International Communications Market Report 2015

3 Television and audio-visual

Contents

3.1 Key market developments in the TV and audio-visual markets

3.1.1 Industry metrics and summary

The TV and audio-visual chapter focuses on three topics: key market developments in the sector, industry revenue, and trends among TV and audio-visual consumers. It includes a global overview and country-level analyses of the 18 comparator countries.

- *Key market developments* details some of the major TV and audio-visual industry trends during the past year, with analysis of global revenue, trends in value-added services such as high definition TV (HDTV), digital video recorders (DVRs) and 3D TVs.
- The *TV and audio-visual industries* section focuses on key revenue trends among comparator countries, including the financial results of major pay-TV and free-to-air broadcasters.
- The *TV and audio-visual consumer* section examines patterns of digital television take-up as well as how viewers in different countries consume broadcast television and online TV.

Figure 3.1 TV industry metrics: 2014

	UK	FRA	GER	ITA	USA	JPN	AUS	ESP	NED	SWE	POL	SGP	KOR	BRA	RUS	IND	CHN	NGA
TV revenue (£bn)	14.0	8.4	20.4	6.1	102.9	19.1	4.1	3.1	2.5	1.8	2.1	0.6	5.5	11.4	3.6	5.1	21.9	0.6
Revs change (% YOY)	4.0	0.4	2.9	-2.3	4.1	3.1	-0.3	9.1	-2.2	1.9	5.1	0.6	7.2	12.2	7.4	14.7	10.7	14.8
Revenue per cap (£)	216.4	130.4	247.4	100.2	322.6	150.2	174.3	65.9	146.5	184.3	55.7	101.9	111.7	56.5	25.1	4.0	16.0	3.2
from advertising	61	40	64	42	127	66	91	32	46	56	18	60	33	26	18	2	8	0
from subscription	97	56	71	37	195	55	53	29	76	89	36	42	72	30	7	3	8	2
From public funds	58	35	113	21	0	29	30	5	24	40	1	0	7	1	0	0	0	0
TV licence fee[1]	145.50	109.75	174.12	91.59	N/A	80.29	N/A	N/A	N/A	183.91	44.72	N/A	17.31	N/A	N/A	N/A	N/A	N/A
Largest TV platform *Platform*	Dsat	IPTV	Dsat	DTT	Dcab	Dcab	DTT	DTT	Dcab	Acab	Dsat	DTT	IPTV	Dsat	Dsat	Dsat	Dcab	Dsat
Largest TV platform *% of homes*	45	41	43	73	43	50	67	69	47	26	50	37	30	52	36	42	43	69
DTV take-up (%)	100	95	72	100	96	100	100	99	87	74	86	100	76	72	65	70	84	84
Pay TV take-up (%)	59.5	76.9	55.2	30.1	87.2	69.0	31.6	28.8	98.6	83.1	83.2	62.8	96.7	32.8	65.9	85.2	62.5	22.4
DSO date	2012	2011	2008	2012	2009	2012	2013	2010	2006	2007	2013	2020	2012	2018	2018	N/A	2020	2016
TV viewing (min/day)	220	221	221	262	282	264	204	239	200	153	260	N/A	196	224	239	N/A	157	N/A

Source: IHS / industry data / Ofcom

Market developments during the past year include:

- **Global TV revenues (comprising broadcast advertising, channel subscription and public licence fees only) increased by 5% in 2014 to reach £244bn.** Subscription revenues continue to be the key driver of this growth, rising by 5.4% to reach £125bn, just over half of total revenue. Advertising revenue grew by 5.3% (or £5bn) while income from public funding grew by a more modest 1.7%.

- **The UK had the highest proportion of households with an HD television set, of all the countries included in our research, with 76% of respondents claiming to own one.**

- **DVR ownership in 2015 was highest in the UK and the US,** at 33% of respondents claiming to own a DVR.

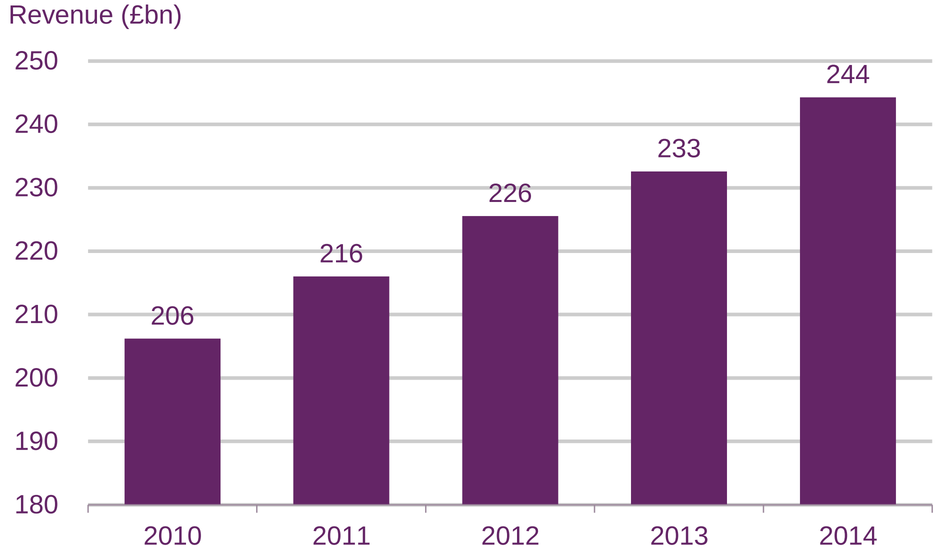
For a detailed analysis of developments in video-on-demand, please refer to Section 1.4 in the *UK in Context* chapter.

3.1.2 Global TV revenues

Global TV revenues increased by 5% in 2014 to £244bn

Ofcom estimates that global TV revenue increased in 2014 by 5.0% year on year, to £244bn: up by 4.3% over the four-year period since 2010. Our analysis of global television revenues incorporates three components: net broadcast advertising revenue, TV licence fees and subscriptions. It excludes revenues generated from pay-per-view (PPV), video on demand (VoD) and over-the-top/streaming (OTT) services.[99]

Figure 3.2 Global TV broadcast advertising, public licence fee and channel subscription revenues



YOY	CAGR (4yr)
5.0%	4.3%

Source: Data derived from PwC Global Entertainment and Media Outlook: 2015-2019 @ www.pwc.com/outlook. Notes: Ofcom is responsible for all growth calculations displayed. Ofcom uses an exchange rate of $1.646 to the GBP in line with the IMF average for 2014. All figures expressed in nominal terms.

Growth was driven primarily by continued growth in subscription revenues

The 5% increase in global television revenues, to £244bn in 2014, was driven primarily by continued growth in subscription revenues, which made up just over half of the total included revenue. Global subscription revenues increased for the fourth year in a row, from £118bn in 2013 to £125bn in 2014; a year-on-year increase of 5.4%.

[99] Online TV revenues are shown in Figure 3.20

Global net advertising revenue (NAR) growth has been steady since 2010, as economic conditions have stabilised. The recovery in NAR continued in 2014, with revenues increasing by 5.3% (or £5bn) to £99bn.

As in the three previous years, public funding from TV licence fees was little changed in 2014, at around £21bn. Revenue from this source has changed little over the four-year period, increasing by just 1.4% per year on an average compound basis.

Figure 3.3 Global TV industry revenues, by source

Source: Data derived from PwC Global Entertainment and Media Outlook: 2015-2019 @ www.pwc.com/outlook. Notes: Ofcom is responsible for all growth calculations displayed. Ofcom uses an exchange rate of $1.646 to the GBP in line with the IMF average for 2014. All figures expressed in nominal terms.

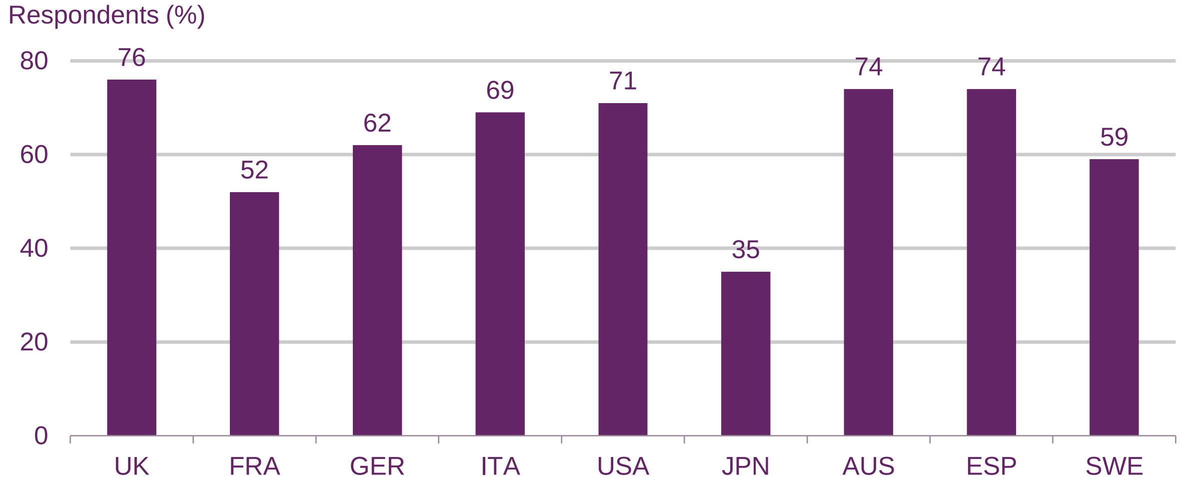
3.1.3 Consumers continue to embrace value-added services

By the end of 2014 the UK, Italy, Japan, Australia and Singapore had 100% DTV take-up. Digital TV enables consumers to take advantage of a number of value-added services, including high-definition television (HDTV) services, which provide the viewer with enhanced picture quality and access to a wide variety of HD channels, and digital video recorders (DVRs), which enable the user to record, pause and rewind live TV.

Ownership of HDTV sets highest in the UK

The UK had the highest proportion of households with HD-ready televisions; 76% of respondents claimed to own a high-definition television set. This was closely followed by Australia and Spain, with respondents claiming 74% take-up of HDTV sets. However, households with a HDTV set do not necessarily have a HDTV *service*.

Figure 3.4 Household ownership of high-definition TV sets



Source: Ofcom consumer research September – October 2015
Base: All respondents, UK=1006, FRA=1003, GER=1007, ITA=1003, USA=1009, JPN=1006, AUS=1000, ESP=1002, SWE=1004
Q.3a Which of the following devices do you have in your home?

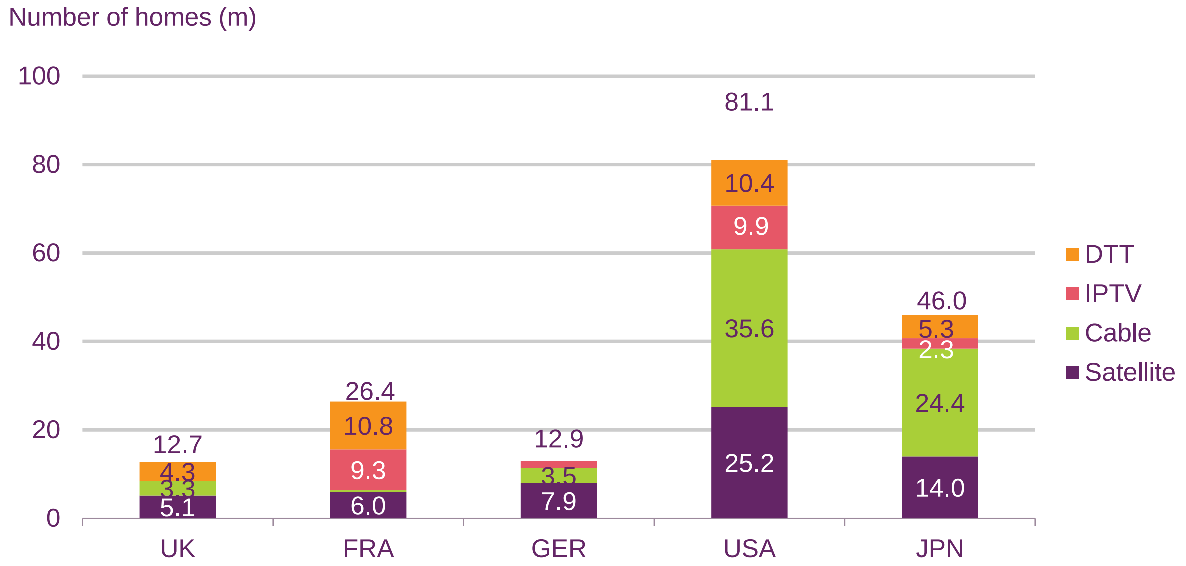
Satellite continues to be the main platform for accessing HD services in the UK

As Figure 3.5 shows, satellite was the leading platform used by households to access HD services in the UK in 2014, at 5.1 million homes, while the second-largest platform was digital terrestrial (DTT) at 4.3 million homes. The leading platform in Germany was also satellite (7.9 million homes), while in France DTT was the largest platform (10.8 million homes). The second largest platform for accessing HD services in France was IPTV[100] (at 9.3 million homes).

This contrasts with the US and Japan, where the leading platform is cable (35.6 million homes and 24.4 million homes, respectively). Satellite is the second largest platform for accessing HD services in the US and Japan (25.2 million homes and 14.0 million homes respectively).

[100] Internet protocol television (IPTV) is the term used for the television platform that delivers channels to viewers using internet protocol (IP) technology over a broadband connection. For the purposes of this report, hybrid systems such as BT TV, which provide television services through both an aerial and an IP connection, are considered IPTV platforms.

Figure 3.5 Number of HD homes, by platform and country: 2014



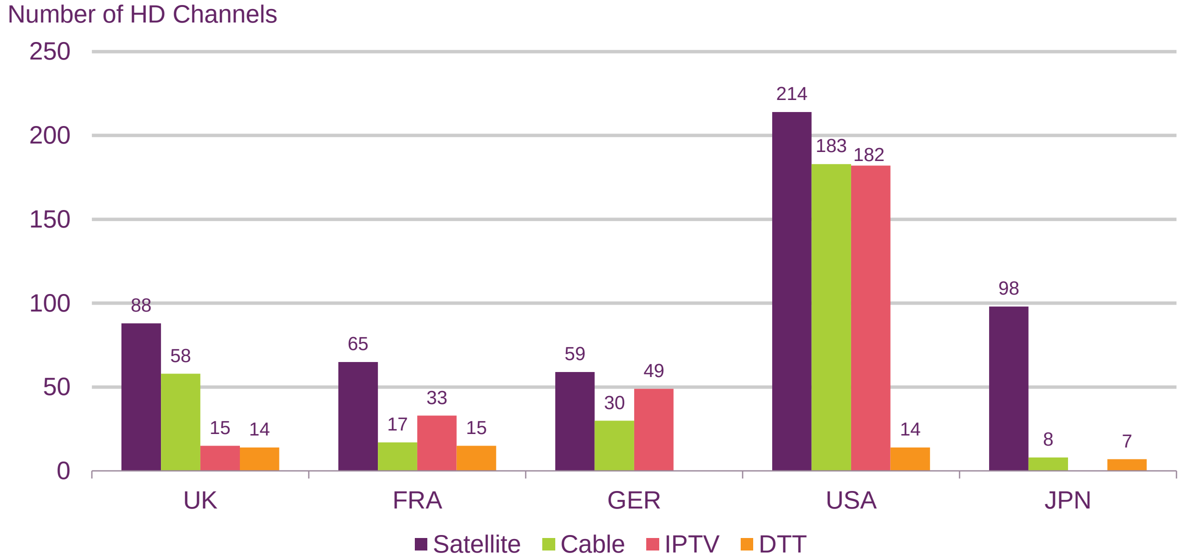
Source: IHS/ industry data/ Ofcom. Note: figures are for HD-enabled homes (those having the technical means to view HD content and access to sources of HD content).

