

IPTV Q4 2010 Short Report

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Introduction

The number of IPTV subscribers worldwide increased by over a third during 2010. At year end the total number of IPTV subscribers stood at almost 45.4 million. That is an increase of 34.6% over the course 2010, or just under 8% during the quarter.

Global and Regional

During the year, IPTV subscriber numbers grew in every region.

Latin America saw the strongest growth, at 84%, although from a relatively low starting total. Western Europe, which includes some maturing IPTV territories like France and Belgium, saw a lower growth rate of 22.6%. The South and East Asia region, which includes China, grew by over 61% during 2010, primarily reflecting strong growth in China.

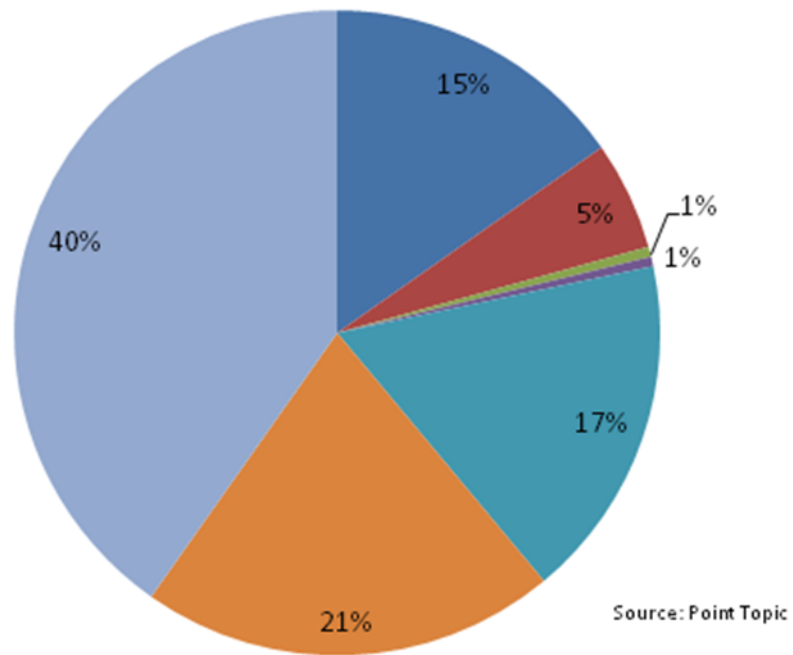
IPTV subscriber numbers by region, 2009-2010

	2009Q4	2010Q4	% increase
Asia-Pacific	4,978,200	6,918,767	38.98
Eastern Europe	1,707,438	2,470,282	44.68
Latin America	123,871	228,211	84.23
Middle East and Africa	133,652	218,500	63.48
North America	6,010,351	7,834,267	30.35
South and East Asia	5,859,000	9,447,000	61.24
Western Europe	14,879,057	18,247,400	22.64
Global total	33,691,569	45,364,427	

Western Europe remains the largest IPTV market, with just over 40% of subscribers. This share is declining (down from 46% in Q2 2010) as growth accelerates in other regions, especially in Asia.

Regional IPTV market share - Q4 2010

- Asia-Pacific
- Eastern Europe
- Latin America
- Middle East and Africa
- North America
- South and East Asia
- Western Europe

