



On-Demand Media to revolutionise video retail

Technology has the potential to generate \$1.1 billion by 2012

London 19th March 2008: Screen Digest's (www.screendigest.com) latest report published today entitled On-demand media: Re-inventing the retail business model, examines the market for on-demand media (ODM, sometimes referred to as 'manufacturing-on-demand'). The research assesses the potential of this emerging market to revolutionise both how people buy video and how retailers and rights owners distribute it. The report is the first detailed study of ODM and forecasts its likely impact in Europe and the US to 2012.

ODM; the solution to a saturated market?

The video business is approaching saturation point in many markets. High street and even online retailers are struggling to accommodate an ever-expanding DVD catalogue while rights owners find that only the most popular titles can secure shelf space. ODM provides a way of tackling these problems by enabling retailers to offer a huge range of titles without the constraints associated with the traditional video supply chain. Rights holders will have the opportunity to exploit 'long tail' content – including video titles currently not considered viable for commercial DVD release - as well as the chance to explore alternative retail channels. Consumers will not only enjoy the benefits of a wider range of content and a greater choice of distribution outlets, but will also be able to pick and mix from a library of episodic content to create their own compilation DVDs.

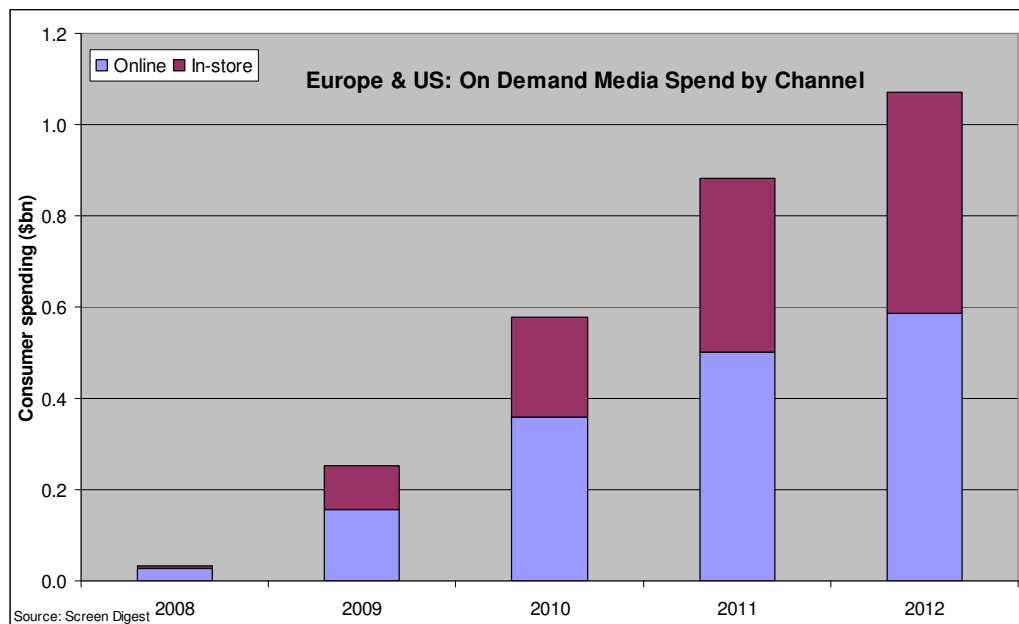
A \$1 billion market by 2012

ODM, if executed effectively, has the potential not only to revolutionise how consumers buy DVDs but also to generate incremental revenue at a time when overall growth in DVD spending has slowed.

Screen Digest believes ODM services will generate \$33m in incremental spending this year in the US and the major European markets, and be worth \$1.1bn in consumer spending by 2012. Crucially, two thirds or \$665m of this amount will be new revenue, whilst the remainder will replace traditional DVD spending.

As the chart below shows, ODM distribution will initially grow more rapidly in the online environment as consumers will not need to adjust to new technology to the same extent as they will with shop-floor solutions. One major DVD retailer, Amazon, already offers an online ODM service in the US. However, Screen Digest believes that store-based ODM solutions will catch up quickly, and by 2012 spending will be more evenly split between in-store and online.

Whilst initially the ODM business will be focused on 'long tail' titles, including those not previously made available for sale, the market will also offer an avenue for content with a short shelf life such as highlights of sporting fixtures. As the market expands, ODM will be harnessed for 'catch-up' TV and, to a greater extent, catalogue feature film. Much of the content available through ODM services will be offered to viewers for the first time and therefore a significant proportion of the value generated by the market will be incremental.



Marie Bloomfield, Screen Digest Analyst and author of the research says “The industry has an opportunity to establish a viable ODM business, both in-store and online. Retailers, rights holders and consumers can all benefit from the on-demand retailing of a wide range of video content, and overall the industry has the potential to reap significant financial value from a well-executed ODM strategy. This is particularly crucial as the growth in the DVD business has plateaued and the new content made available to consumers will generate incremental revenue which will help sustain the market.”

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About this research

The research in this press release is taken from Screen Digest’s report, *On-demand media: Re-inventing the retail business model*. Published in March 2008, it includes forecasts for in-store and online ODM transactions and spending in the US and Europe to 2012. Analysis includes an assessment of current DVD landscape and potential impact of ODM solutions, examination of the ODM supply chain and potential business models, identification of key players and their strategies and an evaluation of rights holder opportunities and implications for the retail environment.

About Screen Digest

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

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