



New research from Screen Digest looks at the link between box office and subsequent video sales

London 28th October 2008: The latest research from media analyst Screen Digest (www.screendigest.com) examines the relationship between box office takings with subsequent video sales (DVD or HD) of the film. The analysis also examined the reasons behind the slowing of videos sales – from the quality of the actual titles to alternatives to home movie viewing. The eight markets studied were the UK, Germany, France, Spain, Italy, Australia, Japan and the US.

Key findings include:

- In the five of the eight markets researched by Screen Digest, consumers spent more on trips to the cinema in 2007 compared to the previous year
- Consumer spending on video (all genres) rose from \$13.7bn in 2003 to \$17.3bn in 2007, yet spending on buying movies (feature films) has declined everywhere except the US, UK and Australia
- Whilst movie titles continue to dominate video sales, their share has been eroded by at least 5 per cent in every market except the UK, and by over 20 per cent in France and Germany
- Primarily, this decline is due to the dramatic increase of sales of TV series on video

Each of the markets studied has its own characteristics:

- UK and Australia were the only markets to see growth in both cinema and video sales in 2007
- Germany's rally in box office takings in 2006 led to increased video sales in 2007
- France, Spain, Japan and the US experienced a decline in video sales despite stable Box Office takings
- And in Italy video takings continued to fall despite an upturn at the Box Office in 2007

Helen Davis Jayalath, Head of Video at Screen Digest says “Understanding the link between box office success and video sales is the Holy Grail in movie analysis for Hollywood studios and other rights holders. Video sales represent on average 41 per cent of the worldwide revenue generated by a film, compared with just 25 per cent generated at the box office, so understanding how box office trends are affecting video sales in each territory is critical to planning in today’s changing economic climate.

In three of the eight markets we surveyed, the positive correlation between box office performance and subsequent video sales is still in evidence. However, in the remaining markets, video sales declined last year despite stable or even improving box office takings - suggesting that the link between the two can no longer be taken for granted.”

For more information please contact:

Media enquiries: Geraldine Gitel

Tel: +44 791 788 5380 ggitel@greenfieldscommunications.com

Screen Digest: Fay Hamilton, PR and Promotions Manager

Tel: +44 (0) 20 7424 2847 fay.hamilton@screendigest.com

About this research

The research in this press release is published in the October issue of the newsletter *Screen Digest*.

About Helen Davis Jayalath, Senior Analyst, Head of Video

Helen has been analysing the international video business since 1991. She has written and edited a wide range of Screen Digest reports examining all aspects of the global home video and DVD markets. Helen has consulted for numerous Screen Digest clients including major Hollywood studios, independent video distributors, TV companies and investment banks. Over the past 15 years she has contributed to numerous other media publications and she is a regular speaker at international conferences.

Screen Digest

Screen Digest is the pre-eminent firm of industry analysts covering global media markets.

Headquartered in London, with offices in New York and Carmel, California, we employ a team of 40 specialist analysts covering film, television, broadband, mobile, cinema, home entertainment

and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Most recently we have launched Global Media Intelligence (GMI), a new service which provides research and analysis specifically for media-focused institutional investors. www.screendigest.com.

To find out more, please contact Screen Digest sales team at sales@screendigest.com or phone +44 20 7424 2820