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Global Home Entertainment Biz Sags

Report says figures in line with overall consumer trend

June 15, 2009

-By Stuart Kemp

LONDON Falling DVD purchases and rentals by consumers have contributed to a drop of more than \$2.6 billion in the global video biz sector, according to the latest figures Monday from Screen Digest.

Internationally, last year consumers spent \$26.4 billion on video software, with \$18.1 billion of that spent on buying DVD discs. The overall figure represents a 3.6 percent drop on 2007 spending and a 4.7 percent drop on disc sales alone, the research shows.

Screen Digest says the sales figures are in line with the overall trend that saw consumer spending plateau between 2004 and 2007 and the North American market begin to fall in 2007, signaling the start of a global downward trend.

And the Blu-ray format has not been the answer to everyone's prayers, Screen Digest said.

"The high-definition Blu-ray format was heralded by the industry as the answer to the decline of DVD. However, the format war with Toshiba's HD DVD meant that the strong, unified marketing that had worked so successfully for DVD's launch a decade earlier was not replicated," the report said.

"This coupled with a worldwide recession in consumer spending and the easy availability of video via other means such as downloading, pirate, legal and illegal temporary ownership, ensured that despite strong sales of BD in 2008 of \$482 million, they barely made a dent in the missing revenue."

As mass-market rental chains adopt ever more aggressive pricing strategies to keep customers, online rental services such as LoveFilm International in Europe and Quickflix in Australia have helped ease the decline of physical rental. However, online rental is not effective in all markets, Screen Digest noted.

But the report also pointed to a trio of emerging territories with double-digit growth in consumer spend in 2008: China, India and Russia.

"At present their combined spending accounts for only 4 percent of the international total (\$979 million), placing the combined countries just ahead of Italy in international rankings. While this is small, the markets have attracted the eye of the Hollywood studios as a result of their performance," Screen Digest said.

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