the economic model for Tiscali's offer has been entirely to rent, but since mid-January 2007, consumers have had the possibility of downloading some films to own. On this last point, negotiations with the majors appear to be difficult, and only Universal and Warner have accepted the possibility of downloading their films on this service on a to-

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231 http://cineclub.tiscali.it/

own basis, non-exclusively. Tiscali is currently negotiating with other majors. For the Italian distributors, agreements are shortly to be concluded with Mikado and Bim for part of their stock.

Tiscali, which previously only supplied Internet access and telephone services, is intending to launch its IPTV distribution service in the summer of 2007. Some content will then be financed by advertising.

The group is also considering the possibility of proposing its VoD service under an own-brand label.

Eutelia: Film is now

The telecom operator Eutelia S.p.A., in partnership with Warner, offers a VoD service called Film is Now[232], available on the Internet, but only in Italy. The offer was launched on 6 November 2006.

Eutelia signed an agreement in October 2006 with Warner Home Video covering almost 100 films (including a number of recent films such as *Syriana*, *Firewall*, *V for Vendetta*, *The Matrix*, *Harry Potter, Poseidon, Superman Returns,* etc). This agreement will be extended in the course of 2007 to include Warner's television series.

The films are offered on a download-to-own basis, and are protected by DRMs. Prices range from €9.90 (stock films) to €13.90 (new releases).

Wind Telecomunicazioni: Libero Film

Wind Telecomunicazioni S.p.A. is an operator of fixed, mobile and Internet networks. The group's Internet offer is made through its subsidiary ItaliaOnLine S.r.l., under the brand name Libero.[233]

The Libero portal has two offers – one is free, a charge is made for the other.

The free offer is available under the name "Libero Video", on a site offering user-generated content (UGC)[234].

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[232] http://www.filmisnow.it
[233] http://www.libero.it/
[234] http://video.libero.it/

The pay offer is available, somewhat discreetly, on the Premium Libero site as part of the services in the 'Libero Shop'[235]. This is a rental service. Each film costs €3.50. Subscribers to Libero's DSL Internet offer have the benefit of a preferential price (€2.50 per film). At mid-December 2006, the stock was very low. About a dozen films were available, mainly European art films. There was only one American film, and two Italian films. All these films were released for cinema viewing between 1993 and 2002.

The films are downloaded (progressive downloading) onto the computer and may be viewed any number of times during a period of 30 days. At the end of this time the user may acquire a new viewing licence for a further 30 days. The films are encoded in DivX format.

Libero offers a wide range of films for adults, available at a cost of €9.00 (€6.00 for Libero subscribers) for a period of 10 days. 54 films are available.

Wind intends introducing a triple-play offer in the course of 2007; this would include Libero's VoD service. Wind's set-top box will incorporate a PVR. With this in view, Wind has signed an €80 million contract with Alcatel.

[235] http://premium.libero.it/premium/tp/help/helpiol001tc.jhtml?nome=Libero%20Film

Table 88: VoD services in Italy (2006)

Service providers	**Rai Click S.p.A.**	**Eutelia S.p.A.**	**Telecom Italia S.p.A.**	
Name of offer	Rai Click	Film is Now	Rosso Alice	Alice Home TV
Launch date	- January 2001 (IPTV) - January 2002 (on the Internet)	November 2006	February 2004	December 2005
Network	Internet and IPTV	Internet	Internet	IPTV
Stock	- 120 films - 1500 Italian television programmes	-100 films	- 200 films - sport - news - television broadcasts	- 315 films - football - basketball
Prices	FoD for catch up TV Rai Click TV (IPTV): - Films: €3.00 - €5.00 - SVoD 7 channels on demand (including RaiClick Cinema, giving access to 60 films): €7.50 per month	- Films (new releases): €13.90 - Films (stock): €9.90	- Films (new releases): €2.99 - Films (stock): €1.99 - Films (family viewing): €1.50 - €5.00, €10.00 and €50.00 credits - 3 films for €5.00 - 5 films for young people for €5.00 - Football and basketball: €2.00 or €3.00 per match - SVoD films: €4.00 for 1 month, €10.00 for 3 months, €36.00 for 1 year - SVoD package: €20.00 per year	- Films (new releases): €4.00 - Films (stock): €3.00 - Sky SVoD films (140 films): €16.00 per month - Football (live): €4.00 or €5.00 - Basketball (live): €2.00 - Football and basketball (pre-recorded): €1.00 - SVoD sport: €15.00 per month
Content for adults	n.a.	n.a.	-110 films for adults	n.a.
Content providers	- Rai Cinema - RaiUno, RaiDue, RaiTre	Warner Home Video	- Partnership with Sky - Paramount Pictures - Warner Bros.	
Diffusion	n.a.	- Progressive downloading	n.a.	- Streaming
Economic model	- Rental VoD - SVoD - FoD	- Download to own	- Rental VoD - FoD (news and television broadcasts) - Packs - SVoD	- Rental VoD - SVoD

Source: NPA Conseil, December 2006

Table 89: Services VoD in Italy (2006)

Service providers and distributors	Fastweb S.p.A.	ItaliaOnLine S.r.l.	Tiscali S.p.A.
Name of offer	ONtv and Rai Click	Libero Film	Tiscali CineClub
Launch date	January 2001 for Rai Click 2003 for ONtv	Summer 2004	2005
Network	IPTV	Internet	Internet
Stock	Rai Click TV ONtv: 2 000 titles	- 11 films - several thousand amateur videos	- 75 films (40% Italian, less than 5% new releases) - TV programmesfree of charge (series, television broadcasts, news programmes, short films, etc) - 25 documentaries
Prices	Rai Click TV: - Films: €3.00 - €5.00 - SVoD ; 7 channels on demand (including Rai Click Cinema, giving access to 60 films): €7.50 per month ONtv: - Films: €3.00 - €5.00 - Cartoons: €4.00, €5.00	- €3.50 per film - €2.50 for Libero DSL subscribers	- Films: €1.99 - Documentaries: €2.50 - €10.00, €20.00 and €100.00 credits
Content for adults	n.a.	- 54 films - €9.00 (€6.00 for subscribers)	n.a.
Content providers	- Universal, DreamWorks, Sony, Mikado, 01 Distribution, Fox and Médusa, Buena Vista International - RaiCinema - RaiUno, RaiDue, RaiTre	n.a.	- Mikado - Bim - Universal - Warner - BBC - Associated Press - Canale Live
Diffusion	n.a.	- progressive downloading for films, in DivX format	- Streaming - Downloading - Progressive downloading
Economic model	- Rental VoD - FoD (1 500 titles, without advertising) - SVoD	- Rental VoD - FoD (User Generated Content)	- VoD payment for individual items or by credit - Rental VoD and subsequently to own (in the course of 2007) - FoD without advertising (but there are future plans)

Source: NPA Conseil, December 2006

5.16 LU – GRAND DUCHY OF LUXEMBOURG

Table 90: Basic data for the Grand Duchy of Luxembourg

(million)	2005
Population	0.455 No. of households: 0.181
No. of households with TV	0.179 (99%)
Broadband penetration	29%
Cinema attendance	1

Source: European Audiovisual Observatory, 2006 Yearbook

5.16.1 General background

AUDIOVISUAL PANORAMA

The main broadcaster is the company CLT–UFA S.A. (part of the RTL Group), to which the Grand Duchy entrusts a number of public-service missions (commitments in respect of programmes on news, culture, sport, etc). There is in fact no public-sector television broadcaster in the Grand Duchy. RTL Lëtzebuerg, which broadcasts in Luxembourgish, is the most important channel in the country, with a 14.3% audience share in 2005. Other channels, both national and regional, in Luxembourgish, are broadcast on the cable and satellite networks, but they are less popular. Foreign channels – French and German – are much in demand, however. The French channel TF1 achieved an audience share of 9.2% in 2005, making it the second most important channel in the country, ahead of the German channel RTL (8.9%).

The digital mode has had very little impact on the Grand Duchy. Television services are almost exclusively provided by analog cable (84% of households are connected to cable, of which only 2% in digital mode) and satellite (28% of households have a satellite dish for receiving analog programmes). Only 2% of households use terrestrial reception. Terrestrial digital television is provided by a single multiplex and the terrestrial analog broadcasting of the channels RTL TVI, RTL4 and RTL5 has ceased. No IPTV offer has yet been launched.

INTERNET

Because of high subscription prices and lack of competition as a result of the domination of the incumbent operator P&T Luxembourg, it was difficult to get broadband off the ground in the Grand Duchy in the early 2000s. For the past two years, however, the State has been operating a deliberate policy that has boosted the market – at the end of 2005, 52 000 households (i.e. 29%) had access to a broadband connection.

5.16.2 Regulation of non-linear services

There is no specific regulation of VoD.

5.16.3 Development of non-linear services

There is at present no offer of video on demand in the Grand Duchy, since the Luxsat service closed down in January 2005. Luxsat had been operating a VoD offer since the start of 2004, pushing to its Luxstation terminal.

iTunes Music Stores

Luxembourg is also home to the European headquarters of Apple's iTunes Music Stores service. The on-line distribution of music by iTunes Music Stores is operational in 22 countries, including 14 European countries. The international turnover of the "Other music-related products and services unit" (which basically comprises iTunes Music Stores) increased from USD 278 million in 2004 to USD 899 million in 2005 and to USD 1 885 million in 2006 (+110%).[236]

The European iTunesMusic Stores service was established in the Grand Duchy for tax reasons, with the active support of the Luxembourg authorities. It serves 14 countries for the distribution of recorded music, but does not currently have any offer of pay VoD for films and TV programmes other than video clips and Pixar short films.

The iTunes Stores service is therefore not yet as developed as the service in the United States, where iTunes Video Stores have been offering since October 2005, on a download-to-own basis, more than 400 films (from the Disney, Paramount and Lionsgate

[236] Apple Inc. 10-K 2006 (Fiscal year to 30 September)

studios) and 350 television programmes (from, inter alia, the catalogues of CBS, ABC, Fox, Warner Bros., MTV Networks, Telemundo, Turner Broadcasting and E! Entertainment). The price range is USD 14.99 (€11.60) for recent films, USD 9.99 (€7.77) for stock films, and USD 1.99 (€1.50) for television programmes. The exact proportion of VoD services for films and TV programmesin the growth figures is not revealed but, according to Apple's Form 10-K for the fiscal year 2006, the increase in sales through iTunes Stores was partly the result of the offer for downloading videos, TV programmesand films.

According to information in the press and a statement made by Luxembourg's Minister for Economic Affairs, Apple could launch a European iTunes Video Stores service in the spring.[237]

Although this has not been confirmed by Apple, it is indeed likely that the service will be launched in 2007, particularly to support sales of the new Apple TV set-top box which makes it possible, inter alia, to view audio content – and more particularly videos purchased from iTunes Video Stores – on a television set.

[237] P. GONZALES, "Apple breaks European rules", *Le Figaro* newspaper, 26 January 2007. Luxembourg's Minister for the Economy and Foreign Trade, Jeannot Krecké, said on 30 January 2007, in response to a question from a journalist and to rumours in the French press, that he was aware that there were plans for an Apple iTunes video scheme. The Minister said that he did not however have official confirmation from Apple concerning possible location in the Grand Duchy. "Since Apple is already present in the Grand Duchy with its iTunes music downloading platform, I would not be surprised if the company decided to locate its video platform in the same place," he said. Statement by Mr Jeannot Krecké, Minister for the Economy and Foreign Trade, on iTunesvidéo – no official confirmation from Apple. Communicated by the Ministry for the Economy and Foreign Trade, 31 January 2007.

5.17 NL – NETHERLANDS

Table 91: Basic data for the Netherlands

(million)	2005
Population	16.306 No. of households: 7.0
No. of households with TV	6.915 (98.7%)
Broadband penetration	59.8%
Cinema attendance	20.5

Source: European Audiovisual Observatory, 2006 Yearbook

5.17.1 General background

AUDIOVISUAL PANORAMA

The market for free television in the Netherlands is structured around three main areas, with one public-sector player, NOS RTV (Ned 1, Ned 2, Ned 3, etc), that acts as an umbrella for 21 broadcasters, and two private groups, SBS Broadcasting (Net 5, SBS 6 and Veronica) and RTL Nederland (RTL4, RTL5, RTL7). The latter are established in the Grand Duchy of Luxembourg.

In 2005 the public-sector channels accounted for almost one-third of the audience, while the channels of RTL Nederland achieved a 23.5% audience share, and those of SBS Broadcasting 17.1%. In 2005, the launch of the general channel Talpa (re-named Tien) nevertheless broke this balance, by achieving a 3.5% audience share, mainly at the expense of the channels of the public-sector group.

Pay television is also highly developed, with a penetration of multi-channel offers of 92% of households. The operators of cable (UPC Nederland, Essent, Casema), satellite (Canal Digitaal) and IPTV (KPN, Lijbrandt, Versatel) drive the market.

Terrestrial analog television ceased at the beginning of December 2006. Only 74 000 households were still receiving television in this mode.

The cable operators are the main vectors for the distribution of television in the Netherlands – 90.6% of households are subscribers. Nearly 30 players operate in the market, which is dominated by UPC Nederland (2.28 million subscribers at the end of

2005), followed by Essent and Casema, which each have more than one million subscribers. These three players concentrated almost 85% of the total number of cable subscribers at the end of 2005. In August 2006, Essent and Casema were bought out by the Cinven[238] and Warburg Pincus investment funds.

There is also a satellite platform operator in the Netherlands - Canal Digitaal, with more than 600 000 subscribers in 2006.

There are three Internet access providers proposing IPTV offers - Versatel and Lijbrandt launched their offers in 2005, while KPN, the incumbent operator, has been marketing its offer since May 2006.

INTERNET

The percentage of households connected to the Internet in the Netherlands is one of the highest in Europe – at the end of 2005, there were an estimated 4.193 million households with broadband connection (59.8% of households).

5.17.2 Regulation of non-linear services

There is no specific regulation of VoD services in the Netherlands.

The chronology for exploiting films is left to the players concerned (negotiated among the rightsholders).

5.17.3 Development of non-linear services

The Netherlands is one of the countries of Europe that has the greatest number of VoD services. This is particularly due to the range of services available on the Internet. Of particular note is the presence of the B2B services provider ODMedia and the different versions of their Internet offers proposed by the various distributors (cable and telecom operators).

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[238] Cinven is also the main player in the French cable market, having bought out the cable operators Numericable in 2005 and UPC/Noos in June 2006.

BROADCASTERS

The catch-up TV offers proposed by the main broadcasters are particularly well developed. They nevertheless are all based on a free model, generally not supported by advertising. Although they do not fall immediately within the scope of the study, we have nevertheless indicated the most significant services to show the trend.

RTL Nederland: RTL Video and RTL Gemist

RTL Nederland Interactief B.V. is the Dutch subsidiary of the RTL group that provides Internet services and mobile television services connected with the channels RTL 4, RTL 5 and RTL 7, provided by the Luxembourg company CLT-UFA S.A.

On its Internet site, RTL Nederland Interactief B.V. has been proposing both a free catch-up TV offer and an on-demand service for films and series, called RTL Video[239], since April 2005.

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[239] http://www.rtl.nl/films/rtlvideogesloten/

This service has a stock of 600 titles available – 80% are American works and 20% Dutch. The offer does not include many new releases, since 90% of the titles date back to before 2003. Content is offered at a price of €2.60. In 2006, the service generated approximately €100 000.00 in revenue and recorded 60 000 downloads.

At the same time, RTL Nederland Interactief B.V. proposes an offer of catch-up TV called RTL Gemist[240]. The channel's various programmes are proposed free of charge, and some are accompanied by commercials. The site has recorded 40 million downloads.

