

What Is It?

- Broadband video is the distribution of video content in the form of a data stream or file download, via the public internet - compared to IPTV, which delivers broadcast and on-demand television to set-top boxes connected to TV sets.
- Broadband video is generally offered on a download and streamed basis, often delivered using peer-to-peer technology. Broadband video tends to be found by searching on a website or portal, with content generally uploaded by anyone, anywhere, on an open access basis.

Current Market

- Broadband video can be viewed by any one of the 298 million global homes with a broadband connection. In the US, 16% of internet households watch TV broadcasts online according to TNS and The Conference Board.
- The continuing growth of broadband video is driven by the huge success of video sharing websites such as YouTube and social networks such as MySpace. In addition, there are catch-up services such as the BBC iPlayer - which the BBC expects will reach 68% of broadband households in the UK by 2011. The BBC iPlayer is predicted to account for nearly 12% of all BBC viewing by this time. Together with ITV and Channel 4, the BBC is also developing Kangaroo; a commercial service aimed at providing a web-based platform for all their on-demand TV content
- Broadband video services fall into three different 'flows' of content: from content owner (such as a broadcaster or sports rights owner) to consumer, from aggregator (such as online retailer, or megastore, offering content for sale; or a marketplace, where content for sale can be uploaded by rights owners as well as purchased by consumers; and an online platform, which hosts and distributes content for partners) to consumer and from consumer to consumer via social networks and video-sharing websites.

Content Flow	Service Model	Examples	Business Model
Content owner to consumer	Catch-up TV	BBC iPlayer, ITV.com, 4oD	Licence fee, advertising, subscription
	Rights owner	Setanta by Broadband	Advertising, subscription, PPV
Aggregator to consumer	Megastore	Apple iTunes, JumpTV	Advertising, subscription, PPV
	Marketplace	Jalipo	Subscription, PPV
	Online Platform	Joost, Babelgum, Brightcove, Blinkx, Zattoo	Advertising, subscription, PPV
Consumer to consumer	Social network	MySpace, Bebo	Advertising
	Video-sharing site	YouTube	Advertising

Source: Lovelace Consulting, November 2007

Impact On Advertising

- High engagement levels, combined with internet tracking and targeting capabilities make broadband video a highly accountable method for brand advertisers to sway target audiences.
- comScore analysis of TV and online video viewing habits revealed that the internet's primetime is between 5pm and 8pm on weekdays and segues neatly into the standard TV primetime schedule of 8pm to 11pm, offering marketers an opportunity to tailor their messages accordingly. Marketers have the opportunity to leverage broadband video in conjunction with traditional TV buying and essentially double their primetime commercial airtime, according to comScore.
- Nielsen Research suggests that traditional television ratings are minimally affected by broadband video viewing over the internet - broadband viewing was found largely to be new viewing rather than a substitute for traditional television viewing, and therefore unlikely to have a negative impact upon the viewing of traditional television commercials.

Going Forward

- By 2012 there will be 217 million broadband internet users in the US, of which 190 million (88%) will be watching online videos, according to eMarketer.
- By end-2008 over 60% UK homes will have broadband connections, rising to 74% in 2012 - and aided by a growing internet population (topping 38 million by the end of the year), online video viewing is also rising. Already in the first half of 2008, over 50% of UK adults with Internet access had watched TV online.
- Screen Digest has forecast that UK revenues for free-to-view web services will rise from £19.5m in 2007 to £28.5m in 2008. By 2012, commercial services are expected to generate around £98m per year as they pick up market share. However, the dominance of the BBC's iPlayer is building a precedent for free services - making it harder for revenue-generating commercial strategies for online video to establish themselves.

