

For Immediate Release
February 2009

Blu-ray disc sales to exceed 100 million units in 2009

Research from Futuresource Consulting reveals that consumers are on target to buy in excess of 100 million Blu-ray discs (BD) across the USA, Western Europe and Japan this year, with sales of High Definition capable LCD and plasma TVs and continued dramatic reductions in BD player prices continuing to fuel interest in packaged HD content despite the economic downturn.

“In the USA, BD has moved from early adopter phase through to early majority, with the format gaining real traction in the marketplace,” says Mai Hoang, Senior Market Analyst at Futuresource Consulting. “Last year in the US alone, BD video retail sales increased by a whopping 320% to 24 million units; and we’re going to see momentum continuing in 2009, with over 80 million disc sales forecast.”

Although the uptake of BD in Western Europe is still at the early adopter stage, it continues to gather momentum. Consumer video retail sales reached nine million units last year, and further healthy growth is expected in 2009.

“The UK is the largest market for BD in Western Europe,” says Hoang. “With sales of more than 3.5 million units in 2008, it represented over 40% of the West European total. BD also benefited from a number of UK television campaigns during the critical fourth quarter of 2008, considerably raising consumer awareness. Factor in Sky’s high profile approach to marketing its HD service, and to a lesser extent the BBC/ITV joint venture, Freesat, and the cumulative effect has made a substantial impact upon the marketplace.”

“Although 36 million Blu-ray video discs were sold worldwide last year, more than 200 million were manufactured,” says Michael Boreham, Senior Consultant at Futuresource. “A portion of the remaining discs can be accounted for by multi-disc titles and promo campaigns - covermounts are already starting to emerge and we’re projecting much more activity over the next few years. However, the majority is ‘pipeline fill’, where product is placed into the supply chain in readiness for the growth in hardware sales, and to enable the retailers to build their in-store displays.

“There were concerns over how well the manufacturers would cope with the demands placed on them last year, but as a result of good planning and excellent cooperation there were no problems in the busy fourth quarter. It’s going to be interesting to see what happens this year, as we’re not seeing the same level of investment in manufacturing equipment that we saw in the early days of DVD.”

