KPMG
cutting through complexity

DECEMBER 2014

UK Availability of Film and TV Titles in the Digital Age

A report on the UK availability of the most popular and critically acclaimed film and TV titles on legal digital streaming and download services

kpmg.com/uk/media

A report on the UK availability of the most popular and critically acclaimed film and TV titles on legal digital streaming and download services

This report was prepared by KPMG LLP, a UK limited liability partnership, at the request of NBCUniversal. KPMG LLP's role was limited to providing this objective study.
KPMG LLP cannot and does not undertake any role that would constitute public policy advocacy or lobbying and offers no viewpoint on public policy matters related to digital content and online video.

CONTENTS

01

EXECUTIVE SUMMARY

We found that high proportions of popular and critically acclaimed film and TV titles were legally available in a digital format to UK consumers as at the date of this work.

This report found that the vast majority of the most popular and critically acclaimed film and television content is available from legal digital platforms.

The report examines the UK availability of the most popular and critically acclaimed film and TV titles on 27 legal digital streaming and download services as of December 2013. The report's findings demonstrate that the film and television industries are reacting to consumer demands in the digital world.

The transactional VOD market (electronic-sell-through, or EST, and online rental business models) is experiencing growth as a result of rising consumer demand. In response, new online video distributors are entering the transactional online VOD market.

These developments suggest that the UK consumer will continue to have much choice and availability of video content under both Subscription Video on Demand (SVOD) and transactional online VOD (EST and online rental).

Furthermore, the proliferation of connected devices and platforms that bring online content to TV sets or enable consumers to view video content "on the go" has helped create momentum for online transactions. Online video distributors' digital offerings are generally accessible on a wide array of connected devices and/or platforms.

FILM TITLES

This report found that the most popular and critically acclaimed film and TV titles were widely available to anyone who had access to the Internet through dozens of online VOD digital distribution services. We found that:

As at December 2013, 86% of the 756 unique films reviewed were available via online video on demand distribution on at least one of the 27 service offerings studied.

- 100% of the 2012 UK top 100 box office hits
- 98% of the 2011 UK top 100 box office hits
- 96% of the UK all time box office hits
- 94% of the UK top 20 box office hits in each of the years from 2000 to 2010
- 77% of the 2013 UK top 100 box office hits (i.e., released theatrically in the year of this study)

73% of the 756 unique films reviewed were available via online video on demand distribution on at least five of the 27 service offerings studied.

The following is a breakdown of the availability of films (%) across at least five online services in certain of the sub-samples studied:

- 89% of the 2012 UK top 100 box office hits
- 89% of the 2011 UK top 100 box office hits
- 84% of the UK top 20 box office hits in each of the years from 2000 to 2010
- 65% of the 2013 UK top 100 box office hits (i.e., released theatrically in the year of this study)
- 84% of the UK all time box office hits

When we turn our attention to the availability of the most popular and critically acclaimed film titles by business model, we found that the majority were available on the two online transactional models – 86% were available on EST and 67% via online rental. A relatively lower proportion of the most popular and critically acclaimed films were offered under the SVOD model (39%) and none was offered under the advertising-supported VOD model.

INDEPENDENT FILMS

From our selected total sample of 972 most popular and critically acclaimed films, 70 were UK qualifying films and 35 were UK independent films.[1]

64 out of the 70 UK qualifying films (91%) and 31 out of the 35 UK independent films (89%) that we reviewed were available on at least one online video distribution service at the end of 2013.

From a sub sample of the all time top 300 box office hits in the UK (inflation adjusted), 66 were UK co-productions and 11 were UK films.[2] From these we found that 64 of the 66 UK co-productions (97%) and all (100%) of the 11 UK films were available on at least one online video distribution service at the end of 2013.[3]

TV TITLES

Out of a sample of 814 most popular and critically acclaimed film and TV titles, around two-thirds (538 titles) were available **on at least one** online video distribution service at the end of 2013.

- 75% of the top 100 UK TV programmes in 2011
- 73% of the top 100 UK TV programmes in 2012
- 73% of the top 100 UK TV programmes in 2013 (the year of this study)
- 71% of pre-2011 modern TV hits
- 63% of the BAFTA 'TV awards winners[4]

The highest proportion of online availability of the most popular and critically acclaimed TV titles by business model was via the EST platform (61%). With the exception of just two TV titles out of 814, our findings suggest that digital copies of TV shows must be purchased rather than rented, as they are not available for online rental, either as individual episodes or as entire season or series.

Of the 649 most popular and critically acclaimed TV titles of UK origin, 61% were available **on at least one** online video distribution service as at the end of 2013.

This report found that the most popular and critically acclaimed film and TV titles were widely available to anyone who had access to the internet through dozens of online VOD digital distribution services.

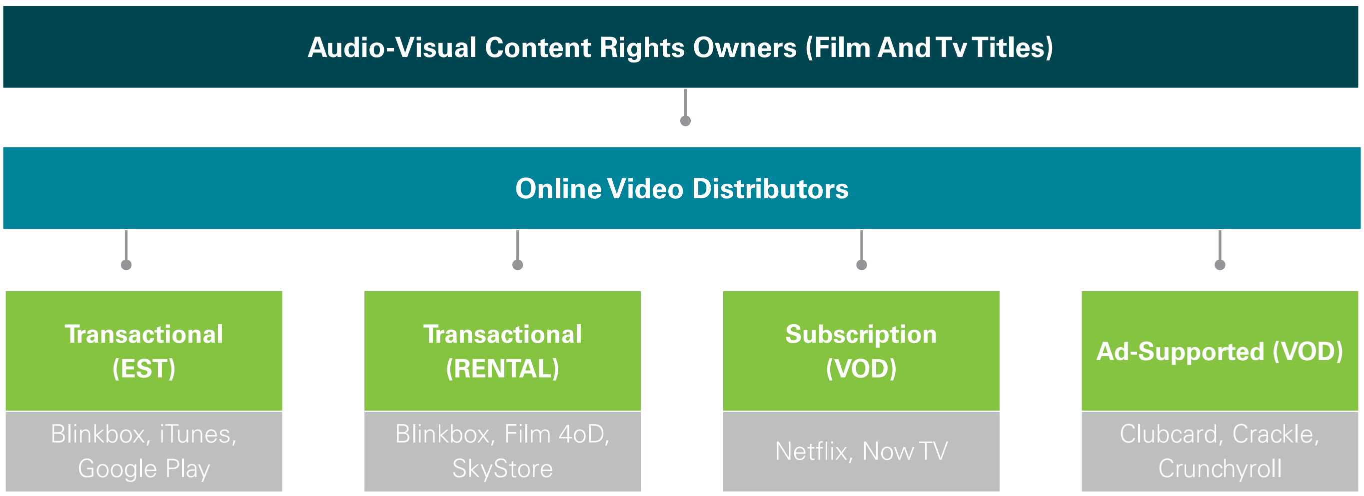
02

INTRODUCTION

The principal objective of this report is to help identify the digital availability of premium audio-visual content – that is, the online availability of the most popular and critically acclaimed films and TV programmes to UK consumers when and where they want it.