Figure 3.6 shows the number of HD services available across the various platforms in five comparator countries. Satellite and cable platforms offer the greatest number of HD services in these countries.

In the UK, satellite TV offers the most HD services (88 channels), followed by cable (58 channels). In France and Germany, where satellite TV also offers the greatest number of HD services, 65 and 59 channels are on offer, respectively. In the UK 15 HD channels can be accessed over IPTV, while in both France and Germany it is also high, contributing to the increasing popularity of the IPTV platform in these countries.

In the US, the majority of HDTV channels are provided by pay-TV platforms. Satellite offered the most channels in 2014, at 214, while cable provided 183 and IPTV 182. Digital terrestrial TV offered 14 HD channels in 2014 – the same number as the UK, and fewer than in France.

Figure 3.6 Number of HDTV channels: 2014



Source: IHS/ industry data/ Ofcom

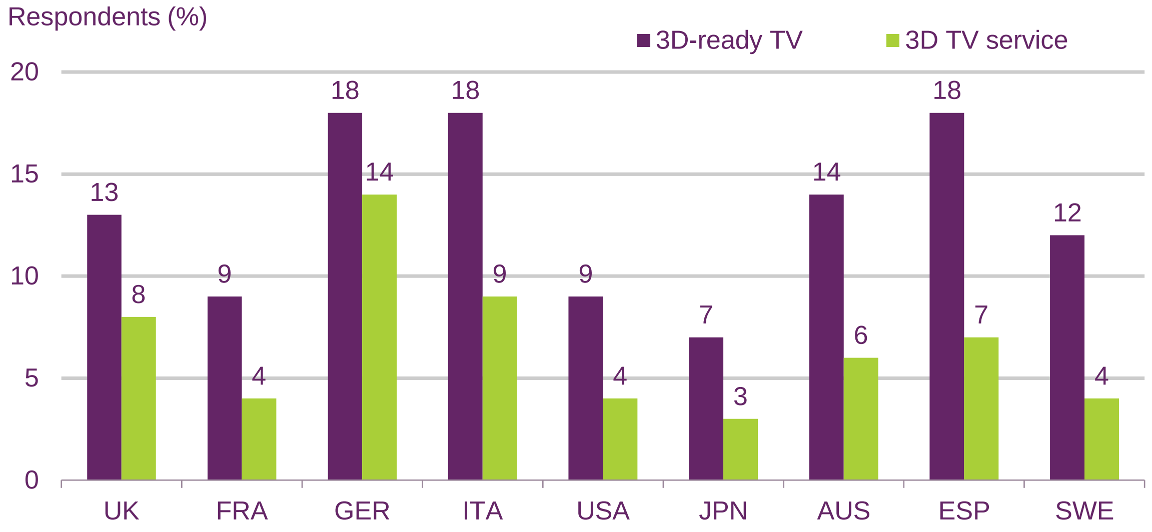
Take-up of 3D TV remains low as providers tend to reduce investment in 3D content

As Figure 3.7 shows, among our European comparator countries, households in the UK, Sweden and France were the least likely to have a 3D-ready TV set, at 13%, 12% and 9% respectively. Although overall take-up of 3D TV in the UK was low, more than half of those with a 3D-ready TV also subscribed to a 3D TV service (62%). In Sweden and France, less than half of those with a 3D-ready TV set subscribed to a 3D service.

The highest take-up of 3D-ready TVs was recorded in Germany, Italy and Spain, at 18% of households. Germany also led the way in take-up of 3D services; over three-quarters of households in Germany with a 3D-ready TV also had a 3D service.

The BBC announced in 2013 that it would put on hold its 3D programming, and it has yet to resume broadcasting in 3D. In 2015, Sky announced that its dedicated 3D channel would close, while maintaining the availability of on-demand 3D content. This followed its decision not to air 2014 Premier League matches on its dedicated 3D channel. There has instead been an increased focus on promoting ultra-HD (4K and 8K) TV sets, which offer screen resolution at least four times the resolution of standard HDTV.

Figure 3.7 Household ownership of 3D-ready TV sets and 3D TV services



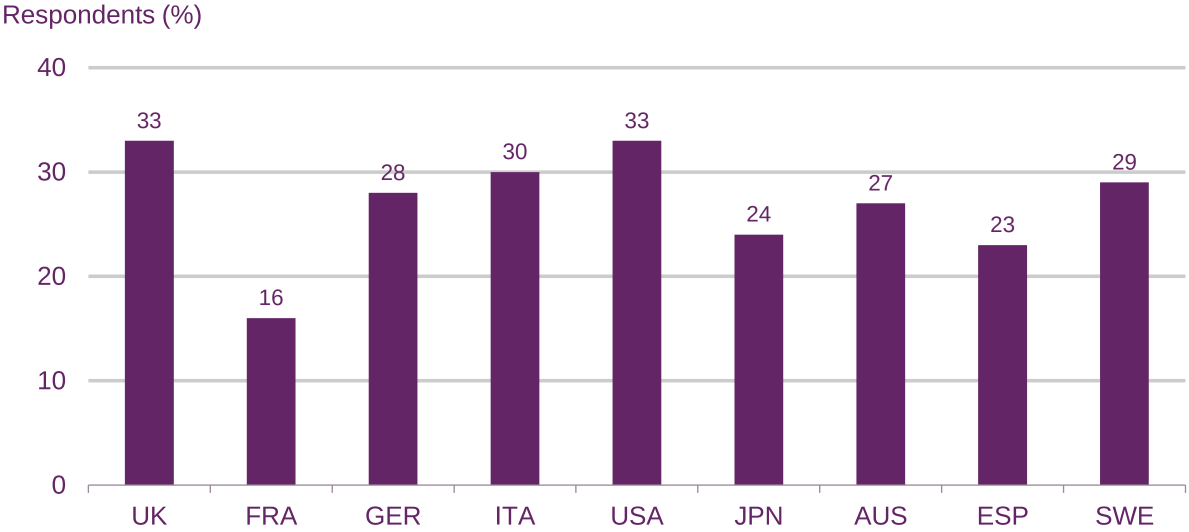
Source: Ofcom consumer research September - October 2015
Base: All respondents, UK=1006, FRA=1003, GER=1007, ITA=1003, USA=1009, JPN=1006, AUS=1000, ESP=1002, SWE=1004
Q.3a Which of the following devices do you have in your home? Q3b. Which of the following services do you have in your home?

The UK and the US have the highest ownership of DVRs

As shown in Figure 3.8, Ofcom's research shows that DVR ownership in 2015 was highest in the UK[101] and the US, at 33% of respondents claiming to own a DVR. Among our comparator countries, France recorded the lowest level of ownership (16%), followed by Spain at 23%.

[101] This figure is lower than published data from Ofcom's *Technology Tracker* in the CMR 2015 which covered Q1 2015. The Technology Tracker measures DVR take-up through a series of questions relating to ownership of specific branded set-top boxes. A shorter, non-branded, question is used in the ICMR research for the purposes of international comparison.

Figure 3.8 Household ownership of DVRs



Source: Ofcom consumer research September - October 2015
Base: All respondents, UK=1006, FRA=1003, GER=1007, ITA=1003, USA=1009, JPN=1006, AUS=1000, ESP=1002, SWE=1004
Q.3a Which of the following devices do you have in your home?

3.2 The TV and audio-visual industries

3.2.1 Summary

This section focuses on the TV and audio-visual industries, looking at six years of key revenue trends among our comparator countries, including the advertising revenue of free-to-air broadcasters and the subscription revenues of the major pay-TV broadcasters.

- **Revenues among the 18 comparator countries analysed by Ofcom increased by 4.8% in 2014, to £233bn.** This was driven by year-on-year growth in the BRIC countries and Nigeria, with joint revenues increasing by 11.3% in 2014 to £42.6bn.

- **The total year-on-year growth of the European comparator countries was 2.3% in 2014, resulting in revenues of £58.3bn.** This was the lowest growth of the four regions included in our analysis, with the BRIC nations (and Nigeria) increasing by 11.3%, the US by 4.1% and the Asia-Pacific countries by 3.3% in 2014.

- **Following three consecutive years of decline, Spain recorded the largest annual growth in television revenues among the European comparator countries in 2014 (9.1%),** while Poland and the UK followed at 5.1% and 4.0% respectively. Revenues fell in two of the eight European comparator countries: by 2.3% in Italy and by 2.2% in the Netherlands.

- **In Germany and the UK, increases in revenue between 2009 and 2014 were predominantly driven by pay-TV subscriptions.** In the UK, subscription revenue represented the largest source of TV income in 2014, while in Germany licence fee revenue was the largest source.

- **Net advertising revenue continues to recover in the UK,** with growth of 6.4% year-on-year and 32.4% over the five-year period between 2009 and 2014, reaching £3.95bn. UK year-on-year advertising revenue was the third-highest among our European comparator countries, following Spain at 10.9% and Poland at 6.5%.

- **In 2014, revenues from both short and long-form online TV and video in the UK continued to grow, up £278m to £908m in 2014.** However, the US remains the largest online TV and video market among our comparator countries; between 2009 and 2014, online TV and video revenue grew from £1.3bn to £6.8bn.

3.2.2 Television revenues among comparator countries

Increase in TV revenues driven by strong growth in BRIC countries and Nigeria in 2014

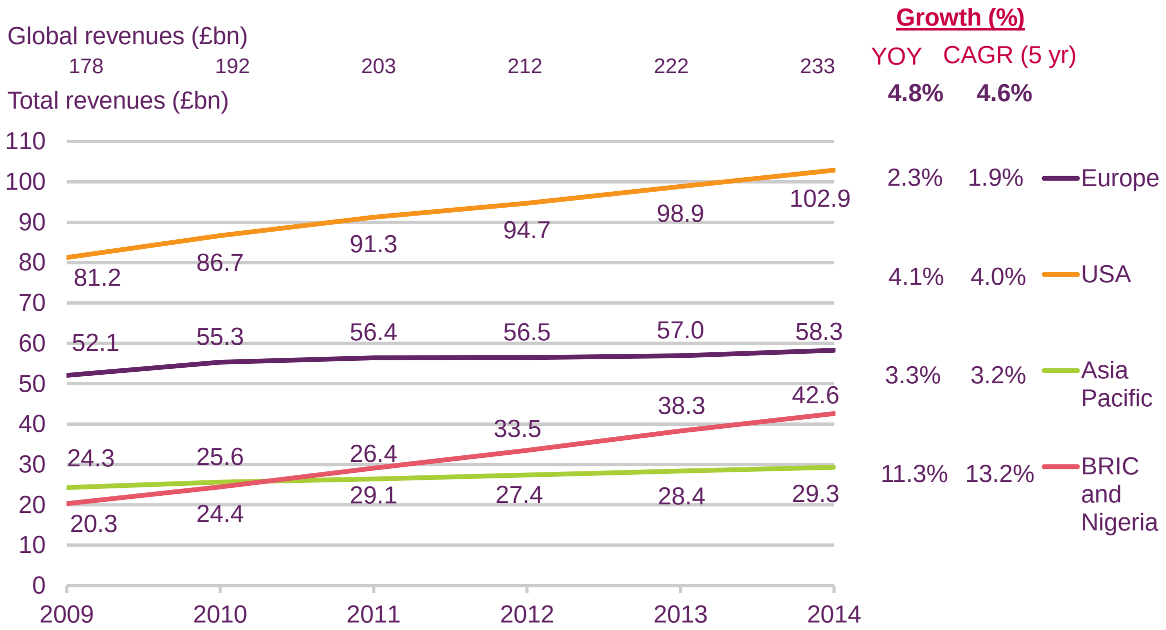
As Figure 3.9 shows, revenue among the 18 comparator countries analysed by Ofcom increased by 4.8% in 2014 to total £233bn. The total year-on-year growth of the European comparator countries was 2.3% in 2014, resulting in revenues of £58.3bn. This was the lowest growth of the four regions included in our analysis.

The BRIC countries, together with Nigeria, experienced the largest year-on-year growth in 2014, their joint revenues increasing by 11.3% (or £4.3bn) to £42.6bn. All five countries had strong compound annual growth between 2009 and 2014, collectively at 13.2%, with Nigeria recording the highest compound annual growth figure at 32.9%, followed by Brazil and China (14.2% and 13.0% respectively).

The revenue gap has widened to over £13bn between the BRIC countries and Nigeria combined, and the Asia/Pacific countries, the two regions in our analysis with the lowest TV revenues. From a broadly similar level in 2011, the Asia/Pacific countries' revenue has increased by around £1bn a year in the subsequent three years, whereas that of the BRIC countries and Nigeria has increased by around £5bn a year.

The region with the next largest growth in revenue was the US, growing by 4.1% to reach £102.9bn in 2014. The US, the country with the largest television market globally in terms of revenue, experienced growth driven by both subscription and income from television advertising. Over the five-year period since 2009, US revenues have increased by an average of 4.0% per annum, more than double the rate of the European comparator countries (1.9%).

Figure 3.9 Total TV industry revenues among comparator countries



Source: IHS / industry data / Ofcom. Notes: Revenues include advertising, subscriptions and sources of public funding only. BRIC is Brazil, Russia, India and China. All figures expressed in nominal terms.

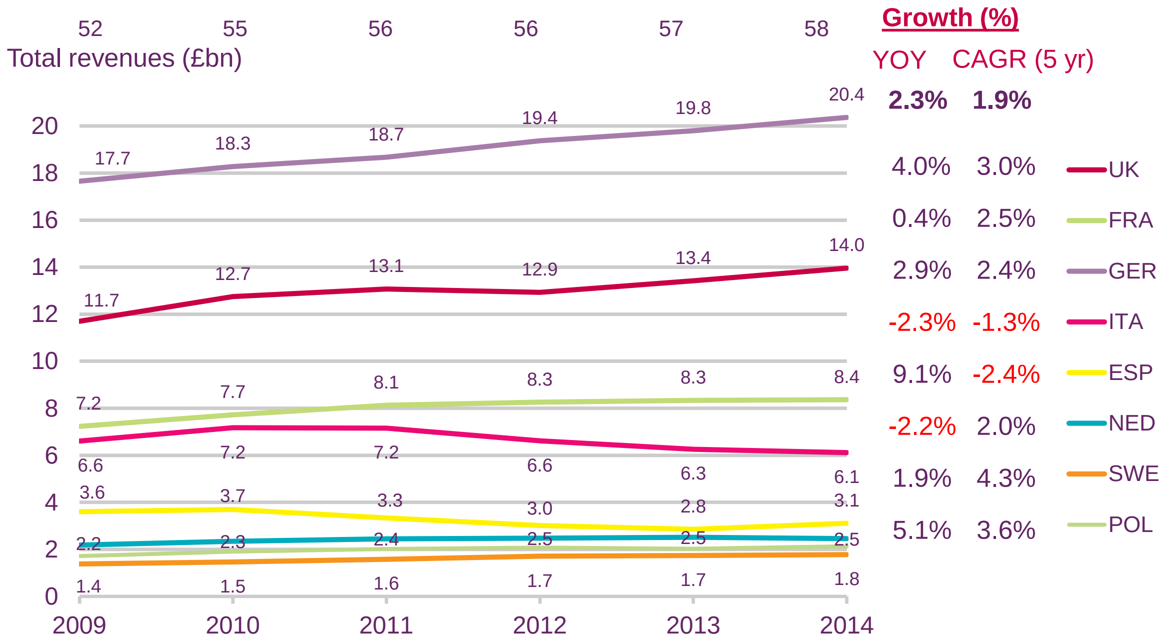
Overall, the total year-on-year growth of the European comparator countries was 2.3% in 2014, resulting in revenues of £58.3bn. This represented the lowest growth rate of the four regions in our analysis

Following three years of consecutive decline, Spain recorded the largest proportional growth of the eight European countries in our analysis, increasing by 9.1% to £8.4bn. This recovery can be explained by strengthening TV advertising revenue. Poland followed, with an increase of 5.1%, increasing its five-year annual growth rate to 3.6%, a figure well above the European group average of 1.9%.