RTL Nederland Interactief B.V. is currently seeking to have its offers included on the various digital platforms for cable and IPTV.

NOS: Uitzendinggemist

Uitzendinggemist[241] is the portal for catch-up TV for the three public-service channels, coordinated by the NOS. The site covers a wide offer of the various programmes broadcast on television – more than 20 000 titles, accessible free of charge, were listed in December 2006.

[240] http://www.rtl.nl/service/gemist/home/
[241] http://www.uitzendinggemist.nl/

The portal can also be accessed via the IPTV services of Mine TV[242] and Tele2Vision[243]. 9 million downloads were recorded in the month of November 2006 alone.

The audience measurement service 'Kijk- en Luisteronderzoek (KLO)', in collaboration with the 'Kijkersonderzoek' foundation (SKO) will record the number of hits and the use made of the 'Uitzendinggemist' service. It will be possible to know which programmes have been downloaded and how many times they have been viewed.

Tien TV: Tien Programma Gemist

The site of the channel Tien TV, provided by Talpa Media Holding (John de Mol group), also has an area for catch-up TV, called Programma Gemist[244]. More than 1 500 titles are listed, including the various reality TV shows broadcast by the channel (*Big Brother*, *Expeditie Robinson, etc*). No films are included. The service is also proposed on Mine TV. Also, a test of the free-of-charge supply of the series *Lotte* and *Nieuw Dier* as video podcasts is being carried out.

242 http://www.mine.tv
243 http://www.tele2.nl/shop/TV/index.htm
244 http://www.tien.tv/web/show/id=47822/langid=43

CONTENT AGGREGATORS

ODMedia

ODMedia B.V.[245], created in 2004, presents itself as the first company in the world to have launched an own-brand B2B VoD service. Using a central platform, the group operates in part or in full (content, design, invoicing, technical aspects) the VoD services of 14 portals (with an offer for the general public and/or for adults) for ten different clients. It plans to launch a service in the United Kingdom in the first quarter of 2007, and is considering massive development in Europe (initially in France, Spain, Germany and Russia). Its aim is to provides its catalogue to 150 portals within three years on an own-brand basis throughout Europe.

ODMedia's clients include providers of services, rightsholders, Internet access providers and DVD rental companies.

Table 92: VoD services for general films offered in the Netherlands in part or in full from ODMedia's library (2006)

Companies	Services
HCC	HCC Cinema[246]
Yellow Lemon Tree	TV OP JE PC[247]
Globalcinema.nl	Mim.TV' Globalcinema.nl[248]
Zeelandnet B.V.	Zeelandnet FilmOnline[249]
Winkelwijs	Winkelwijs Filmkanaal[250]
Ster Digital B.V.	Ster Videotheek online[251]
DirectMovie.nl	Directmovie[252]
Casema	Casema Film Portal Cinema 1[253]
KPN/Planet Internet	Planet Moviestream[254]

The technical models allowed by ODMedia are streaming and downloading-to-own and –to-rent, backed by Microsoft's DRM system.

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245 http://www.odmedia.nl/
246 http://www.hcccinema.nl/
247 http://www.tvopjepc.nl/
248 http://kim.internetbios.tv/
249 http://zeelandnet.internetbios.tv/
250 http://winkelwijs.internetbios.tv/
251 http://ster.internetbios.tv/
252 http://www.directmovie.nl/
253 http://casema.internetbios.tv/
254 http://www.moviestream.nl/

In December 2006, the stock held by the company amounted to 1 200 titles – 100 titles are added each month. The stock comes mainly from independent distributors in the Benelux countries, and the agreements have been negotiated for a three-year period.

The films proposed come mainly from the United States. There are very few Dutch titles.

Table 93: Breakdown by country of origin of the films proposed by ODMedia (2006)

Country	%
United States	75
Netherlands	10
Other European countries	15

The catalogue includes films that were released for cinema viewing mainly in 2003 and 2004 (70% of the titles). Films less than two years old represent no more than 15% of the stock.

Table 94: Breakdown by release date of films offered by the ODMedia catalogue (2006)

Release date	%
2006	5
2005	10
2004	30
2003	40
Before 2003	15

The American programmes on offer are mainly fiction items. The Dutch programmes on offer are more balanced, including fiction, documentaries, cartoons and other types of programme. Programmes from other European countries are mainly fiction items.

Table 95: Breakdown of content by genre in ODMedia's catalogue by country of origin (2006)

In %	Fiction	Documentary	Cartoons	Other	Total
United States	70	15	10	5	100
Netherlands	30	30	25	15	100
Rest of Europe	65	20	20	5	100

Five marketing models are available. Three are based on invoicing for each individual purchase:

- rental of content for 48 hours for €1.99 - €4.99
- rental of content for 7 days for €3.99 - €8.99
- downloading of content to own for €5.99 - €19.99

The other two models use either a pre-payment model or a subscription model, by purchasing credits, enabling the viewer to save at least 10% on the cost of the programmes viewed.

ODMedia announced that it had registered 15 000 downloads in the month of December 2006 for these various services, and a monthly growth rate of between 10 and 15%.

The following seven services operated by ODMedia are relatively similar and present the same features as the ODMedia offer. They will therefore be described only briefly.

HCC: HCC Cinema

HCC Cinema[255] is the VoD offer proposed by the HCC publishing group since the start of 2006 using ODMedia's stock. More than 500 stock titles are available.

Yellow Lemon Tree: TV OP JE PC

TV OP JE PC[256], on the initiative of the communication agency Yellow Lemon Tree, is a portal that provides access to live and pre-recorded television broadcasts (by pointing to the various catch-up TV offers provided by the broadcasters) and to a pay VoD service for films built up on the stock proposed by ODMedia. The offer was launched in November 2005; both the offer and the stock are virtually the same as that of HCC Media, i.e. approximately 500 films.

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[255] http://www.hcccinema.nl/
[256] http://www.tvopjepc.nl

GlobalCinema.nl: Kim.tv's GlobalCinema.nl

Kim.tv's Global.Cinema.nl service[257] has been in existence since 2005 and is aimed at an adult public. The service supplier is identified as Globalcinema.nl and the site appears to be related to a site offering content for adults (Kim.TV.nl). Its stock comprises films for adults ("over 18" and "erotic"), apart from 146 films aimed at a wider audience, taken from the ODMedia catalogue.

257 http://kim.internetbios.tv

Winkelwijs N.V.: Filmkanaal

Winkelwijs N.V. is a company that sells cultural product on-line. Its VoD service, called Filmkanaal[258], offers more than 350 titles supplied from the ODMedia catalogue.

[258] http://winkelwijs.internetbios.tv/

STER Videotheken Organisatie BV. : Ster Videotheek

Ster Videotheek, alongside its offer of DVD on-line rental, provides a VoD service called Ster Videotheek[259], which comprises more than 500 titles from ODMedia's stock.

DirectMovie.nl

DirectMovie.nl[260] offers more than 550 titles, mainly American films from ODMedia's stock. There are only 21 Dutch titles available. More than 80 documentaries are also available, plus an offer for young people of about 55 titles (cartoons, films for children). An adult offer is also available.

[259] http://ster.internetbios.tv/
[260] http://www.directmovie.nl

The content, partly from the ODMedia catalogue, is accessible against payment for individual items at prices starting at €1.99. Subscription and pre-payment schemes that provide "credits" are also marketed.

Table 96: Direct Movie's commercial offers of subscription and pre-payment

Amount (€)	Credits	
	Subscription	Pre-payment
4.99	550	-
9.99	1 150	1 050
14.99	1 775	1 650
19.99	2 425	2 275
24.99	3 100	2 900
34.99	4 500	4 200

The offer is also accessible in Belgium.

Free Internet Shop BV: Freerecordshop Movies

Freerecordshop[261] is the brand name of Free Internet Shop BV, the main physical distributor of DVDs in the Netherlands (it is also present in Belgium, the Grand Duchy of Luxembourg, Norway and Finland). It offers a VoD service on the Internet on a download-to-own basis. Its stock comprises about a dozen films from the catalogue of Warner Home Video, with which the company has concluded a distribution agreement for the Netherlands. The films are offered at €7.99. As soon as the service was launched on April 2006, downloading of the latest *Harry Potter* film was offered on the same day as the DVD release.

The offer has not appeared on the site since March 2007 – the service has presumably been suspended.

Tiger Online

Tiger Online[262] is an offer provided by the International Film Festival of Rotterdam (IFFR) and set up technically by Tiscali. About fifty art films shown at the festival are accessible, at a price of €2.99 for viewing using streaming or progressive downloading. KPN became the new sponsor of the offer in 2007 and has included these titles in its Mine TV offer.

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[261] http://www.freerecordshop.nl/
[262] http://www.tigeronline.nl/

Maxx-XS B.V.: Maxx-XS

Launched in 2003 by the company Maxx-XS B.V., Maxx-XS[263] was one of the first VoD sites on the Internet in the Netherlands. It proposes a catalogue of about 200 titles, mainly stock films, music content and Dutch documentaries. Prices vary from €2.99 to €3.50.

Maxx-XS also manages the content offered on the Leezy site[264] and the offer on the Filmnu.nl site. (These were no longer accessible at the beginning of April 2007.) To accentuate its cinema positioning, the Maxx-XS site also offers, free of charge, the trailers for films being released in cinemas in the Netherlands.

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263 http://www.maxx-xs.nl/
264 http://www.leezy.nl

CyberSales Media: DVD Download.nl

The company CyberSales Media B.V. provides the VoD service DVD Download.nl[265]. About a hundred general films are proposed, at prices starting at €1.00. Most are stock films from the American studios. There is also a relatively substantial offer for adults.

T.M.A. bvba: 7 days

7 days is a portal provided in Belgium by T.M.A. bvba that can be accessed by consumers in the Netherlands (see information on Belgium).

Xie Entertainment BV: Planet Prime

Xie Entertainment BV is a joint venture involving the telecom operator KPN and the programme production company Endemol BV. At the start of April 2007, Xie Entertainment launched its VoD service on Internet Planet Prime[266]. The service comprises television programmes, which may be rented for 24 hours at the price of €2.20. One 24-hour channel, Planet Prime Life, can also be accessed on KPN's Mine TV site and on Digitenne, the terrestrial digital television platform.

TELECOM OPERATORS

KPN: Film Direct and Planet Movie Stream

The incumbent operator KPN has two VoD offers - Film Direct as part of its IPTV offer called Mine TV[267] and Planet Movie Stream[268] on the Internet (part of the content of which is supplied by ODMedia).

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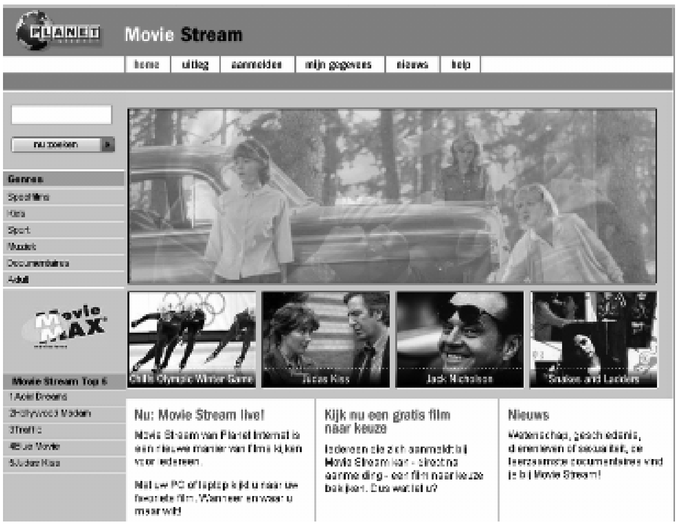
[265] http://www.dvddownload.nl
[266] http://www.planetprime.nl
[267] http://www.kpn.com/kpn/show/id=1600161
[268] http://moviestream.planet.nl



On Mine TV, most of the stock comes from the American majors; more than 300 titles are available, from €2.99. 20 films from the major studios are also available to subscribers free of charge.

Table 97: The 20 films offered free of charge on Mine TV - *December 2006*

Film	Genre
The Ambulance	Thriller
Antonia	Dutch
Chicago	Romantic
Death and the Maiden	Drama
From Dusk Till Dawn	Horror
Gladiatress	Humour
Hamlet	Drama
Karakter	Dutch
Kate and Leopold	Humour
Kingpin	Humour
Ladybird, Ladybird	Drama
Martial Touch, The	Action
Matador	Drama
Max Havelaar	Drama
Mulholland Drive	Drama
Party Monster	Drama
Pocahontas	Family
Pokémon Helden 5	Family
They	Horror
Weight of Water, The	Thriller

In 2007, KPN became the partner of the Rotterdam International Film Festival, and as such offers a number of films proposed on the Tiger Online VoD service.

The *Uitzendinggemist* catch-up TV offer can also be accessed on Mine TV.

Tiscali Nederland: Tiscali VideoClub

Tiscali Nederland provides a VoD service on the Internet called Tiscali VideoClub[269]. This offers 250 films, from the catalogues of CinemaNow and including some of the films included in the Tiger online VoD offer.

In September 2006, KPN announced its plans to purchase Tiscali's Dutch subsidiary, and the operation is currently under examination by the regulatory authorities.

Tele2: Tele 2 Videotheek

Tele2 (Netherlands) B.V. is the Dutch subsidiary of the Swedish Internet access provider Tele2. In 2006 it formed links with its competitor Versatel. As part of its IPTV offer it proposes a VoD service called Tele 2 Videotheek[270], comprising almost 250 titles, with prices starting at €2.99. Tele2 also supplies the catch-up TV service called Uitzendinggemist.

Zeelandnet: Zeelandnet Films Online

ZeelandNet Films Online [271] is the VoD offer of the Internet access provider Zeelandnet B.V. The service permits access to almost 300 films in ODMedia's catalogue, plus content for adults.

269 http://videoclub.tiscali.nl/
270 http://www.tele2.nl/tele2tv/videotheek/
271 http://zeelandnet.internetbios.tv/

CABLE OPERATORS

Essent/Home: Movieplayz

In December 2006 the company Home, the triple-play subsidiary of the Essent group, launched Movieplayz[272], its VoD offer on the Internet, aimed at its subscribers to the @Home services. It offers a stock of items mainly from the Warner studios, accessible as downloads-to-rent and –to-own. The genres are varied - films (161 titles), documentaries (9 titles), television series (59 titles), programmes for young people (8 titles). Content items are offered from €2.95 for rental and from €7.95 for sale.

Casema: Film Portal 1 and 2

The cable operator Casema offers on its Internet site a VoD offer than aggregates the offers of ODMedia (Cinema 1 portal[273]) and Maxx-XS (Cinema 2 portal[274]). It also offers links to the audiovisual content of the public-sector and private channels of CLT-UFA (RTL group) and SBS Broadcasting.

UPC

UPC Nederland, the cable leader in the Netherlands, announced it would be launching a VoD service[275] on 16 April 2007. The service will be supplied using the UPC Mediabox. UPC already provided its subscribers with a near-video-on-demand service (NVoD), but this was apparently not particularly successful. Initially the offer will comprise 35 recently-released films, 200 stock films, and 250 hours of television series, accessible using a subscription scheme (SVoD) and programmes for children. A selection of television programmes will also be offered free of charge (FoD). The service will be provided initially in the region of Gelderland (Brabant) to 60 000 households equipped for digital reception. It will be extended subsequently to the other regions served by the operator.