CHART 1

The video on demand supply chain



Notes: These are just a few examples of distributors and not an exhaustive list. A full list is found on Page 19.

KPMG reviewed the availability of legal long form, most popular and critically acclaimed film and TV titles across 27 distribution platforms.

Online video on demand (Online VOD) is available to consumers through multiple and diverse platforms. It encompasses a number of online video business models including transactional (electronic-sell-through and online rental), subscription video on demand, and advertising-supported video on demand. KPMG reviewed the availability of legal long-form, most popular and critically acclaimed film and TV titles across 27 legal online video distribution services.[5]

To determine how widely available online film content was in the UK, KPMG compiled lists of the most popular film titles (as measured by box office success), as well as critically acclaimed titles.

We identified seven sub-samples – a total of 972 individual film titles – and then checked the availability of each of these film titles across 27 legal online video distribution services. Since some film titles fell into more than one of the seven sub-samples (i.e., a British Film Institute (BFI) 'best film' winning title may also be a Top Box Office hit), we separately identified a large sample of unique film titles.

When we excluded all film titles that appeared in more than one sub-sample, our total sample of unique films was 756.

To determine how widely available online "popular and critically acclaimed" TV titles were in the UK, KPMG compiled lists of the most popular TV titles (as measured by Broadcasters Audience Research Board (BARB) TV audience shares) and award winning TV shows. We identified six sub-samples – a total of 814 individual TV titles – and then checked the availability of each of these TV titles across 25 legal online video distribution services.[6]

There are two other means by which long-form legal digital audio-visual content is provided. They are via pay-TV providers and TV channels providing free online catch-up TV, and content that is produced exclusively for, and provided by, digital online distribution services. This report does not cover on-demand audio-visual content or live streamed TV channels offered in or out of the home by a pay-TV operator or any type of TV channel (free-to-air or multi-channel), on a free online catch-up basis only.[7]

This study also did not include TV programmes, such as House of Cards, that are exclusively available on digital platforms, since it is obvious that these titles are available on digital platforms.

Please see the methodology section for detailed information on our approach.

03

ONLINE VIDEO ON DEMAND

Rights owners of long-form film and TV titles make their content available under licence to a number of organisations under different business models in a sequential order across a variety of distribution channels.

As at the end of 2013, the first online video on demand (VOD) business model following theatrical release is the digital transactional model. Under this model, a feature film is offered on a transactional basis – via electronic-sell-through (buy) or online rental (rent). During this 'window' a consumer could buy a digital copy, paying £4.99 to £15.99 for permanent ownership and/or with unlimited access via a digital locker. A consumer could also choose to rent, typically paying £0.99 to £3.99 for a digital copy of a film to watch within a certain period of time (typically 24 to 48 hours).

The second online VOD business model is subscription video on demand (SVOD). This 'window' can begin around 11 months after theatrical release of a movie. Under the SVOD business model, a consumer typically pays a monthly subscription fee of between £4.99 and £15 to access video content provided on an ongoing basis.[8]

The third online VOD model – advertiser supported VOD – begins approximately two years after a film's theatrical release. A consumer registers to an advertiser supported VOD service and is able to watch audio-visual content for free.

There are a number of online video distributors that specialise in a single online VOD business model (e.g., Netflix UK which is an SVOD provider), while others specialise in a number of different models.

Online Video On Demand (VOD) Business Model Developments

There has been speculation about the durability of these different digital audio-visual business models. Some analysts have questioned whether digital ownership via EST will remain as a business model in the future, or whether such an ownership model would be superseded by the rental option, as is proving to be the case for the physical consumption of audio-visual content (where physical rental negatively impacted DVD sales). Other commentators have questioned whether the rental consumption business model will be replaced by SVOD.

There are several traditional online stores that provide transactional online video on demand (EST and online rental). These range from those provided by Internet companies (e.g., Apple iTunes Store GB, Google Play UK, and YouTube) to those provided by manufacturers of games consoles (e.g., Xbox Video and Sony Entertainment Network).

We find that the online video distribution of films via the two transactional options (EST and rental) is at an early stage in its development and there is no evidence that rights holders intend to change their strategies in the near term and limit the availability of films by either online transactional option (buy or rent).

Furthermore, new online video distributors are entering the transactional online video on demand market.

In February 2014, BT became a new entrant in the transactional online video on demand market. BT began offering permanent ownership of films to its customers , via EST, becoming the first pay-TV operator in the UK to do so. The service, called BT Box Office, currently makes more than 600 films available, and as at the end of 2013 BT confirmed that it has plans to add TV series in the future.

In the same month, Amazon introduced its transactional online VOD service, Amazon Instant Video, allowing consumers to rent films online or download them to keep (EST).

Similarly, there seems to be no evidence that rights holders intend to change their strategies in the near term or limit the availability of films to SVOD online providers in the UK.

Currently the linear first pay-TV rights and SVOD rights are sold together, as it has contracted for the first pay TV window rights in the UK from all six major studios. According to an article in The Observer newspaper, Sky's bilateral agreements with the majors come up for renewal between 2017 and 2018.[9] We therefore do not expect any major changes in Sky's Now TV product in terms of the number of film titles it makes available to UK consumers in the near term.

These recent developments reflect the intense competition in the UK, as online video providers vie to meet consumer demand. KPMG does not expect this pattern to change in the short term.

We find that 'popular and critically acclaimed' audio-visual content on online video distribution platforms appears to be widely available to UK consumers – and we do not expect this to change in the short term.

AVAILABILITY OF MOST POPULAR AND CRITICALLY ACCLAIMED FILMS

KPMG selected large samples of the most popular and critically acclaimed film and TV titles, and checked their availability on legal online video distribution services.

