Italy

Italy key data 2018

Population (m)	59.3
TV households (m)	25.3
Consumer spending on physical video software (EUR m)	239.0
Comparison with 2017	-6.4%
Consumer spending on physical video software (EUR m) - Total Europe	2,970.0
Comparison with 2017	-15.8%
Consumer spending on digital video and TV VoD (EUR m)	399.8
Comparison with 2017	43.7%
Consumer spending on digital video and TV VoD (EUR m) - Total Europe	8,785.6
Comparison with 2017	30.9%
Consumer spending on total video (EURm)	638.8
Comparison with 2017	19.7%
Consumer spending on total video (EUR m) - Total Europe	11,755.7
Comparison with 2017	14.8%

Home Video Market

In 2018, the total consumer spending in Italy reached EUR 639 million, up 20% compared to 2017. The main growth factor was subscription digital video services (OTT), growing from EUR 178 million to EUR 286.6 million.

Excluding subscriptions, transactional consumer spending (digital rental and retail) represented EUR 33 million in consumer spending in 2018, up 3% compared to 2017.

For the second consecutive year, total digital video consumer spending across digital retail and rental, subscriptions and pay TV VOD exceeded physical consumer spending by reaching EUR 400 million.

Physical Market

The total consumer spending on physical video discs in 2018 was EUR 239 million, down 6% compared to 2017. The physical video rental market contracted by 15%, although almost 1 million individuals still rented discs in 2018. The consumer spend on physical video retail contracted by 5%. Consumer electronics stores remain the main distribution channel for physical carriers, but e-commerce is growing fast and playing a larger role in the sale of physical carriers. Kiosks, historically an important distribution channel in Italy, registered a further decline in sales in 2018.

Digital Market (OTT)

In 2018, digital subscription services grew rapidly in Italy, representing an increase of over 61% compared to 2017. The digital rental market segment grew by 5% and digital retail/EST increased by 2% compared to 2017. In total, the digital rental and retail market segment represented 11% of the total Italian digital video consumer spending in 2018.

Pay TV Transactional VOD

Pay TV transactional VOD consumer spending amounted to EUR 80 million in 2018, growing by 18% compared to the previous year.

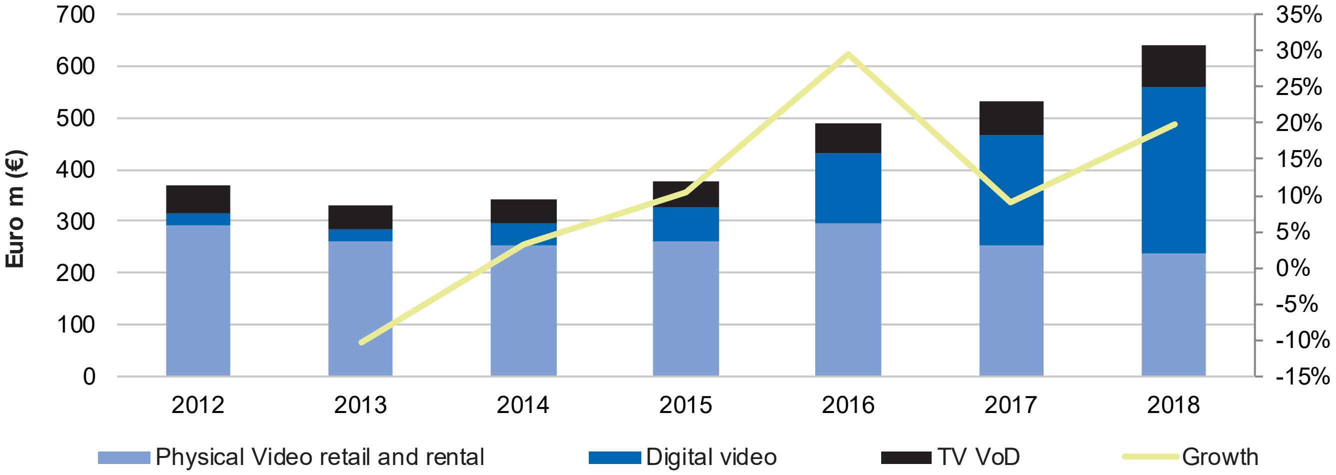
Other relevant developments

Piracy continues to be a serious problem for the film and audiovisual industry in Italy. The latest IPSOS research confirmed that 39% of Italian adults engaged in at least one act of piracy (films, TV series or TV programmes) in the last twelve months.