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272 https://movies.home.nl
273 http://casema.internetbios.tv/
274 http://cinema.maxx-xs.nl/
275 http://www.upc.nl/popup.php?ContentName=press_20070330

Table 98: VoD services proposed by broadcasters in the Netherlands for which a charge is made (2006)

Service providers	RTL Nederland Interactief B.V.
Offer	RTL Video
Launch date	April 2005
Network	Internet
Stock	600 films and series
Prices	from €1.30
Content for adults	yes
Availability	24 hours
Content supplier	Major studios, local players
Diffusion	Streaming
Economic model	Rental VoD

Source: NPA Conseil, December 2006

Table 99: VoD services proposed by content aggregators in the Netherlands (2006)

Service providers	**HCC**	**Yellow Lemon Tree**	**Gobalcinema.nl**	**Winkelwijs**	**STER Videoteeken B.V.**
Offer	HCC Cinema	TV OP JE PC	Kim.tv's Globalcinema.nl	Filmkanaal	STER Videothek
Launch date	Early 2006	November 2005	2005		
Network	Internet	Internet	Internet	Internet	Internet
Stock	Around 500 titles	Around 500 titles	146 titles	Around 350 titles	Around 500n titles
Prices	From € 1.99	From € 1.99	From € 2.99	From € 1.99	n.a.
Content for adults	Yes	Yes	Yes	Yes	n.a.
Availability	48 hours	48 hours	48 hours	48 hours	48 hours
Content supplier	OD Media	OD Media	OD Media	OD Media	OD Media
Diffusion	Rental downloading	Rental downloading	Rental downloading	Rental downloading	Rental downloading
Economic model	Rental VoD	Rental VoD	Rental VoD	Rental VoD	Rental VoD

Table 99: VoD services proposed by content aggregators in the Netherlands (2006) - Continued

Service providers	DirectMovie.nl	Free Internet Shop BV	IFFR	Maxx-XS	CyberSales Media	TMA bvba
Offer	DirectMovie	Freerecordshop	Tiger online	Maxx-XS	DVD Download	7 Days
Launch date	August 2005	April 2006	January 2005	2003	n.a.	n.a.
Network	Internet	Internet	Internet	Internet	Internet	Internet
Stock	550 titles	12 films	50 films	200 titles	100 films	281 titles: Films: 241 For young people: 19 Shows: 9 Documentaries: 5 Music videos: 7
Prices	VoD: €1.30 - €5.99 SVoD and pre-payment: €4.99 - €34.99	€7.99	€2.99	€2.99 - €3.50	from €1.00	VoD: €4.00 SVoD: 1-month subscription : €25.00 3-month subscription: €60.00 Annual subscription: €150.00
Content for adults	yes	no	no	Yes	yes	yes
Availability	48 hours	-	48 hours	48 hours	48 hours	-
Content supplier	OD Media, Dutch FilmWorks, Moonlight Films, BBI, etc	Warner Home Video	Various	Various	Various	Various
Diffusion	Streaming, downloading	Downloading	Streaming, Downloading, Progressive downloading	Streaming	Streaming	Downloading
Economic model	Rental VoD, SVoD, pre-payment	Download to own	Rental VoD	Rental VoD	Rental VoD	Download to own, SVoD

Source: NPA Conseil, December 2006

Table 100: VoD services proposed by telecom operators in the Netherlands (2006)

Group	KPN		Tiscali Nederland	Tele2/Versatel	Zeelandnet B.V.
Offer	Planet Movie Stream	Mine TV	Videoclub	Tele 2 Videotheek	Zeelandnet Movie on Line
Launch date	May 2005	May 2006	n.a.	2005	n.a.
Network	Internet	IPTV	Internet	IPTV	n.a.
Stock	300 titles	300 titles	250 titles	250 films 112 series 53 documentaries 195 programmes for young people (series)	300 titles
Prices	from €0.99	€2.99	from €1.99	from €0.99	n.a.
Content for adults	yes	-	no	yes	yes
Availability	48 hours	48 hours	48 hours	48 hours	n.a.
Content supplier	Various, including ODMedia	Major studios + art films (using the Tiger online offer)	CinemaNow + art films (using the Tiger online offer)	Major studios, local players	OD Media
Diffusion	Streaming	Streaming	Streaming, Downloading, Progressive downloading	Streaming	Rental downloading
Economic model	Rental VoD	Rental VoD, FoD	Rental VoD	Rental VoD	Rental VoD

Source: NPA Conseil, December 2006

Table 101: VoD services proposed by cable operators in the Netherlands (2006)

Group	Casema	Home (Essent)
Offer	Filmportal	Movieplayz
Launch date	February 2005	December 2006
Network	Internet	Internet (for subscribers only)
Stock	300 titles	237 titles Films: 161 Animation: 8 Documentary: 9 Series: 59
Prices	from €1.00	from €2.95 for rental from €7.95 to own
Content for adults	yes	yes
Availability	48 hours	48 hours for rental
Content supplier	Maxx-XS, ODMedia	Warner
Diffusion	Streaming and downloading	Streaming and downloading
Economic model	Rental VoD	Rental VoD and to own

Source: NPA Conseil, December 2006

5.18 NO - NORWAY

Table 102: Basic data Norway

(in million)	2005
Population	4.606 Households: 2.003
TV households	1.963 (98%)
Broadband penetration	59.8%
Theatre admissions	11.96

Source: European Audiovisual Observatory, Yearbook 2006

5.18.1 General background

AUDIOVISUAL OVERVIEW

The main Norwegian channels are the public channel NRK1 (40.1% audience share in 2005) and the private channel TV2 with a 29% audience share. The third channel is TVNorge, which belongs to the SBS Broadcasting group. It enjoyed considerable growth in 2005 and reached a 10.6% audience share over the year as a whole.

The Norwegian market is characterised by strong pay-TV penetration. Canal Digital, which belongs to the Telenor group, dominates the pay-TV market both with regard to cable (466,000 subscribers), satellite (921,000 subscribers spread over the four Nordic countries – the undisaggregated figures are not published) and DSL (IPTV). The operator also hold a third of the shares in Norges Television (NTV), which is in charge of the development of digital television in Norway. On the satellite broadcasting market, Viasat which is owned by the Modern Times Group and has 650,000 subscribers spread over the four Nordic countries, competes with Canal Digital.

A number of operators offer IPTV: FastTV, IVisjon, Lyse Tele, TeliaSonera and Telenor.

The launch of digital terrestrial television is planned for the second half of 2007, and the licence to run the network has been awarded to NTV for 15 years. Analogue broadcasting is likely to be switched off in 2009.

INTERNET

At the end of 2005, 50.8% of Norwegian households had access to broadband. The market leader is Telenor, which had 572,000 subscribers to its broadband service in the four quarter of 2006.

5.18.2 Provisions on the chronology of film distribution

The VoD windows are between three and six months after the theatrical release of a film, but they are tending to be shortened.

The VoD windows were for a long time maintained at 90 days after a release on DVD (between three and six months), but distributors are now releasing films of Nordic origin simultaneously on DVD and as VoD. For the major American films, the period is 45 days after the DVD release (although this is tending to be shortened to 30 days).

5.18.3 Development of non-linear services

The Norwegian VoD market is dominated by two content aggregators, SF Anytime and Live Networks, which resell their offerings to internet access providers. This market is very active in terms of VoD and many offers of such services are emerging.

CONTENT AGGREGATORS

Bonnier Entertainment (SE): SF Anytime

SF Anytime[276], the service maintained by Bonnier Entertainment (Sweden), was launched on the internet in Norway in 2003.
Prices are between NOK9.00 and NOK53.00 (€1.10 and €6.60) on the internet and between NOK9.00 and NOK55.00 (€1.10 and €6.80) for IPTV, on Ivisjon. (See data sheet for Sweden)

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276 http://www.sf-anytime.com/

Live Networks International AB (SE): Live Networks

The Live Networks service[277] is maintained by the Swedish company Live Networks International AB (See data sheet for Sweden)

NorgesFilm AS and Norwegian Film Institute: FilmArkivet

This service, initiated by the electricity supplier Agder Energi, was first launched as a pilot version for schools in 2002 through an IPTV service. The experiment was a success and it was decided to set up a company to put the service into large-scale operation.

NorgesFilm AS was set up to launch FilmArkivet[278] in November 2004. The service enjoys the co-operation of the Norwegian Film Institute and has been supported by the Høykom programme of the Ministry of Modernisation and the Ministry of Education and Research.

Films can be viewed on the internet via the Windows Media Player program and are DRM protected.

The range comprises about 900 titles, broken down as follows:

- 500 feature-length films
- 200 short films (mainly new releases)
- 200 documentaries (mainly new releases)

400 of these programmes originate from Norwegian distributors (the archives of the Norwegian Film Institute make up the largest collection), 200 are programmes from other European countries and the remaining 200 are American (mostly independent films).

Only one purchase option is available: 24-hour rental via streaming download.

Prices charged vary between:

- NOK45.00 (€5.50) for a feature-length film
- NOK10.00 (€1.22) for a short film or documentary

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277 http://www.livenetworks.se
278 http://www.filmarkivet.no

FilmArkivet counted 200,000 paid downloads in its first two years of operation.

FilmArkivet is currently establishing partnerships, which for the time being will remain confidential, with other VoD players with the aim of making the service available to other European countries. The content aggregator has, for example, signed an agreement with the Danish Film Institute for the same purpose as with the Norwegian Film Institute and with a view to doing likewise with other Nordic and European institutions of this type. FilmArkivet will be available in Denmark in March 2007 and will offer films from the Danish film archives. Initially, the service will only be available to schools and public libraries.

Open source software is being developed to provide the service to Mac and Linux users, and films for which the rights will have been specifically negotiated will be available without encryption. This service will be operational in summer 2007. FilmArkivet thus aims to offer a full VoD service to all interested partners.

Film2Home

In Norway, the Film2Home[279] service was launched on the internet in May 2005 for VoD for download to rent and in November 2006 for VoD for download to own.
(See data sheet for Sweden)

[279] http://www.film2home.no

TELECOM OPERATORS

Ivisjon AS: Filmoversikt

The internet access provider Ivisjon AS offers a video on demand service, called "Filmoversikt"[280], at its IPTV portal. This service has been developed in co-operation with the content aggregator Bonnier Entertainment (SF Anytime) and the Nordic film distributor Sandrew Metronome.

Salten Bredband AS: Filmleie

Under the "Filmleie" label the telecommunications operator Salten Bredband AS includes SF Anytime's VoD range as part of its IPTV service.

Telenor: iCanal Film

The telecommunications operator Telenor has launched a video-on-demand service, called "iCanal", which is accessible via the internet[281]. This service includes a range of video games and music videos for downloading as well as the "iCanal film"[282] service, which was launched in May 2004 and incorporates the offerings of SF Anytime and FilmArkivet

CULTURAL GOODS DISTRIBUTOR

CDON AB: Bredbåndsfilm

Bredbåndsfilm[283], an internet film downloading service run by the Swedish cultural goods distributor CDON AB, was launched in Norway in August 2006 at its cdon.com website.(See data sheet for Sweden)

280 http://www.ivisjon.no/dt_film_og_spill.aspx?m=39
281 http://www.online.no/underholdning/icanal.html
282 http://www.online.no/underholdning/icanal_film.html
283 http://www.cdon.com/main.phtml?navroot=904&nav=16135&nav_genre=16135&selected_flik=cdon_streaming_2006

Table 103: VoD Services in Norway (2006)

Service providers and distributors	Bonnier Entertainment AB (SE)	Live Networks International AB (SE)	CDON AB (SE)	NorgesFilm AS and Norwegian Film Institute	Film2Home (SE)	Salten Bredband AS	Telenor AS	Ivsjon AS
Service	SF Anytime	Live Networks	Bredbåndsfilm	FilmArkivet	Film2Home	Filmleie	iCanal Film	Filmoversikt
Launch date	2003	n.a.	August 2006	November 2004	May 2005 for download-to-rent VoD November 2006 for download-to-own VoD	n.a.	May 2004	n.a.
Network	Internet and IPTV	Internet	Internet	Internet	Internet	IPTV	Internet	IPTV
Catalogue	850 films and television programmes	Films	325 films and television programmes	900 titles: 500 feature-length films, 200 short films, 200 documentaries	Films	See SF Anytime	See SF Anytime and FilmArkivet	Films
Charges	Between NOK9.00 and NOK53.00 ((€1.10 and €6.60) via the internet and NOK9.00 and NOK55.00 ((€1.10 and €6.80) via IPTV	n.a.	n.a.	NOK45.00 (€5,53) for a feature-length film NOK10.00 (€1.22) for a short film or documentary	Download-to-rent VoD NOK15.00 and NOK39.00 (€1.66 and €4.32) Download-to-own VoD: NOK79.00, NOK99.00 or NOK139.00 (€8.70, €11 or €15.40)			Between NOK9.00 and NOK55.00 (€1.10 and €6.80)
Availability	24 hours	24 hours	24 hours	24 hours	n.a.			n.a.
Content providers	Warner Bros, 20th Century Fox, Regency, Disney, Svensk Filmindustri, Scanbox, Sandrew and Nonstop.	n.a.	Scanbox, Sonet, Pan Vision, Maxs, Nobeo Entertainment	Archives of the Norwegian Film Institute	Warner and Universal and local distributors			SF Anytime and Sandrew Metronome
Distribution	Streaming	Streaming	Streaming	Streaming	Streaming and download	Streaming	Streaming	Streaming
Business model	Download-to-rent VoD	Download-to-rent VoD	Download-to-rent VoD	Download-to-rent VoD	Download-to-rent and download-to-own VoD	Download-to-rent VoD	Download-to-rent VoD	Download-to-rent VoD

Source: NPA Conseil, December 2006

5.19 PL - POLAND

Table 104: Basic data Poland

(in million)	2005
Population	38.173 Households: 12.7
TV households	12.357 (97.3%)
Broadband penetration	13.2%
Theatre admissions	23.6

Source:European Audiovisual Observatory, Yearbook 2006

5.19.1 General background

AUDIOVISUAL OVERVIEW

Poland is the most developed of the new European Union member states in terms of the equipment in its households (97.3% have a television set) and the size of its audiovisual market and the number of operators present on it.

The Polish audiovisual landscape consists of about sixty channels. Telewizja Polska S.A (TVP) is the principal television group, with three public service channels: TVP1, TVP2 and TVP3 Regionalna. There are three large private channels: Polsat, TVN and TV4.

The main Polish cable networks are Aster City, Multimedia Polska, UPC and Vectra, and there are 136 cable network operators in the country. 31.7% of households are cable subscribers.

There are three satellite platforms in Poland:

- Cyfra + (Canal+ Group), which was set up in 1998, had 850,000 subscribers in 2006 and offers 73 channels
- Cyfrowy Polsat, which was set up in 1999, had 820,000 subscribers in 2006 and has 49 channels
- “N”, owned by the ITI group, was set up in 2006, has 20,000 subscribers and offers 48 channels

Poland’s historical telecommunications operator is Telekomunikacja Polska (TP SA), in which France Telecom has a 47.5% stake. In early 2006, it signed an agreement with Canal+ on the development of an IPTV service. TP SA’s customers are, for example, offered the Cyfra+ satellite platform packages in addition to the services already provided by the telecommunications operator. TP SA is the first telecommunications operator in Poland to offer multiplay services (telephone, internet broadband and IPTV).

INTERNET

At 31 December 2005, only 1.68 million Polish households (13.2% of the total number) had a broadband connection. However, the use of broadband technologies is becoming more and more widespread in the country: compared with 2004, the number of individuals who watch internet television has increased by 81%.

With its DSL Neostrada service, Telekomunikacja Polska SA is the main broadband provider.

5.19.2 Regulation of non-linear services and provisions on the chronology of film distribution

There is no specific regulation of non-linear services in Poland. However, it is relevant to place the question of the development of non-linear services in the context of the implementation of the new Cinematography Act, which was passed in 2005.

