

By Kurt Scherf, Vice President and Principal Analyst

3Q 2008

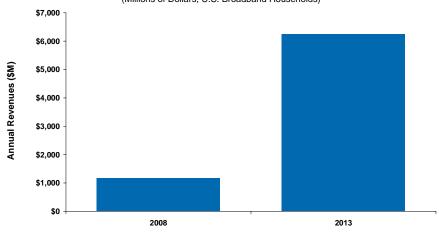
Synopsis

This report examines the market for online and electronic delivery of premium video content, including movies and television programming. It analyzes the brief history of online video distribution, offering commentary and analysis on business models, technology challenges, and consumer adoption. It offers forecasts and predictions for the future of online video distribution, including downloading and direct connections to consumer electronics

Revenues on Internet Video Downloads & Rentals

Internet Video Revenues: Transactional TV and Movie Downloads and Rentals

(Millions of Dollars, U.S. Broadband Households)



Source: Internet Video: Direct-to-Consumer Services (Second Edition) © 2008 Parks Associates

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devices.

"Hollywood has discovered that online video distribution provides more upside to their businesses than risk," said Kurt Scherf, vice president and principal analyst with Parks Associates. "How the studios work with technology partners, device manufacturers, distributors, and advertisers to sustain momentum will be critical in defining success in the next few years."

The Bottom Line

1.0 Notes on Methodology and Report Focus

2.0 The Internet Video Market: A Recap and Analysis

- 2.1 Market Pace and Key Clues to Market Development
- 2.2 Key Takeaways from the Early Market for Internet Video
 - 2.2.1 The Active Internet Video Audience is Huge
 - 2.2.2 Pure Transactional Models are Unproven; Greater Emphasis on Ad-supported Models
 - 2.2.3 Syndication and Scale are Key, Meaning More Consolidation among Internet Video Value Chain Members
 - 2.2.4 Niche Content Alone Too Early for Sustainable Business
 - 2.2.5 Evolution for Survival Transactional Movie Services
 - 2.2.6 Netflix and Blockbuster Significant Players in the Internet Video Market
 - 2.2.7 Download-to-Burn Emerges as a Distribution Channel
 - 2.2.8 Incumbent Service Providers Taking a More Active Role in Distributing Internet Video Content
 - 2.2.9 The Broadcast Network Internet Video Offerings are Showing Good Results
- 3.0 Bringing Internet Video to the TV

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The Bottom Line is a

level summary of the

market, evolutionary

concise, executive-

current state of the

path, and the

implications for

companies doing

business in this space. A Parks Associates' Resource Book contains a wealth of consumer survey data and company profiles— a must-have reference

for product/market

planning.



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Non-TV Internet Videos Served: TV and Movie Downloads and Rentals

Non-TV Internet Video Revenues

TV-based Internet Videos Served: TV and Movie Downloads and Rentals

TV-based Internet Video Revenues

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