

For Immediate Release
September 2008

DVD Supply Chain is Still a Key Strategic Focus for Hollywood Studios

The home video market in Western Europe is expected to generate total retail revenues of €11billion Euros by the end of 2008, with an earth-shattering 97% of those revenues coming from packaged media (DVD and Blu-ray) and 3% from new digital video (online and mobile video). With this in mind, Futuresource Consulting is co-producing the forthcoming European Supply Chain Academy Conference in Prague on 2-3 October, to explore all the major issues preoccupying those involved in the home video supply chain.

Although revenues from online video are currently low, the presence of major hardware players such as Apple (iTunes), Microsoft (Xbox Live Video Marketplace) and the recently launched PlayStation Network video service from Sony provides a promising outlook for the market. Apple is already quoting sales of 50,000 movies per day on its video service, a clear indication that there is a growing appetite amongst consumers to view digital video content.

The online video market is expected to gain traction and will be encouraged by technology advancements such as faster broadband speeds. Futuresource anticipates online video revenues to increase significantly by 2012 and along with mobile video will represent 13% of total video revenues in Western Europe.

There is a massive advantage for online video services to be tied into a hardware ownership model; the installed base of hardware devices gives these online video service a ready made and ready equipped base of consumers to aim their video services at.

As the vast majority of revenues in the short to medium term will come from packaged media we are seeing a raft of initiatives in the market aimed at boosting sales. Certainly the continued release of blockbuster titles on Blu-ray will be key factor in holding up packaged media; however, in the near term the focus continues to be on DVD.

Across Europe an increasing amount of titles are being heavily re-promoted in the 3-4 month post release period – many using special packaging to differentiate and add value on the retailers shelf.

The continued appetite for TV content on DVD has also helped to drive somewhat of a resurgence in non-standard packaging. Although TV content is performing well in UK, it has been Germany,

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Spain and Belgium that has witness impressive 25% growth rates in volume terms for TV content on DVD in an otherwise near-flat market!

The challenges that all these sales boosting initiatives bring clearly has a knock on impact throughout the home video supply chain.

As in any mature market as well as focusing on sales boosting initiatives the studios are also equally focused on improving efficiencies and reducing costs throughout the home video supply chain. An added complexity in many of the studios supply chain discussions, particularly in the USA, is the whole subject of sustainability and environmentally green strategies. Walmart in particular in the USA is currently challenging all its suppliers on their carbon footprint. This topic will clearly become more centre stage in Europe over the forthcoming year.

As a result, all the major issues preoccupying the minds of those involved in the home video supply chain will be debated in the forthcoming European Supply Chain Academy Conference in Prague on 2-3 October, with Futuresource a co-producer of the event. For the second year, this event will bring together retailers, the operations and supply chain heads for the Hollywood studios, DVD manufacturers and distributors and packaging companies.

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