

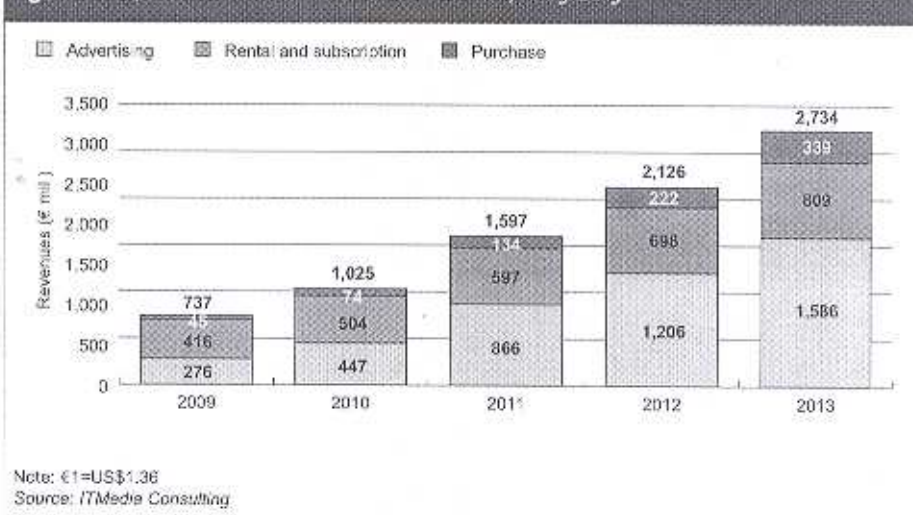
Western Europe online video 'will post €2.7 billion revenues in 2013'

By Paul Davies

Revenues from online video in Western Europe will grow from €737 million (US\$1 billion) in 2009 to €2.7 billion in 2013, at a compound annual growth rate of 39%, according to a report from Italian media consultancy ITMedia Consulting.

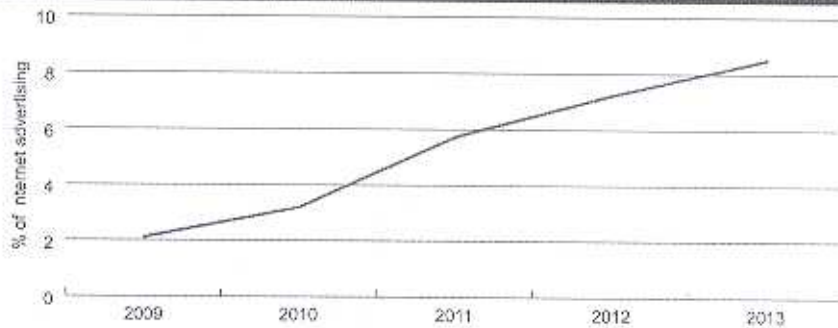
The report, *Content on the Net: Video Streaming & Downloading*, argues that total advertising revenues on online video services was €276 million last year and predicts that, fueled by the launch of online video-on-demand services in 2010, this will rise to €1.6 billion by the end of 2013 (see fig. 1). Last year, online video advertising accounted for only 2% of total Internet advertising revenues, but ITMedia forecasts that within four years it will account for 8.5% (see fig. 2).

Fig. 1: Global, forecast of total online video revenue, 2009-2013



Advertising in 2009 accounted for 37% of online video revenues – its €276 million contrasted with €416 million from rental and subscription and €45 million from download-to-own. ITMedia expects advertising to become the main revenue generator in 2011, accounting for 55% of revenues (€866 million out of a total €1.6 billion).

In 2009, says the report, user-paid revenues totaled €460 million, of which 90% came from

Fig. 2: Global, online video advertising as % of Internet advertising, 2009-2013

Source: ITMedia Consulting

subscriptions and download-to-rent fees. By 2013, download-to-own is set to play a bigger role as purchase prices fall and release "windows" are squeezed, argues ITMedia, which says that download-to-own will account for nearly 30% of user-paid revenues in 2013.

The report cites as online-video success stories Hulu – owned by NBC Universal, News Corporation, Disney and Providence Equity Partners – and the BBC iPlayer in the UK. It notes that online streaming accounts for 97% of iPlayer requests and says that this "means that consumers prefer immediate streaming content to time-consuming downloaded videos."

It concludes that "broadcasters have to optimize resources by creating cross-platform synergies" as they seek to take on the "fierce competition" that will come not only from their direct rivals but also from Internet content providers, studios, networks and Internet service providers.