Section 19 of the Cinematography Act passed on 30 June 2005 provides for a system of indirect aid aimed at strengthening the national cinema market and contains additional provisions on direct aid for public service broadcasters. The law requires the payment of royalties (1.5% of the receipts from certain types of activity) by entrepreneurs whose business activities involve the showing of films – ie broadcasters, operators of digital platforms, television cable operators, cinema owners and distributors who sell or rent out copies of films in material form. These royalties must be paid to the Polish Film Institute, which is a legal entity with a number of functions that involve support for the Polish cinema.

Internet access providers, IPTV service distributors and VoD service providers are not explicitly mentioned in section 19, and there is apparently no debate at the moment on a possible amendment to the law in order to extend the principle of compulsory payments to these operators.

As far as the chronology of film distribution is concerned, the VoD window is the result of individual agreements reached by the players.

5.19.3 Development of non-linear services

The development of the VoD service in Poland is still limited in view of the low proportion of households with an internet connection.

DISTRIBUTORS

Telewizja Interaktywna iTVP: iTVP

The public group TVP distributes audiovisual content at its portal www.itvp.pl, which is maintained by its subsidiary Telewizja Interaktywna iTVP. At the end of 2006, the VoD service accessible at this portal offered a catalogue of 5,426 audiovisual works, the percentage breakdown of which is indicated in Table 104.

Table 105: Breakdown of TVP's audiovisual works offered by the iTVP service, by programme type (2006)

Audiovisual works	%
Youth	0.9%
Health	2.8%
Music	9.5%
TVP's television programmes	46.4%
Information	11.3%
Religion	1.2%
Culture	12%
Sport	8.6%
Events	2.9%
Other	4.3%

These audiovisual works are offered free of charge for between PLN3.00 and PLN5.00 (€0.79 and €1.31).

ITI Neovision: "N"

The company ITI Neovision, which is a subsidiary of the Polish communications group ITI, launched its "N" pay-TV package in October 2006[284]. The ITI group owns, inter alia, the TVN television channels and a cinema network.

The "N" package provides a VoD service that can be broken down into the following categories: Information, Music/Fashion, Youth, Cinema, Sport, Culture/Science.

These works are available either free of charge or at a price of PLN10.00 to PLN16.00 (€2,62 to €4.20).

TELECOM OPERATORS

TP SA (TELEKOMUNIKACJA POLSKA): Wideo na życzenie

TP SA, a Polish subsidiary of the France Télécom group, launched an IPTV service in early 2006 under the Videostrada label[285]. Through its internet television service, the telecommunications operator offers a VoD service entitled Wideo na życzenie, the content of which mainly consists of films[286].

At the end of 2006, TP SA offered 50 films on its VoD service.

Table 106: Breakdown of films by category for TP SA's Wideo na życzenie service (2006)

Films				
Animation Youth	Horror	Action	Comedy	Drama
22%	14%	20%	20%	24%

Films are offered à la carte at a price between PLN6.00 and PLN12.00 (€1.58 and €3.15).

[284] http://www.n.pl/
[285] http://www.tp.pl/prt/pl/klienci_ind/internet/tel_dom/tel_tp/opis_tel_tp
[286] http://www.tp.pl/prt/pl/klienci_ind/internet/tel_dom/wideo_na_zycz/

Under development

Telefonia Dialog

Telefonia Dialog[287], the second alternative telecommunications operator in Poland, also intends to develop an IPTV service in 2007, to which a VoD service might be added.

Table 107: VoD services in Poland (2006)

Service providers	TP SA (TELEKOMUNIKACJA POLSKA)	Telewizja Interaktywna iTVP (TVP Group)	ITI Neovision
Service	TP SA VoD	ITVP	"N" VoD
Launch date	2006	2006	October 2006
Network	IPTV	Internet	Satellite
Catalogue	50 Films: - Youth: 11 - Horror: 7 - Action: 10 - Comedy: 10 - Drama: 12	5,426 titles	n.a.
Charges	A la carte for between PLN6.00 and PLN12.00 (€1.58 and €3.15)	A la carte: for between PLN3.00 and PLN5.00 (€0.79 and €1.31)	A la carte: for between PLN10.00 and PLN16.00 (€2.62 and €4.20)
Availability	24 hours	n.a.	n.a.
Distribution	Streaming	Streaming	Streaming
Business model	Download-to-rent VoD	Download-to-rent VoD FoD	Download-to-rent VoD FoD

Source: NPA Conseil, December 2006

287 http://www.dialog.pl

5.20 PT - PORTUGAL

Table 108: Basic data Portugal

(in million)	2005
Population	10,579 Households: 3.769
TV households	3.743 (99.3% of households)
Broadband penetration	32.2%
Theatre admissions	15.7

Source: European Audiovisual Observatory, Yearbook 2006

5.20.1 General background

AUDIOVISUAL PANORAMA

99.3% of Portuguese households have a television set. The public broadcasting company is RTP. There are two national private channels that are transmitted in analogue mode: SIC and TVI.

About 37.1% of Portuguese households, or 1.398 million, are cable subscribers.

TV Cabo, a subsidiary of Portugal Telecom (PT Multimedia), is the main cable and satellite operator in Portugal. It had more than 1.4 million subscribers in October 2006 and supplements its cable coverage (which offers a basic package of 50 channels) by a digital satellite platform (DTH) offering 40 channels. The company also distributes several premium channels, including Telecine Premium and Gallery (a cinema channel), Sport TV (sports), the Disney Channel and two adult channels.

In the first half of 2007, TV Cabo will probably deploy an MPEG-4 high-definition decoder that will enable it to offer multiplay services.

Mention might also be made of the cable operators Cabovisão and Bragatel at the national level and Lusomundo, Intercabo and Pluricanal at the local level. Until recently, the cable infrastructure was analogue, but digitisation work has now begun, by combining coaxial with fibre-optic cables.

Portugal Telecom, the historical telecommunications operator, began to deploy its DSL network in 2001 in the Lisbon and Porto regions. On Tuesday, 5 December 2006 the

Competition Directorate announced that it was authorising a takeover bid for Portugal Telecom by Sonaecom (the media and internet subsidiary of the Sonae conglomerate). A final decision is expected sometime in 2007. The national electricity company Electricidade de Portugal (EDP) is the second leading national fixed telecommunications operator.

INTERNET

42% of Portuguese households have a personal computer, which is one of the lowest rates in Europe. At the end of December 2005, there were 1.213 million broadband subscribers, which is equivalent to a penetration of 32.2% of Portuguese households.

The Portuguese regulator (Anacom) has focused on promoting access to broadband internet, and the unbundling of the local loop, which was made possible at the end of 2006, is further stimulating competition. Anacom's planned lowering of ADSL access prices should encourage investment in faster networks, which will contribute to the emergence of ADSL networks as opposed to cable, especially in the provision of multiplay services.

5.20.2 Regulation of non-linear services

There is no specific regulation of non-linear services in Portugal.

5.20.3 Development of non-linear services

VoD services in Portugal are not yet particularly well developed. In fact, only two services, set up in 2006, are on the market.

CABLE OPERATORS

TV Cabo: TV Cabo Video on Demand

TV Cabo, which is owned by PT Multimedia, is the country's main cable operator. It had over 1.4 million subscribers at the end of 2006.

In June 2001, it launched TV Cabo Interactiva and became the world's first broadband cable operator to set up an interactive television service using the Microsoft TV platform. The Interactiva service has only been introduced in the Lisbon region.

The group has developed a VoD service entitled "Destaques Video-on-Demand"[288] in the "push" mode. By means of their set-top box (Powerbox), subscribers can choose recent titles (six a week, renewable weekly) and adult content. The films are available for 24 hours and payment is made by debiting the amount to a special VoD account previously paid into by the customer (prepayments from €10 to €50).

Under development

Cabovisão

Cabovisão[289], the second leading Portuguese cable operator, launched a digital and interactive television service in the first quarter of 2006 to supplement its multiplay service, which had nearly 90,000 subscribers in the first six months of 2006. Its bidirectional platform entirely made up of fibre-optic cable at the local loop level enables a sufficiently broad bandwidth to be developed to support video services. The service will thus be able to offer video on demand in the near future.

TELECOM OPERATORS

Sonaecom/Clix: Clix SmarTV's Home Video service

The Sonaecom group, which has shareholdings in the access providers Clix and Novis, launched its "Clix SmarTV" IPTV service in 2006[290], which is presented as a home video service ("Serviço de Home Video"[291]) and supplements its multiplay service.

An initial commercial test took place in Lisbon and Porto in December 2005. The full commercial deployment in Portugal's main towns and cities took place in 2006. The service provides a VoD range of about 500 films. The titles ordered can be viewed for a period of 24 hours for between €0.99 and €4.99.

288 http://www.tvcabo.pt/Televisao/DestaquesVoD.aspx
289 http://www.cabovisao.pt/
290 http://acesso.clix.pt/televisao/index.html
291 http://acesso.clix.pt/televisao/homevideo.html

Table 109: VoD services in Portugal (2006)

Providers of services	TV CABO	Sonaecom
Service	TV CABO Destaques Video-on-Demand	CLIX SMARTV's home video service
Launch date	2006	2006
Network	Cable	IPTV
Catalogue	6 recent films a week and adult titles.	500 films
Charges	n.a.	A la carte: between €0.99 and €4.99
Availability	24 hours	24 hours
Distribution	Streaming	Streaming
Business model	Download-to-rent VoD	Download-to-rent VoD

Source: NPA Conseil, December 2006

5.21 SE - SWEDEN

Table 110: Basic data Sweden

(in million)	2005
Population	9.040 Foyers: 4.470
TV households	4.358 (97.5%)
Broadband penetration	42.3%
Theatre admissions	16.61

Source: European Audiovisual Observatory, Yearbook 2006

5.21.1 General background

AUDIOVISUAL PANORAMA

The public television service is entrusted to two bodies: Sveriges Television AB (SVT), which with its two channels achieved an audience share of 38.7% in 2005, and Sveriges Utbildningsradio AB, which broadcasts educational programmes. TV4, the channel of the private group TV4 AB, had an audience share of 23.2%. It has experienced an economic slowdown owing to a decline in advertising investment and the very competitive nature of the Swedish market and has been forced to reduce its investment in both programmes and manpower. Its shareholding was also restructured after the sale of the stake held by the Modern Times Group (MTG) at the end of 2004. 67% of TV4 is now owned by the Swedish Bonnier group (which also has a stake in SF Anytime, which led to the partnership with SF Anytime for the establishment of TV4 on Demand) and 27% is owned by the (Norwegian) media group Schibsted. Some channels are also broadcast from the United Kingdom, such as TV3 and TV8 (Modern Times Group channels) or Kanal 5 (SBS Broadcasting).

More than one household in two is a cable network subscriber. The cable sector is undergoing major consolidation. In April 2006, UPC Sweden (299,000 subscribers at the end of 2005) was sold by Liberty Global to the Carlyle Group and Providence Equity Partners, two investment funds that already owned the largest Swedish cable operator Com Hem (1.429 million subscribers at the end of 2005). The cable operators controlled by the two funds thus represent 72% of the country’s subscribers.

There are two satellite platform operators: Viasat (Modern Times Group) and Canal Digital (Telenor Group). Since the two operators are present in several Nordic countries, the companies do not publish a breakdown of the number of subscribers by country. For example, for Sweden, Norway, Denmark and Finland, Viasat Nordic said it had 603,000 subscribers, compared with 906,000 for Canal Digital.

At the end of 2005, the number of IPTV subscribers in Sweden was estimated at 40,000. IPTV was launched by the two satellite platforms as a means of broadening their subscriber base. TeliaSonera, Telenor (which bought Bredbandsbolaget), Bonnier and TV Sollentuna have also launched IPTV services.

In 1999, Sweden was the first country to launch a digital terrestrial television service. After a difficult start, the Boxer platform enjoyed a considerable increase in the number of its subscribers in 2005 (+12%). The switchoff of analogue transmission began in 2005 and more than 40% of households were receiving digital television in 2006. The final switchoff of analogue transmission is planned for 2008.

INTERNET

At the end of 2005, 42.3% of Swedish households were connected to broadband. Sweden is one of the European countries with a very high broadband penetration.

The market is dominated by the telecommunications operators TeliaSonera and BoStream and the cable operators UPC Sweden and Kabelvision.

5.21.2 Regulation of non-linear services

There is no specific regulation of VoD. As regards the chronology of distribution, films are generally available as VoD three months after their release on DVD/VHS. However, VoD releases on the same day as DVD/VHS are possible but are dependent on agreements reached between the local distributors and the providers of VoD services.

5.21.3 Development of non-linear services

The VoD market in Sweden is relatively well-developed. It is dominated by SF Anytime, which supplies all the internet access providers with a VoD service.

CONTENT AGGREGATORS

CinemaOne AB: CinemaOne

CinemaOne AB maintains an internet service of the same name[292]. It is a relatively minor player in terms of its offering compared with the Nordic leaders.

The 80 films in the catalogue can be broken down into the following categories:

- drama (26)
- comedy (17)
- horror (8)
- thriller (14)
- action (13)

In terms of audiovisual programmes, CinemaOne had only one documentary available at the end of December 2006. Prices vary between SEK19.00 (promotional price) and SEK29.00 (standard price), ie from €2.00 to €3.20.

Live Networks International AB: Live Networks

Live Networks International AB is a content aggregator. In 2005, the company was taken over by Live Networks Holding A/S, formerly known as Nordisk Industripartner A/S and partly controlled by the Sovereign Group financial group.

The VoD service is operated via the internet and IPTV.

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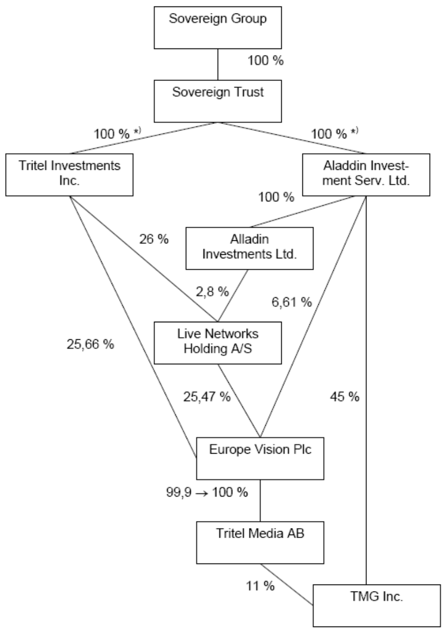
[292] http://www.cinemaone.se/

Figure 19: Sovereign Group subsidiaries and shareholdings (Live Networks)



Source: Live Networks, Annual Report 2006

About a hundred films are available, in several categories: action, comedy, adventure, etc.

The service is based on a download-to-rent VoD model and enables content to be viewed from 24 hours from the first viewing. Prices vary between SEK19.00 and SEK59.00 (€2.00 and €6.50).

The Sweden based service is available in the other Nordic countries.

Bonnier Entertainment AB: SF Anytime

Bonnier Entertainment AB, a subsidiary of the Bonnier communication group, is a content aggregator and maintains the VoD SF Anytime service[293]. Svensk Filmindustri, the leading film distributor in the Nordic countries, is also part of the Bonnier group.

[293] http://www.sf-anytime.com

SF Anytime was launched in Sweden in 2002. It subsequently pursued its expansion plans by launching its VoD service in Norway in 2003, Denmark in 2004 and Finland in 2005. The project has received aid from the MEDIA Programme's "Pilot Projects" scheme but the reports and evaluation relating to this assistance have not been published.