Germany and the UK had the next largest absolute increases in TV revenue among the European comparator countries in 2014, growing by £0.6bn and £0.5bn respectively. Both were driven mainly by subscription revenues, while both countries also maintained an annual increase above the European average. These figures consolidate Germany as Europe's largest TV market in terms of monetary value in 2014.

Declines in revenue were noted for Italy and the Netherlands. For Italy, this year constitutes the fourth year of declining revenues, recording a five-year compound decrease of 1.3%.

Figure 3.10 TV industry figures among European comparator countries



Source: IHS / industry data / Ofcom. Notes: Revenues include advertising, subscriptions and sources of public funding only. All figures expressed in nominal terms.

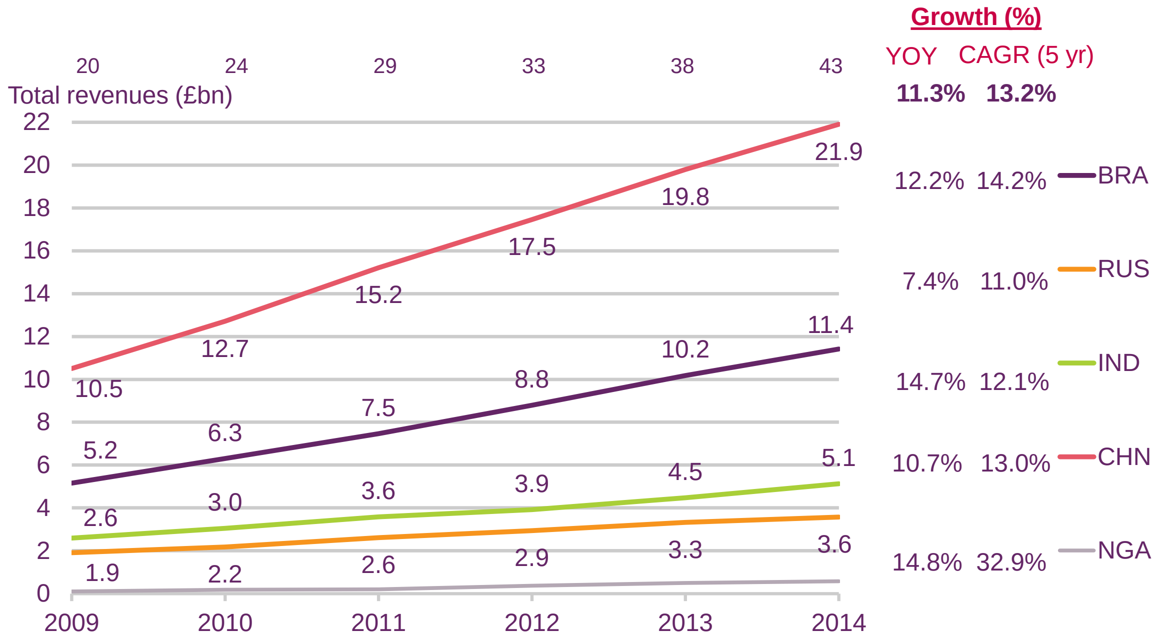
TV revenues increased for each of the BRIC countries and Nigeria in 2014, with combined revenues up at 11.3% year on year and more than doubling since 2009, to reach £43bn.

China and Brazil made up over 75% of the revenue of this group of five countries, recording growth figures of 10.7% and 12.2% respectively. China had the highest industry revenues among the BRIC countries and Nigeria combined, increasing from £19.8bn to £21.9bn in 2014. This growth was due to increased subscription and advertising revenue; the Chinese market is the largest subscription TV market in the world in terms of the absolute number of pay-TV households. Brazil's revenues also increased; from £10.2bn in 2013 to £11.4bn in 2014, and it has maintained the highest compound annual growth rate of the BRIC countries (14.2%).

India has experienced consistent growth over the five-year period since 2009, with a compound annual growth rate of 12.1% and year-on-year growth of 14.7% in 2014. Russia's revenue was up by 7.4% in 2014, while its compound annual growth rate since 2009 is 11.0%.

Significantly, the overall compound annual growth rate of the BRIC countries and Nigeria (13.2%) was driven in large part by Nigeria's 32.9% growth since 2009. Although it has the smallest TV market in this group of comparator countries, Nigeria had greater proportional growth in TV revenue than any of the BRIC countries in 2014, with a 14.8% year-on-year increase to £0.6bn.

Figure 3.11 Total TV industry revenues among BRIC countries and Nigeria



Source: IHS / industry data / Ofcom. Notes: Revenues include advertising, subscriptions and sources of public funding only. BRIC is Brazil, Russia, India and China. All figures expressed in nominal terms.

Figure 3.12 illustrates the changing composition of TV industry revenues, by country, between 2009 and 2014.

Germany, the UK and France maintained their positions as the largest European TV markets, each increasing all three of their revenue sources between 2009 and 2014. These increases were predominantly driven by pay-TV subscriptions. For the UK and France, subscription revenue represented their largest source of TV income. In the UK, strong growth was noted across all three revenue streams.

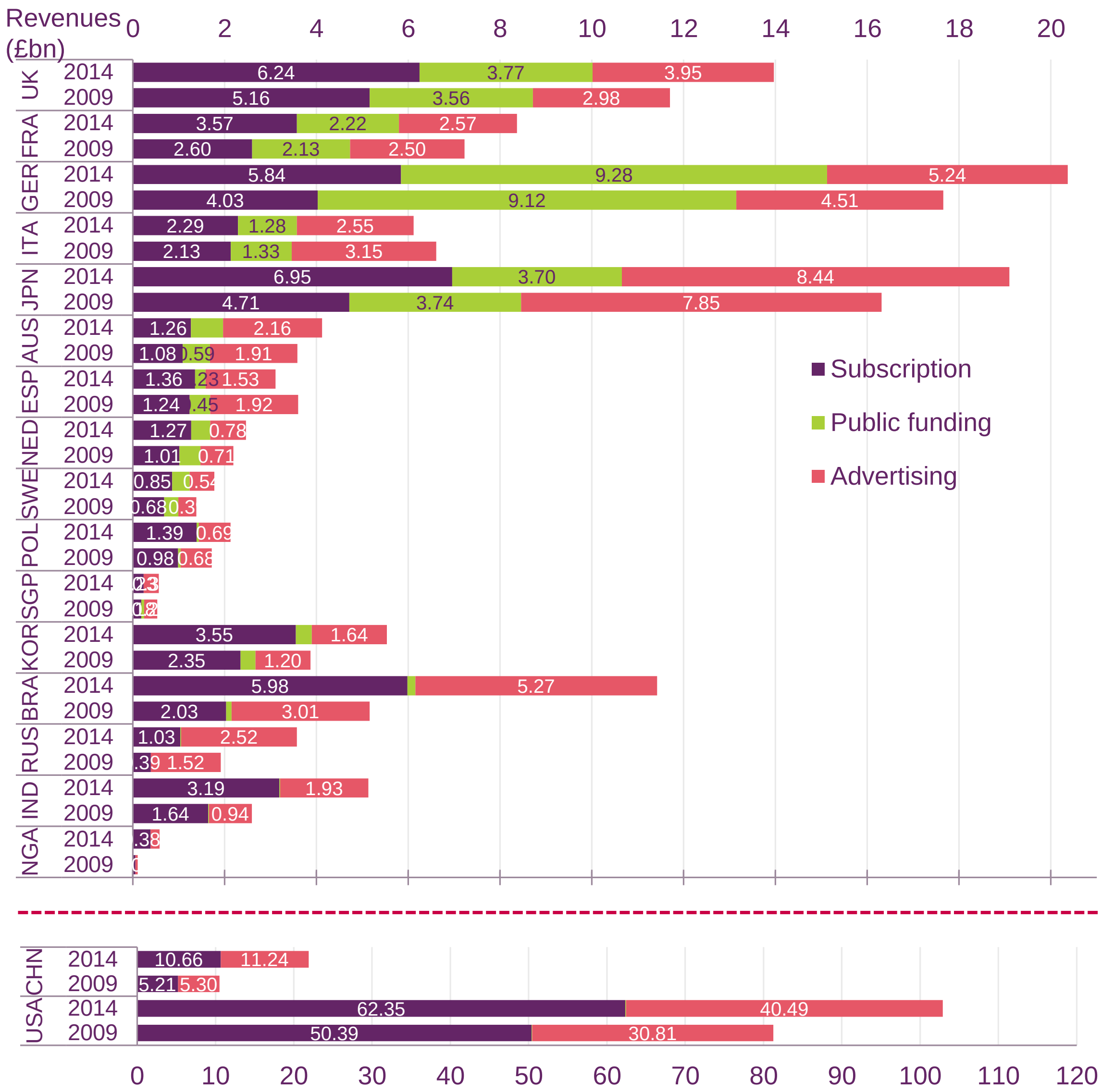
Among our 18 comparator countries, Italy and Spain experienced a decline in TV revenues between 2009 and 2014, predominantly driven by decreases in advertising revenue over the five-year period. In Italy, advertising revenue declined from £3.15bn to £2.55bn, while in Spain it fell from £1.92bn to £1.53bn. This reflects the shrinking of Spain's advertising market between 2009 and 2013,[102] while the market also experienced declines in subscription revenue and public funding over this five-year period.

The US and China are the two largest countries by revenue and are included at the bottom of Figure 3.12 to accommodate the higher scale. The US experienced strong growth both from pay-TV subscriptions and from advertising revenues, both of which increased by more than £10bn during the five-year period between 2009 and 2014. China doubled its figure for advertising revenue (from £5.30bn to £11.24bn) and its subscription revenue (from £5.21bn to £10.66bn).

Robust growth was also recorded in the television markets of the remaining BRIC countries. These increases in total revenue between 2009 and 2014 were driven mainly by an increase in net advertising revenue and in subscriptions.

[102] Advanced Television, 24 July 2013, http://advanced-television.com/2013/07/24/spain-tv-ad-revenues-still-falling [Accessed 9 Octo39%ber 2015].

Figure 3.12 TV revenues by comparator countries, by source: 2009 and 2014

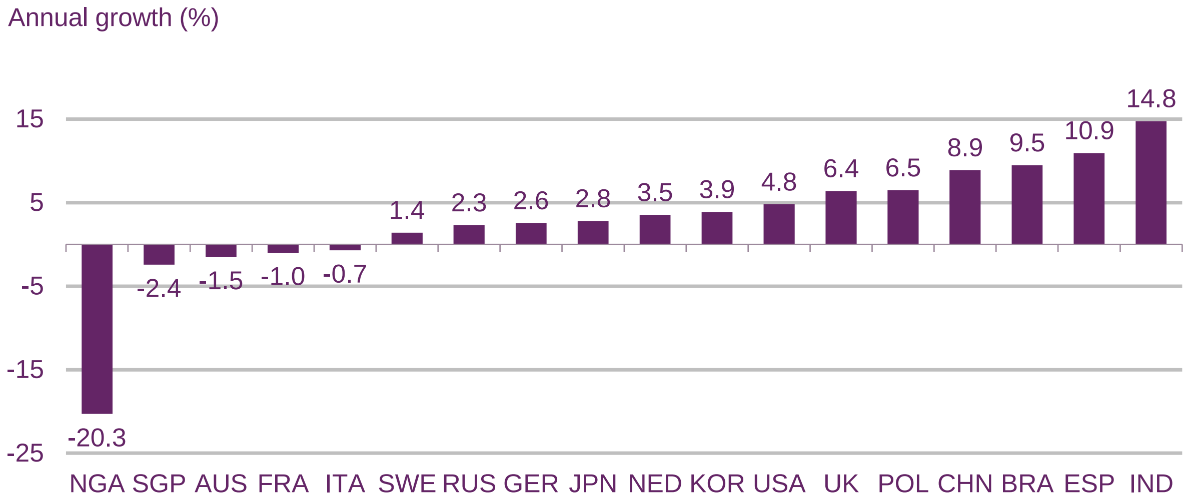


Source: IHS / industry data / Ofcom. Notes: Revenues include advertising, subscriptions and sources of public funding only. Different scale used for the US and China due to larger size of those markets. All figures expressed in nominal terms.

Figure 3.13 shows the annual growth in advertising revenue for each of our comparator countries. India, Spain, Brazil and China showed the highest rates of growth in advertising revenues in 2014, with India reaching 14.8% annual growth.

Among our European comparator countries, Spain, Poland and the UK had the highest year-on-year growth, at 10.9%, 6.5% and 6.4% respectively. Five of our 18 comparator countries recorded a decrease in annual growth, with Nigeria having the highest decrease at 20.3% (although advertising revenue remains low in the country).

Figure 3.13 TV advertising revenue annual growth: 2013-2014



Source: IHS / industry data / Ofcom. All figures expressed in nominal terms.

3.2.3 TV revenue per head among comparator countries

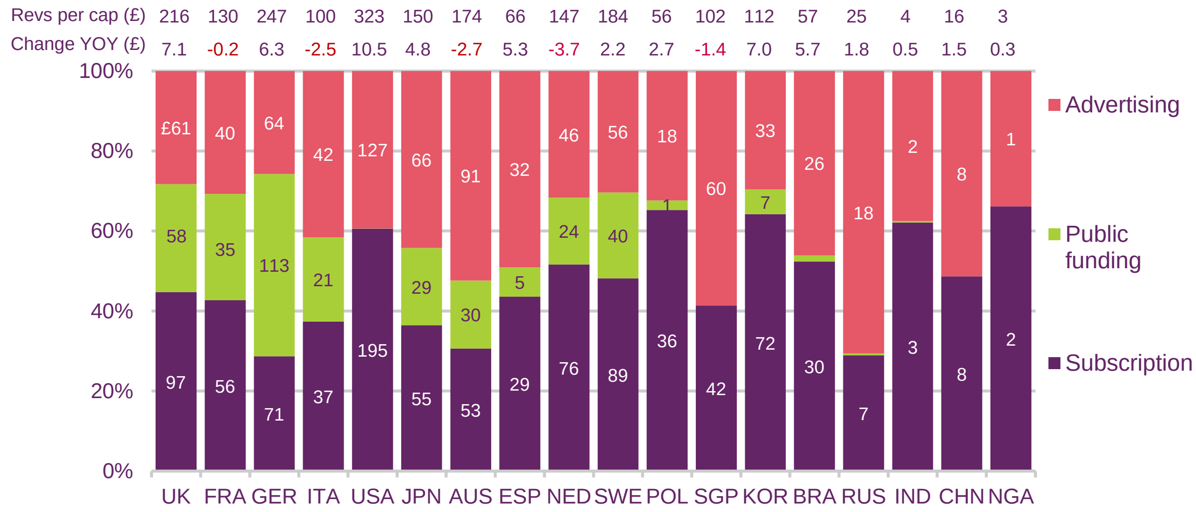
TV revenue per head in the UK increased by £7.10 to £216 in 2014

TV revenue per head in the US was the highest among the 18 comparator countries, generating £323 per head in 2014, an increase of £10.50 year on year, and representing the largest increase among the comparator countries. Germany had the second-highest revenue per head in 2014, at £247, a £6.30 increase on 2013.