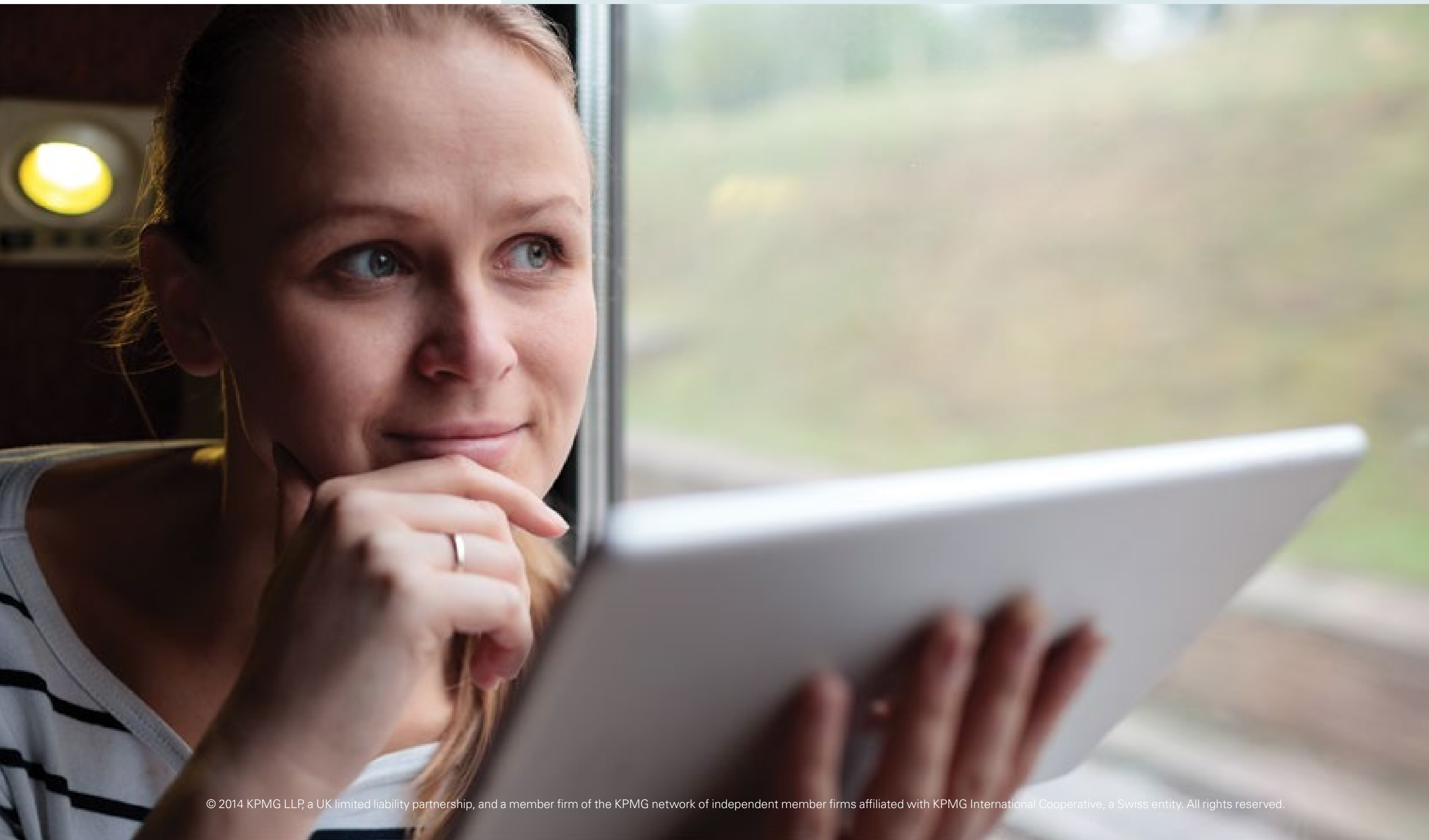
Rights holders have played a part in promoting some of the recent success of online video distribution services in the UK by reducing the time it takes a film to move from theatrical release to availability for purchase on EST.

Furthermore, the proliferation of connected devices and platforms that bring legitimate online content to TV sets or enable consumers to view audio-visual content 'on the go' has helped create momentum for online transactions. Online audio-visual services are generally accessible on a wide array of connected devices and/or platforms.

Out of a sample of 756 unique film titles at the time of sampling, 107 were not available on any of the 27 online film services. This includes a number of film titles that were released in cinemas after 13th September, 2013 and therefore not expected to be available online until after the exclusive theatrical and non-theatrical exhibition window had expired. Excluding these, we find a total of 84 of our sampled film titles were not available online.

Based on our experience, we believe that the unavailability of the 84 film titles online was a function of (i) situations where the rights holders had not yet chosen online distribution, or (ii) situations where complications among various rights holders (e.g., film distributors, producers, and music companies) needed to be negotiated and cleared before such film titles could be made available in a digital format.

In terms of the most popular film titles, we found that 100% of the 2012 top 100 UK box office hits; 98%



of the 2011 top 100; 94% of the top 20 in each of the years 2000 to 2010; and, 96% of the all time UK box office hits were available on at least one online video distribution service at the end of 2013.

In terms of critically acclaimed film titles, 66% of the BAFTA 'best film' / Alexander Korda award winners for best British film, and 44% of the British Film Institute's top 50 films were available on at least one online video distribution service at the end of 2013.[10]

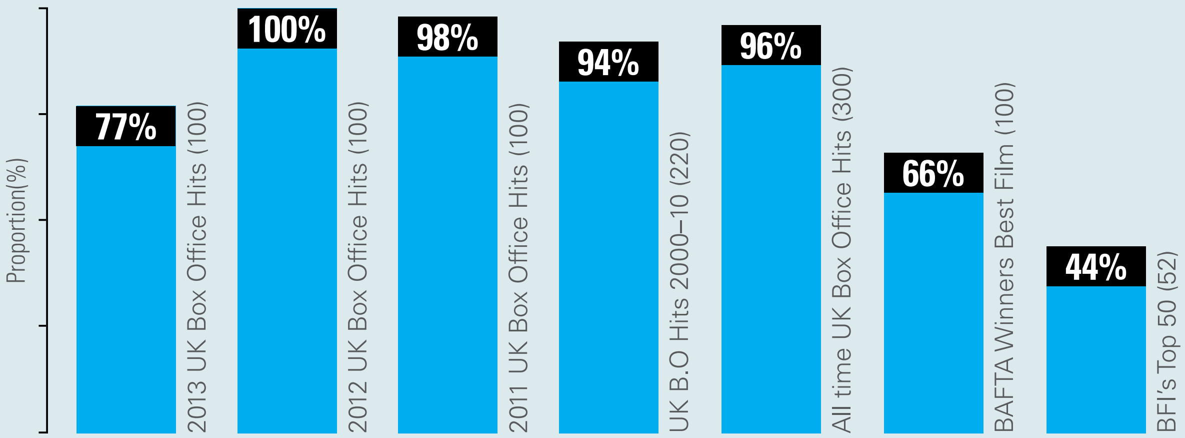
The 56% of the BFI's top 50 film titles unavailable online included several niche, international and relatively 'older' film titles.

The seven sub-samples shown above were selected to represent the most popular and critically acclaimed film titles. There were, inevitably, films that appeared in more than one of the sub-samples. For example, Skyfall (2012) was a BAFTA 'outstanding British film' winner, was in the list of one of the top 100 UK box office hits of 2012, and was one of the 300 'All time UK box office hits.'

When film titles that appeared in more than one sub-sample were excluded, the total sample of unique films was 756, of which 86% were available on at least one of the 27 online video offerings reviewed.

CHART 2

Proportion of the most popular and critically acclaimed film titles available on at least one UK online video distribution service, as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: The numbers in brackets depict the number of individual film titles in the sub-sample. The online availability of all 972 film titles was reviewed.

Availability across multiple platforms

It does not appear that this breadth of online availability of the most popular and critically acclaimed film was limited to one or a few online video distributors.

In terms of the most popular film titles – 65% of the 2013 top 100 UK box office hits; 89% of the top 100 in 2012; 89% of the top 100 in 2011; 84% of the top 20 in each of the years 2000 to 2010; and 84% of the all time UK box office hits were available on at least five online video distribution services at the end of 2013.

