

Firms and Markets

Worldwide Television Market Markets and data (20th edition) (*)

Florence LE BORGNE-BACHSCHMIDT & Marc LEIBA
IDATE, Montpellier, France

Change in television revenue

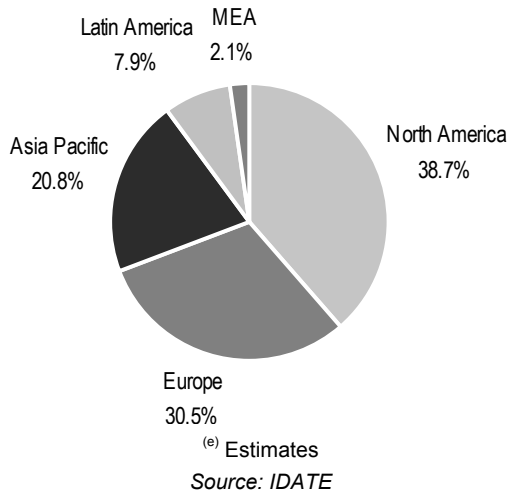
We estimates that the worldwide television market in 2009 was 268.9 billion EUR, declining 1.2% compared to 2008. In effect, the industry did not escape the consequences of the global economic crisis; the crisis particularly affected television advertising revenue. Nevertheless, we predict that the market will exceed its 2008 level in 2010.

The United States remains the largest television market in the world with turnover of more than 100 billion EUR in 2009, declining 2% in a year. The importance of the North American region in the worldwide market is trending downward, going from 39% in 2006 to 38.7% in 2009; it should continue to lose a few tenths of percent in the years to come. The second largest regional market, Europe had a turnover of 82 billion EUR in 2009, a decrease of 2.4% compared to 2008. The importance of the European market in the worldwide market also showed slow erosion, going from 31.7% in 2006 to 30.5% in 2009. The United Kingdom, Germany and France attracted the most market growth and between them account for 44% of the region's revenues. Asia/Pacific recorded growth in its TV market on the order

(*) This paper is a summary of a market report published by IDATE in the framework of its DigiWorld catalogue. For more information, see: www.idate.org

of 0.3%. Its market share grew by 0.3 points and regained its 2007 level, at 20.8%. The heavyweights in the region, Japan, India and China experienced varied results. As a mature market, Japan showed a decrease of more than 5% while the Chinese and Indian emerging markets grew 6.2% and 9.5% respectively. Latin America displayed the greatest growth in its TV market, with an increase of nearly 5%. Its market share in the worldwide market is still small (7.9%), but it is growing consistently (6% in 2006). Brazil is the largest market in Latin American TV and alone makes up more than 45% of the market. The smallest regional market, Africa/Middle East declined by more than 6%. Its market share has stagnated at 2.1%.

Figure 1 - Distribution of worldwide TV revenue in 2009 ^(e)



The worldwide television market was, in 2009, primarily affected by the decline in advertising revenue of 9.2%, which could not be compensated for by paid television or public funding; these two sources of revenue increased 7.2% and 3.5% respectively.

Up until 2008, advertising was by far the primary means of funding for the industry, generating about 50% of the sector's revenue, compared to 40% for paid television and 10% for public funding. In 2009, the weight of advertising and subscriptions each accounted for about 45% of the sector's revenue. By 2010, revenue from paid television should exceed overall advertising revenue worldwide, reaching a ratio of approximately 47%/44% by 2013.

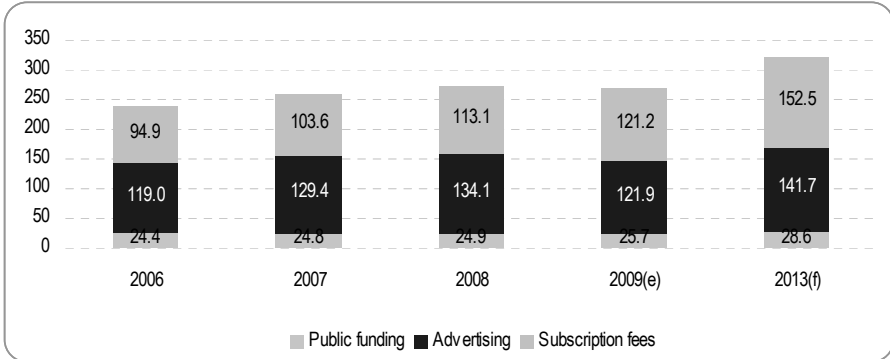
Table 1 - Change in worldwide TV revenue by region, 2006-2013 (billion EUR)