The service is present on three types of market:

- On the internet, through video streaming
- Via IPTV, through video streaming via the set-top boxes of the services of the various internet access providers with which SF Anytime has signed agreements (Sonera, Bredbandsbolaget and Fast TV in Sweden, IVisjon in Norway)
- In hotels, through video streaming (this is a pay-per-view solution and offers between five and ten films)

SF Anytime offers both films and television broadcasts.

850 titles are available, and films made up 92% of the catalogue at the end of 2006. Each programme sold through the service is bought for the four countries. The multilingual nature of the service is assured for all content by the provision of subtitles in the various languages.

Films are marketed for rental or individual purchase.
The origins of films offered in 2006 were as follows:

- United States: 90% of films, 3% of documentary films and 7% of animated films
- Scandinavia: 90% of films, 5% of documentary films, and 5% of animated films
- Other European countries: 100% of films
- Other countries: 50% of films, 50% of animated films

For television programmes, SF Anytime has established a partnership with TV4 to offer TV4 Anytime[294]: the channel's programmes are available in the form of an SVoD download on the day after the broadcast for a monthly subscription of €5 with unlimited viewing. It goes online every day, at 11pm.

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[294] http://www.tv4-anytime.se

The SF Anytime rental prices are between SEK9.00 and SEK45.00 (€0.99 and €5.00) for the internet service and between SEK9 and SEK53 (€0.99 and €5.70) for the IPTV service.
For comparison, here are the prices in the other Nordic countries:

- Denmark: between DKK9.00 and DKK39.00 (€1.20 and €5.20) via the internet and between DKK9.00 and DKK45.00 (€1.20 and €6.00) via IPTV
- Finland: between €1.00 and €4.50 via the internet and between €1.00 and €4.90 via IPTV
- Norway: between NOK9.00 and NOK53.00 (€1.10 and €6.50) via the internet and between NOK9.00 and NOK55.00 (€1.10 and €6.80) via IPTV

At the marketing level, SF Anytime tries to carry out targeted promotion, always with the aim of getting customers to discover other films. Recommendation tools are used for the internet offering, for example surfers' opinions or suggestions for films based on the surfer's own tastes ("*if you like this movie, you're going to like this one*"), newsletters sent to 200,000 surfers a month, etc.

SF Anytime is working with the internet access providers to ensure that they import the portal's XML flows, which will enable them automatically to update the viral marketing tools as well as download trailers.

The distribution agreements signed vary considerably from one producer to the other: the exploitation period and the number of films (from 3 to 100) are negotiated individually with the twenty or so distributors dealing with SF Anytime, the most important being the American studios (in particular Warner Bros, 20th Century Fox, Regency and Disney) and, at the local level, Svensk Filmindustri, Scanbox, Sandrew Metronome and Nonstop. All agreements are based on the acquisition on non-exclusive rights to the content offered.

Film2Home

The company Film2Home is the leading player in Sweden, Norway and Finland on the download-to-own VoD market.

Film2Home[295] was launched in Sweden in October 2004 for the download-to-rent VoD service and in May 2006 for the download-to-own VoD service.

The service has also been launched in the following countries:

- in Norway, in May 2005 for download-to-rent VoD and in November 2006 for download-to-own VoD
- in Finland, in September 2006 for both download-to-rent and download-to-own VoD

The service, for both download-to-rent and download-to-own VoD will probably be launched in Denmark in the first quarter of 2007.

The films are available via video streaming and internet download. They can be viewed with the Windows Media Player and are protected by Microsoft's DRM system.

The offering consists of 800 film titles for rental and 400 for download to own. 70% are of American origin, 20% are Swedish and 10% originate from other European countries.

Prices are as follows:

- for download-to-rent VoD: between SEK15.00 and SEK39.00 (€1.66 and €4.32)
- for download-to-own VoD: SEK79.00, SEK99.00 and SEK139.00 (€8.70 and €15.40)

295 http://www.film2home.se

For the download-to-own option, Film2Home has signed agreements with Warner and Universal and with independent distributors.

Horse Creek Entertainment AB: HomeTV

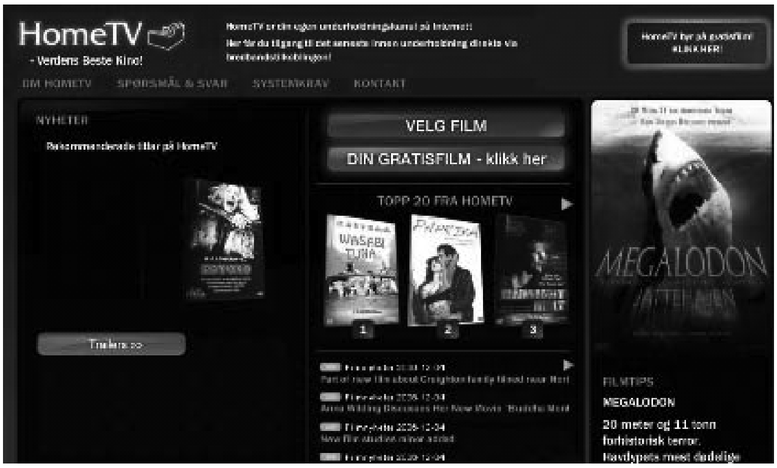
HomeTV[296] is a VoD service based on a range of cinema films and has been accessible on the internet since July 2006. It is maintained by the Swedish company Horse Creek Entertainment AB, a specialist in the publication and distribution of DVDs.

HomeTV lists titles from the Warner Bros catalogue, the Swedish production and distribution company Scanbox and other local distributors.

The group is currently negotiating to extend its rights to other Nordic countries and western European countries, where it aims to provide its service in the coming months (United Kingdom, Germany and Spain).

It also offers a VoD range of adult films: HomeTV NightClub[297].

[296] http://www.hometv.se
[297] http://www.hometvnightclub.com/



TELECOM OPERATORS

Fast TV AB: SF Anytime

The internet access provider Fast TV AB offers the SF Anytime VoD service as part of its IPTV Fast TV service[298].

Bredbandsbolaget: SF Anytime and Live Networks

The internet access provider Bredbandsbolaget[299], which belongs to the Telenor group, offers the VoD services SF Anytime and Live Networks as part of its IPTV offering.

TeliaSoneraAB : SF Anytime and Live Networks

The operator TeliaSonera AB offers the VoD services SF Anytime and Live Networks as part of its "Telia Digital-TV" IPTV offering[300].

Canal Digital AB: Canal+ Select, Canal+ On Demand and Film2Home

Canal Digital AB, a subsidiary of Telenor based in Sweden but also present in Denmark, Sweden and Norway, is one of the main channel packagers involved in distribution by satellite, cable and IPTV. As part of its IPTV offering, it offers three VoD services: Canal+ Select, Canal+ On Demand and Film2Home.

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298 http://www.fasttv.se/
299 http://www.bredband.com
300 http://www.telia.se/privat/produkter_tjanster/tv/tjanster_som_ingar/videoondemand/

CULTURAL GOODS DISTRIBUTORS

CDON AB

CDON AB is the leading internet distributor cultural goods (music, films, books, consumer electronics) in the Nordic countries[301]. In August 2006, it put the VoD service Bredbandsfilm, which is accessible in Norway, Sweden and Finland, online at its website[302]. Films are available for rental via streaming for a period of 24 hours.

The catalogue available consists of 325 titles, and most of the films are for general audiences (80% of the offering). Most of the films listed originate from the United States (90% of the catalogue) and only 10% of the feature-length films are Nordic productions. The range also includes documentaries (6% of the offering) and adult films (14%). Many of the titles listed are recent productions: 40% were released in cinemas in 2006, and 60% are catalogue titles.

In 2007, the offering will include television programmes.

Prices vary as follows:

- SEK69.00 (€7.62) for adult films
- SEK45.00 (€4.97) for new releases
- SEK39.00 (€4.30) for catalogue films
- SEK19.00 (€2.10) for documentaries

Packages are offered as far as the offering of adult films is concerned but not yet for the other films. Negotiations with the distributors are under way.

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301 http:// www.cdon.com
302 http://www.cdon.com/main.phtml?navroot=902&nav=16065&nav_genre=16065&selected_flik=cdon_streaming_2006

The windows are of two types. Films are made available either on the same day as or three months after the release on DVD. Agreements have been signed with such Nordic distributors as Scanbox, Sonet, Pan Vision, Maxs (adult films) and Nobeo Entertainment and are generally for one year on a non-exclusive basis.

For marketing purposes, one film is offered for viewing free of charge.

Table 111: VoD services in Sweden (2006)

Service providers	Cinema One AB	Live Networks international AB	Bonnier Entertainment AB	Film2Home	Horse Creek Entertainment AB	CDON AB
Service	Cinema One	Live Networks	SF Anytime	Film2Home	Home TV	CDON.com
Launch date	n.a.	n.a.	2003	May 2005 for download-to-rent VoD November 2006 for download-to-own VoD	July 2006	August 2006
Network	Internet	Internet and IPTV	Internet and IPTV	Internet and IPTV	Internet	Internet
Catalogue	80 films	Films	850 films, and television programmes	Films	Films	325 films, television programmes
Charges	SEK29.00 (€3.20)	Between SEK19.00 and SEK59.00 (€2.10 and €6.50)	Internet: between SEK9.00 and SEK45.00 (€0.99 and €5.00) IPTV: between SEK9.00 and SEK53.00 (€0.99 and €5.70)	Download-to-rent VoD: between SEK15.00 and SEK39.00 (€1.66 and €4.32) Download-to-own VoD: SEK79.00, SEK99.00 and SEK139.00 (€8.70 and €15.40)	n.a.	SEK69.00 (€7.62) for adult films SEK45.00 (€4.97) for new releases SEK39.00 (€4.30) for catalogue films SEK19.00 (€2.10) for documentaries
Availability	n.a.	24 hours	24 hours	n.a.	n.a.	24 hours
Content providers	n.a.	n.a.	Warner Bros, 20th Century Fox, Regency, Disney, Filmindustri, Scanbox, Sandrew and Nonstop.	Warner Bros, Universal and local distributors	Warner Bros and local distributors	Nordic distributors such as Scanbox, Sonet, Pan Vision, Maxs (adult films) and Nobeo Entertainment
Distribution	n.a.	Streaming	Streaming	Streaming and download	n.a.	Rental via streaming
Business model	Download-to-rent VoD	Download-to-rent VoD	Download-to-rent VoD	Download-to-rent and download to own VoD	n.a.	Download-to-rent VoD

Source: NPA Conseil, December 2006

Table 112: VoD services in Sweden (2006)

Service providers and distributors	TeliaSonera AB	Fast TV	Bredbandsbolaget	Canal Digital
Service	SF Anytime Live Networks	SF Anytime	SF Anytime Live Networks	Canal+ Select Canal+ On demand Film2home
Launch date	n.a.	n.a.	n.a.	n.a.
Network	IPTV	IPTV	IPTV	IPTV
Catalogue	See SF Anytime and Live Networks	See SF Anytime	See SF Anytime and Live Networks	n.a. / Film2Home
Charges				
Availability				
Content providers				
Distribution	*Streaming*	*Streaming*	*Streaming*	*Streaming*
Business model	VoD for rental	VoD for rental	VoD for rental	VoD for rental

Source: NPA Conseil, December 2006

5.22 SI - SLOVENIA

Table 113: Basic data Slovenia

(in million)	2005
Population	2.004 Households: 0.748
TV households	0.735 (98.2%)
Broadband penetration	23.3%

Source: European Audiovisual Observatory, Yearbook 2006

5.22.1 General background

AUDIOVISUAL OVERVIEW

The audiovisual landscape is equally divided between the two main public channels maintained by RTV Slovenjia and the two private channels owned by Central European Media Enterprises (CME), Pop TV and Kanal A. Prva TV is the third national channel (which has been taken over by the Modern Times Group) but its audience is much smaller (2% audience share in 2005).

40% of the population receive cable television, which is supplied by 80 operators. The sector is fairly fragmented and is dominated by the operator UPC Telemach, which had 110,000 subscribers at the end of June 2006. Networks are currently being digitised.

IPTV was launched by the internet access provider SIOL in 2003. This market is continuing to develop with the arrival of T-2, a telecommunications operator that competes with SIOL.

There is no satellite platform. Only Oiv, a Croatian operator, distributes a package of channels in Slovenia and the other states of the former Yugoslavia by satellite via its Seemore platform.

The precise date for the switchoff of analogue transmission has not yet been determined but it is likely to be in 2010 or 2011.

INTERNET

At the end of 2005, 23.3% of Slovenian households had access to a broadband service.

5.22.2 Regulation of non-linear services

There is no regulation of VoD in Slovenia, and the market is in its infancy both as regards legislation and services available.

5.22.3 Development of non-linear services

No VoD service had been developed in 2006.

DISTRIBUTORS

Under development

HBO

The premium American channel has announced that it will shortly be launching a VoD service in the country.

TELECOM OPERATORS

Under development

SIOL

SIOL (Telekom Slovenije Group), is the leading DSL internet access provider in Slovenia with 118,191 subscribers. It plans to launch a video on demand service as part of its IPTV offering in 2007.

T-2

The internet access provider T-2, which is actively participating in the construction of the fibre-optic infrastructure in Slovenia, will be launching its VoD service in 2007. It has 20,000 subscribers to its internet service and one-third of them use the IPTV service.

5.23 SK - SLOVAKIA

Table 114: Basic data Slovakia

(in million)	2005
Population	5.385 Households: 1.950
TV households	1.910 (97.9%)
Broadband penetration	6.8%
Theatre admissions	2.2

Source: European Audiovisual Observatory, Yearbook 2006

5.23.1 General background

AUDIOVISUAL PANORAMA

The public body maintains two channels: STV1 (the audience share of which stabilised in 2005 at 19.3%) and STV2. Two private channels, TV Marzika (which achieved a 31.2% audience share in 2005) and TV JOJ (14.7% audience share), and an information channel, TA3, share the rest of the market.

Pay-TV, which is mostly distributed by analogue cable, is present in 40% of households. UPC, the main operator, had 253,000 subscribers at 30 June 2006. Satro, the second operator, has about 75,000 subscribers. It is the only one to offer digital services.

Two satellite platforms share the market: UPC Direct, with less than 1% of households subscribing to its services (17,000 subscribers) and Digi TV, which is controlled by the Romanian operator RCS / RDS and has 10,000 subscribers.

An IPTV service is offered by Slovak Telekom (in which Deutsche Telekom has a 51% controlling stake).

The switchoff of analogue transmission is planned for 2012.

INTERNET

At the end of 2005, 6.8% of Slovakian households had access to a broadband service.

5.23.2 Regulation of non-linear services

There is no specific regulation of VoD.

5.23.3 Development of non-linear services

The VoD market is limited to the service offered by the telecommunications operator Slovak Telekom.

<u>**TELECOM OPERATORS**</u>

Slovak Telecom: T-station

T-Station is the VoD service of the internet access provider Slovak Telekom, a Slovakian subsidiary of the Deutsche Telekom group.

Music, films, television programmes and video games are accessible via the T-com portal[303]. The “Filmy” service[304] consists of films and audiovisual programmes. It is based on a rental model and on streaming download, via the Windows Media Player.
Films cost SKK55.00 (€1.58), adult films SKK79.00 (€2.27).

303 http://www.t-com.sk
304 http://magazin.station.zoznam.sk/servlet/Satellite?pagename=Film/CMS_Page&childpagename=Magazin/CMS_Container&packedargs=c%3DPage%26cid%3D1127132582095%26ast%3D%26asid%3D%26site%3DFilm

The service is also accessible at the website Zoznam.sk, which is the main Slovakian internet portal.