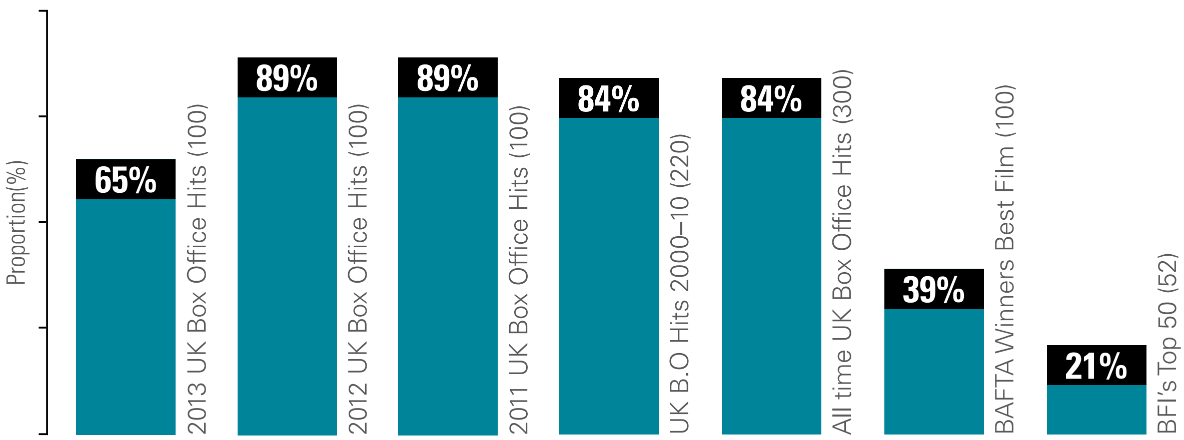
In terms of critically acclaimed film titles – 39% of the BAFTA 'best film' / Alexander Korda award winners for best British film, and only 21% of the British Film Institutes top 50 films were available on at least five online video distribution services at the end of 2013.

When all film titles that appeared in more than one sub-sample were excluded, 73% of 756 unique films were available on at least five of the 27 online video offerings we researched.

> It does not appear that this breadth of online availability of the most popular and critically acclaimed film was limited to one or a few online video distributors.

CHART 3

Proportion of the most popular and critically acclaimed film titles available on at least five UK online video distribution services, as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: The numbers in brackets depict the number of individual film titles in the sub-sample. The online availability of all 972 film titles was reviewed.

Availability across business models

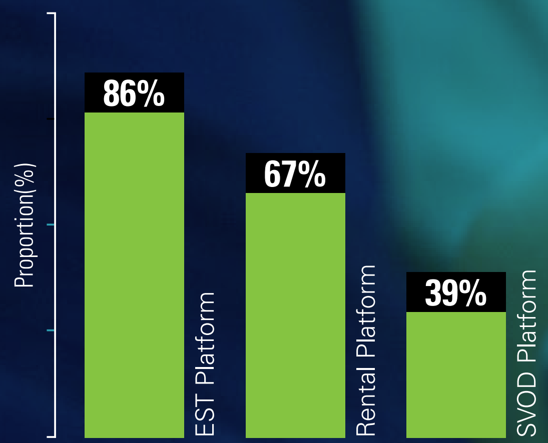
We found that the majority were available on the two online transactional models – 86% were available on EST and 67% via online rental.

Typically, transactional VOD (both EST and online rental) served up a much wider range of films, including most popular and critically acclaimed film titles, as Chart 5 shows.

A relatively lower proportion of the most popular and critically acclaimed films were offered under the SVOD model (39%) and none was offered under the advertising-supported VOD model, which begins approximately two years after a film's theatrical release.

CHART 4

Proportion of most popular and critically acclaimed film titles available on at least one of the online video distributors by business model, as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: The sample of 972 most popular and critically accliamed film titles was made up of the top 100 UK box office hits of each of the years 2011, 2012 and 2013 (300 titles); plus the top 20 UK box office hits from each year from 2000 to 2010 (220 titles); All time top 300 UK box office hits, inflation adjusted (300 titles) plus the BFIs top 50 critically acclaimed films (52 titles) plus 100 BAFTA award winners for best film (100 titles) - see Methdology section for further details.

AVAILABILITY OF UK QUALIFYING AND INDEPENDENT FILMS

From our selected sample of 972 most popular and critically acclaimed films, 70 were UK qualifying films and 35 were UK independent films.[11]

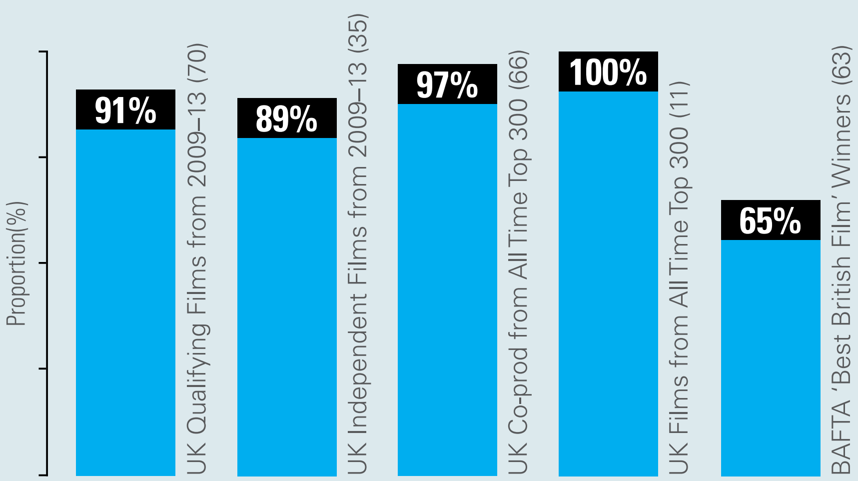
64 out of the 70 UK qualifying films (91%) and 31 out of the 35 UK independent films (89%) we reviewed were available on at least one online video distribution service at the end of 2013.[12]

From a sub-sample of the all-time top 300 box office hits in the UK (inflation adjusted), 66 were UK co-productions and 11 were UK films. From these we found that 64 of the 66 UK co-productions (97%) and all of the 11 UK films were available on at least one online video distribution service at the end of 2013.

In terms of critically acclaimed films, we looked at the 100 winners of BAFTA best film and Alexander Korda award winners for best British film from 1948 to 2013. 63 of these were BAFTA winners with country of origin from GB or GB co-productions. 41 out of the 63 (65%) were available online on at least one of the 27 different online video distribution services we reviewed.

CHART 5

Proportion of UK film titles (245 titles) available on at least one of the online video distributors as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: The sample of 245 UK film titles was made up of 70 UK Qualifying films released between 2009 and 2013, 35 UK Independent films released between 2009 and 2013, 66 UK Co-productions from the Top 300 all time hits, 11 UK productions from top 300 All Time Hits, and 63 films winning BAFTA 'best film' or 'Alexander Korda award for 'best British film', and whose country of origin was GB. British Film Institute definitions of 'qualifying films' are those that may qualify as British films to claim film tax relief during production. Films can qualify as British in one of three ways. They must meet the requirements of one of the following: The cultural test for film or one of the UK's official bilateral co-production agreements or The European Convention on Cinematographic Co-production. UK Independent films are defined by BFI as a film initially produced without financing or distribution from a major movie studio.