	2006	2007	2008	2009 ^(e)	2013 ^(f)
North America	92.9	101.1	106.1	104.1	120.4
USA	89.3	97.4	102.2	100.2	115.9
Europe	75.5	80.8	84.1	82.0	97.5
United Kingdom	12.3	12.9	13.0	12.8	14.4
Germany	12.6	12.7	12.7	12.5	14.1
France	9.4	10.2	10.7	10.9	12.8
Asia-Pacific	51.2	53.5	55.8	56.0	68.0
Japan	25.3	25.5	25.2	23.9	26.5
China	6.9	7.7	8.7	9.2	11.3
India	3.6	4.0	4.7	5.2	6.9
Latin America	14.3	16.7	20.2	21.1	28.2
Brazil	6.1	7.0	8.8	9.6	14.1
MEA	4.4	5.6	6.0	5.7	8.8
Total	238.3	257.9	272.1	268.9	322.9

^(e) Estimates ^(f) Forecasts

Source: IDATE

Figure 2 - Change in worldwide TV revenue by type of funding, 2006-2013 (billion EUR)



^(e) Estimates ^(f) Forecasts

Source: IDATE

Advertising revenue by media

Table 2 - Change in worldwide TV advertising revenue by media, 2006-2013 (billion EUR)

	2006	2007	2008	2009 (e)	2013 (f)
TV advertising	119.0	129.4	134.1	121.9	141.7
Radio advertising	25.2	26.2	25.1	21.7	22.6
Press advertising	127.4	130.5	124.2	106.8	110.2
Internet advertising	22.9	30.1	35.1	38.3	68.2
<i>TV advertising/total advertising</i>	<i>40.4%</i>	<i>40.9%</i>	<i>42.1%</i>	<i>42.2%</i>	<i>41.4%</i>
Total	294.5	316.2	318.5	288.7	342.7

(e) Estimates (f) Forecasts

Source: IDATE according to Zenith Optimedia

As a result of the global economic crisis, advertising investment for all media combined declined by 9.4% in 2009. Television, the primary media invested in, showed a decline in advertising revenue of 9.1%. Despite this, the importance of television in the advertising market (all media combined) remained stable at 42.2%. Newspapers and radio recorded the deepest declines in advertising investment on a worldwide basis, with declines of 14.1% and 13.6% respectively. During the period of 2006-2009, the importance of newspapers in the worldwide advertising market went from 43.3% to 37% while that of radio went from 8.6% to 7.5%. In contrast, the Internet continued to attract increasing amounts of advertising investment, with an increase in spending greater than 9% for a market share in the worldwide advertising market of more than 13% compared to 11% in 2008.

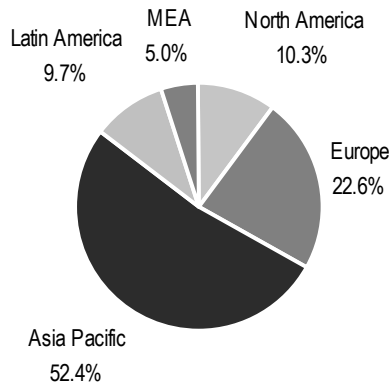
TV reception mode

In 2009, the worldwide television market included 1,217.2 million households with at least one television, an annual increase of 1%. Asia/Pacific remains by far the region with the largest number of TV households. With 637.3 million equipped households, of which 63% are located in China, the region constituted more than 52% of all TV households in 2009. It was followed by Europe (22.6% of TV households), North American (10.3%), Latin America (9.7%) and MEA (5%).

Historically, terrestrial television has been the most widely used reception mode around the world. In 2009, 478 million household worldwide had access, on their primary TV, to television from the terrestrial network, or

more than 39% of all TV households. Nevertheless, this reception mode is in the process of chronic decline, in both absolute value as well as relative value. Actually, the terrestrial network lost 5.2% of TV households between 2006 and 2009, while its relative share went from 44% in 2006 to 39.3% in 2009. Terrestrial television could be dethroned by cable by 2011. Note, however, that terrestrial television currently remains the preferred access mode on secondary household television sets.

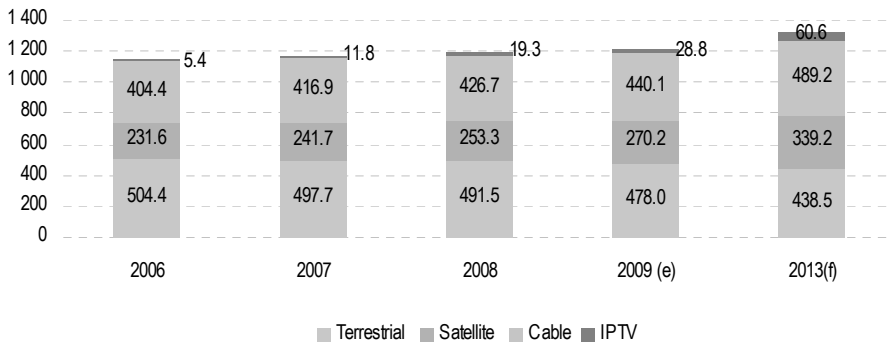
Figure 3 - Distribution of TV households worldwide by region in 2009 ^(e)