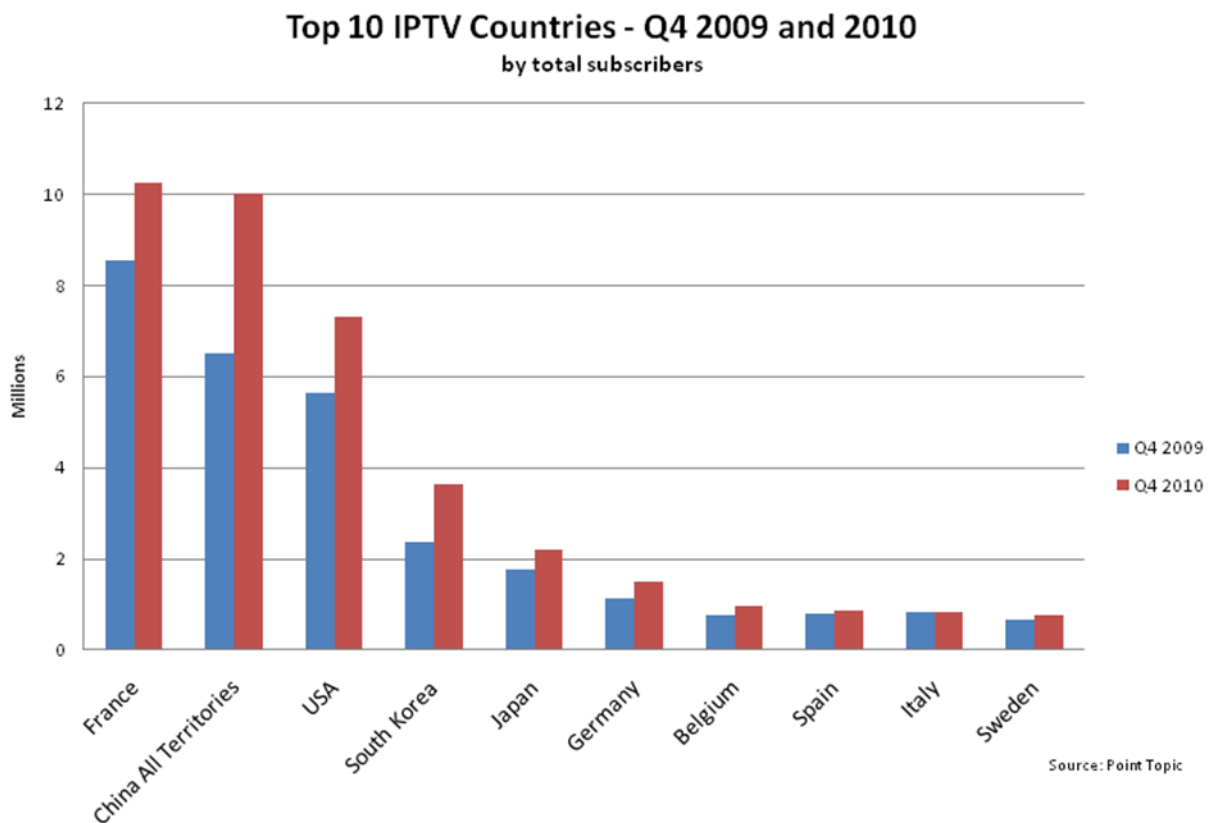


Leading IPTV countries

Subscriber numbers

6 of the top 10 IPTV countries are in Western Europe, which reflects early European roll-out dates and competitive pay-TV markets.

France remains the leading IPTV nation, passing the 10 million mark for the first time. In large part this is down to the energy of new entrant broadband operators in France, especially Free. During the 2000s, these operators re-shaped customer expectations around a low-cost triple play offering of broadband, VoIP and IPTV. In this high-volume business model, margins on the basic service are low, and the standard IPTV service is almost a 'free' add-on to broadband. But the operator is able to add value incrementally with hardware and software upgrades, and by increasing the menu of available content (free and premium).



Including Hong Kong, Macau and Taiwan in the total for China means that China has also passed 10 million, and is closing the gap on France. China could overtake France in Q1 or Q2 2011

Italy remains in the top 10, even though Telecom Italia reported a 3.7% quarterly reduction in IPTV subscribers. This reflects the strong start Italy has made in IPTV, due in considerable part to the lack of a cable TV industry in Italy.

