

For Immediate Release
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New international study: 8% admit to downloading video content illegally

Illegal downloads still going strong

8% of consumers across the UK, France, Germany and the USA admitted to downloading video content illegally from file sharing websites, a new consumer research study by Futuresource Consulting reveals. The study, *'Living With Digital: Consumer Insights into Entertainment Consumption'*, used a representative sample in each country and provided respondents with a list of legal and illegitimate download sites from which to select. When focusing solely on the downloader segment, the study revealed that 15% of all downloaders admitted to acquiring video content illegally, with France topping the charts at 25%.

This widespread availability of illicit content presents a major obstacle to the development of online content services, and continues to heavily impact upon revenues, despite governments' and industry authorities' renewed attempts to tighten up the system.

'Living With Digital: Consumer Insights into Entertainment Consumption' is a new quarterly programme of independent research from Futuresource looking at how consumers interact with and consume digital entertainment, whether via the TV, online or mobile. For the first wave, online surveys were carried out in the UK, France, Germany and the USA with more than 2,500 respondents, focusing on in-home connectivity and online content consumption.

Pay-per-view revenue stream from Pay-TV

"This tranche of research has provided key insights into consumer behaviour across four major territories, allowing us to compare and contrast viewing habits on a country-by-country basis," says Alison Casey, Head of Global Content at Futuresource. "The study shows that nearly 90% of Pay-TV subscribers in France who make additional payments to their provider are doing so for movie titles, and there are substantial differences between countries.

"German Pay-TV subscribers came out on top for making additional payments for sport and TV shows, with France (sport) and the UK (TV shows) ranking last.

"In the UK, Pay-TV subscribers are having a feeding frenzy with free on-demand and catch-up delivered to their TV. 80% of respondents whose package offered this service used it, with the impact of the BBC iPlayer clearly shown in the research."

UK and USA lead the way for watching online video on a PC or laptop

"When we asked respondents whether they ever watch TV, movies and video on their PC or laptop, two thirds of people in the UK replied either 'often' or 'sometimes', with consumers in the US not far behind," continues Casey, "but when we asked people if they connected a laptop directly into a

TV to watch video from the internet, the results were inverted, with Germany leading the field, closely followed by France. And of those who have never connected a laptop to a TV, many didn't know how to or had never thought about doing it."

Most people aren't paying for online content, but...

Across all territories surveyed, of those who watched streamed or downloaded video content online around 90% have never paid for news content or recently-missed TV shows, gradually sliding down to just over half that have never paid to watch new movies. However, the survey showed that of those who have never paid, more than half answered 'yes' or 'maybe' when asked whether they would be willing to pay in the future. All respondents were also likely to pay or pay more often if they were offered online content in HD or if they could keep the downloaded or streamed content.

The impact of advertising

"With a number of ad-funded business models gaining traction across the industry, we also asked consumers whether ad reels placed before, during or after an old movie or a TV show impacted upon their online viewing enjoyment," continues Casey. "Surprisingly, less than 1% told us it stops them watching, with 30% saying it has no impact and nearly half saying it only puts them off a bit - a good indication of the suitability of the ad-funded business model to long-form online content."

The report in detail

The survey unveiled a number of significant variations by territory and also focused on hardware ownership and connectivity, with further drilldown into online content viewing habits.

Blu-ray player owners (both PS3 and standalone video players) were identified separately and asked about their purchasing and viewing habits. It is clear that for many Blu-ray player owners it is not about disc versus online, but more a case of viewing entertainment content across many platforms, with the high definition disc being just part of the mix.

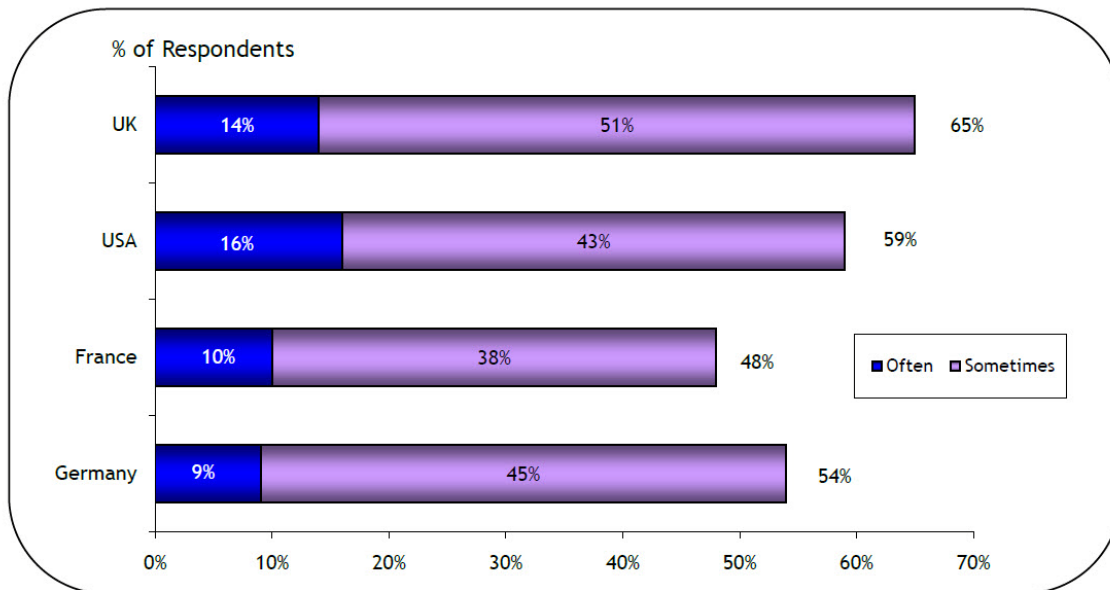
"As content consumption continues to grow rapidly across the globe, driven by technological enhancements and content industry support, key to its long term success will be the development of strong consumer propositions and business models that resonate with the target audience across all platforms," says Casey. "The next five years will be a period of major transition for the entertainment industry and there will be a significant shift in who receives a share of the profits, with a raft of digital platforms and the rise of on-demand content vying for rights and advertising revenues. The national boundaries which used to govern broadcasting are now being challenged by the global nature of the internet, as was the case with e-commerce fifteen years ago.

"There is a huge appetite out there for free on-demand TV, but levels of paid-for activity are still low. In many cases, the propagation of new business models is key to the industry, with site location, navigation and unsuitable meta tagging still causing major problems for consumers; in many cases, the people we surveyed said they would watch more online content if the user interface and search facilities were improved."

Future waves of research in the 'Living With Digital: Consumer Insights into Entertainment Consumption' series will include changing TV viewing habits, exploring the commercial possibilities of social networking, and online and mobile gaming.

PC/Laptop Owners Watching Video Online

- Do you ever watch TV, movies and video that you have streamed or downloaded on your PC or laptop?



Base = 2539 (All respondents)

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Notes

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