It is estimated that the piracy of films and TV series results in approximately 130 million lost viewings, causing an economical loss of approximately EUR 600 million in the Italian market.

This commentary was provided by Univideo, the Italian Video Association.

Consumer spending by segment



Source: IHS Markit

Video market: Italy	2012	2013	2014	2015	2016	2017	2018	17/18 %
GENERAL								
Population (m)	59.7	59.7	59.6	59.5	59.4	59.4	59.3	-0.1%
TV households (m)	24.4	24.5	24.6	24.8	25.0	25.1	25.3	0.6%
Population Total Europe (m)	623.8	624.9	626.1	627.7	629.4	630.9	632.3	0.2%
TV households Total Europe (m)	253.2	255.0	257.3	259.3	261.3	263.2	264.9	0.7%
Broadband households (m)	11.8	12.2	12.5	12.9	13.5	14.3	15.2	6.2%
Nominal GDP (EUR m)	1,613.3	1,604.3	1,622.6	1,651.4	1,681.6	1,718.8	1,752.1	1.9%
Consumer price index (100 in 2010)	103.2	108.0	108.1	90.5	90.2	93.1	101.3	8.7%
DVD Video player/recorder (%)	94.4	94.4	91.4	86.6	84.8	83.1	81.6	-1.9%
Blu-ray Disc player/recorders penetration (%)	10.8	15.7	19.4	21.3	22.2	22.5	22.3	-0.9%
DVD Video player/recorder Total Europe (%)	76.1	73.8	71.7	69.2	66.8	64.2	61.5	-4.2%
Blu-ray Disc player/recorders penetration Total Europe (%)	11.2	15.4	18.4	20.7	21.7	22.3	22.2	-0.3%
OTT Subscriptions (m)	0.0	0.0	0.3	0.8	1.3	2.4	3.8	63.1%

Total video software market	2012	2013	2014	2015	2016	2017	2018	17/18 %
CONSUMER LEVEL ALL VIDEO								
Total market figures include consumption of both physical and digital video								
Total spending on video (EUR m)	369.3	331.4	342.2	378.1	489.3	533.6	638.8	19.7%
Growth (%)		-10.2%	3.3%	10.5%	29.4%	9.1%	19.7%	
Total spending on video Total Europe (EUR m)	8,824.2	8,449.5	8,513.6	9,183.9	9,474.6	10,236.3	11,755.7	14.8%
CONSUMER LEVEL PHYSICAL VIDEO – TOTAL SPENDING								
Total market figures include consumption of legacy formats not broken out separately (eg, VHS, HD-DVD, UMD) where relevant.								
Physical video rental (EUR m)	52.1	46.1	41.3	37.0	27.9	25.3	21.4	-15.6%
Physical video rental Total Europe (EUR m)	865.1	683.1	526.3	430.2	293.1	212.9	152.0	-28.6%
Physical video retail (EUR m)	239.6	215.5	214.0	226.0	269.7	230.0	217.6	-5.4%
Physical video retail Total Europe (EUR m)	6,607.5	5,808.5	5,184.7	4,756.8	3,989.8	3,312.4	2,818.0	-14.9%
Physical video software (EUR m)	291.7	261.6	255.3	263.0	297.6	255.4	239.0	-6.4%
Physical video software Total Europe (EUR m)	7,472.6	6,491.6	5,711.0	5,187.0	4,282.9	3,525.3	2,970.0	-15.8%
CONSUMER LEVEL DIGITAL VIDEO (OTT) – TOTAL SPENDING								
The purchase or rental of films and TV series delivered over the open internet through transactional models (also known as EST, DTO, Internet VOD) or on a subscription basis. This category specifically excludes sports, live events and adult content to ensure it is comparable to physical video data.								
Retail digital video (EUR m)	5.8	8.1	12.2	13.9	15.0	15.7	16.0	1.9%
Rental digital video (EUR m)	5.9	8.3	11.1	13.4	15.0	16.2	16.9	4.5%
Subscription digital video (EUR m)	10.2	4.6	15.7	37.4	105.8	178.1	286.6	60.9%
Total digital video (EUR m)	21.9	21.1	39.0	64.6	135.8	210.0	319.5	52.1%
Total digital video Total Europe (EUR m)	716.9	1,255.7	2,021.0	3,127.8	4,287.2	5,719.6	7,737.1	35.3%
CONSUMER LEVEL PAY TV TRANSACTIONAL VOD – TOTAL SPENDING								
The rental of film and TV content on a transactional (VoD, NVoD/PPV) basis via cable/satellite/IPTV services. These, paid for at the point of consumption, transactions occur only on set-top-boxes or through online services provided as part of a wider pay TV package to which consumers must subscribe prior to purchase. This category specifically excludes sports, live events and adult content to ensure it is comparable to physical video data.								
Pay TV TVOD (EUR m)	55.7	48.8	48.0	50.4	55.9	68.2	80.3	17.8%
Pay TV TVOD Total Europe (EUR m)	634.8	702.1	781.5	869.0	904.6	991.6	1,048.5	5.7%