Among European countries, the UK recorded the largest year-on-year change (up by £7.10 to £216), followed by Germany (up by £6.30). This increase was mainly generated by subscription revenues. Sweden had the third largest per-capita return among European comparator countries in 2014, up by £2.20 on its 2013 figure to £184. In contrast, France, Italy and the Netherlands noted declines in per-capita revenues in 2014, with the Netherlands down £3.70 to £147 and Italy down £2.50 to £100.

TV revenues per head for the BRIC countries and Nigeria remained significantly lower than in most other comparator countries in 2014: Nigeria was lowest at £3. Brazil was the exception: here per-capita returns reached £57, a £5.70 increase on 2013. Brazil's revenue per head was closely in line with the lower range of our European comparator countries (Poland at £56 per head and Spain at £66 per head).

Figure 3.14 TV revenue per head, by revenue source: 2014



Source: IHS / industry data / Ofcom. Notes: Revenues include advertising, subscriptions and sources of public funding only; figures inside the bars represent industry revenue per head by source. All figures expressed in nominal terms.

The increase in UK subscription revenue per head was larger than advertising revenue per head in 2014

Figure 3.15 details the changes, by country, in revenue per head, split by the three component parts. For the majority of countries, increases in subscription fees were responsible for increased revenues in 2014. The exception was Spain, where increased advertising revenue per head of £3.10 was the main revenue driver.

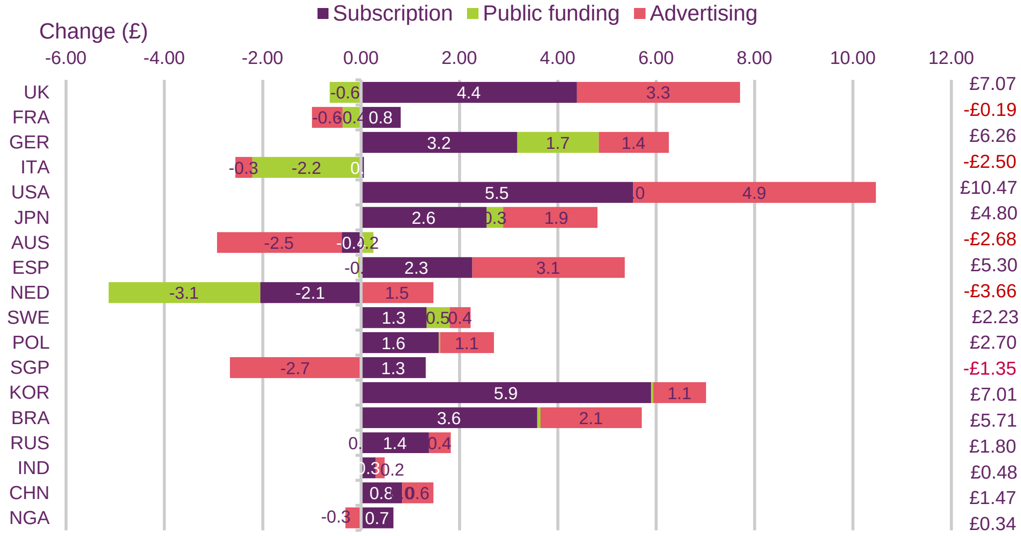
Brazil and the US had the highest increases in per-capita subscription revenue, at £5.90 and £5.50 respectively. There was also a notable increase in subscription fees per head in the UK, up year on year by £4.40 (surpassing £3.30 per head advertising revenue). This increase may be the result of increased take-up of pay-TV in the UK.[103]

Significantly, public funding per head declined in five of our comparator countries, three of which were in Europe (the UK, Italy and the Netherlands). The Netherlands recorded the largest per-capita decrease, down £3.10 on the 2013 figure.

Advertising revenues per head declined in four of our comparator countries in 2014. The greatest falls were in Australia and Singapore, where advertising revenues per head declined year on year by £2.50 and £2.70 respectively.

[103] *See* TV and audio-visual consumers: pay-TV take-up.

Figure 3.15 Changes in components of TV revenues per head: 2013-2014



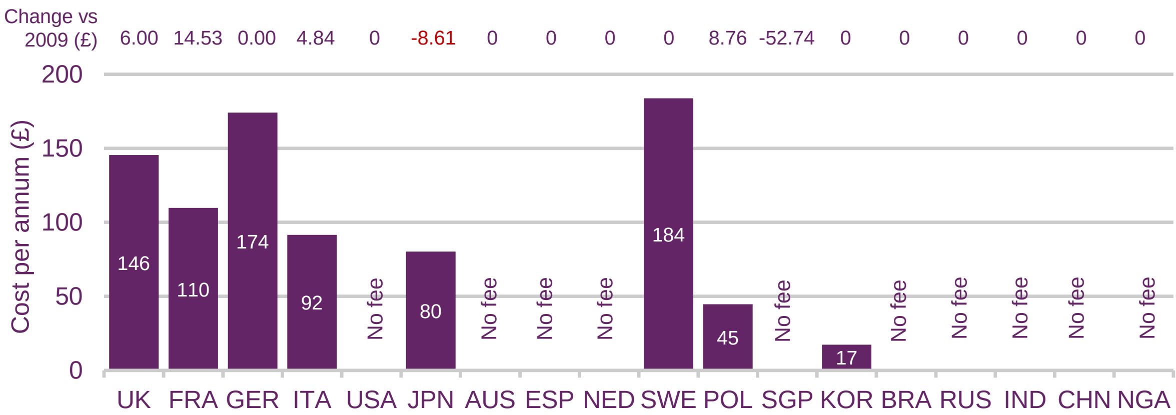
Source: IHS / industry data / Ofcom. Notes: Revenues include advertising, subscriptions and sources of public funding only; the bars represent changes in industry revenue per head, by source. All figures expressed in nominal terms.

3.2.4 TV licence fee in the UK third highest among comparator countries

Public funding, in the form of TV licence fees paid by viewers, is an important element of TV finance in most of the countries included in this analysis. As Figure 3.16 shows, eight of the 18 countries in our analysis require a TV licence.

At £146, the cost of the UK licence fee was the third highest among comparator countries in 2014, behind Sweden (£184) and Germany (£174). France had the greatest increase in its licence fee between 2009 and 2014 (up by £14.53), while the Japanese licence fee fell by £8.61, to £80. In 2011, Singapore abolished TV licence fees.

Figure 3.16 TV licence fees: 2014



Source: IHS / industry data / Ofcom. All figures expressed in nominal terms.

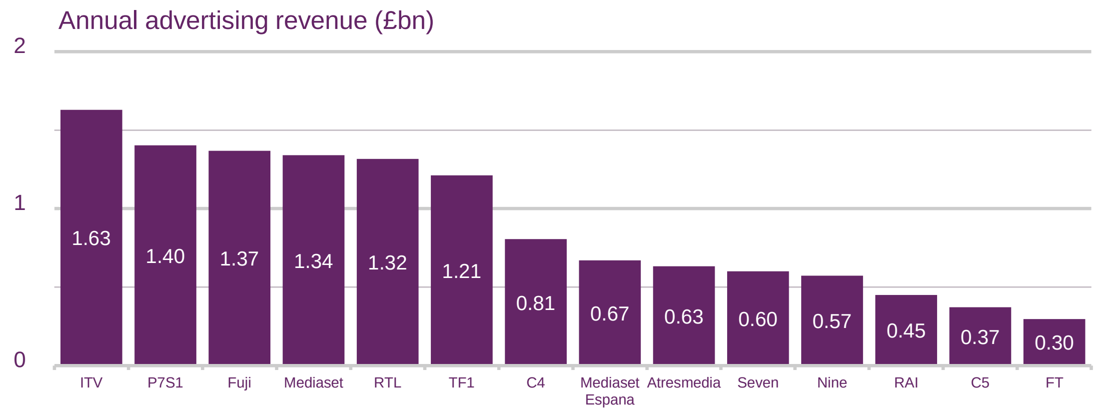
3.2.5 Varied results for advertising revenue among free-to-view broadcasters

Figure 3.17 shows the reported advertising revenues of selected free-to-view TV operators in 2014. ITV, in the UK, had the largest advertising revenues in 2014 of the selected free-to-air broadcasters in our analysis, with £1.63bn in revenue and 5.6% annual growth. The other selected UK broadcasters recorded revenues ranging from £0.81bn (Channel 4) to £0.37bn (Channel 5). ProSiebenSat 1 in Germany had the second largest revenues in 2014, with annual growth of 2.6%. The largest year-on-year increase in advertising revenue was for the Spanish Mediaset Espana, which increased by 10.9% in 2014, despite falling by 0.3% during the five-year period between 2009 and 2014.

Advertising revenues declined in Italy and France in 2014 (Figure 3.13). This is illustrated by the declining advertising revenues for broadcasters in 2014, with Italian Mediaset and Rai recording falls of 3.8% and 4.0% respectively, and French TF1 and FT recording declines of 0.8% and 1.6%. New regulations have been put in place since 2009 which prohibit FT from carrying advertising from 8pm to 6am, which may explain the decline shown in Figure 3.17.

The highest compound annual growth rate between 2009 and 2014 was recorded by the UK's Channel 5 (7.5%) and the Australian broadcaster Nine (5.2%).

Figure 3.17 Latest reported advertising revenues for selected free-to-view TV operators: 2014



	ITV	P7S1	Fuji	Mediaset	RTL	TF1	C4	Mediaset Espana	Atresmedia	Seven	Nine	RAI	C5	FT
Territory	UK	GER	JPN	ITA	GER	FRA	UK	ESP	ESP	AUS	AUS	ITA	UK	FRA
YOY Change (%)	5.6	2.6	2.4	-3.8	1.2	-0.8	3.5	10.9	8.1	0.7	0.8	-4.0	5.6	-1.6
5 Yr CAGR (%)	3.2	1.8	-0.8	-5.1	2.0	-0.1	2.2	-0.3	0.6	3.2	5.2	-6.9	7.5	-2.6

Source: IHS / industry data / Ofcom. Notes: Comparisons should be regarded as indicative only due to the possibility of differences between broadcasters in financial reporting. All figures expressed in nominal terms.

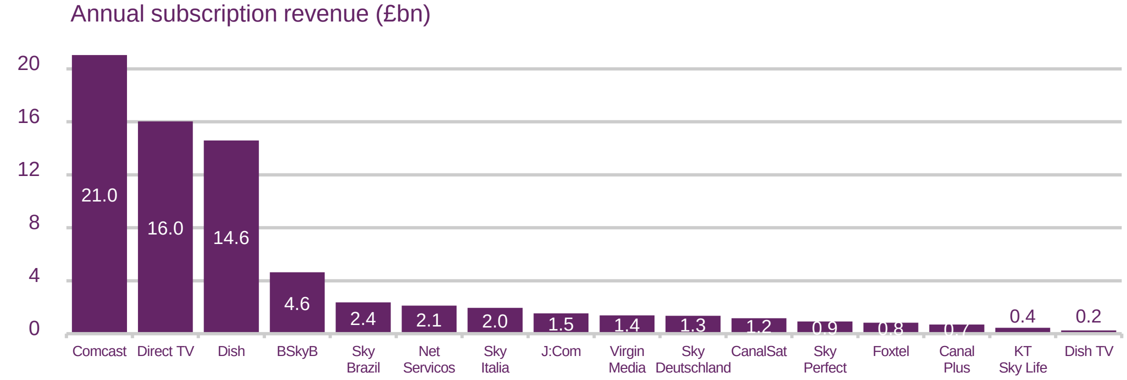
3.2.6 Increasing compound annual growth among most pay-TV operators

The three pay-TV operators with the highest subscription revenues among our comparator countries in 2014 were all based in the US, the largest global TV market, with annual revenues of up to £21bn (Comcast). All three noted growth both in year-on-year subscription revenues and over the five-year period between 2009 and 2014. Collectively, these operators accounted for £51.7bn in subscription revenue.

The UK's BSkyB recorded the next highest level of subscription revenue among operators in our comparator countries, with a 6.2% increase to £4.6bn in 2014. In contrast, UK's Virgin Media noted a decline of 3.1% in annual growth, despite an average annual growth of 3.9% between 2009 and 2014.

Brazilian operators recorded robust growth, both in annual growth figures since 2013 and in average annual growth between 2009 and 2014: Sky Brazil had 13.0% year-on-year growth on revenue of £2.4bn and Net Servicos had 18.6% year-on-year growth on revenue of £2.1bn. BRIC country operators' compound annual growth rates between 2009 and 2014 was the largest among the comparator countries: Brazil's Sky Brazil and Net Servicos at 22.5% and 14.7% respectively, and Dish TV in India at 21.4%.

Figure 3.18 Latest reported subscription revenues for selected pay-TV operators: 2014



Territory	USA	USA	USA	UK	BRA	BRA	ITA	JPN	UK	GER	FRA	JPN	AUS	ESP	KOR	IND
5 Yr CAGR (%)	1.5	5.7	3.8	2.8	22.5	14.7	1.`	7.4	3.9	13.2	1.7	-0.8	15.9	-1.6	-1.8	21.4
YOY Change (%)	1.3	5.3	5.1	6.2	13.0	18.6	0.0	16.3	-3.1	12.9	-0.3	-6.5	-0.6	-4.0	-1.8	12.4

Source: IHS / industry data / Ofcom. Notes: Comparisons should be regarded as indicative only due to the possibility of differences in financial reporting between broadcasters. All figures expressed in nominal terms.

A general upward trend for pay-TV ARPU

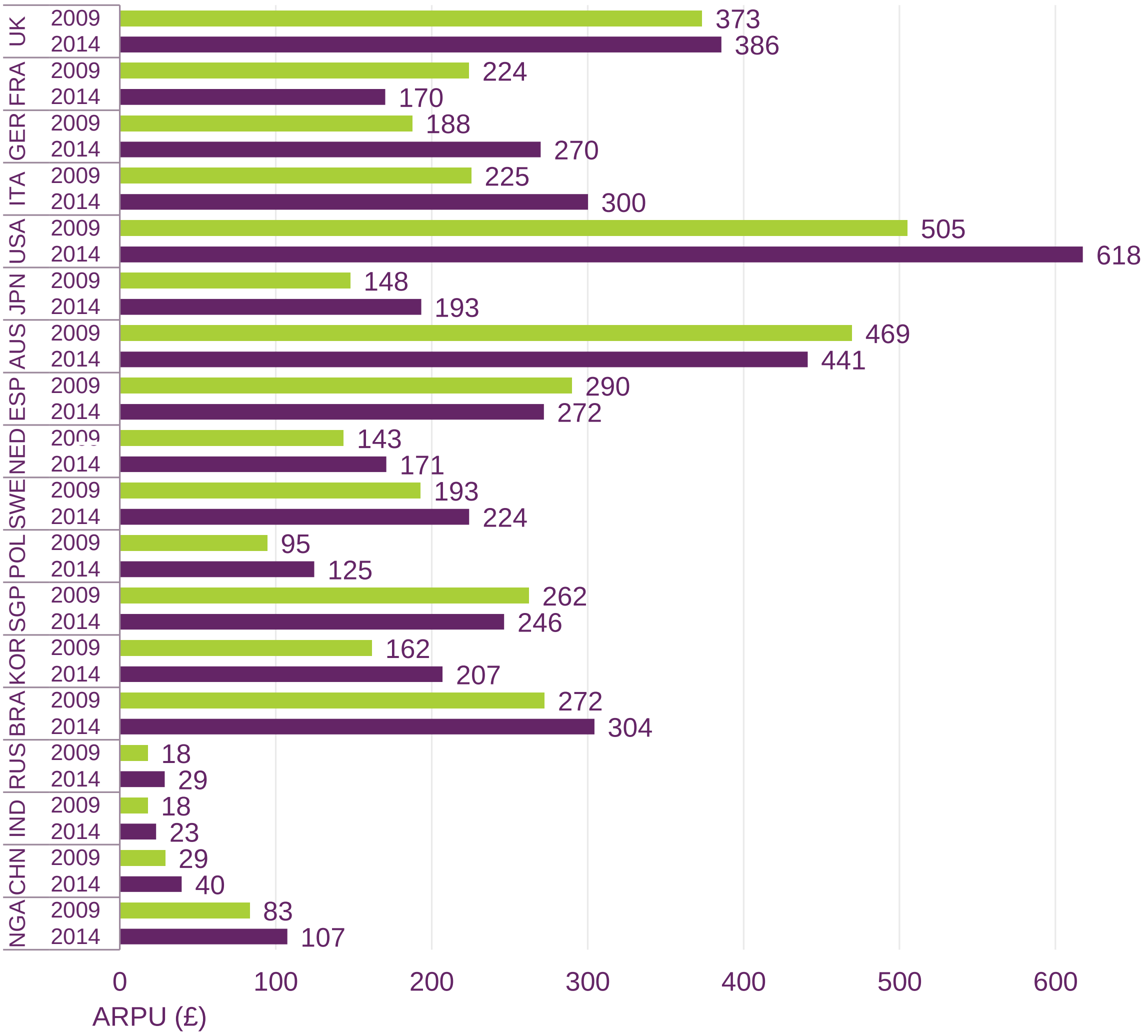
Average revenue per user (ARPU) can provide insights into the relative performance of pay-TV operators by country. Most of our comparator countries had an increase in pay-TV ARPU from 2009 and 2014, despite a levelling-out of subscription numbers over this period. This can be explained in part by the increased 'bundling' offered by pay-TV companies as customers take up broadband and fixed-line services along with their TV subscriptions.

