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Kangaroo: expert comment on decision to block

Following the Competition Commission's decision to block the online VOD venture, Kangaroo, Futuresource Consulting's Principal Consultant, Graeme Packman, provides market insight and places the decision in the wider industry context:

- Futuresource Consulting is in agreement with the broadcasters' view that this decision will adversely impact consumers by restricting their access to content or making its availability more expensive
- The concept of Kangaroo is to give consumers access to archive content ('long tail'). Current online players are focused on recent content, aired in the last 30 days or less
- General experience in the VoD environment is that long tail content has very low buy rates and hence is expensive to make accessible
- Aggregating content and resources into a single entity (Kangaroo) was an easy way of sharing costs and risks to give a greater chance of viability (even then it would not be considered to be a sure success). This aggregation would have ensured:
 - Critical mass and efficiencies in marketing
 - Lower storage and distribution costs
 - Coordination of user interface and content guide, thus enabling easier, more effective content search
- No doubt the three broadcasters involved will continue to develop their own propositions, but it is likely that in total they will make less content available
- Kangaroo would have been an important driver for the rapidly growing online TV market, one in which the UK leads the world.
 - Thus encouraging delivery of TV content not just to the PC but also directly to the TV set
- This in itself is an important driver for the high speed broadband market, which the UK government was only last week promoting through Lord Carter's 'Digital Britain'

review which outlined the intention for every UK household to have a minimum download speed of 2Mbps, to be able to access exactly these types of services, and the intention for much of the country to be upgraded to 50Mbps or faster services

Futuresource Consulting provides continuous monitoring & tracking services, knowledge-based analysis & forecasts and in-depth market appraisal within the digital entertainment field, ensuring clients are kept abreast of changes, challenges and opportunities thrown up from the marketplace.

The company is hosting Driving Digital Content on 4-5 June 2009 in London, a two-day event exploring the business opportunities presented by the continued rise of digital content delivery. Visit <http://www.futuresource-consulting.com/ddc09> for more information.

Diary Date

Driving Digital Content, 4-5 June 2009, London, UK

Focusing on the business opportunities presented by the continued rise of digital content delivery. Find out more at www.futuresource-consulting.com.

Notes

Futuresource Consulting is a specialist research and knowledge-based consulting company, formed in June 2008 through a merger between Understanding & Solutions and Decision Tree Consulting (DTC). With more than 30 years' heritage, Futuresource provides its clients with expertise in consumer electronics, digital imaging, entertainment media, broadcast, optical manufacturing, storage media and IT.

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