AVAILABILITY OF MOST POPULAR AND CRITICALLY ACCLAIMED TV TITLES

Out of a sample of 814 most popular and critically acclaimed TV titles, around two-thirds (538 individual titles) were available on at least one online video distribution service at the end of 2013.[13]

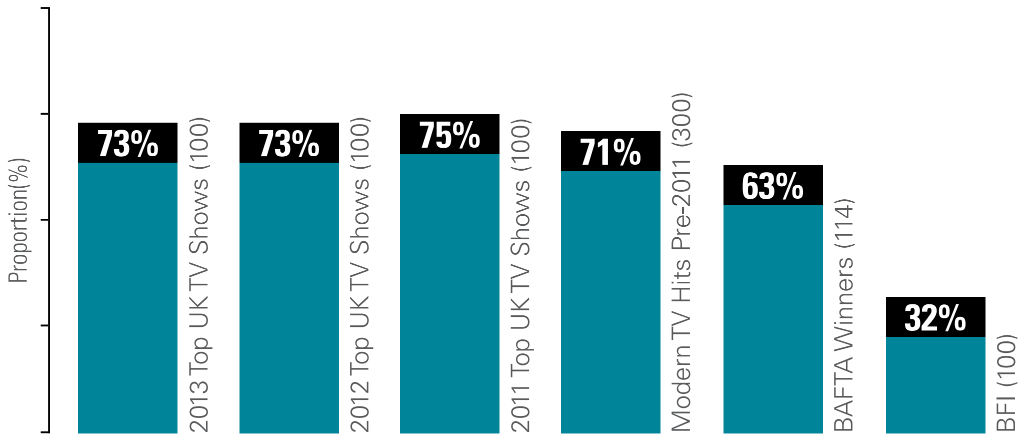
From a list of top 100 UK TV shows in 2013, we found that 73% of TV programmes (current season episodes only) were available on at least one online video distribution service.

In terms of the most popular TV titles from other years, we found that 73% of top TV shows in 2012; 75% of top TV shows in 2011; and 71% of pre-2011 modern TV hits were available online on at least one of the top 25 different online video distribution services we reviewed.

In terms of critically acclaimed film titles – 63% of the BAFTA TV awards winners, and 32% of the British Film Institute's top TV programmes were available on at least one online video distribution service at the end of 2013.[14]

CHART 6

Proportion of the most popular and critically acclaimed TV titles (814 titles) available on at least one UK online video distribution service, as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: Out of a sample of 814 TV titles analyzed, only 276 TV titles were NOT available in part or whole (partial or complete seasons / series) on any of the online video distributors KPMG investigated. In other words, those titles where past seasons or incomplete seasons were available have been counted as being available. 27 of the most recently aired TV shows of 2013 were not available.

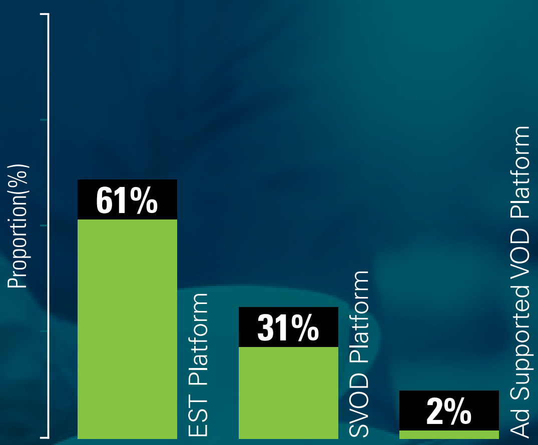
Availability across business models

The highest proportion of the most popular and critically acclaimed TV titles by business model was via the EST platform (61 %). The next highest availability was under the SVOD model, where we found that 31 % of the 814 TV titles were available.

With the exception of just two TV titles out of 814, our findings suggest that digital copies of TV programmes are not widely available via online rental, either as individual episodes or as an entire TV series. The reason for limited availability of TV programmes on an online rental basis appears to be that it is not economical for consumers to rent a single TV episode or TV season when compared to the alternative of buying the TV season via EST.

CHART 7

Proportion of most popular and critically acclaimed TV titles (814 titles) available on at least one of the online video distributors by business model, as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: The sample of 814 most popular and critically acclaimed TV titles was made up of top 100 TV hits of each years 2011, 2012 and 2013 (300 titles); plus 300 top TV hits pre-2011; plus 114 BAFTA TV award winners; plus 100 BFI list of top TV programmes – see Methodology section for further details.

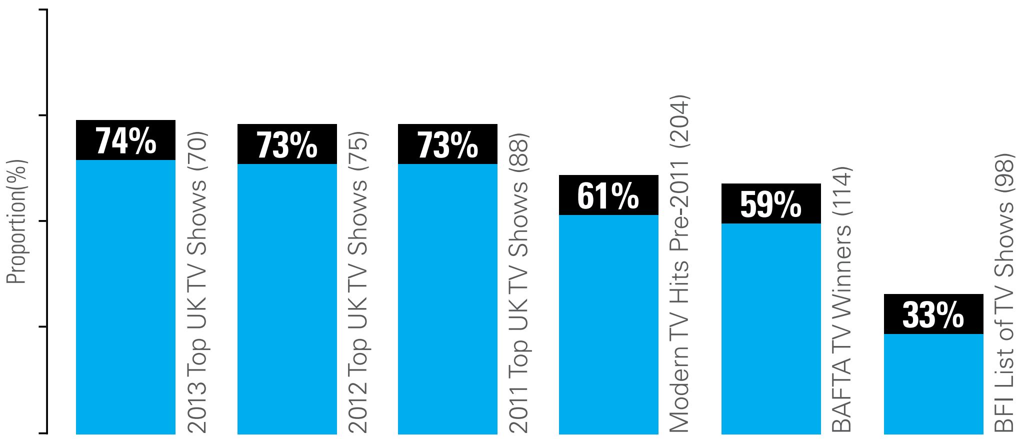
AVAILABILITY OF TV TITLES OF UK ORIGIN

From our selected sample of 814 most popular and critically acclaimed TV titles, 649 were of UK origin.

Of the 649 most popular and critically acclaimed TV titles of UK origin, 61% were available on at least one online video distribution service as at the end of 2013.

CHART 8

Proportion of the most popular and critically acclaimed UK TV titles available on at least one UK online video distribution service, as at December 2013.



Source: KPMG Research & Analysis (December 2013)
Notes: The numbers in brackets depict the number of individual TV titles in the sub-sample. The online availability of all 649 TV titles were reviewed.

04

METHODOLOGY

Our approach

Fieldwork for this report was conducted between October 2013 and March 2014. KPMG undertook primary research, looking up the availability of most popular and critically acclaimed film and TV titles between October and December 2013.

We have not updated our report for events or circumstances arising after those dates.

In preparing our report, we undertook a structured programme of research based on a combination of primary and secondary research. In order to broaden our secondary research, we did not rely on one single source, nor did we report statistics published by any single third party information provider. Our approach was to report KPMG original analysis or KPMG estimates based on multiple sources or consensus trends. All methodologies in producing this underlying data are explained in this section.