Table 115: VoD service in Slovakia (2006)

Service provider	**Slovak Telekom**
Service	T-Station (Filmy)
Launch date	n.a.
Network	internet
Catalogue	n.a.
Charges	Films: 55 SKK (€1.58)
Availability	24 hours
Distribution	Streaming
Business model	Download-to-rent VoD

Source: NPA Conseil, December 2006

5.24 TR - TURKEY

Table 116: Basic data Turkey

(in million)	2005
Population	71.609 Households: 17.000
TV households	16.660 (98%)
Broadband penetration	3%
Theatre admissions	29.7 (in 2004)

Source: European Audiovisual Observatory, Yearbook 2006

5.24.1 General background

AUDIOVISUAL PANORAMA

The Turkish audiovisual sector is undergoing strong growth and is generating increasing interest among foreign operators. In March 2005, a law was passed authorising the takeover of Turkish broadcasters by foreign investors. For example, in 2006 the private channel TGRT was bought by Newscorp.

There is a very wide range of Turkish television programmes available. More than 14 channels have countrywide coverage in excess of 90%. There are five public channels (TRT), including three received by the entire Turkish population, and about ten national private channels that were launched in the 1990s (the main ones being Show, Kanal D, ATV and TGRT). In addition, there are about fifteen regional channels broadcast in the country. Finally, numerous channels financed by advertising, some of them short-lived, are broadcast by satellite.

Digiturk is the only satellite based operator. In the first quarter of 2006, it had 1.1 million subscribers, or 7% of all households.

At the end of 2005, the cable penetration rate among households was 8%. Six operators share the market: Kablonet, Ultra, Interaktif, Topaz, Tekfen/Kablotek and Türk Telekom. No digital service is currently available on Turkey’s cable networks.

A plan for the transition to digital terrestrial television presented by the regulatory authority RTÜK began to be executed in early 2006 and will be completed in 2014. Digital transmission tests have already taken place, but digital terrestrial television is hampered by the lack of available frequencies available.

No IP television service existed in December 2006, the main reason being the very limited broadband internet penetration.

INTERNET

Only 3% of households had access to a broadband connection at the end of 2005. However, internet users make up 14% of the population. Owing to the frequent use of cybercafés, this is twice as many as in 2004. The expansion of the internet is, however, relatively slow, and broadband tariffs are just as high as in western European countries despite the fact that the standard of living is significantly lower in Turkey.

As far as broadband is concerned, the main access provider is Türk Telekom, which was privatised at the end of 2005, with its TTNet service. TTNet is increasing its investment with the aim of extending its broadband network infrastructure to the whole country. There are other internet access providers on the Turkish market (Mynet, Superonline), with similar prices, but they all use TTNet's network infrastructure. Overall, there are very few users.

5.24.2 Regulation of non-linear services

There is no real policy for developing the new media in Turkey. The absence of a common policy on the new technologies is partly due to the fragmented structure of the regulatory authorities. Broadcasting is regulated by the Supreme Council for Radio and Television (RTUK), while the Telecommunications Authority (TK) is responsible for the telecommunications sector. In the context of video on demand, the convergence of broadcasting and telecommunications acts as an obstacle to regulation since the two authorities have not yet managed to decide which of them is responsible for dealing with these matters. It should also be pointed out that, since non-linear services have not yet been developed in Turkey, drawing up regulations pertaining to them does not appear to be a priority.

5.24.3 Development of non-linear services

At the end of 2006, no VoD service was available in Turkey.

Under development

Digiturk

The packager Digiturk[305] is planning to set up a VoD service in 2007 as part of a co-operative venture with Irdeto (a subsidiary of the Naspers group). The model envisaged is "push VoD", which would be distributed via a PVR supplied to Digiturk's subscribers. It will be a rental model, the prices of which have not yet been determined. Digiturk is also considering how to integrate advertising into its VoD service.

305 http://www.digiturk.gen.tr/

6 TOWARDS A CONCLUSION

6.1 TRENDS

6.1.1 The diversity of the development of VoD in Europe

VoD is developing in Europe according to various scenarios and at different speeds, which is a reflection of the considerable diversity of the national audiovisual landscapes and, in particular, the state of development of the methods of distribution, whether it be internet access, cable or DSL networks.

Two co-occurring factors seem to explain the differences in the progress made by countries regarding the provision of VoD services.

The first has to do with the extent of the development of the DSL and/or digital cable infrastructure in the country concerned. It is, after all, this infrastructure that helps to promote the penetration of broadband and, therefore, indirectly the possibility (in terms of the critical mass of potential users) of setting up online VoD services. Moreover, the VoD offerings on the internet are more numerous (55% of the total), which reflects the strong development of broadband internet access in the countries studied.

The second factor has to do with the intense competition observed in the various countries between their cable, DSL and satellite operators. Evidence of this competition is the development of multiplay services (television, internet, fixed-line telephony and, even, mobile phones) that are increasingly incorporating VoD as a natural extension of their consumer services. The telecommunications operators are the most active on this market, with 36% of the VoD services offered on IPTV.

As far as the other distribution networks are concerned, the VoD services accessible on cable networks represent less than 5% of the total. Direct satellite broadcasting (3% of the services) and digital terrestrial television (1%) are suffering from their inability to ensure consumer feedback, thus limiting interactivity with regard to the success of the service. Logically, they are not the best method for the development of VoD, which is limited to use in the "push" mode (involving downloads onto a PVR) when distributed via these carriers.

6.1.1.1 Four leading countries are the engines of the development and growth of VoD in Europe

France, the Netherlands, the United Kingdom and Germany are the engines of the growth of the VoD market with more than 10 services spread over all the networks (the United Kingdom is, however, the only country with a digital terrestrial television service).

In **France**, the VoD services are mainly offered via the internet and IPTV. The country is the leader with regard to IPTV offerings (which constitute 8 of the 20 VoD services it provides) owing to the wide distribution and competition of the so-called "multiplay" services. The considerable penetration of these services, which also support broadband internet access, explains why numerous internet services are available (15 are listed). Moreover, the services on these two networks have a strong tendency to interpenetrate one another as a result of the more and more frequent adoption, on the basis of the services of the DSL operators, of services distributed online (on the same pattern as, for example, agreements between the internet services TF1Vision, M6Video and CanalPlay and the operator triple play Free).

In **the Netherlands**, where the broadband internet penetration rate is one of the highest in Europe, the majority of services (17 of the 19 available) have developed on the internet without any link with the DSL operators. However, the latter, most of which provide internet access, are also beginning to enter the market (2 services).

In the **United Kingdom**, most television is distributed by cable and satellite. The main VoD services are logically those of the cable operator Virgin Media and the satellite platform operator BSkyB, but the DSL operators, such as BT Vision and HomeChoice, are also prominent as active players in the provision of VoD services. However, the largest number of services is to be found on the internet, with 6 listed (out of the 13 available).

In **Germany**, VoD services are mainly developing on the internet (11 of the 13 available) and, to a lesser extent, on DSL (a very large majority of German households access the internet via DSL; the cable network is only just beginning to go digital). While the country appears to be slightly behind the others in terms of broadband penetration, the size of its market alone justifies the number of online services. A new growth phase is likely to be guaranteed with the development of multiplay services on DSL.

6.1.1.2 Different development of VoD in the other European countries

In the other European countries, the VoD market is still unevenly developed, but some specific features can be noted.

In Belgium, for example, the situation is especially characterised by the various *catch-up* pay-TV services provided by the main packagers of channels whose distinctive feature is that they have exclusively been marketed on third-party operator networks (Belgacom and Telenet).

The Nordic countries (headed by Sweden and Norway) have the largest number of operators of transnational VoD services with the content aggregators Bonnier Entertainment (SF Anytime), Film2Home, Live Networks International (Live Nertwork) or the cultural goods distributor CDON.

In addition, in the majority of the countries with a small or medium-sized VoD market the main initiators of services are the telecommunications operators, which offer them as part of their multiplay services at online multimedia portals. This is, for example, the case in Spain or Italy.

Finally, some countries still have no VoD service at the moment. This applies to Turkey, Slovenia and Luxembourg, but the situation is likely to change since a number of projects are being developed in Slovenia (IPTV) and Turkey (satellite). The lack of services up to now can be explained by the very weak broadband penetration.

For its part, Luxembourg, the location of the European headquarters of the Apple group, which supplies material for the various national versions of iTunes Music Store, could become the bridgehead for the European video-on-demand services that the American firm might launch in 2007. The successful introduction of iTunes Music Stores in 14 European countries could enable the iTunes Video Stores to spread faster across Europe, provided that Apple manages to obtain permission from the major American studios to access their rights catalogues in Europe.

6.1.2 The TV set is a key delivery vehicle for the short-term development of VoD

While most of the range of VoD services is internet based in the countries studied, the services for which a TV set is required (IPTV, cable and, to a lesser extent, satellite and digital terrestrial television) are developing strongly, this mainly being due to the considerable ease of use: it is simpler to access and consume VoD on a TV set, as well as being more convenient and closer to the traditional means of consuming video (VHS/DVD), than going through an internet portal.

The effect of the agreements reached between the internet-distributed services and the cable operators or the telecommunications operators that offer IPTV services is to confirm this market trend towards the development of the consumption of VoD on a TV set: armed with the know-how acquired, the operators of services initially designed for internet distribution owing to the low barriers to entering this market are now seeking to embark on this alternative method of marketing their product.

Where a TV set is involved, VoD mainly develops on the one hand through the provision of IPTV services and on the other hand on cable, with the domination of one particular network according to the distribution patterns already existing in these countries. In the United Kingdom, for example, where IPTV is only just beginning to be introduced, digital cable enjoys very high penetration rates and it is on this network that VoD is having the most success. This is also the only country studied that has a full-scale VoD service on digital terrestrial television. In other countries, however, such as Italy or Spain, where IPTV services have already been introduced, VoD is mostly developing on DSL networks.

In the medium term, however, the emergence and deployment of convergent equipment, as illustrated by the new set-top boxes[306], will enable the content present on the internet or a computer to be viewed on a TV set, thus counterbalancing the development of VoD services directly accessible from a TV. This compatibility of screens and storage capacities will strengthen the variable character of the VoD services.

[306] That enables content downloaded onto a computer to be viewed on a TV set.

6.1.3 Strategies depending on the different VoD players

6.1.3.1 National partnerships of VoD players

In accordance with this convergence currently taking shape, the various players in the value chain are seeking to establish ever closer partnerships: on the one hand, the packagers of VoD services have an interest in their offerings being available on the largest possible number of networks, while on the other hand the distributors have an interest in making the widest possible range of VoD available in order for them to stand out from their competitors.

6.1.3.2 A change in strategy by the major studios could lead to concentrations at the European level

The major American studios could play a crucial role in structuring the European VoD market by changing their strategic distribution choices.

VoD is continuing to be distributed on a country-by-country basis for the moment owing to the existence of two types of barrier to any other choice: firstly, the VoD services offered by the IPTV operators or cable networks are necessarily subject to the legal framework of the country in which they are operating; secondly, internet VoD services have the potential for global distribution from the outset. However, the more advanced services, especially those that offer the high-demand titles of the American catalogues, restrict access to their services by means of "geocode" systems that prevent any extra-territorial use.

Ending the distribution of high-demand titles by national market or language areas in favour of a pan-European marketing approach would probably lead to a situation of "natural selection" between VoD services in which the strongest firms would prevail.

International groups, whose financial strength would enable them to purchase rights at the European level, could quickly become the prerequisite for the promotion of VoD services in Europe. These groups would certainly include the main continental telecommunications operators (Deutsche Telekom, Telecom Italia, Tiscali, Orange/France Telecom, etc) but also certain channel packagers (the RTL Group, historically the most diversified packager in Europe, SBS Broadcasting and ProSiebenSat.1 Media AG groups, if they merge[307], or the Modern Times Group). Apple might also appear on the scene as a major player at the European level, by supporting the development of its iTunes Video Stores on the network of iTunes Music Stores, which are already the leaders in online music distribution.

In December 2006, some of these players had already introduced VoD services in several countries.

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[307] The KKR and Permira groups, shareholders of SBS Broadcasting, acquired the German group ProSiebenSat.1 Media AG in December 2006. They want the two entities to be merged to make them one of the largest television players in Europe

Table 117: The various VoD services offered by the main telecommunications and media groups

	Germany	France	United Kingdom	Spain	Italy	Benelux	Nordic countries	Others
Bonnier Group							SF Anytime (Denmark, Finland, Sweden, Norway)	
Deutsche Telekom	T-online Vision	Club Vidéo (Club Internet)						T-online Teka (Hungary) T-Station (Slovakia)
Telecom Italia	Alice Home TV Movies (Alice)	Mes Vidéos à la carte (Alice)			Rosso Alice TV and Alice Home TV			
BSkyB			Sky Anytime					Sky Anytime (Ireland)
Orange		Orange 24/24 Video	In preparation	Orange Videoclub				TP SA (Poland), Czech Republic
Warner/ Arvato mobile	In2Movies							In2Movies in Switzerland and Austria
RTL Group	RTL Now	M6 Vidéo	Fivedownload			RTL Video (Netherlands) RTL Forfait 7/7, A la Carte (Belgium)		
Telefonica				Imagenio Videoclub				O2 (Poland)
Tiscali			Homechoice		Tiscali Video Club	Tiscali Video Club (Netherlandsbut ownership being transferred)		

Source: NPA Conseil

For the small or medium-sized players (independent distributors, producers' associations, content aggregators, etc), a change in the major studios' distribution strategies would, on the other hand, mean the marginalisation and/or streamlining of their services. These operators would be forced to reposition themselves by purchasing the rights for independent productions and niche programmes. That would also justify a restructuring of the motion picture market brought about by closer ties between these medium-sized operators.

There is, however, as yet no firm evidence that the major studios are ready to engage in a policy of systematic rights marketing at the level of all European countries, thus abandoning their traditional policy of the segmentation of Europe by territories and linguistic areas. However, this scenario cannot yet be ruled out: some catalogue DVDs are published from the outset with twenty or more different language versions on a single physical medium.

6.1.3.3 Relaxation of geographical restrictions or European strategies of the major groups

Against the background of the overhaul of the major studios' international strategies, it may be assumed that geographical restrictions could be relaxed with a view to providing access across national borders or linguistic boundaries, as has been seen in the Nordic countries.

An Italian consumer could, for example, access a Dutch service in order to watch an American film, but this eventuality would invalidate presale agreements relating to films abroad and call into question the lucrative system of guaranteed minimums in each of these territories or the windows applicable in the various countries. A film released on VoD in the United Kingdom in September could be available in other European countries before its theatrical release. The considerable differences in current practices as far as windows is concerned (both in terms of regulations and the duration of release windows) seems to militate against such an eventuality, which would certainly give rise to disputes, as sometimes happens already in the case of DVD distribution.

Such a strategy would also presuppose the possibility of accessing a variety of language versions (either dubbed or subtitled) on the same service. On the service's homepage, users could be provided with small flag icons that would enable them to choose their language for navigating through the items offered, as in the case of the VoD service SF Anytime.

The large groups with European aspirations seem to be aiming less at providing an identical service for all their European customers than trying to create market advantages through negotiations on the acquisition of rights. This market power strategy would in fact be quite close to that pursued by the big European television operators, who negotiate the broadcasting rights for several markets while at the same time maintaining separate services for these different markets, taking account of the specific cultural and linguistic features of each of them.

In this type of scenario, it may be assumed that the packagers of television channels (free-to-air or pay TV) already operating in several European countries would have a significant advantage. Not only do they already have the experience of acquiring catalogues in Europe but they will also be able to combine the acquisition of VoD rights with their acquisition of television broadcasting rights and, as is already often the case, video publishing rights.