^(e) estimates

Source: IDATE

Table 3 - Change in worldwide TV reception modes, 2006-2013 (millions of TV households)



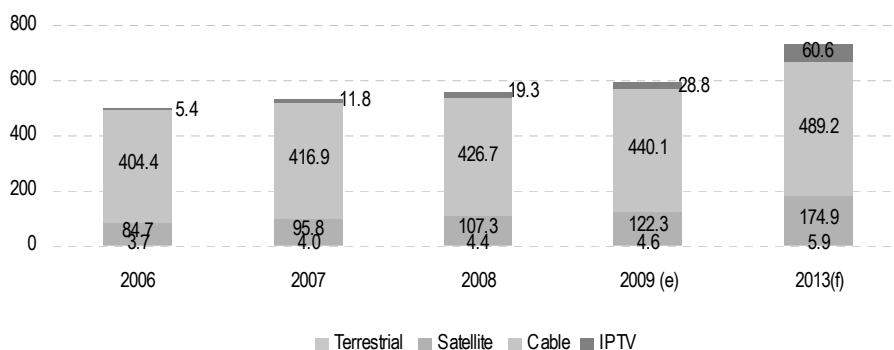
^(e) Estimates ^(f) Forecasts

Source: IDATE

Cable is the second place television reception mode worldwide with more than 440 million TV households, an increase of 3.3%, resulting in market share of more than 36% in 2009. In mature TV markets, cable has achieved high penetration rates but is nearly at saturation. In Europe in 2009, cable included 31% of TV households but only grew 0.9% this year. In North America, cable is still by far the primary TV reception mode (55.5% of connected households) but it has already started a phase of decline, by 1.4% compared to 2008. The third place television reception mode worldwide, satellite was the solution selected in 2008 by 22.2% of TV households. Unlike cable, expansion of satellite is not endangered by saturation, and actually has helped launch new bouquets in some regions (Poland, Russia, Nigeria). In addition, the expansion of prepaid digital offers also resulted in growth from households that have access to satellite as primary TV reception mode. In 2009, IPTV had only been adopted as a primary television reception mode by 2.4% of TV households worldwide. However, this reception mode logically experienced the highest growth, with an annual increase of 48% and a five-fold increase between 2006 and 2009. Even in 2009, the strongest penetration of IPTV was in Europe (4.7%), followed by North America (4.3%), which is expected to become the primary market worldwide for IPTV in 2010. As for penetration rate, France is the leading national market worldwide with a penetration rate of 14.4% for 2009.

Subscription television market

Table 4 - Households subscribing to a TV offer by type of reception worldwide, 2006-2013 (millions of households)



(e) Estimates (f) Forecasts

Source: IDATE

In 2009, the worldwide market for paid television included 596 million subscriber households, an annual increase of 6.8%. With more than 440 million households, cable accounted for most of the subscriptions. Nevertheless, its importance in the Pay TV market is trending downward. Actually, cable represented more than 81.2% of subscribers in 2006 compared to 74% in 2009. In contrast, satellite has increased its relative share as this mode of reception went from 17% of all subscriptions in 2006 to 20.5% in 2009. During the same period, IPTV gained 23.5 million households and its relative share grew from 3.7 point to 4.8%. Finally, terrestrial television grew from 3.7 million subscriber households in 2006 to 4.6 million in 2009, or less than 1% of all subscriptions. The growth in absolute value for paid terrestrial television can be explained by the expansion of DTT offers in Europe, such as in the United Kingdom, France and Italy and even in Scandinavia.

Table 5 - Households subscribed to a TV offer by region, 2006-2013
(millions of TV households)

	2006	2007	2008	2009 ^(e)	2013 ^(f)
North America	105.3	107.4	108.6	111.4	117.9
USA	95.2	96.9	97.9	100.5	106.2
Europe	120.3	129.6	139.2	150.8	177.3
Germany	25.5	24.5	24.3	24.7	27.5
United Kingdom	11.6	12.2	12.7	13.1	14.6
France	12.6	13.2	13.9	14.9	16.3
Asia-Pacific	244.2	259.8	274.5	293.9	380.6
Japan	24.4	25.9	27.1	28.0	31.9
China	140.6	151.8	162.8	173.1	206.3
India	72.4	81.8	94.3	105.3	136.0
Latin America	21.8	24.5	27.2	30.3	40.3
Brazil	4.6	5.3	6.3	7.7	12.2
MEA	6.4	7.2	8.1	9.3	14.5
Total	498.1	528.5	557.7	595.7	730.7

^(e) Estimates ^(f) Forecasts

Source: IDATE

In 2009, 294 million households (or more than 49% of TV households) subscribed to a paid television offer worldwide were located in Asia/Pacific. Europe was the second largest region accounting for the largest number of subscriber households (25.3%) followed by North America (18.7%), Latin America (5.1%) and the MEA region (1.6%).