There was a modest increase in the UK, where ARPU increased from £373 to £386 in 2014, remaining the highest among the European comparator countries. Other increases among European comparator countries were in Germany (an increase of £82 to £270) and Italy (an increase of £75 to £300).

The highest figures among our comparator countries in 2014 were in the US (£618) and Australia (£441). The US had the largest absolute increase (£113) between 2009 and 2014.

France, Spain, Singapore and Australia all recorded decreases in pay-TV ARPU between 2009 and 2014. France had the largest decline over this period, down by 24% to £170.

Figure 3.19 Pay-TV ARPU, by country: 2009-2014



Source: IHS / industry data / Ofcom. Notes: ARPU is average revenue per user, representing the average revenue generated per pay-TV subscriber. All figures expressed in nominal terms.

UK online TV and video revenue grew more than threefold from 2011 to 2014

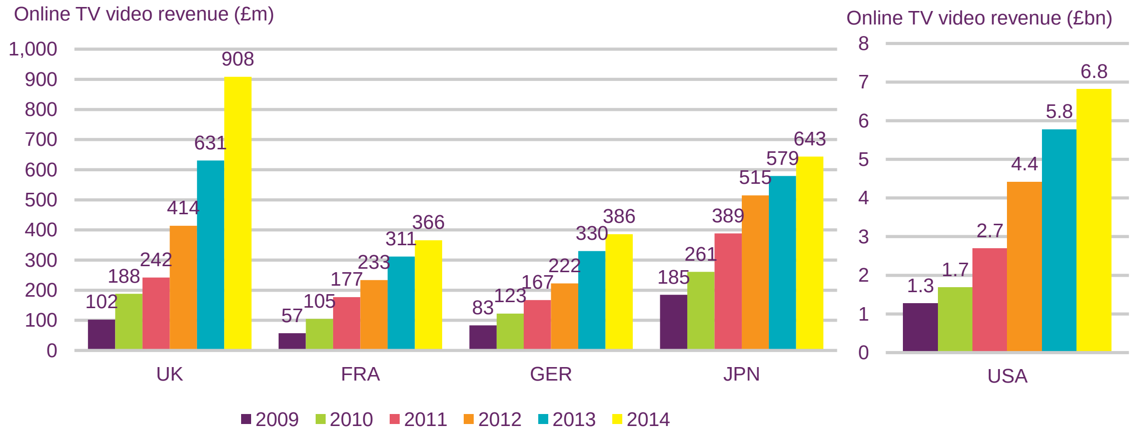
Short and long-form online TV and video revenue is made up of subscription fees and advertising revenue, as well as electronic sell-through retail and on-demand revenue from online services delivering TV and video content. Typically, it includes services such as catch-up TV services, Netflix, Xbox Video, Hulu, Hulu Plus, iTunes and YouTube.

There has been significant growth in this sector since 2009, especially in the five countries featured in Figure 3.20. Although still small relative to the overall TV market in terms of revenue, online TV and video revenue in the UK was £908m in 2014, more than three times the 2011 figure of £242m. This rapid growth is also evident in the US, the country with the largest revenue of this type among our comparator countries in 2014 (£6.8bn).

UK revenues in 2014 were greater than those in France (£366m) and Germany (£386m). The figure for UK revenue remained well above that of Japan, where revenues reached

£643m. In the UK, growth was driven predominantly by the increased popularity of services such as Netflix and Amazon Prime Instant Video.[104]

Figure 3.20 Online TV and video revenue among selected comparator countries



Source: IHS / industry data / Ofcom. Notes: (1) Different scale used for USA due to larger size. (2) 'Online TV and video revenue' refers to advertising revenue, subscription revenue as well as retail and rental on-demand revenue derived from online services delivering TV and video content. Typically, it includes short-form and long-form services such as catch-up TV services, Netflix, Xbox Video, Hulu, Hulu Plus, iTunes and YouTube. (3) All advertising revenues are net (after discounts and agency commissions).(4) All figures expressed in nominal terms.

3.2.7 Revenue from UK TV exports at £1.2bn in 2014

UK television industry export revenues decreased marginally by 1% year-on-year to £1.207bn in 2014

The latest annual UK Television Exports Survey, commissioned by Pact, collects and summarises the revenue figures of international television companies, and highlights the popularity of UK programming abroad.

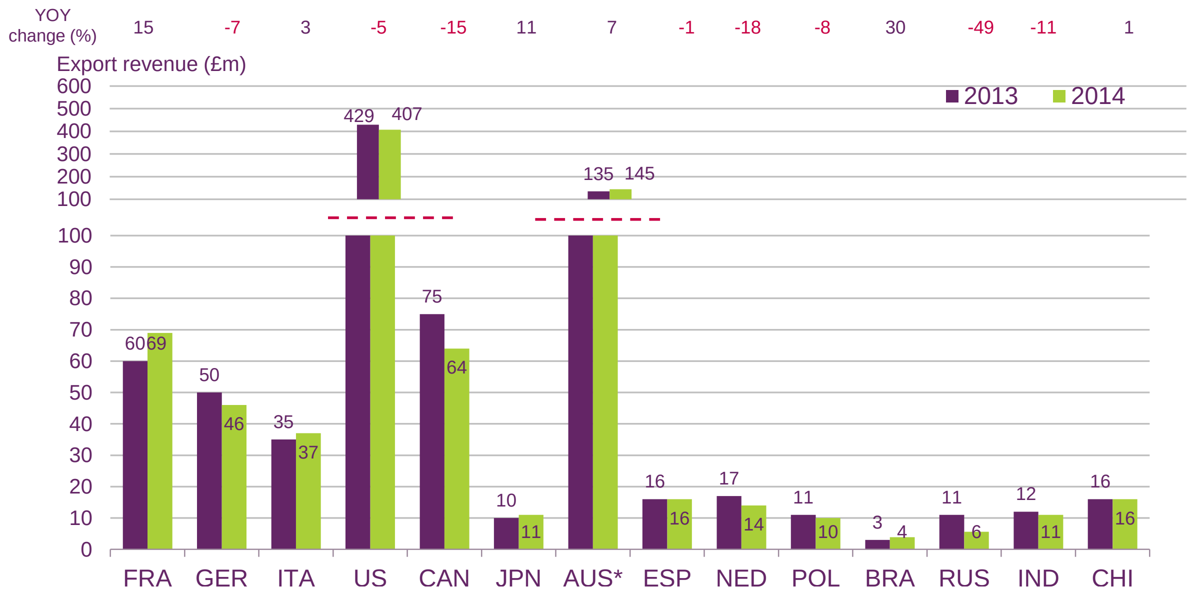
In 2014, the estimated total revenue for international sales of UK television programmes and associated activities was £1.207bn, a 1% decrease on the 2013 figure of £1.214bn. The 2014 figure is more than double that in 2005, when the survey reported an overall figure of £494m. This growth has largely been driven by the 'terms of trade' changes, which enable independent producers to negotiate and sell secondary rights to their programmes, including the rights to the distribution of finished programmes and formats outside the UK.

The US remains the UK's largest export market

Figure 3.21 shows the total UK revenues generated from the sale of all programming and associated activities to international markets. It is evident that the US is by far the UK's largest export market. In 2014, total sales stood at £407m; a 4% decrease on 2013. This remains significantly larger than the second largest market, Australasia, which accounted for £145m of total exports in 2014.[105] Exports to Brazil showed the greatest relative year-on-year increase (30%) among the countries shown. Although generating less revenue than European countries, this may be indicative of a growing appetite for UK TV content.

[104] See *The Communications Market Report 2015*, 'Key market developments in TV and audio-visual' p. 148.
[105] Australasia comprises Australia, New Zealand, the island of New Guinea and neighbouring islands in the Pacific Ocean.

Figure 3.21 UK television industry export revenues in selected countries: 2013 and 2014



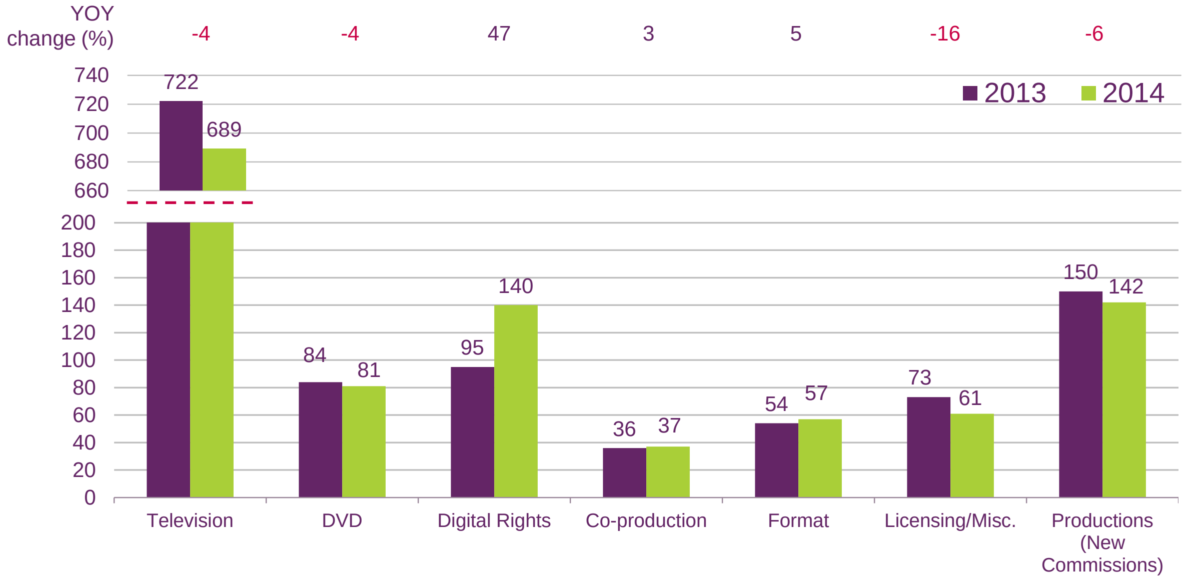
Source: Pact. UK Television Exports Survey 2014/2015. Notes: (1) 24 responses were received in 2014. For comparisons between years to be meaningful, the figures for 2013/2014 have been revised to compare like-for-like company responses. There was some estimation for incomplete or late surveys. (2) AUS in this section is Australasia and includes Australia, New Zealand, the island of New Guinea and neighbouring islands in the Pacific Ocean. (3) All figures expressed in nominal terms.

Finished television programming is the UK's largest source of TV industry export revenue

Figure 3.22 shows the export market for UK programming and associated activities, broken down by the different types of programming and licensing deals. The largest source of TV revenue is in the form of finished television content, generating £689m in 2014; 5% lower than in 2013. This figure is more than four times greater than the sales of productions (new commissions), which is the second largest contributor to TV export revenue (£142m).

Sales of digital rights had the largest growth in the year, with a 47% increase on 2013, to £140m in 2014.

Figure 3.22 UK television industry export revenues, by type: 2013 and 2014



Source: Pact. UK Television Exports Survey 2014/2015. Notes: (1) 24 responses were received in 2014. For comparisons between years to be meaningful, the figures for 2013/2014 have been revised to compare like-for-like company responses. There was some estimation for incomplete or late surveys. (2) All figures expressed in nominal terms.

3.3 TV and audio-visual consumers

3.3.1 Summary

This is the final section of the audio-visual chapter. In Section 3.3.2 we examine patterns of digital television take-up, before considering the platform mix across the comparator countries in Section 3.3.3. We then analyse the number of pay-TV homes in each country in Section 3.3.4, before examining how viewers in different countries consume broadcast television (Section 3.3.5).

- **In 2014, the UK, Italy, Japan, Australia and Singapore had 100% digital television take-up on main TV sets,** with digital take-up exceeding 60% of TV homes in every comparator country for the first time.

- **In the UK, digital satellite (which includes Freesat and Sky TV) was the country's favourite viewing platform on primary sets in 2014** (at 45% of TV households) while digital terrestrial was second highest with 33%. Digital satellite was also the most popular platform in Germany, Poland, Brazil, Russia, India and Nigeria.

- **IPTV was the most popular TV platform in France and South Korea in 2014, with take-up of 41% and 30% respectively.** The proportion of UK TV homes with IPTV as their main platform increased by 3pp in 2014 to 8%.

- **Nearly three-fifths (59%) of TV homes in the UK had a pay-TV service in 2014.** The Netherlands (99%), South Korea (97%) and the US (87%) were the three comparator countries with the highest proportion of pay-TV take-up in 2014 although the characteristics of pay-TV vary across the three countries.

- **Across the comparator countries, audiences watched an average of 3 hours 43 minutes of broadcast TV per person per day in 2014.** The US had the highest level of TV viewing of all of the comparator countries (at 4 hours 42 minutes per person per day) while Sweden had the lowest, at 2 hours 33 minutes. The UK ranked tenth of the 15 ICMR countries, with viewers watching on average 3 hours 40 minutes of television a day in 2014.

- **Comparing 2014 to 2013, the data showed a decline in viewing (by varying degrees) among seven of the 15 ICMR comparator countries,** with the UK showing the largest year-on-year decline of 4.9% (12 minutes). Some of the UK decline may be explained by increased viewing of online content on tablets and smartphones, an increase in subscription VoD viewing, falling unemployment, and the effect of the weather.

