1.7 THE VIDEO MARKET

Introduction

During the Eighties, video experienced dramatic growth in the UK, and the market is currently the largest in Europe. Rental is now in steady decline as it faces increasing competition from pay-TV services - especially sport and movies on BSkyB - but sell-through has shown impressive growth. The UK accounts for 28.8 per cent of the total European market. However, as the table below illustrates this share has fallen from the 1988 figure of 31.6 per cent, as other countries have been catching up with the UK's mature market.

Table 5.15 UK share of European video software market, 1988-1992 (%)

	1988	**1992**
Rental	27.8	28.6
Sell through	53.3	27.7
Overall	31.6	28.8

Source: Screen Digest

The enormous impact of video in the UK was a major cause of the decrease in theatrical admissions and the market has greatly changed the revenue structure of feature films. As the table below illustrates, video now accounts for around 50 per cent of the total revenue generated by a film, but it too is losing revenue now to pay-TV services as subscribers transfer their expenditure on home entertainment from video to subscription TV.

Table 5.16 Breakdown of the UK film entertainment market, 1991-1992 (%)

	1991	**1992**
Pay TV	22.76	25.15
Video	53.77	49.68
Cinema	23.47	25.17

Source: Moving Pictures International

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