During the period of 2006-2009, the MEA and Latin America recorded the strongest growth, with an increase of 44.4% and 38.7% of subscriber households respectively. In the more mature markets of Europe and North America, subscriber households grew at an average annual growth rate of 7.8% and 1.9% respectively. In Asia/Pacific, subscriber households increased by more than 20% between 2006 and 2009.

Digital television

Table 6 - Worldwide digital TV households, by region, 2006-2013
(millions of TV households)

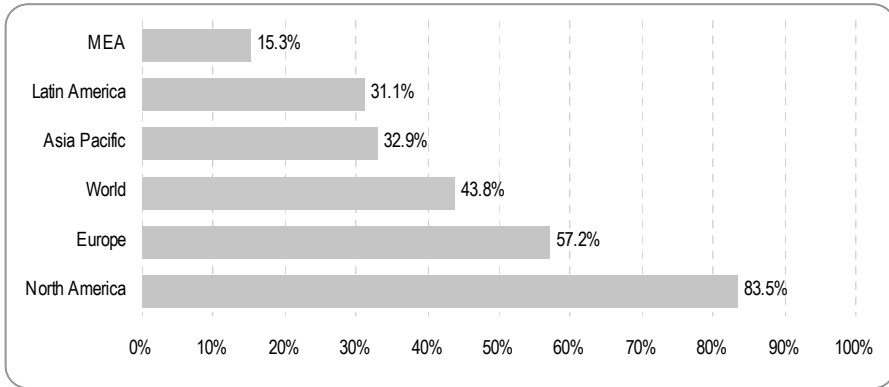
	2006	2007	2008	2009 ^(e)	2013 ^(f)
North America	73.2	84.1	96.2	105.0	119.4
USA	68.4	78.3	89.6	97.4	107.5
Europe	83.5	109.1	131.7	157.5	224.8
Germany	8.9	12.1	13.9	16.4	28.1
United Kingdom	19.8	21.8	22.7	23.6	26.2
France	13.0	15.8	18.4	21.4	24.7
Asia-Pacific	103.9	134.3	168.5	209.5	398.7
Japan	24.0	28.2	31.2	34.3	45.4
China	13.4	32.5	55.6	97.9	242.7
India	6.8	11.4	20.8	29.4	70.3
Latin America	21.7	26.0	30.4	36.8	63.5
Brazil	13.2	14.9	17.0	20.0	34.2
MEA	20.1	21.4	23.0	24.7	33.0
Total	302.4	374.9	449.8	533.4	839.4

^(e) Estimates ^(f) Forecasts

Source: IDATE

The number of digital TV households increased, in 2009, to 533.4 million, an annual increase of 18.6%. In all, nearly 44% of all TV households on the planet received digital quality television, compared to 43.5% in 2006.

North America, where terrestrial analogue broadcasting ended in 2009, is the leading region for digital TV with 83.5% of TV households. Europe is the second largest region in terms of digital TV penetration with a rate of 57.2%, and the United Kingdom has the highest penetration rate in the world (91.4%).

Figure 4 - Penetration of digital television worldwide, by region, in 2009 ^(e)

(e) Estimates (f) Forecasts

Source: IDATE

On a global level, the TV household digitization rate has increased to 43.8%; Asia/Pacific (32.9%), Latin America (31.1%) and MEA (15.3%) remain below this level.

The digitization of TV households is growing based on several factors:

- the end of analogue signal broadcasting in some countries such as the United States, Denmark, and even Norway;
- the increase in terrestrial digital network coverage rates in various national regions;
- the success of multiplay offers provided by television over ADSL, essentially in digital quality;
- the launch of new satellite bouquets and new prepaid offers, both allowing reception of digital programmes.

Finally, the rate of satellite's digitization in 2009 reached 94% compared to 38% for cable and 18% for terrestrial. The networks' digitization is an essential element in the cable operators' strategy, especially in markets where cable penetration is nearing saturation. As a result, in Japan, the price of an analogue quality cable subscription could prove to be higher than a digital subscription with an expanded list of channels. The objective is to motivate subscribers to migrate to digital service, opening the way to other value added services, such as HD reception or digital hard drives.