Notes:

1) *Consumer level digital video (OTT) and pay TV transactional VOD figures may differ from locally published figures due to the application of different definitions.* ***2)*** *Historical numbers in this section may differ from those published in previous years owing to changes in IHS Markit methodology.* ***3)*** *The current online figures are a snapshot of the market in March 2019. Figures are updated regularly and so it may not possible to compare directly to figures published after this date.* ***4)*** *Total Europe include Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Croatia, Czech Republic, Hungary, Poland, Russia, and Slovakia.* ***5)*** *OTT Subscriptions are subscriptions to online channels and virtual pay TV operators. Figures exclude multiscreen services of pay TV operators.*

Source: IHS Markit

Key players in the market *(in alphabetical order)*

Physical
- Amazon
- Deltavideo
- Euronics
- Feltrinelli
- IBS (Internet Book Shop)
- Mediamarket
- Mondadori
- Unieuro

Digital
- Chili
- Google Play
- iTunes
- Mediaset
- Mediaset Premium*
- Rakuten TV
- Sky Italia
- Sony Playstation store
- Telecom Italia

** expected to stop operating at the end of 2018*

Share of European market 2018

Physical retail
7.7%

Physical rental
14.1%

Digital video (OTT)
4.1%

Pay TV TVOD
7.7%

Average home entertainment spending

Spending per TV household (EURO)
€25.3

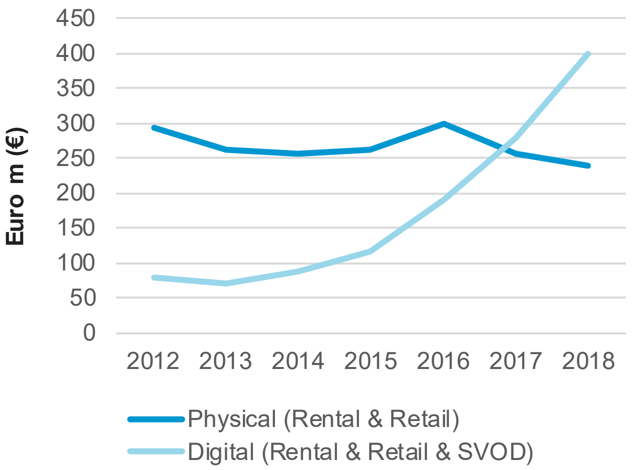
Spending per broadband household (EURO)
€42.0

Digital share of spend vs. broadband speed

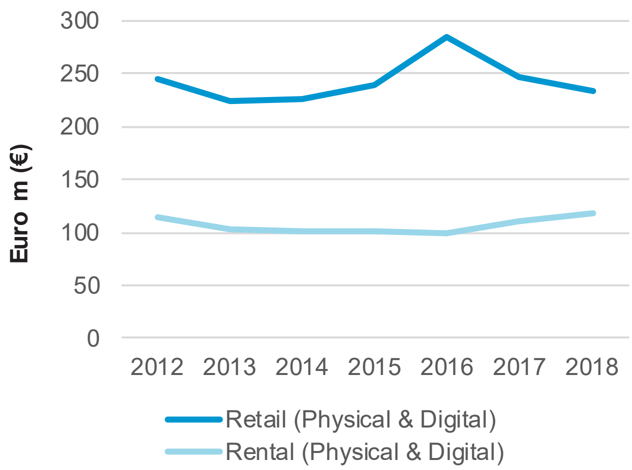
Share digital spend
50%

Broadband connections speed rank
(ranked across the 9 IVF countries)
#8

Comparison Physical vs Digital



Comparison Retail vs Rental



Note: Digital (Rental & Retail) includes SVOD data; Rental (Physical & Digital) excludes SVOD data

Source: IHS Markit