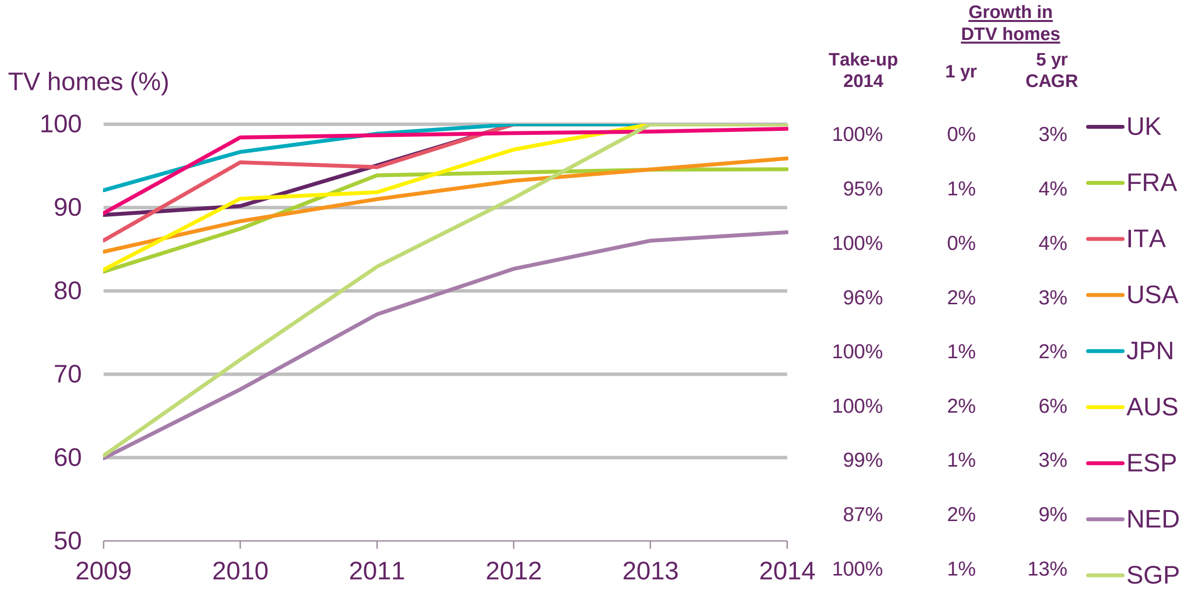
3.3.2 Digital television take-up on main sets

Digital TV take-up exceeds 60% of TV homes across all comparator countries in 2014

Digital TV take-up in 2014 ranged from 100% in five countries to 65% in Russia – the first year in which all 18 of our comparator countries had take-up greater than 60%. Figure 3.23 and Figure 3.24 show growth in DTT take-up, and for ease of interpretation, the countries are illustrated in two charts.

For the second consecutive year, the UK, Italy, Japan, Australia and Singapore were the only five of our comparator countries with 100% DTV take-up on main TV sets. All but one of the nine countries listed in Figure 3.23 have completed digital switchover, with France, the US, Spain and the Netherlands less than 100% DTV take-up only because of analogue cable services that can be found in a small proportion of TV homes. The exception is Singapore, which has yet to formally complete switchover, despite all TV services being provided digitally since 2013.

Figure 3.23 Take-up of digital television: top nine comparator countries

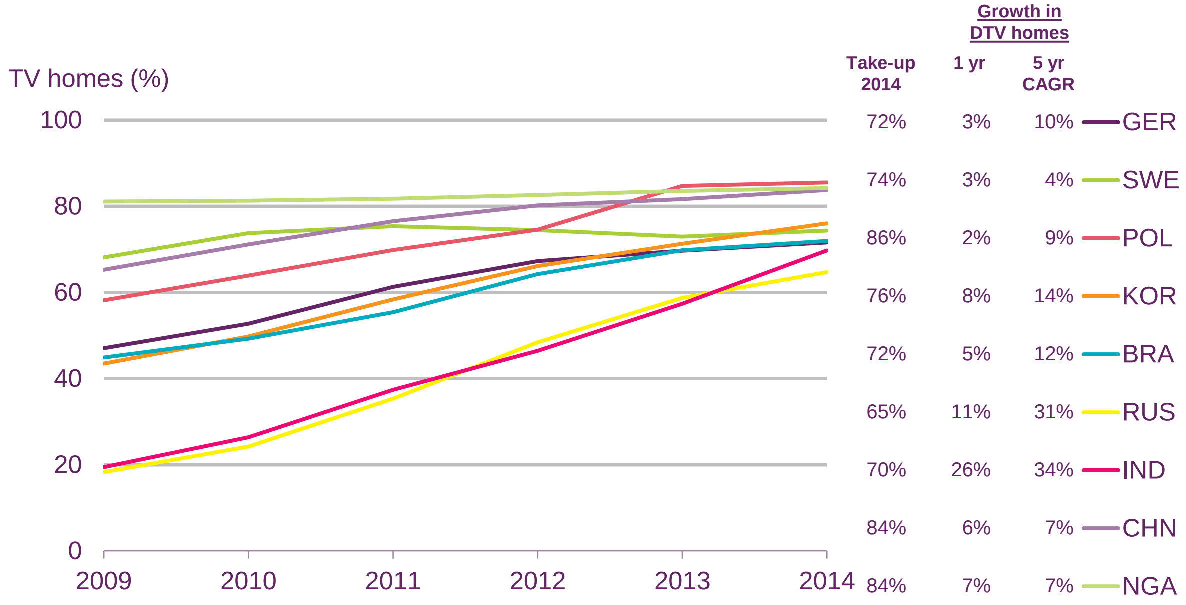


Source: IHS/ industry data/ Ofcom

DTV take-up remains below the 87% average for the next nine comparator countries, although these are inevitably the markets that have the most room for growth. Indeed most of the DTV growth among these countries occurs as the number of overall TV homes goes up.

India has had the greatest year-on-year average growth in the number of DTV homes since 2009 (34%); growth from 2013 to 2014 was 26%, as the third phase of India's cable digitisation programme continues.

Figure 3.24 Take-up of digital television: the next nine comparator countries



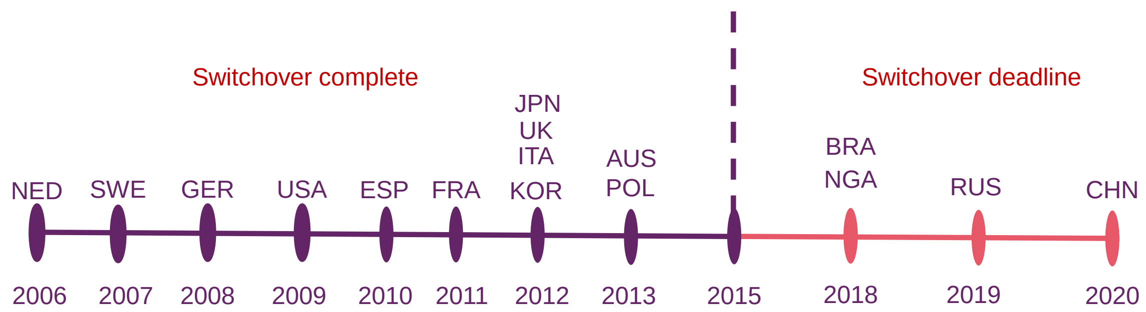
Source: IHS/ industry data/ Ofcom

Most comparator countries have completed digital switchover

Many countries completed digital switchover in 2012 and 2013, and Brazil and Nigeria are the next two comparator countries scheduled to complete digital switchover - in 2018.

India is the only one of our comparator countries which has not yet set a final date for analogue terrestrial switch-off. This is because the Indian Government has prioritised digital switchover for the cable platform; the process is ongoing. Singapore is the other comparator country not featured in Figure 3.25; although it has an official switchover deadline of 2020, all TV services have been provided digitally since 2013.

Figure 3.25 Timeline for digital switchover, by country and date



Source: IHS / industry data / Ofcom

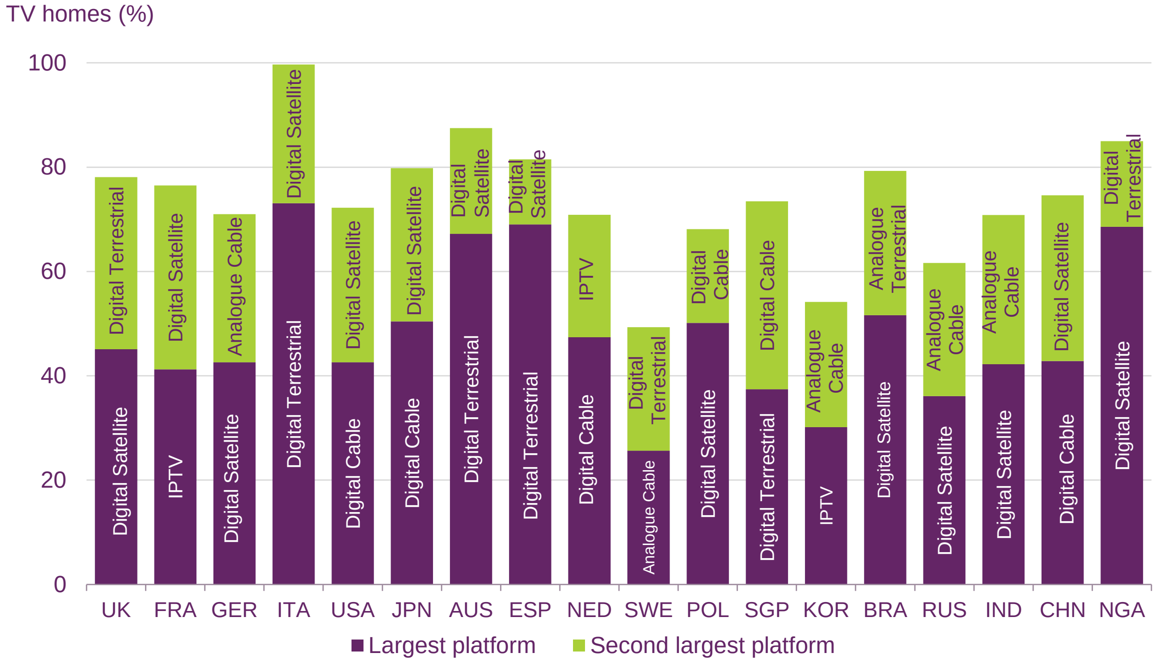
3.3.3 TV platform mix across comparator countries

Digital satellite was the most popular TV platform in seven comparator countries in 2014

In 2014, digital satellite was the most popular TV platform in seven of the 18 comparator countries: the UK, Germany, Poland, Brazil, Russia, India and Nigeria. It was also the second most popular platform in a further seven countries, as shown in Figure 3.26.

Both digital cable and digital terrestrial were the most popular platforms in four countries in 2014, while IPTV was the most popular platform in France and South Korea. Sweden was the only country to have an analogue platform as its most popular method of viewing TV on a main set in 2014, with the cheap analogue cable platform remaining popular there.

Figure 3.26 Most popular TV platform: 2014



Source: IHS/ industry data/ Ofcom

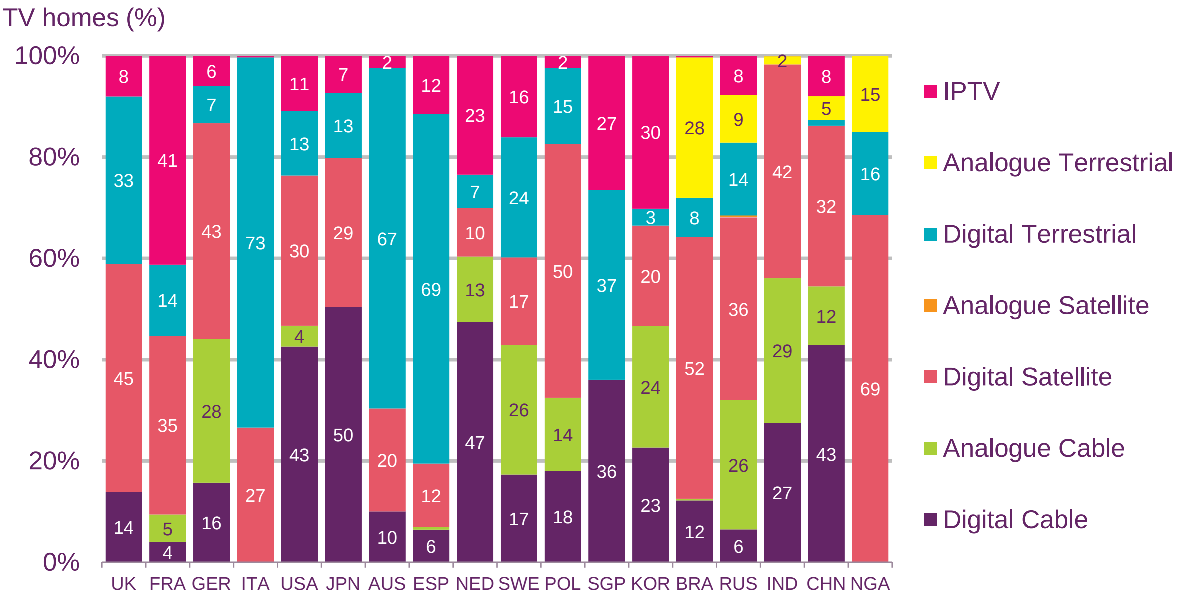
The platform mix on main sets varies across the comparator countries

Digital terrestrial continues to dominate the TV markets in Italy (73% take-up in 2014), Spain (69%) and Australia (67%), while it remains strong in the UK and Singapore, with 33% and 37% take-up respectively.

Digital satellite is the only other platform to dominate main-set TVs in any of the comparator countries: in Nigeria (69%), Brazil (52%) and Poland (50%), while with 50% share of main sets, digital cable is the most popular platform in Japan.

Other than these examples, there is a healthy blend of TV platforms in most of the comparator countries (Figure 3.27), both among those which have completed digital switchover and those which are in the process of doing so.

Figure 3.27 TV platform take-up: 2014



Source: IHS/industry data/Ofcom. Note: Digital terrestrial includes additional paid for services such as Top Up TV. Digital satellite includes free-to-air as well as paid-for services.

There was a clear move from analogue to digital platforms among the BRIC countries and South Korea in 2014

In 11 of our comparator countries there was a greater proportion of digital TV households in 2014 than in 2013. The move to digital platforms came predominantly at the expense of former analogue cable households, while there was also a migration from analogue terrestrial households in countries that are yet to complete their digital switchover.

The greatest overall shift in analogue to digital TV households was in India (a 12pp increase) due to the ongoing digital cable switchover process mentioned above. Russia had the next highest rate of migration, with a 6pp annual increase, digital satellite proving to be the main beneficiary of the move.

Looking at individual digital platforms, the number of UK digital terrestrial homes decreased by 4pp in 2014, mainly to the benefit of IPTV platforms, the number of which increased by 3pp year on year. This can be attributed to the growth in BT TV and TalkTalk subscriber numbers throughout 2014, as the companies developed their triple-play bundles. Spain's IPTV growth is discussed in more detail in the next section.

China saw a shift towards digital cable at the expense of digital satellite in 2014 following support for the sector from the Chinese government, to enable it to compete with the IPTV offerings form the large telecoms companies.