Leading IPTV Countries, 2009 – 2010

Region	Country	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	% growth in year
Western Europe	France	8,555,000	9,018,305	9,400,750	9,814,640	10,255,000	19.87
South and East Asia	China All Territories	6,526,000	7,002,000	8,178,000	9,078,000	10,002,000	53.26
North America	USA	5,641,000	6,071,898	6,485,374	,839,053	7,301,800	29.44
Asia-Pacific	South Korea	2,370,219	2,576,663	2,909,136	3,205,026	3,645,650	53.81
Asia-Pacific	Japan	1,774,981	1,861,127	1,960,743	2,081,457	2,213,117	24.68
Western Europe	Germany	1,121,000	1,216,400	1,304,200	1,387,500	1,513,200	34.99
Western Europe	Belgium	752,000	814,000	868,000	920,000	975,000	29.65
Western Europe	Spain	798,757	824,520	832,116	845,400	858,200	7.44
Western Europe	Italy	826,000	825,000	824,514	831,000	819,000	-0.85
Western Europe	Sweden	654,000	692,000	715,000	739,500	770,000	17.74

Growth rates

Looking at rates of growth, we see many of the same countries as above.

China added over twice as many IPTV subscribers as France, to top the absolute growth list. Although part of this market (in Hong Kong) is nearing saturation, there is tremendous scope for growth in the rest of the country.

Poland added almost 189,000 IPTV subscribers during 2010. Main operator TPsa says it has IPTV penetration of almost 24% of its broadband lines. This has helped to contribute to a growth rate of 44% in Eastern Europe.

IPTV growth rates by country – Top 10 2009-2010

Region	Country	2009Q4	2010Q3	2010Q4	Q growth	Y growth	% growth Qr	%growth Yr
South and East Asia	China All Territories	6,526,000	9,078,000	10,002,000	924,000	3,476,000	10.2	53.3
Western Europe	France	8,555,000	9,814,640	10,255,000	440,360	1,700,000	4.5	19.9
North America	USA	5,641,000	6,839,053	7,301,800	462,747	1,660,800	6.8	29.4
Asia-Pacific	South Korea	2,370,219	3,205,026	3,645,650	440,624	1,275,431	13.7	53.8
Asia-Pacific	Japan	1,774,981	2,081,457	2,213,117	131,660	438,136	6.3	24.7
Western Europe	Germany	1,121,000	1,387,500	1,513,200	125,700	392,200	9.1	35.0
Western Europe	Netherlands	415,000	620,000	715,000	95,000	300,000	15.3	72.3
Western Europe	Belgium	752,000	920,000	975,000	55,000	223,000	6.0	29.7
Western Europe	Switzerland	230,000	358,000	421,000	63,000	191,000	17.6	83.0
Eastern Europe	Poland	399,071	535,337	588,000	52,663	188,929	9.8	47.3

Conclusion

These numbers show that there is considerable public appetite for IPTV services. That could be because IPTV is available to subscribers who cannot receive – or don't want – cable or satellite. But in many cases it is because, as in France and Belgium, operators have been able to offer an entry-level multi-channel TV package, including catch-up TV, at a low cost to consumers. Many customers then go on to buy more premium services, such as sports channels or movies on demand. Subscriber growth is important, but the lesson from more mature IPTV markets is that ARPU growth is also achievable.

China still has lots of room for growth. A significant proportion (we estimate over 50% of subscribers) are in Shanghai and 2 other provinces. As other parts of the China Telecom network improve, there could be more IPTV hot-spots, although this will depend on the local cable markets in some cities.

For telecoms operators, IPTV remains the key defensive play to protect against losing customers to cable and satellite/unbundling triple play offerings. And it is the key offensive play to attract customers who are currently using cable or satellite packages. As televisions become increasingly Internet-connected, this could be a very useful area of expertise for telcos.

Point Topic currently tracks 98 IPTV providers in 50 territories, with more added to the database as services launch.

The data used in this short report is taken from Point Topic's **Global Broadband Statistics** service. Users of the service have access to the full 25-page version of the report as well as access to an interactive database containing current and 98 IPTV providers in 50 territories, with more added to the database as services launch historical broadband subscriber numbers for 400 operators from 100+ countries and . Please contact Toby French on +44 (0)20 3301 3308 or e-mail toby.french@point-topic.com for more information.