The information presented in our report is consistent with other information which was gathered, collated, and synthesised in the course of our research work. We have not, however, sought to establish the reliability of the public domain sources or third party information providers by reference to other evidence.

Our report makes reference to 'KPMG Research & Analysis'; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

Definitions and reference

KPMG researched the supply of legal long-form digital content (film and TV titles) in the audio-visual industries made available by a number of online video distributors under different business models. The description of each of the models is provided below:

Sector		Description	UK Examples
Online Video On Demand	Electronic sell-through (purchase)	Number of titles and transactions through EST platforms where consumers pay for a permanent ownership of a digital copy and/or with unlimited access via a digital locker	iTunes, LoveFilm, Clubcard
	Paid rental online VOD	Number of titles and transactions through paid online VOD platforms where consumers pay for a digital copy to watch within a certain time period on a temporary basis	iTunes, LoveFilm Amazon), Clubcard
	Free Online VOD (Ad Supported)	Number of titles and transactions through free online VOD platforms where consumers can watch content for free (with advertisements)	Clubcard, Crackle
	Subscription VOD	Number of titles and transactions through subscription online VOD platforms where consumers pay a subscription fee to access video content an ongoing manner	Netflix UK, Now TV, Picturebox

There are two other means by which legal long-form digital video content is provided; that which is made available by pay-TV operators and that which is made available by public service broadcasters (PSBs) on a catch-up basis.[15]

This report does not cover on-demand audio-visual content or live streamed TV channels offered in or out of the home by a pay-TV operator or any type of TV channel (free-to-air or multi-channel), on a free online catch-up basis only.

This study also did not include TV programmes, such as House of Cards that are exclusively available on digital platforms, since it is obvious that these titles are available on digital platforms.

Notes: On-demand content accessed through the set-top-box for viewing on the TV set has been excluded from this study. In addition, the online video distribution sectors illustrated above do not include the set-top box based ppv and VOD offerings by the MVPDs to pay-TV subscribers.

Primary research on the availability of most popular and critically acclaimed films

In researching the availability of online film titles in the UK, KPMG compiled lists of most popular film titles as measured by box office success (highest gross box office revenue receipts), and critically acclaimed titles (as defined below). We identified seven sub-samples (see chart below) – a total of 972 individual film titles, and then confirmed the availability of each of these film titles across 27 legal online video distribution services from 16 different online video distributors in the UK. The seven sub-samples of film titles were made up in the following way:

Definitions	Reference
Most popular recent film releases – hits of 2013 (100 titles)	Sample of 100 feature films – top 100 UK box office hits in 2013
Most popular recent film releases – hits of 2012 (100 titles)	Sample of 100 feature films – top 100 UK box office hits in 2012
Most popular recent film releases – hits of 2011 (100 titles)	Sample of 100 feature films – top 100 UK box office hits in 2011
Most popular recent film releases – from the recent past (220 titles)	Sample of 220 feature films – top 20 UK box office hits in each of the years from 2000 to 2010
Most popular recent film releases of all time (300 titles)	Sample of 300 – top 300 UK box office film hits of all time (inflation adjusted box office receipts)
Critically acclaimed films by BAFTA (100 titles)	Sample of 100 films – includes all 100 of BAFTA winners for Best Film and Alexander Korda Award for Best British Film
Critically acclaimed by BFI (52 titles)	Sample of 52 films – includes the British Film Institute's top 50 films (52 titles due to ties)

When KPMG excluded all such films that appeared in more than one sub-sample, KPMG's total sample of unique films was 756.

Notes: Lists of top box office hits in the UK were obtained from Rentrak. KPMG's database of 972 individual film titles and their availability on 27 different online video distribution services includes information on theatrical release dates and Studio / Distributor (Majors and Independents). The numbers in brackets depict the number of individual entities in each sub-sample.

Primary research on the availability of most popular and critically acclaimed TV titles

In determining how widely available online "popular and critically acclaimed" TV titles were in the UK, KPMG compiled lists of most popular TV titles (as measured by TV audience share) and award winning TV programmes/series. We identified six sub-samples – a total of 814 individual TV titles – and then confirmed the availability of each of these TV titles across 14 providers of 25 legal online video distribution services in the UK. The six sub-samples of film titles were made up in the following way:

Definitions	Reference
Top TV programmes on PSBs and multi-channel TV in 2013 (100 titles)	Sample of 100 TV programmes from 2013 – The top 70 (by audience share) on PSB channels and the top 30 (by audience share) on Multichannel TV / digital channels (Excluding reality and news shows – see notes below)
Top TV programmes on PSBs and multi-channel TV in 2012 (100 titles)	Sample of 100 TV programmes from 2012 – The top 70 (by audience share) on PSB channels and the top 30 (by audience share) on Multichannel TV / digital channels (Excluding reality and news shows – see notes below)
Top TV programmes on PSBs and multi-channel TV in 2011 (100 titles)	Sample of 100 TV programmes from 2011 – The top 70 (by audience share) on PSB channels and the top 30 (by audience share) on Multichannel TV / digital channels (Excluding reality and news shows – see notes below)
Modern TV Hits – Pre 2011 (300 titles)	Sample of 300 – top 20 regularly scheduled primetime drama and comedy TV programs / series from 1980 onwards
Critically acclaimed BAFTA drama and comedy TV programmes (114)	Sample of 114 TV programmes – includes 114 Drama and Comedy BAFTA TV winners
Critically acclaimed BFI top TV programmes (100)	Sample of 100 TV programmes – includes British Film Institute's top 100 TV programmes

Notes: Lists of top rated TV programmes in the UK were obtained from BARB ratings / audience share numbers. The top 100 popular TV programmes in the UK in each of the years 2011, 2012, and 2013, exclude reality, Live Ford Football matches on Sky, news TV programmes, quiz, reality shows (TV programmes that do not have a "shelf life" beyond the first airing on UK TV). KPMG's database of 814 individual TV titles and their availability on 25 different online video distribution services includes information on year of first airing.

Checking the availability on online video distributors

The 27 legal online video services from 16 different online video distributors included in our sample are listed below by each of the business models:

Electronic sell-through (EST) (purchase) (8)	Paid online VOD (rental) (11)	Free online VOD (Ad supported((3)	Subscription online VOD (5)
• Clubcard • Google Play • iTunes Store (GB) • Sony Entertainment Network • YouTube • Xbox Video • Wuaki • KnowHow	• Clubcard • Film4oD • Google Play • iTunes Store (GB) • Sky Store • Sony Entertainment Network • Virgin Media Movies • YouTube • Xbox Video • Wuaki • KnowHow	• Clubcard • Crackle • Crunchyroll	• LoveFilm (Amazon) • Netflix UK • NOW TV (B SkyB) • Picturebox • Wuaki

Notes: Clubcard and Crackle no longer in operation. 14 distributors provided 25 different online platforms for TV titles. 16 distributors provided 27 different online platforms for Films. Three online platforms offered film titles only. They were Film4oD (rental), SkyStore (rental), and Picturebox (SVOD). Virgin Media offered TV series on an SVOD basis, but not films on an SVOD basis. Furthermore, Virgin Media offers Films on a Transactional rental basis, but not TV Series on a transactional rental basis Amazon did not offer Transactional EST / Rental in the UK in Oct – Dec 2013 at the time of our research. The service had been discontinued. Amazon owns LoveFilm and through LoveFilm offered films and TV via SVOD. The numbers in brackets depict the number of individual entities.