Figure 3.28 Year-on-year changes in platform take-up, by country and platform: 2013-2014

	UK	FRA	GER	ITA	USA	JPN	AUS	ESP	NED	SWE	POL	SGP	KOR	BRA	RUS	IND	CHN	NGA
Digital terrestrial	-4	-2	0	0	0	0	-1	-7	-1	0	2	0	-3	2	0	0	0	4
Digital satellite	2	1	0	0	0	0	0	0	0	0	-2	0	0	-1	3	3	-3	-3
Digital cable	0	0	1	0	1	0	0	0	-1	0	0	0	2	1	2	10	4	0
IPTV	3	1	1	0	1	1	1	7	3	2	0	0	5	0	1	0	1	0
Total digital	0	0	2	0	1	0	0	0	1	1	1	0	5	2	6	12	2	1
Analogue cable	0	0	-2	0	-1	0	0	0	-1	-1	-1	0	-5	0	-2	-11	-4	0
Analogue satellite	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Analogue terrestrial	0	0	0	0	0	0	0	0	0	0	0	0	0	-2	-4	-1	1	-1
Total analogue	0	0	-2	0	-1	0	0	0	-1	-1	-1	0	-5	-2	-6	-12	-2	-1

Source: IHS / industry data / Ofcom. Note: Figures represent percentage point increase across all TV homes

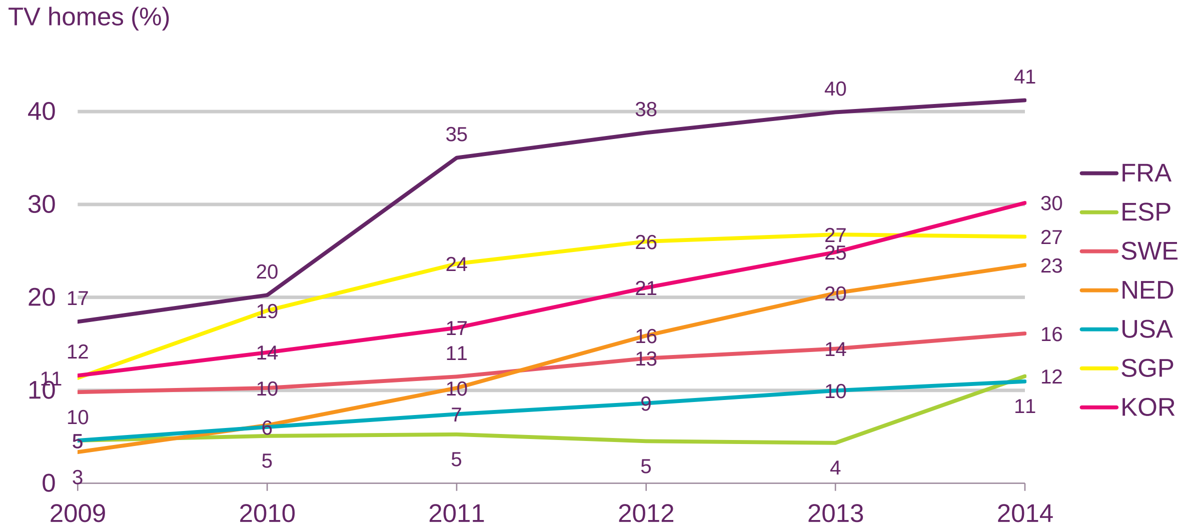
IPTV continued to grow as the primary TV platform in many countries

Internet protocol television (IPTV) is the term used to describe the television platform that delivers channels to viewers using internet protocol (IP) technology over a broadband connection. For the purposes of this report, hybrid systems such as BT TV in the UK (i.e. those that provide television services through both an aerial and an IP connection) are considered as IPTV platforms.

In 2014, IPTV continued to compete with digital platform technologies, encouraged by the growth of triple-play bundled services in countries with high-bandwidth infrastructure. Indeed, in France and South Korea, IPTV was the most popular TV platform, with take-up of 41% and 30% respectively.

Take-up on main TV sets was at least 10% in seven of the comparator countries in 2014, all of which are featured in Figure 3.29. While growth has been gradual in most countries, there was a notable annual increase in take-up in Spain; from 4% to 12%, due to the increased triple-/quad-play offerings from Telefonica under its Movistar brand.

Figure 3.29 IPTV take-up on main TV sets in countries where take-up was at least 10% in 2014



Source: IHS/ industry data/ Ofcom

3.3.4 Pay-TV take-up

In 2014, 66% of the TV households among comparator countries used a pay-TV service

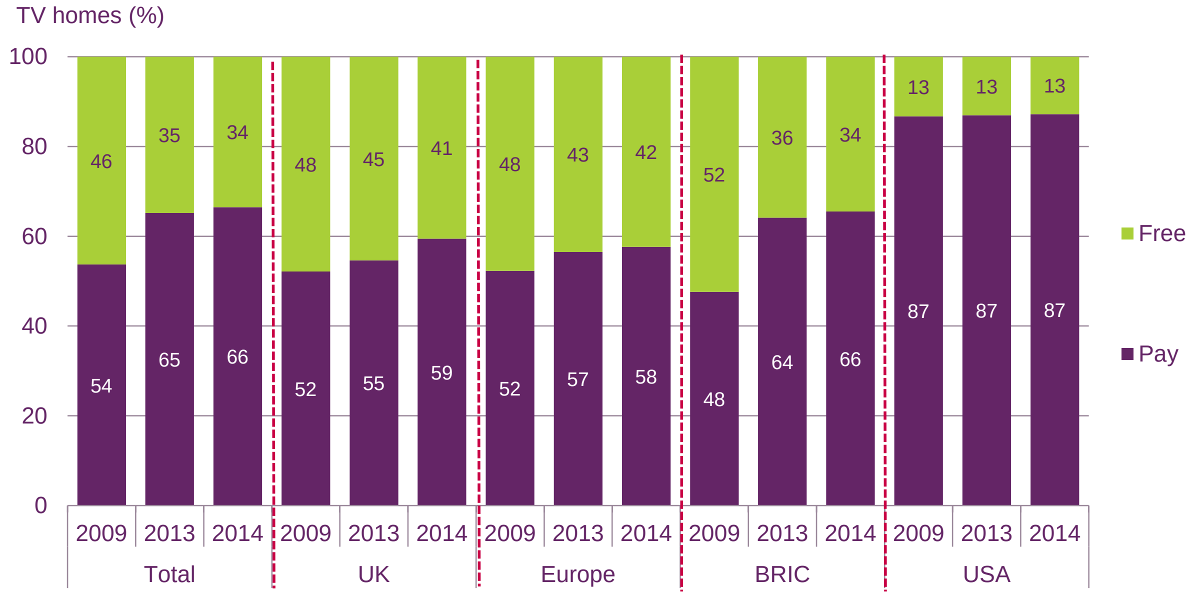
The popularity of pay-TV across comparator countries is influenced by a range of factors, including the availability of free-to-view channels, the exclusive rights that pay-TV operators may have to particular programmes or types of content, and the presence or lack of publicly-funded television channels.

Among the 18 comparator countries in this report, the take-up of pay television has increased by 12pp from 2009, to 66% of all TV households in 2014.

Looking at the European comparator countries, the UK had an above-average take-up of pay-TV in 2014 (59% compared to the rest-of-Europe figure of 58%), in contrast to 2013, when the UK was below average compared to the other European countries (55% vs. 57%). The strong annual growth in the UK pay-TV market has been driven by the jump in IPTV platform take-up for both BT and TalkTalk.

The pay-TV market remains strong in the US, with the 87% rate of take-up remaining the same as it was in 2009, while there continues to be growth across the BRIC countries – from 48% take-up in 2009 to 66% in 2014.

Figure 3.30 Take-up of pay-TV among groups of comparator countries



Source: IHS / industry data / Ofcom. Note: 'Europe' in this context means those European countries within our comparator set; France, Germany, Italy, Spain, Netherlands, Sweden and Poland. 'Total' in this context means the 18 countries in this report's comparator set.

In 2014, the majority of the TV homes in 13 of the 18 comparator countries paid for additional TV services

A substantial number of people were willing to pay for additional channels in 2014. but it is worth remembering that the characteristics of pay-TV vary across our comparator countries. For instance, pay-TV in the US and the UK provides access to various bundles of additional channels in exchange for payment, while in the Netherlands and Sweden, consumers can pay a small 'access charge' in return for a limited number of channels on a cable package.

The greatest levels of pay-TV take-up were found in the Netherlands (99% take-up), South Korea (97%), the US (87%), India (85%), Sweden and Poland (both 83%) at the end of 2014. Free-to-air television remained more popular than pay-TV services in five of our comparator countries in 2014: Italy (70%), Australia (68%), Spain (71%), Brazil (67%) and Nigeria (78%).

Figure 3.31 Take-up of pay and free-to-air television: 2014

Source: IHS/ industry data/ Ofcom

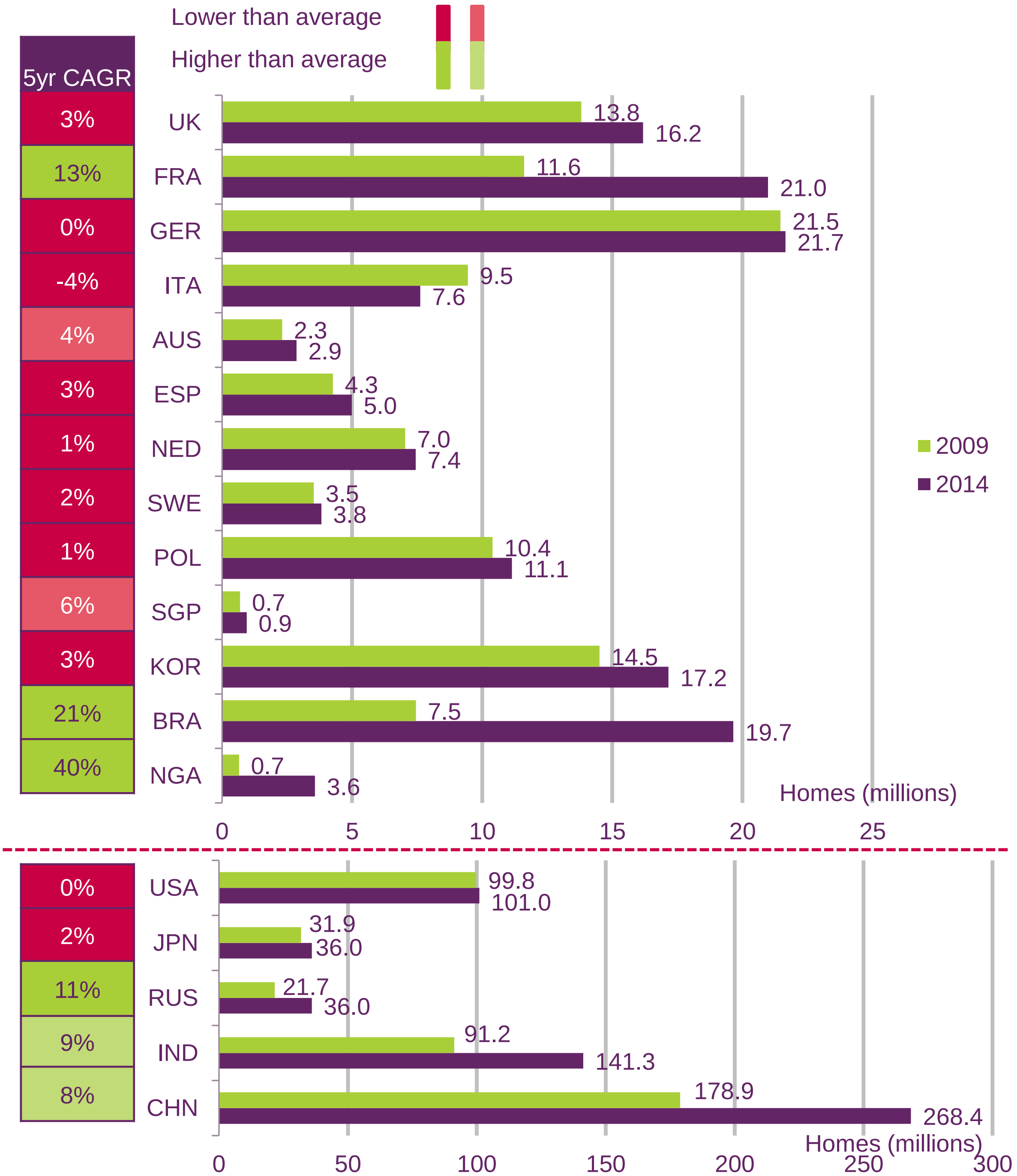
Across the period from 2009 to 2014, Brazil and Nigeria saw the greatest average annual increases in pay-TV take-up

Looking at the five-year picture, it is clear that the greatest levels of growth in pay-TV take up has been in markets where free-to-air TV has traditionally had a stronger hold. Indeed, Nigeria and Brazil had average annual increases of 40% and 21% respectively from 2009 to 2014.

France was the only European country among the comparator countries in which there was an above-average CAGR figure of growth across the same period. This represents the increasing popularity of IPTV in France, which is an entirely pay-TV platform.

Italy had an average annual decrease of 4% in pay-TV households each year from 2009 to 2014. This is linked to the ongoing after-effects of the financial crisis, with new TV households choosing to stick with free-to-air terrestrial services as opposed to the pay-TV alternative.

Figure 3.32 Pay-TV take-up, millions of homes: 2009 and 2014



Source: IHS/ industry data/ Ofcom

3.3.5 Broadcast television viewing

On average, viewers in the comparator countries watched 3 hours 43 minutes of TV per day

Across the ICMR comparator countries[106], each person watched an average of 3 hours 43 minutes of broadcast TV per day in 2014 (Figure 3.33). The UK was broadly in line with the

[106] *TV viewing data not included in Eurodata TV Worldwide 2015 report for Singapore, Nigeria or India*

average among the ICMR comparator countries, with people watching on average 3 hours 40 minutes of television a day in 2014. The US had the highest level of TV viewing of all the comparator countries (4 hours 42 minutes) and Sweden the lowest (2 hours 33 minutes).

Comparing 2014 to 2013, seven of the 15 comparator countries had a year-on-year decline in daily TV viewing minutes per head. The UK had the largest proportional decline, with TV viewing falling by 4.9% (11 minutes). Some of the UK decline may be explained by increased viewing of audio-visual content on tablets and smartphones and an increase in subscription VoD viewing, as well as falling unemployment and the effect of the weather on TV viewing.[107]

The US and Sweden followed the UK, with the joint second largest proportional decline, both down by 3.8% year on year. Daily TV viewing increased in Poland (by 5.3%), Brazil (3.2%), Australia (2.0%), South Korea (0.5%), Italy (0.4%) and Russia (0.4%).

Across the European ICMR comparator countries, four showed a decline in viewing, while in Poland, the Netherlands and Italy viewing increased, and in Germany it remained level. Average daily viewing per head across the European comparator countries was highest in Italy (at 4 hrs 22 mins/day), followed by Poland (4 hrs 20 mins/day), and was lowest in Sweden (2 hrs 33 mins/day). Viewing in the UK (3 hrs 40 mins/day) was in line with France and Germany (both at 3 hrs 41 mins/day).

Among the BRIC countries,[108] Brazil was the only country to have an increase in viewing between 2013 and 2014, with daily minutes increasing by 3.2% to 3 hours 44 minutes. Daily TV viewing remained broadly unchanged in Russia, at 3 hours 59 minutes per person per day, while viewing in China decreased by 1.3% to 2 hours 37 minutes.

Looking at the Asia Pacific countries,[109] daily viewing in Australia[110] increased by 2.0% to 3 hours 24 minutes a day while viewing in Japan[111] and South Korea was broadly unchanged (at 4 hrs 24 mins/day and 2 hrs 16 mins/day respectively).