Table 118: European presence of the main private broadcasters (2006)

	Pro7Sat. 1 Group	**SBS Broadcasting**	**RTL Group**	**Groupe TF1**	**Groupe Canal +**	**ITV Plc**	**Mediaset**	**Modern Times Group (Viasat)**
Germany	X		X				X	
France			X	X	X			
United Kingdom			X			X		
Italy				X (29% of Sportitalia)			X	
Spain			X		X		X	
Scandinavia								
Denmark		X						X
Finland		X						X
Norway		X						X
Sweden		X						X
Benelux								
Belgium		X	X					
Netherlands		X	X					
Luxembourg			X					
Others		Bulgaria Greece Hungary Romania	Croatia Hungary Russia	Pan-European presence via Eurosport	Poland			Latvia Lithuania Estonia Slovenia Russia Czech Republic

Source: NPA Conseil

Conversely, the telecommunications operators and internet access providers do not yet have much rights management experience. To be sure, they possess greater investment capacity but they might be forced – as some of them already are – to link up with content aggregators.

The prospect of pan-European services for the high-demand titles thus appears more theoretical than real. This is technically possible through the internet but is limited by the regulatory, commercial, linguistic and cultural restrictions prevailing in different countries. However, it would seem that Apple's strategy, through its Luxembourg operation, is precisely to overcome all these restrictions.

6.1.3.4 Pan-European VoD services: opportunity for niche programmes and European films?

However, making content available across Europe could prove relevant in segments of specific offerings (independent content, niche content, films d'auteur, etc), as is already partly the case with regard to the thematic television channels available in several countries.

This is one of the cases that the European Commission seems to be exploring in the context of the implementation of the MEDIA 2007 Programme, adopted on 15 November 2006 by the Council of Ministers and the European Parliament, the three objectives of which are to preserve and enhance European cultural diversity and its cinematographic and audiovisual heritage, to increase the circulation of European audiovisual works inside and outside the European Union, and to strengthen the competitiveness of the European audiovisual sector in the framework of an open and competitive market, the programme will also follow and support market developments with regard to digitisation. It will put in place measures to accompany the changes that digitisation is producing in the audiovisual sector at all stages of the production and distribution chain, including in terms of new skills for professionals in the sector. When this programme was presented in Berlin on 12 February 2007, the promotion of the distribution of European films online was announced as a priority area. A first call to proposal on VoD and digital distribution of film was published the 11th April 2007.[308]

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[308] http://ec.europa.eu/information_society/media/newtech/vod_dcc/funding/index_en.htm

6.1.4 The diversification of marketing methods

Several ways of marketing VoD emerged in 2006 and are being actively developed. In addition to the PPV VoD model for cinema films, which was the first form of VoD, more and more audiovisual content originating from television (either free-to-air or pay TV), is being offered in a non-linear delivery mode and resulting in consumers being offered a number of options. Three trends now seem to be gaining ground and are likely to become established as the consumption method in the medium term.

Subscription VoD (SVoD), which provides consumers with unlimited viewing of a choice of programmes for a fixed (in many cases monthly) charge, appears to be the model destined to enjoy the strongest development. Offering an SVoD service enables the operator to secure the consumer's loyalty at virtually no marginal cost.

Catch-up TV offers television channels a second opportunity to distribute their programmes, which are made available on VoD services after being broadcast for a period that varies according to country. In the United Kingdom, programmes are available for a period ranging from 7 to 30 days after they have been broadcast.

Channels on demand combine linear and non-linear modes of delivery and consumption. Following the example of HBO on Demand in the United States, several European channels have decided to provide their programmes on the basis of a delinearised and unlimited consumption model for a monthly subscription. The French channel Canal J à la demande is an illustration of this particular case: offered as an SVoD package on a number of VoD services (Club internet, Free and Neuf), it is promoting its brand among children (unlimited viewing) and securing their loyalty through this monthly offering.

Table 119: Types of possible VoD models

	Content	Marketing method	Providers
Film offering	Films	VoD or SVoD	Rights holders or content aggregators
Premium delinearised channel	Films, premium programmes	SVoD	Premium or content channels or channels with a strong brand
Prerecorded programmes	Television programmes	VoD or FoD	Broadcasters and television channels
Distribution of pay-TV channels	Various: films, television programmes, music, youth, etc	All: VoD, SVoD and/or FoD	Telecommunications operators, cable operators
Niche content	Specialised content	All: VoD, SVoD and/or FoD	Internet services

Source: NPA Conseil

6.1.5 The main strategies of the service in terms of content: the "exclusive rights" and "premium" concepts

In addition to attracting consumers, services are attempting both to offer as diversified a service as possible and to make it the most appealing in terms of content (American blockbusters, content for young people and nationally produced high-demand films are the most promoted programmes).

Even though nationally produced films have an important place in the various offerings and consumer choices[309], it is the American films that are consumed the most (see table below).

Some operators have chosen to give priority to catalogue depth over the (costly) acquisition of blockbuster rights, in application of the so-called "long tail" theory, according to which catalogue depth is crucial since the consumption of a number of catalogue titles, once aggregated, may bring in revenues as high as those produced by the consumption of a necessarily more restricted number of blockbusters.[310]

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309 Few precise statistical data have been provided by the operators but observations of the most prominent positions on websites and information gathered from these operators make it possible to estimate that nationally produced films make up about one-third of VoD sales.

310 C. ANDERSON, "The Long Tai"l, *Wired magazine*, October 2004. http://web.archive.org/web/20041127085645/http://www.wired.com/wired/archive/12.10/tail.html.

Whether they relate to catalogue titles or new releases, the negotiations with the major studios as well as the smaller distributors usually end in VoD rights being transferred on a non-exclusive basis. The fact is that the services are trying to offer the widest range possible and cannot yet achieve profitability on the basis of the guaranteed minimum amounts laid down by the distributors in exchange for exclusive rights. For their part, the distributors want to maximise the exposure of their catalogue.

In addition, the growing number of services in some countries raises the question of their differentiation. In the present context of non-exclusivity as far as the transfer of rights is concerned, the various services (with relatively similar offerings) are in fierce competition with one another. In the medium term, market consolidation could come about either through the merger of services (coupled with the disappearance of the smaller players) or through their increased differentiation, with some becoming more "generalist" (which might happen to the broadcasters' VoD services) and others focusing more on niche content (for example, FilmArkivet in Norway mainly offers national archive films, while VoDeo.tv in France only offers documentaries, etc).

Table 120: Breakdown by origin of the titles offered by some VoD services (December 2006)

in %		United States	National	Other European countries	Others	Total
Belgium	Belgacom	70	10	20	0	100
Switzerland	DVDFly	0	0	80	20	100
Cyprus	MiVision	80	10	10	0	100
	PrimeHome	50	0	25	25	100
Germany	In2Movies	100	0	0	0	100
Estonia	Elion	70	30	0	0	100
	Starman	85	15	0	0	100
Spain	Jazztelia	28	34	5	33	100
	Accine	28	34	5	33	100
France	Cinezime	5	66	26	3	100
	Universcine		100	0	0	100
	Virginmega	20	80	0	0	100
	Club internet*	30	70	0	0	100
	M6Vidéo*	50	20	5	25	100
United Kingdom	Lovefilm*	60	25	10	5	100
	Five	100	0	0	0	100
Hungary	T-Online Teka	65	0	30	5	100
Iceland	Siminn*	90	5	4	1	100
Italy	Raiclick*	20	80	0	0	100
	Tiscali*	30	40	30	0	100
	Film is now	100	0	0	0	100
Netherlands	RTL Video	80	20	0	0	100
	OD Media*	75	10	15	0	100
Norway	FilmArkivet	22	45	22	11	100
Sweden	Film2Home	70	20	10	0	100
	CDON*	90	10	0	0	100

Source: NPA Conseil

** Operators that only provided the nationality for feature-length cinema films*

6.1.6 A technical advance that fosters the development of VoD

Several key technical advances are contributing to the development of video on demand:

- Data compression rates are increasing all the time. The size of digital video files is being reduced as a result and leading to higher transfer speeds, thus making storage easier and, consequently, increasing the size of the catalogues available.

- With regard to this last point, it may be noted that the capacities of the service operators' servers (and of the consumers' hard disks) are subject to the same trend.

Parallel to this, broadband penetration is continuing and data flow rates are increasing (as a result of network upgrading, ADSL2+ and VDSL technologies, deployment of fibre-optic cables, etc), which also facilitates file transfers and reduces download time or improves quality (streaming).

Content is now protected using DRM techniques. This encryption has provided packagers with the necessary guarantees and made it easier to make content available on the VoD platforms.

Ultimately, the various online VoD platforms could install a common program enabling titles to be viewed. If services were to standardise their reader, this would simplify the use of VoD for consumers as they could easily reuse films already acquired from other services.

6.2 REFLECTIONS ON THE INTRODUCTION OF TRANSPARENCY STANDARDS AND THE ESTABLISHMENT OF INDICATORS

VoD is an emerging economic activity undergoing strong development. The offerings, marketing methods, modes of consumption and operators are both increasing in number and diversifying, and turnover, both overall and in individual segments, is bound to rise. This is also an activity liable to have a major impact on the audiovisual and cinematographic markets at several levels, and the mode of consumption of television programmes and cinema films, access to these programmes, the range of items offered and, finally, the economic models are all affected.

The development of this activity in all its aspects should be monitored, characterised and anticipated at four different levels: the consumer (or customer), the operators themselves, the operators of allied sectors and the regulators (national and European).

It is accordingly necessary to provide public information available to anyone involved in this sector. It would also appear relevant to consider the establishment of market monitoring indicators on which all players could agree.

Before proposing a list of information to be disclosed by each of the operators and the indicators to be developed, further consideration needs to be given to the problems of confidentiality encountered during this study.

6.2.1 Operators reluctant to provide information

VoD is not yet considered an activity on which it is necessary and normal to supply information. Several types of information are not provided by operators: revenue or sales figures (very few operators agreed to provide the sales figures for their VoD service), the number of downloads (we therefore do not know the overall figures, let alone their distribution), agreements with distributors (certain operators do not want to disclose this information as they believe that the absence of agreements with the major American studios is likely to lower the value of their offering).

In addition, VoD is still at the start-up stage. It is in its infancy in some countries and the operators contacted did not have a sufficiently well-developed service to be able to provide any relevant information. Over time, the updating of this study should enable this information to be obtained. In other countries where VoD is more developed, the absence of a strong and well-established business model is no doubt leading to operators adopting an attitude of mistrust towards one another and thus making them reluctant to disclose information that they consider to be of strategic importance.

6.2.2 The transparency standards and indicators to be established

Before establishing transparency standards and market monitoring indicators, and in order to base these standards and indicators on stable elements, some work should be done to clarify some of the terms used in this sector. For example, does "catch-up TV" refer to a free or paid service or to a mixed model? Catch-up TV is defined by what programme availability period? At what point after a catch-up TV programme has been made available does paid VoD begin?

For the transparency of the market, it appears to be desirable for the providers of video-on-demand services and, as the case may be, the distributors, to make the following information available to the professionals.

The number of potential users of a VoD service, which would be an interesting fact to establish. As in the case of the comprehensive "coverage" of a medium, these users are individuals who are able to access a service without necessarily using it.

- They are people who have access to the internet, IPTV, digital cable, satellite or digital terrestrial television;
- More precisely, they are groups of people interested in receiving VoD:
    - those who visit a VoD service on the internet without necessarily using it. Here, a large number of visits are recorded;
    - those who have a VoD service available on IPTV and check out the offering without viewing a programme. These would be viewers who (without making a purchase) visit VoD portals on IPTV. This information could be provided by the operator itself.

The use of "geocodes" or other methods of territorial limitation should also be indicated in order to enable those entitled to do so to find out precisely to what extent their works are being distributed.

The number of actual users: an actual user is an individual who has met the conditions for accessing the service and has paid for a programme ordered.

The number of actual downloads from a VoD service: the total number of downloads as well as the number of downloads broken down by marketing method and type of programme. Three information levels may be identified:

- the total number of downloads made using this service;
- figures for the number of downloads to rent and downloads to own would make it possible to establish whether these two types of offering are at the same level or are progressing at the same rate or not;
- the total number of downloads per title (or category of titles) would enable the consumption of the various programmes to be monitored, established and compared: what is the level of consumption for films and television programmes? What can be considered a success, average consumption, a weak result, etc? In addition, the public cinema support agencies could in this way establish the success of the films and TV programmes that they have aided. This communication of the number of downloads is based on the idea of equal treatment between, on the one hand, the cinema operators, who are required, in some countries, to inform the cinema support agencies of the number of admissions per film, and, on the other hand, the video distributors, pay-per-view operators and VoD operators.

This reconciled information on the price of the programmes offered would enable the revenue levels to be estimated both for the different types of service and for the services as a whole.

The revenue of a service would be interesting information, in view of the fact that it is hard to obtain these details for two reasons:

- Companies quoted on the stock exchange are required to publish their financial results, but companies not quoted are obliged to disclose their accounts to other bodies, for example the "Tribunal du commerce" in France. In fact, however, they do not do this systematically.
- In addition, revenue figures are often consolidated and it would be hard to obtain separate information on the revenues for VoD services alone.

Some regulatory bodies or aid providers should be supplied with confidential data by operators. This would be necessary in particular when the system for financing support funds is based on a levy on the income of the various types of distributors of cinematographic or audiovisual works (exhibitors, broadcasters, video distributors and operators of VoD services).

Market monitoring indicators could be drawn up. In contrast to transparency standards, these are ratios or calculations that could be established, produced and published by specialised institutes or the European Audiovisual Observatory. It may be assumed that indicators that measure audience figures following the downloading or recording of programmes and are the basis on which the audience rating organisations operate in many countries are along these lines.

The emergence of VoD could be the moment for the authorities and the professional organisations to consider the standards of, and criteria for, the transparency of this new method of distribution. The importance of this question was stressed on 12 February 2007 by the European Audiovisual Observatory, which has been mandated by the members of the European Film Agencies Researchers Network (EFARN), at the meeting of the European Film Agency Directors (EFAD).

6.2.3 The impact of VoD on the other audiovisual markets

At the moment, few reliable data are available on the volume of VoD consumption, so it is difficult to provide information on the impact of the development of VoD on the other aspects of cinematographic and audiovisual consumption.

It is therefore definitely not possible to conclude that VoD has a negative impact on cinema attendances. France is an interesting example in this connection because cinema attendances rose sharply there in 2006 even though it is one of the countries with the largest number of VoD services[311].

[311] According to initial estimates by the European Audiovisual Observatory, cinema attendances in the European Union increased by 4% in 2006 compared with 2005. With the exception of the United Kingdom, where attendances dropped by 4.9%, the countries referred to in this study as having experienced the strong development of VoD saw a significant rise in the number of attendances: Germany +7.4%, Netherlands +9%, Norway +5.6%, France +7.5%. With 188.45 million admissions in 2006, cinema attendances in France rose by 7.5% compared with 2005. Although it did not exceed the historical figure reached in 2004, when 195.53 million admissions were recorded, 2006 was the second best performance for more than 20 years. Source CNC

In the case of television, the reduction in viewing time noted in several countries (such as Denmark, the United Kingdom, Italy or Sweden) has no link to the development of VoD. In actual fact, this decline began before the arrival of VoD and seems to be more the result of the overall consumption of other leisure activities and competing media, such as the internet.

Logically, it is the markets for the sale and rental of VHS and DVD that ought to be affected by the development of VoD. In fact, according to data published by the International Video Federation (IVF) and Screen Digest[312], in terms of its value the DVD market was already declining in several countries in 2005 (Belgium: - 7%, Switzerland: -10%, France, -4%, Portugal, -12%). The European rental market in particular had declined by 7% of its value compared with 2004, but this decline can be attributed to the 75% reduction in rentals of VHS cassettes, which means their virtual disappearance, while DVD rentals rose by 9% (compared with a 34% increase in 2004). In 2005, the average number of rentals per household went down.