Secondary research on the availability of film and TV titles via online VOD

To broaden our secondary research, a number of information sources were used to gather data and information about historic trends in online VOD services; and the quantity of video content in terms of the number of film and TV titles.

The data and information we used in this report was not from one single source. We do not report statistics published by any single third party information provider. Our approach was to corroborate data and information and report KPMG research & analysis or KPMG estimates based on multiple sources or consensus trends. All methodologies are explained in this section of the report.

Our report makes reference to "KPMG Research & Analysis"; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented. We do not accept responsibility for the underlying data.

05

GLOSSARY

Ad-Supported Video on Demand
A media distribution business model that provides online access to video content free-of-charge in return for viewers seeing intermittent advertisements as they stream content.

Authentication
A process used by rights holders and pay TV Operators to verify a pay TV user's credentials (via user accounts, unique customer IDs, etc) before allowing access to long-form video content through connected devices.

BARB
Broadcasters Audience Research Board, a pan-industry body that measures television viewing in the UK. The organisation is jointly owned by the BBC, the TP companies, channel4, Five, BSkyB and Institute of Practitioners in Advertising.

Box Office
Total value of ticket sales for a film screened commercially at cinemas.

Catch-up content
TV content that has already been aired on a TV network at an earlier date.

Connected Devices
Devices with in-built connections to the Internet that enable users to access content or information. These devices usually augment traditional forms of content delivery. Examples include smartphones, tablets, gaming consoles and TV.

Electronic Sell-Through (EST)
A media distribution business model where the user pays a one-time fee to download a piece of digital content for permanent storage and viewing, not rented.

Free to Air channels
Channels that broadcast content that can be watched or listened to without having to pay a subscription

In-Home viewing
The phenomenon of allowing users to stream video content to connected devices within their own homes using the same Wi-Fi network that connects the pay TV operator's set-top-box.

Independent Film
A film initially produced without financing or distribution from a major movie studio (i.e., not backed by one of the major film studios with the total budget not exceeding $20 million). Also the film should be produced or majority co-produced by a British company OR receive at least 51% of its budget from a British source or sources OR qualify as a British Film under the DCMS guidelines AND includes sufficient creative elements from the UK.

Linear Programming
Traditional TV programming where the user watches content as per a fixed schedule and has no control over the content being shown, other than being able to change channels and adjust the volume and display settings.

Live Online Streaming
The streaming of video content through the Internet at the same time that the content is being aired on TV.

Long-form Audio-visual Content
Audio-visual content that runs over a specific duration (typically over 20–30 minutes) such as a full-length movie or a full episode of a TV show. Excludes trailers, short clips, and user-generated content.

Multichannel
The provision or receipt of television services other than the main five channels (BBC One and Two, ITV, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband.

Out-of-Home Viewing
The phenomenon of allowing users to stream video content to connected mobile devices from outside their homes, using any Wi-Fi network or cellular network (in some cases, out of home viewing is possible only on specific cellular networks, depending on the arrangements between the pay TV operators and the cellular operators).

Online Rental
A media distribution business model that allows users to rent a digital copy of a movie/TV show through the Internet and view it. The content is available on the users' device for playback within a stipulated period after purchase and expires after a stipulated period from the time playback begins.

Pay-per-view
A service offering single viewings of a specific film, programme or event, provided to consumers for a one-time fee.

Pay-TV channels
Subscription-based television channels delivered through cable, satellite or fibre.

Pay TV Operators
Cable, satellite, or telco operators retailing pay-TV video services to UK households.

Public service broadcasters
Public service broadcasting, or public service broadcaster. The Communications Act in the UK defines the PSBs as including the BBC, ITV (including GMTV1), Channel 4, Five and S4C.

Second Screen
A phenomenon that allows users to supplement traditional consumption of video content (on the television) by allowing them to stream such content over the Internet onto a connected device such as a laptop, smartphone, tablet, gaming console, etc.

Subscription Video on Demand (SVOD)
A media distribution business model that requires users to sign-up with a monthly fee to access a certain amount of video content online. Examples include Netflix, Hulu Plus, Amazon Prime Instant Video etc.

Transactional Video on Demand
A video-on-demand business model that allows users to access video content (movie/TV shows) only after making a one-time payment. After paying the one-time fee, users can either be allowed to own the piece of content permanently (EST) or view it on a temporary basis (online rental).

Qualifying film
A film that is given an official British status, by the British Film Institute, for the purposes of receiving tax relief if it passes a "cultural test" or is a co-production between the UK and another approved country. The cultural test contains 15 criteria, from having the dialogue in the English language and being set in the UK to using British locations, director, cast, writer, composer and producer. A film must score 16 points out of a possible 31 to pass.

UK co-productions
Film and television projects produced in accordance with treaties or other formal agreements between the UK and other countries.

Video on Demand (VOD)
A service that allows users to view video content at their convenience. Unlike traditional linear programming, users can pause, rewind and fast-forward content to suit their preferences. VOD services can be accessed through the traditional set-top-box for viewing on the TV set, or through the Internet for viewing on a wide array of connected devices.

06

FOOTNOTES

1. Qualifying films are those when the British Film Institute (BFI) gives a film official British status for the purposes of receiving tax relief if it passes a "cultural test" or is a co-production between the UK and another approved country. The cultural test contains 15 criteria, from having the dialogue in the English language and being set in the UK to using British locations, director, cast, writer, composer and producer. A film must score 16 points out of a possible 31 to pass. UK Independent films are defined by BFI as a film initially produced without financing or distribution from a major movie studio. UK co-productions are UK films whose productions are structured as international co-productions. To be eligible for the category of British Film for the BAFTA award, BAFTA rules say that, unless there are exceptional circumstances, a film must "have significant British creative involvement" and be certified as British by the BFI (in other words be a 'UK qualifying film').
2. Films can qualify as British by meeting one of three requirements (being classified under one of the following three categories): (i) the 'cultural test' for film (ii) one of the UK's official bilateral co-production agreements (iii) The European Convention on Cinematographic Co-production.
3. List of highest grossing films at the UK box office from 1991 to the end of 2013 were supplied by Rentrak. KPMG adjusted for inflation to produce the top 300 of all time, taking account of inflation.
4. TV title is defined as the whole season of a TV series, or an individual TV program when only one TV show is made.
5. The BAFTA TV awards winners included were TV Drama series (1974-2013), Drama serial (1992-2011), Comedy series, situation comedy, or comedy programme (1974-2013).
6. Most popular film and TV titles are based on highest gross box office receipts for films and highest TV audience shares for TV shows. Our study did not include TV shows which were exclusively available digitally. (e.g., Netflix Originals such as House of Cards). See methodology section for further explanation. Critically acclaimed film and TV titles are based on award winning films (British Academy of Films and Television Arts (BAFTA) 'best film' and Alexander Korda award for best British film winners) and award winning TV shows (BAFTA winning TV shows). Our study did not include TV shows that were exclusively available digitally. (e.g., Netflix Originals such as House of Cards). See methodology section for further explanation.
7. Two legal online video services make film titles available, but not TV titles.
8. Free online audio-visual content includes that which is consumed within a certain amount of time as part of on-demand catch-up from the public service broadcasters (BBC1, BBC2, ITV, Channel 4 and Five). It also includes the on-demand audio visual content or live streaming TV channels provided by the pay TV channels (multichannels) or the pay-TV operators. The online audio-visual content that is provided by the pay-TV operators is 'free' to their TV subscribers, mirroring viewers' pay-TV linear TV subscriptions.
9. £15 subscription per month is for Sky Movies and Sky Sports (live streaming sports matches).
10. The Observer newspaper 15 February 2014.
11. The 100 BAFTA award winners for best film and Alexander Korda award winners for best British film were from 1948 to 2013.
12. British Film Institute definitions of 'qualifying films' are those that may qualify as British films to claim film tax relief during production. Films can qualify as British in one of three ways. They must meet the requirements of one of the following: The cultural test for film or one of the UK's official bilateral co-production