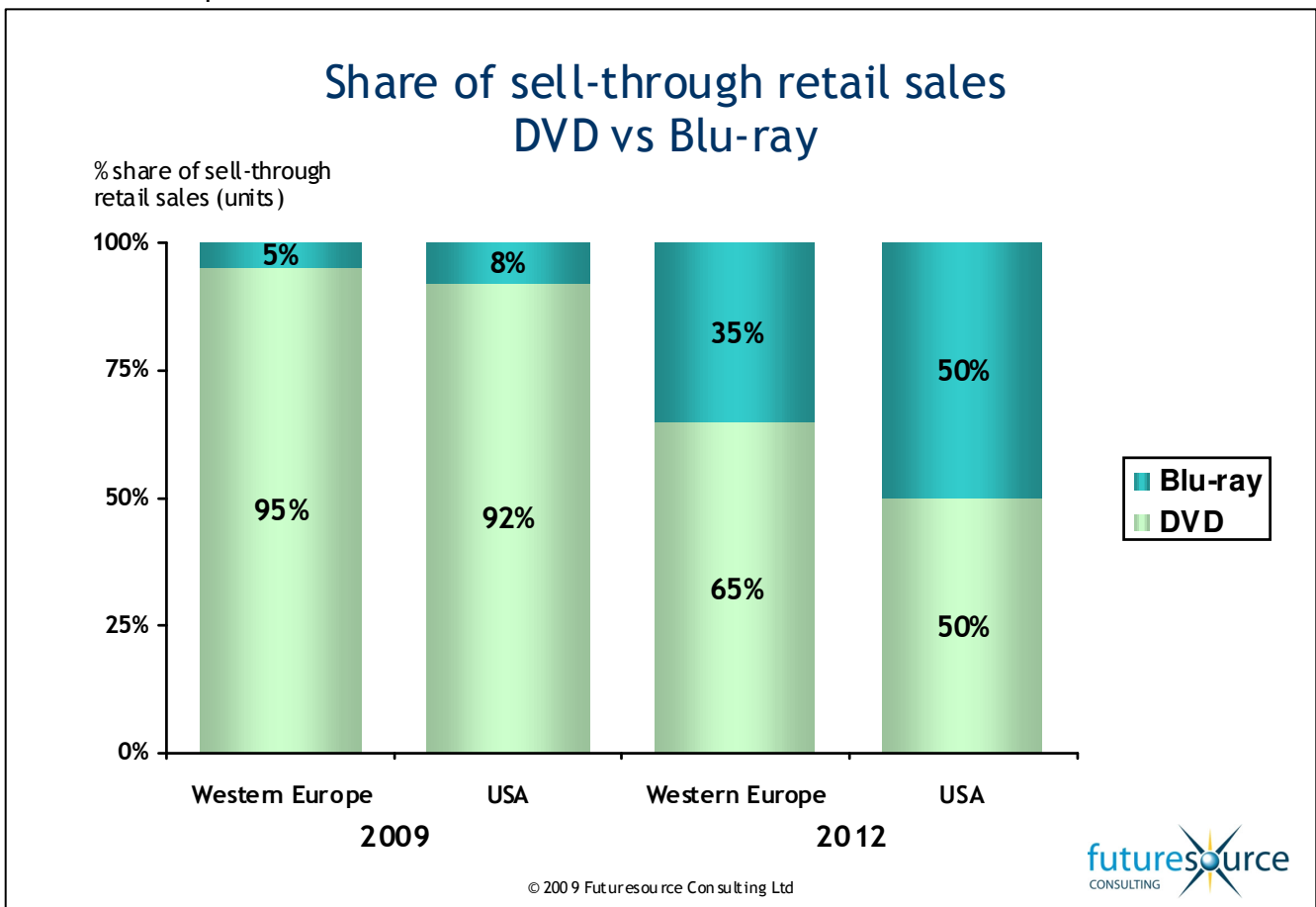
“BD disc sales continue to expand into all major markets and genres,” says Jim Bottoms, Managing Director at Futuresource, “although to date the business has gravitated towards new release titles. In particular, the action adventure genre dominates, appealing strongly to the young male

technology adopter, which also closely matches the PS3 owner profile. For some high profile titles, close to 25% of all disc sales have been on BD, while other action adventure titles consistently see BD accounting for over 15% of total sales.

“With more than 1100 BD titles to choose from, combined with growing retail support and increased promotional activity, the rise of Blu-ray will offset rapidly declining sales of standard DVD product. By 2012, around 50% of US and 35% of Western European video disc retail sale volumes will be Blu-ray.”

“Looking at the hardware, retail prices are declining fast and we’ll see BD players become ‘impulse buys’ very soon, powering the format’s momentum through the diffusion curve,” says Alison Casey, Head of Global Content at Futuresource. “Although movie downloads are making noises in the marketplace, mainstream adoption will be a much more gradual process, with our projections showing that 12% of US consumer expenditure on home video will originate from online in 2012, with a slightly lower proportion in Europe. Other business models, including ad funded content, and other delivery platforms, will generate important additional revenues for the content community.”

Blu-ray is here to stay, with a lucrative roadmap stretching out for at least the next five to ten years. Factor in the rise of 3D and its associated technologies, which are ideally suited to the BD delivery platform, and there is clearly a long-term opportunity for the industry to further sustain consumer interest in packaged entertainment media, and Futuresource will continue to closely monitor developments within this market.



Press Release



Notes

Futuresource Consulting is a specialist research and knowledge-based consulting company, formed in June 2008 through a merger between Understanding & Solutions and Decision Tree Consulting (DTC). With more than 30 years' heritage, Futuresource provides its clients with expertise in consumer electronics, digital imaging, entertainment media, broadcast, optical manufacturing, storage media and IT.

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