These trends towards the slowing down or even, in some countries, a recession in the video market show that this market has reached maturity after years of strong expansion. It seems hard to believe that this development in 2005 could be put down to the upsurge of VoD. Other factors like illegal downloads, internet use, the saturation of family video libraries, etc probably played a more important role than VoD in these developments.

The first data available for 2006 seem to confirmer this diagnosis of the stabilisation of the video market. In France, the distributors’ association Syndicat de l'Edition Vidéo (SEV) noted that in 2006, for the second year running, there was a drop in the market of the order of 6 to 7% in value, according to the initial figures it had available. The drop in volume terms was 4%. The film is the genre most affected by this decline (about -14% in value). The non-film sector grew by 11% in value, which can mainly be put down to the success of television series.[313] The data available for other European countries show mixed developments. In Italy, a survey by the magazine Trade Home Entertainment reported an average decline of 20 to 30% in video club sales.[314] In the United Kingdom, DVD sales rose by 7.5% in 2006[315] In the Netherlands DVD sales rose by 12% in volume and 2% in value.[316]

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312 *The European Video Yearbook 2006*, International Video Federation, Brussels, 2006.
313 SEV, press release of 19 January 2007.
314 “Noleggio : un 2006 difficile”*, Trade Home Entertainment,* February 2007.
315 “2006 End Year Press Release”, British Video Association, 12 January 2007.
316 “Entertainmentmarkt groeit licht in 2006”, NPVI, 1 February 2007

These still fragmentary results are not enough, at this stage, to detect a major negative impact of VoD on the video market. Logically, however, this is definitely the market that could ultimately be more affected by the development of VoD. The way in which the distributors, especially the American firms, will address the issue of changes in the distribution chronology could prove important in the trial of strength between DVD and VoD as distribution methods. However, it is clear that the distributors' choices will be determined by the rise in their revenues. At this stage it has to be admitted that insufficient details are available to tell what strategic choices the distributors will make. According to a study by Adams Media Research, the major studios' income per film is USD12.26 for each DVD sold, USD3.50 for each cinema ticket, USD2.37 for each VoD film downloaded to rent and USD2.25 for each DVD rented. If these data, which it is hard to verify, proved to be correct, a VoD rental would be slightly more profitable than a video club rental.

There is a paradoxical rumour circulating in professional circles that "VoD will not benefit anyone". Other observers point out that the forecasts made in the mid-1990s that pay per view would cannibalise the video rental market have turned out to be wrong. The fact remains that all the forecasts concerning VoD agree that there will be a significant development in this market. According to a study by Adams Media Research, VoD on the American market already accounted for 1.3% of the major studios' revenues in 2005, while the figure for VoD outside the United States was 0.6%. According to a survey by Informa Media Telecoms & Media, the global VoD market is expected to grow from USD3.2 billion in 2005 to USD10.7 billion in 2010 (with European growth rising from USD1.3 billion to USD4.5 billion).

7 GLOSSARY

DSL : Digital Subscriber Line

The DSL (ADSL, VDSL) technologies make it possible to improve the performances of the access networks, especially the traditional telephone network subscriber's line consisting of copper wires. The DSL principle consists in reserving one part of the bandwidth for transporting voice, another for transporting data moving in the direction of the network core (upstream data) and a third, more important for transporting the data moving in the subscriber's direction (downstream data).

MEDIA CHRONOLOGY, "WINDOWS"

Rule defined either by regulative texts or based on interoccupational agreements or resulting from a state of fact. It lays down the chronological order and periods in which the various means of exploiting a cinematographic work may be employed after its theatrical release (video, pay per view, VoD, television, etc).

DRM: Digital Rights Management

Secure technology that permits the holder of copyrights in an object subject to intellectual property rights protection (such as an audio, video or text file) to specify what a user is entitled to do with it. In general, it is used to offer downloads without worrying that the user will freely distribute the file over the internet.

DTB: Download To Burn

Purchase of a VoD programme with the possibility of burning it onto a DVD.

DTO: Download To Own

Purchase of a VoD programme by downloading it. The file is stored on a computer without the user always being able to transfer it or read it on another peripheral device.

DTR: Download To Rent

Rental of a VoD programme according to a specific business model.

DVR : Digital Video Recorder

Device for recording digital video onto a digital carrier (hard disk).

FoD: Free On Demand

Video service on demand where the content is accessible free of charge.

IPTV: Internet Protocol Television

A television service delivered using the IP protocol. When used in the English-speaking countries, the term IPTV tends to refer more to a service for distributing packages of television channels offered by telecommunications operators using DSL networks.

Multiplay: multiplay services are offered by telecommunications, cable and satellite platform operators and combine several different services: television, internet access, fixed-line telephony, mobile telephony or VoD. The following terms are used depending on the service combination: double play (for example, television and internet access), triple play (for example, television, fixed-line telephony and internet access), quadruple play (for example, television, fixed-line telephony, mobile telephony and internet access), etc.

MPEG: Motion Picture Expert Group

A group that has defined the standards for compressing motion pictures. There are the following formats:

MPEG-1, which supports such products as video-CDs and mp3 players

MPEG-2, which supports such products as digital television and DVDs**)**

MPEG-4, which supports certain video flows, Blu-Ray and HDTV in France

Near VoD: Near Video On Demand

This service is made possible by channel multiplexing and the broadcasting of films in a continuous loop with start times every 15 or 30 minutes.

PPV: pay per view

Service that involves the broadcasting of content films and is based on repeat programming, with showings in a continuous loop and users paying by the unit for what they order.

PVR: Personal Video Recorder

Device that records video on a digital storage medium (hard disk).

STB: Set-top box

A device connected to a television set that enables certain functions to be carried out, such as the reception of an audiovisual programme based on conditional access, interactive services, the reception of digital programmes, etc.

SVoD: Subscription VoD

Permits unlimited access to content for a fixed monthly sum.

SWITCH-OFF

The switching off of analogue television broadcasting and the changeover to digital television.

HDTV: High Definition Television

Technologies that permit a significant improvement in television definition and picture quality.

UGC: User Generated Content

Online content (videos, blogs, etc) produced by internet users (as opposed to content produced by the traditional media)

8 COMPARATIVE BASIC DATA AND SUMMARY OF VOD SERVICES IN THE COUNTRIES STUDIED

Table 121: Basic data

Country	Population (millions)	TV households (millions) (rate of penetration)	Penetration of broadband (in % of households)	Admissions
AT - Austria	8,207	3,328 (97%)	33,6%	15,72
BE - Belgium	10,446	4,378 (98,6%)	46,7%	21,7*
CH – Switzerland	7,415	3,100 (95%)	52%	15,0
CY - Cyprus	0,766	0,250 (100%)	n.a.	0,78
DE - Germany	82,501	37,087 (96,1%)	27%	127,32
DK - Denmark	5,411	2,269 (97,4%)	57,6%	12,19
EE - Estonia	1,347	0,500 (97,1%)	32%	1,13
ES- Spain	43,038	15,188 (99,5%)	32,4%	126,01*
FI - Finland	5,237	2,070 (97%)	49,3%	6,0
FR - France	60,561	24,219 (96%)	39,5%	175,65*
GB – United Kingdom	60,200	25,211 (97,8%)	37,2%	164,69
HU - Hungary	10,097	3,703 (97%)	11%	12,12
IE - Ireland	4,109	1,430 (99,3%)	18,8%	16,4
IS- Iceland	0,300	0,114 (98,3%)	56%	1,5
IT - Italy	58,462	23,310 (100%)	29,6%	107,7*
LU - Luxembourg	0,455	0,179 (99%)	29%	1,16*
NL - Netherlands	16,306	6,915 (98,7%)	59,8%	20,61
NO - Norway	4,606	1,963 (98%)	59,8%	11,3
PL - Poland	38,173	12,357 (97,3%)	13,2%	23,57
PT - Portugal	10,579	3,743 (99,3%)	32,2%	15,75
SE - Sweden	9,040	4,358 (97,5%)	42,3%	14,62
SI - Slovenia	2,004	0,735 (98,2%)	23,3%	2,44
SK - Slovakia	5,385	1,910 (97,9%)	6,8%	2,2
TR - Turkey	71,609	16,660 (98%)	3%	27,3

*Source : European Audovisual Observatory – Yearbook 2006 * : estimates*

Table 122: Share of films in the catalogues of VoD services in Europe

Does not include the services which have not communicated the data and then is not comprehensive

	Services	Number of films	Number of titles	% films	Number of films	Number of titles	% films
AT - Austria	Aon Digital TV	101	239	42,3%	501	667	75,1%
	In2Movies	370	398	93,0%			
	Premiere Direkt+	30	30	100,0%			
BE - Belgium	7 days	241	281	85,8%	321	522	61,5%
	Belgacom TV à la demande	80	241	33,2%			
CH - Switzerland	In2Movies	370	398	93,0%	1 184	1 294	91,5%
	DVD Fly VoD	100	100	100,0%			
	Bluewin TV	714	796	89,7%			
CY - Cyprus	MiVision	700	700	100,0%	775	800	96,9%
	Prime Home	75	100	75,0%			
DE - Germany	In2Movies	370	398	93,0%	2 717	3 999	67,9%
	Maxdome	372	518	71,8%			
	One4Movie	368	625	58,9%			
	MyVod	27	27	100,0%			
	absolut on Demand	4	25	16,0%			
	T-online VoD	705	1 329	53,0%			
	Alice homeTV Movies	600	600	100,0%			
	Arcor VoD	253	459	55,1%			
	Ewe Tel MoD (movie on demand)	18	18	100,0%			
DK - Denmark	SF Anytime	780	850	91,8%	1 140	1 375	82,9%
	CDON,com	260	325	80,0%			
	Sputnik Film	100	200	50,0%			
ES - Spain	Imagenio Videoclub	300	610	49,2%	1 032	1 580	65,3%
	Ojo	101	211	47,9%			
	Orange	106	119	89,1%			
	Jazztelia	262	320	81,9%			
	Accine	263	320	82,2%			

<table>
<tr><th></th><th>Services</th><th>Number of films</th><th>Number of titles</th><th>% films</th><th>Number of films</th><th>Number of titles</th><th>% films</th></tr>
<tr><td rowspan="12">FR - France</td><td>Cinezime</td><td>20</td><td>61</td><td>32,8%</td><td>4 950</td><td>12 662</td><td>39,1%</td></tr>
<tr><td>Glowria</td><td>400</td><td>1 000</td><td>40,0%</td><td rowspan="12">2 318</td><td rowspan="12">4 462</td><td rowspan="12">51,9%</td></tr>
<tr><td>Universciné</td><td>300</td><td>300</td><td>100,0%</td></tr>
<tr><td>Virgin méga</td><td>750</td><td>1 200</td><td>62,5%</td></tr>
<tr><td>Vodeo</td><td>0</td><td>2 800</td><td>0,0%</td></tr>
<tr><td>Mes vidéos à la carte</td><td>300</td><td>500</td><td>60,0%</td></tr>
<tr><td>Club Vidéo</td><td>400</td><td>1 000</td><td>40,0%</td></tr>
<tr><td>Orange</td><td>435</td><td>851</td><td>51,1%</td></tr>
<tr><td>TF1 Vision</td><td>1 000</td><td>2 000</td><td>50,0%</td></tr>
<tr><td>Canal Play</td><td>1 300</td><td>2 000</td><td>65,0%</td></tr>
<tr><td>Arte VoD</td><td>25</td><td>600</td><td>4,2%</td></tr>
<tr><td>M6 Vidéo</td><td>20</td><td>350</td><td>5,7%</td></tr>
<tr><td rowspan="7">GB - United Kingdom</td><td>BSkyB</td><td>330</td><td>1 400</td><td>23,6%</td></tr>
<tr><td>4oD</td><td>41</td><td>240</td><td>17,1%</td><td rowspan="7">371</td><td rowspan="7">1 640</td><td rowspan="7">22,6%</td></tr>
<tr><td>Filmflex</td><td>600</td><td>850</td><td>70,6%</td></tr>
<tr><td>Lovefilm</td><td>200</td><td>825</td><td>24,2%</td></tr>
<tr><td>Homechoice</td><td>1 000</td><td>1 000</td><td>100,0%</td></tr>
<tr><td>Top Up TV Anytime</td><td>107</td><td>107</td><td>100,0%</td></tr>
<tr><td>World Cinema Online</td><td>40</td><td>40</td><td>100,0%</td></tr>
<tr><td rowspan="2">IE- Ireland</td><td>4oD</td><td>41</td><td>240</td><td>17,1%</td></tr>
<tr><td>Sky Anytime</td><td>330</td><td>1 400</td><td>23,6%</td><td rowspan="2">475</td><td rowspan="2">500</td><td rowspan="2">95,0%</td></tr>
<tr><td>IS - Iceland</td><td>Simminn</td><td>475</td><td>500</td><td>95,0%</td></tr>
<tr><td rowspan="5">IT - Italy</td><td>Rosso Alice</td><td>200</td><td>310</td><td>64,5%</td><td>5 406</td><td>7 095</td><td>76,2%</td></tr>
<tr><td>OnTv</td><td>5 000</td><td>5 000</td><td>100,0%</td><td rowspan="5">653</td><td rowspan="5">1 053</td><td rowspan="5">62,0%</td></tr>
<tr><td>Raiclick</td><td>120</td><td>1 620</td><td>7,4%</td></tr>
<tr><td>Libero</td><td>11</td><td>65</td><td>16,9%</td></tr>
<tr><td>Tiscali VideoClub</td><td>75</td><td>100</td><td>75,0%</td></tr>
<tr><td rowspan="5">NL - Netherlands</td><td>Freerecordshop</td><td>12</td><td>12</td><td>100,0%</td></tr>
<tr><td>Tiger online</td><td>50</td><td>50</td><td>100,0%</td><td rowspan="5">1 540</td><td rowspan="5">2 075</td><td rowspan="5">74,2%</td></tr>
<tr><td>DVD Download</td><td>100</td><td>100</td><td>100,0%</td></tr>
<tr><td>7 Days</td><td>241</td><td>281</td><td>85,8%</td></tr>
<tr><td>Tele 2 Videotheek</td><td>250</td><td>610</td><td>41,0%</td></tr>
<tr><td rowspan="3">NO - Norway</td><td>SF Anytime</td><td>780</td><td>850</td><td>91,8%</td></tr>
<tr><td>CDON,com</td><td>260</td><td>325</td><td>80,0%</td><td rowspan="3">50</td><td rowspan="3">50</td><td rowspan="3">100,0%</td></tr>
<tr><td>FilmArkivet</td><td>500</td><td>900</td><td>55,6%</td></tr>
<tr><td>PL - Poland</td><td>TP SA</td><td>50</td><td>50</td><td>100,0%</td></tr>
<tr><td>PT - Portugal</td><td>ClixSmarTV</td><td>500</td><td>500</td><td>100,0%</td><td>500</td><td>500</td><td>100,0%</td></tr>
<tr><td rowspan="2">SE- Sweden</td><td>SF Anytime</td><td>782</td><td>850</td><td>92,0%</td><td rowspan="2">862</td><td rowspan="2">931</td><td rowspan="2">92,6%</td></tr>
<tr><td>CinemaOne</td><td>80</td><td>81</td><td>98,8%</td></tr>
<tr><td colspan="2">TOTAL SERVICES</td><td>24 795</td><td>41 205</td><td>60,2%</td><td>24 795</td><td>41 205</td><td>60,2%</td></tr>
</table>

Source : NPA Conseil

9 LIST OF TABLES AND FIGURES

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