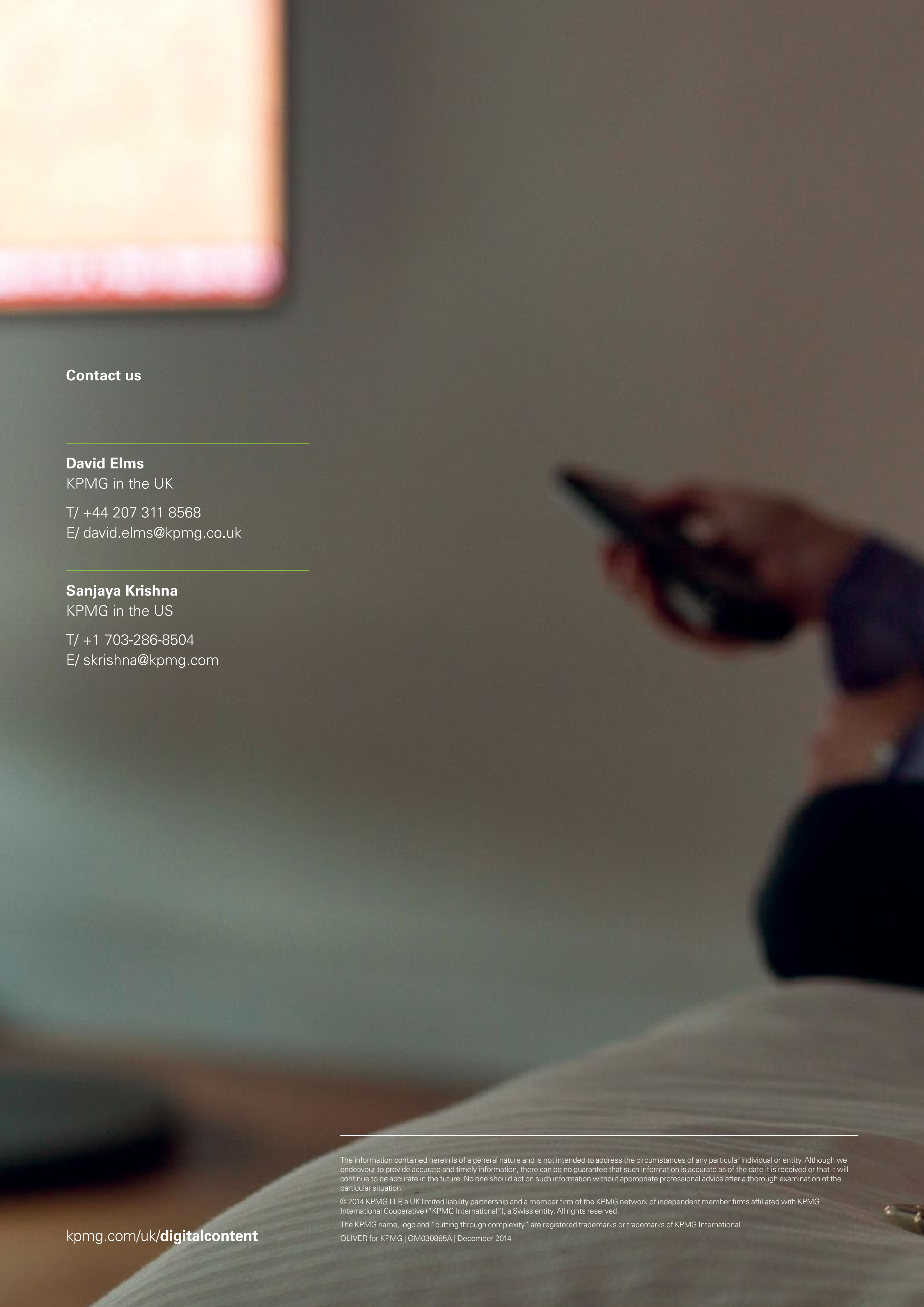
agreements or The European Convention on Cinematographic Co-production. See http://www.bfi.org.uk/film-industry/british-certification-tax-relief/cultural-test-film. UK Independent films are defined by BFI as a film initially produced without financing or distribution from a major movie studio.

13. List of highest grossing films at the UK box office from 1991 to the end of 2013 were supplied by Rentrak. KPMG adjusted for inflation to produce the top 300 of all time, taking account of inflation.

14. TV title is defined as the whole season of a TV series or TV program when only one TV show is made.

15. The BAFTA TV awards winners included were TV Drama series (1974-2013), Drama serial (1992-2011), Comedy series, situation comedy, or comedy programme (1974-2013).

16. The two other means by which legal long-form digital video content is provided are (i) on-demand video content or live streaming TV channel, offered in or out of the home by a pay-TV operator (ii) any type of TV channel (free-to-air or pay), on a free online catch-up basis only. Free online audio-visual content includes that which is consumed within a certain amount of time as part of on-demand catch-up from the public service broadcasters (BBC1, BBC2, ITV, Channel 4 and Five). It also includes the on-demand audio visual content or live streaming TV channels provided by the pay TV channels (multichannels) or the pay-TV operators. The online audio-visual content that is provided by the pay-TV operators is 'free' to their TV subscribers, mirroring viewers' pay-TV linear TV subscriptions. There are variations in the terms of trade between UK independent producers and individual TV channels, but the general rule is that free-to-air TV channels can hold back digital VOD rights for 30 days after initial transmission to use on their catch-up services. Therefore, at the time of this study, on demand audio-visual content includes that which is consumed within 30 days as part of the commercial free-to-air TV channels' on-demand catch-up service and 7 days as part of BBC iPlayer's on-demand catch-up service.



Contact us

David Elms
KPMG in the UK

T/ +44 207 311 8568
E/ david.elms@kpmg.co.uk

Sanjaya Krishna
KPMG in the US

T/ +1 703-286-8504
E/ skrishna@kpmg.com

OLIVER for KPMG | OM030885A | December 2014

kpmg.com/uk/**digitalcontent**