[107] For an in-depth look at the recent decline in TV set viewing in the UK, see section 1.4 *Changes in TV viewing habits* in Ofcom's Communications Market Report 2015: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/CMR_UK_2015.pdf

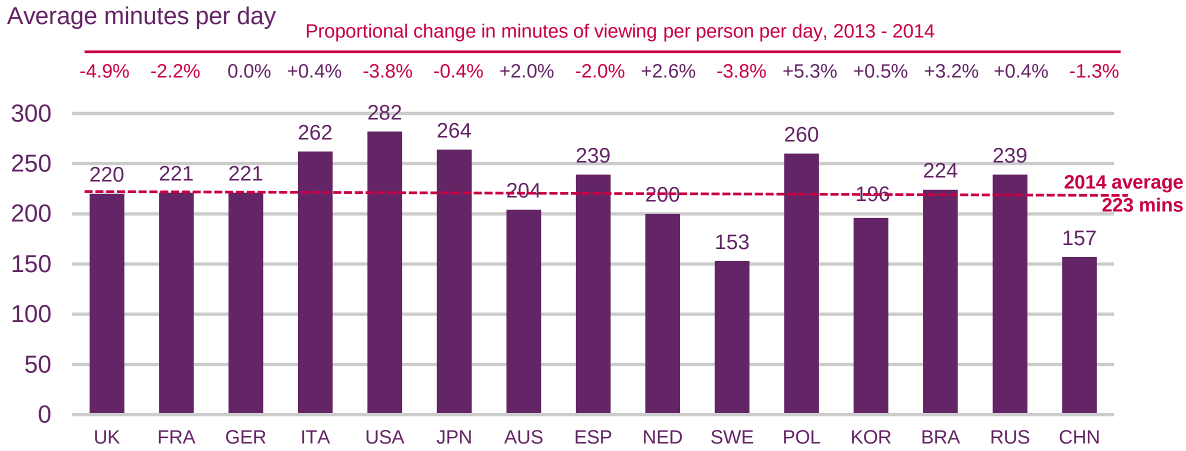
[108] BRIC countries include Brazil, Russia and China. TV viewing data for India were not available.

[109] Asia Pacific countries include Japan, Australia and South Korea. TV viewing data for Singapore were not available.

[110] Australia data relates to viewing in the Australia Regional area and is calculated on the regions Queensland, Northern New South Wales (NSW), Southern NSW, Victoria & Tasmania and Regional Western Area. Note: the definition of Australia regional changed in 2014 to include Regional Western Australia. 2013 data for Australia Regional in all charts reflects this change. The 2014 ICMR report was based on Australia Regional excluding Regional Western Australia.

[111] Japan data relates to viewing in the Japan Kanto region. Japan Kanto is considered the main TV market in Japan, although it is representative of the Japan Kanto region only, and should not be considered as equivalent to nationally representative data.

Figure 3.33 Average minutes of broadcast TV viewing per person per day: 2013-2014



Source: Médiamétrie, Eurodata TV Worldwide – One Television Year in the World 2015. Viewing in France relates to France National. Japan data relate to viewing in the Japan Kanto region. Viewing in Australia relates to Australia Regional which is calculated on the regions: Queensland, Northern NSW, Southern NSW, Victoria & Tasmania and Regional Western Area. The definition of Australia regional changed in 2014 to include Regional Western Australia. 2013 data for Australia Regional throughout all charts reflects this change. The 2014 ICMR report was based on Australia Regional excluding Regional Western Australia.

Most popular national channels

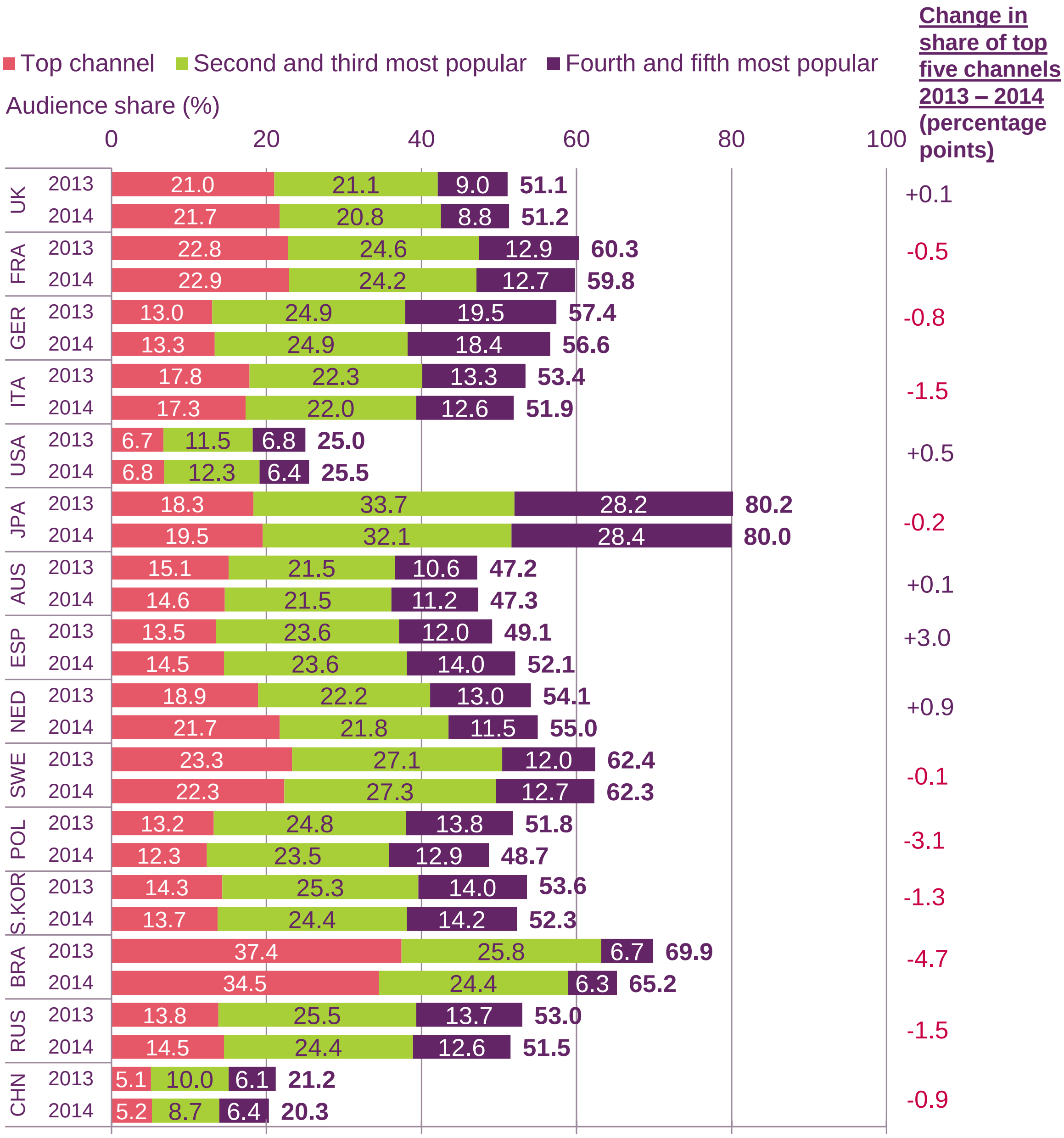
As the number of television channels increases, patterns of consumption change. In order to gauge the impact of channel expansion and choice, we compare the year-on-year performance of the top five highest-ranking channels by market (Figure 1.33).

In the UK the main five public service broadcasters (PSB) channels[112] made up the top five TV channels, despite digital TV having reached universal coverage in 2012. Viewing to the main five PSB channels accounted for over half of all viewing (51.2%) in the UK in 2014, in line with 2013 (51.1%). BBC One remains the most-watched channel in the UK, with a 21.7% share of total viewing, followed by ITV, BBC Two, Channel 4 and Channel 5, in that order.

We can see a pattern of reduction in the collective share of the top five TV channels in ten of the 15 comparator countries. Brazil had the largest percentage point (pp) decline in share of overall viewing to its top five channels, down by -4.7pp from 69.9% in 2013 to 65.2% in 2014. Poland had the second-largest percentage point decline in share of overall viewing to its top five channels, down by 3.1pp after having completed digital switchover halfway through 2013. Conversely, the UK (up 0.1pp), the US (0.5pp), Australia (0.1pp), Spain (3.0pp) and the Netherlands (0.9pp) all increased theirs collective share of viewing to their top five channels.

[112] BBC One, BBC Two, ITV, Channel 4 and Channel 5, including HD variants but excluding +1s.

Figure 3.34 Top five channels' audience share: 2013-2014



Source: Médiamétrie, Eurodata TV Worldwide – One Television Year in the World 2015. Viewing in France relates to France National. Japan data relate to viewing in the Japan Kanto region. Viewing in Australia relates to Australia Regional which is calculated on the regions Queensland, Northern NSW, Southern NSW, Victoria & Tasmania and Regional Western Area.

Publicly-owned channels in 2014

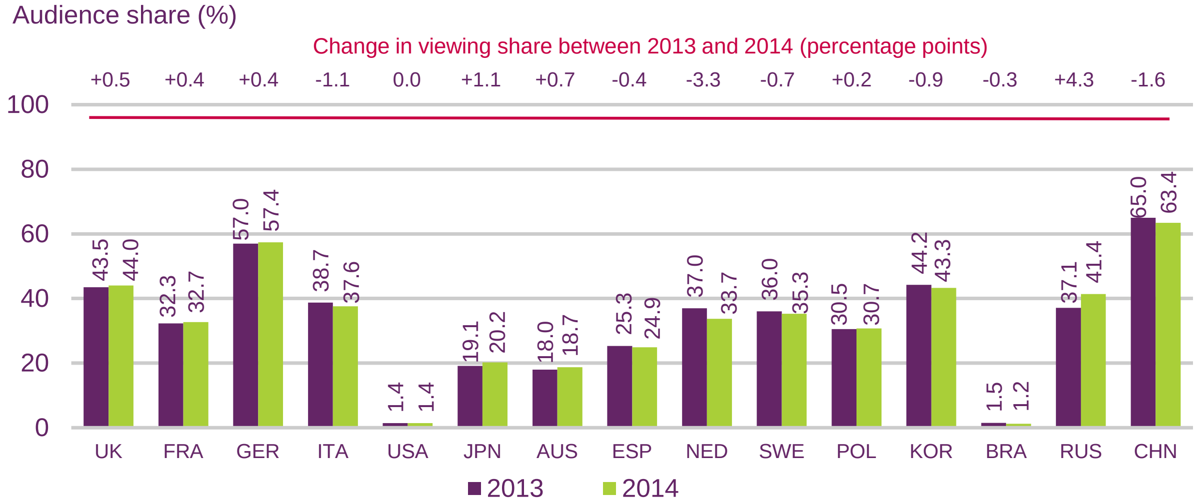
Among the ICMR comparator countries, the share of viewing of publicly-owned channels (including channels owned by other countries where available)was highest in China (63.4%), followed by Germany (57.4%) and the UK (44.0%).[113] Viewing of publicly-owned channels was lowest in Brazil (1.2%) followed by the US (1.4%) (Figure 3.35).

[113] In the UK, 'publicly-owned channels' refers to all BBC and Channel 4 channels as well as S4C, PBS America, PTV Global, Russia Today and Euronews. The 44% share attributed to publicly-owned channels in 2014 were to the domestic broadcasters.

Comparing 2014 to 2013, viewing of publicly-owned channels varied among the 15 ICMR comparator countries; seven countries had an increase in viewing of publicly-owned channels, while seven had a decrease, and the US was unchanged.

Viewing share to publicly-owned channels increased in the UK, France, Germany, Japan, Australia, Poland and Russia. Russia had the largest percentage point increase (4.3pp) followed by Japan, up by 1.1 percentage point. The Netherlands had the largest decline in viewing share to publicly-owned channels between 2013 and 2014 (down by 3.3pp).

Figure 3.35 Viewing of publicly-owned channels



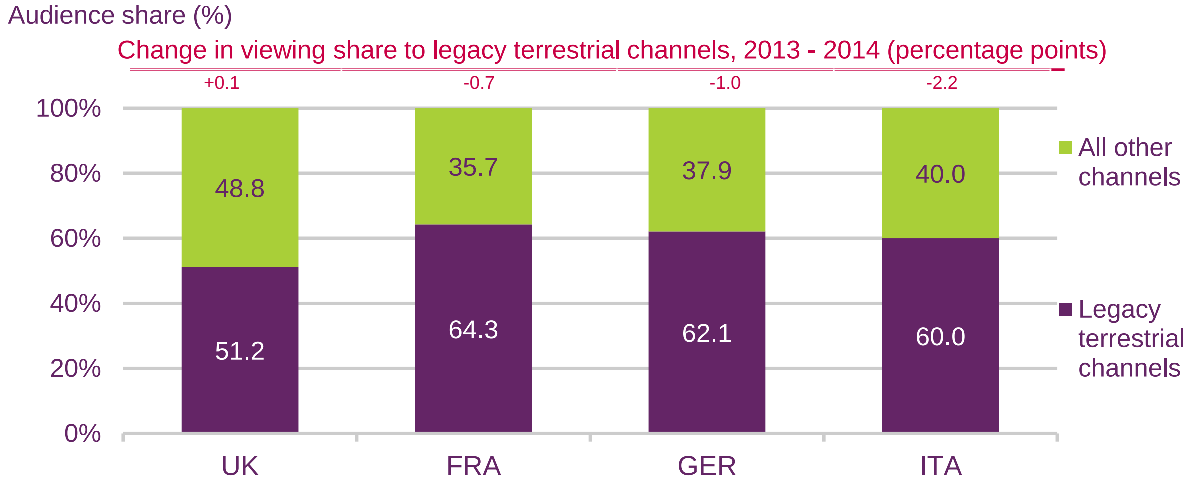
Source: Médiamétrie, Eurodata TV Worldwide - One Television Year in the World 2015. Uses the 'status' flag attributed to each channel by country which relates to state ownership. Includes 'domestic public', 'foreign public', 'public' and 'mixed'. 'Domestic public' refers to channels that broadcast locally and are state-owned. 'Foreign public' refers to international public channels. 'Public' refers to channels that are difficult to label between 'domestic public' and 'foreign public', such as BBC America. 'Mixed' refers to channels with a hybrid status (mix of public and private funding). 'Viewing in France' relates to France National. Japan data relates to viewing in the Japan Kanto region, considered to be the main TV market in Japan (national data are not available). Viewing in Australia relates to Australia Regional, which is calculated on the regions Queensland, Northern NSW, Southern NSW, Victoria & Tasmania and Regional Western Area. Note: Change in viewing share may not appear to add up with y-o-y 2013 to 2014 figures, due to rounding of decimal places.

Legacy terrestrial channels make up the majority of viewing

The legacy terrestrial channels continue to command over half of viewing share in the UK, France, Germany and Italy. In the UK, the legacy terrestrial channels, BBC One, BBC Two, ITV, Channel 4 and Channel 5, together command a share of 51.2%, in line with 2013 (51.1%). For the second consecutive year the largest year-on-year decrease in share of viewing to legacy terrestrial channels was in Italy, where the collective share of RAI 1, RAI 2, RAI 3, CANALE 5, ITALIA 1, RETE 4 and LA7 decreased by 2.2 percentage points compared to 2013.

Among the comparator countries in Figure 3.36, the legacy terrestrial channels in France have maintained the largest share of total viewing (64.3%), followed by those in Germany (62.1%) and Italy (60.0%).

Figure 3.36 Legacy terrestrial vs. all other channels' share



Source: Médiamétrie, Eurodata TV Worldwide - One Television Year in the World 2015. Legacy terrestrial channels are based on MediaMetrie's definition of channels considered to be 'historical leaders'.
UK= BBC One, BBC Two, ITV, Channel 4, Channel 5 (inc HD variants, exc +1s)
Germany = ARD, ARD 3, ZDF, RTL, Sat1, Pro7
France = TF1, France 2, France 3, Canal+, France 5 24/24H, Arte 24/24H, M6
Italy = Rai Uno, Rai Due, Rai Tre, Canale 5, Italia 1, Rete 4, La 7