



## DEG YEAR-END 2010 HOME ENTERTAINMENT REPORT

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### U.S. HOME ENTERTAINMENT MARKET APPROACHES \$19 BILLION

**BLU-RAY PLAYER HOUSEHOLDS SOAR 62 PERCENT TO 27.5 MILLION**

**SPENDING ON BLU-RAY DISCS CLIMBS 68 PERCENT FOR THE YEAR**

**DIGITAL DISTRIBUTION SPENDING UP 19 PERCENT**

LAS VEGAS (Jan. 6, 2011) – The 2010 home entertainment market continued to be bolstered by the steady growth of Blu-ray as total U.S. home entertainment spending hit \$18.8 billion to close the year. Blu-ray software sales rose 68 percent in 2010, while consumer spending on digital distribution grew 19 percent, making a notable contribution to the overall home entertainment mix. These and other home entertainment year-end figures were announced today by DEG: The Digital Entertainment Group at the International Consumer Electronics Show (CES).

According to the DEG, with input from all major motion picture studios, leading consumer electronics manufacturers, IT companies and tracking sources, while overall consumer spending was down 3.3 percent for the year, Blu-ray continued its remarkable growth, with software sales of \$1.8 billion. On the rental front, despite challenging market conditions, Blu-ray was up 34 percent in brick and mortar outlets. The DEG estimates that the number of Blu-ray playback devices in U.S. households soared to 27.5 million in 2010, up 62 percent.

### **U.S. CONSUMER HOME ENTERTAINMENT RENTAL & SELL-THROUGH SPENDING** (in billions)

Year	VHS/UMD	DVD	BD/Hi- Def	Digital	TOTAL
1999	\$12.2	\$1.1	\$0.0	\$0.6	\$13.9
2000	\$11.4	\$2.4	\$0.0	\$0.7	\$14.5
2001	\$10.9	\$5.3	\$0.0	\$0.7	\$16.9
2002	\$9.6	\$8.6	\$0.0	\$0.7	\$19.0
2003	\$6.9	\$13.1	\$0.0	\$0.7	\$20.7
2004	\$4.4	\$16.7	\$0.0	\$0.7	\$21.8
2005	\$2.1	\$18.9	\$0.0	\$0.8	\$21.7
2006	\$0.4	\$20.2	\$0.0	\$1.0	\$21.6
2007	\$0.1	\$19.7	\$0.3	\$1.3	\$21.4
2008	\$0.1	\$18.4	\$0.9	\$1.6	\$21.0
2009*	\$0.0	\$15.8	\$1.5	\$2.1	\$19.4
2010	\$0.0	\$14.0	\$2.3	\$2.5	\$18.8

*\*The DEG re-stated its historical figures based on 2009 revised reporting from Rentrak Corporation's Home Video Essentials and studio sources.*

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“We continued to see strong growth in Blu-ray and significant gains in digital distribution this year, despite a tough economy,” said Ron Sanders, President, DEG and President, Warner Home Video. “We also saw a slight increase in consumer transactions, which is a clear indication that consumer demand for home entertainment remains healthy.”

Digital distribution contributed materially to the home entertainment sector in 2010, with consumer spending on broadband electronic sell-through (EST) and video on demand (VOD) up a combined 19 percent to \$2.5 billion. VOD brought in \$1.8 billion, up 20.8 percent for the year, while broadband EST grew 15.7 percent to \$683 million. Further, VOD significantly offset the decline of the entire rental category in 2010. Without VOD, rental is down two percent for the year – with VOD, the category is back to growth, up two percent to \$7.8 billion.\*\*

The Hollywood-based trade group also reported that, in the U.S., consumer transactions for pre-recorded content grew one percent for the year.

### **U.S. BLU-RAY DISC PLAYER SALES TOP 28.5 MILLION UNITS**

Blu-ray Disc playback devices – including set-top box and game consoles – sold through more than 28.5 million units since launch. Some six million devices sold in the fourth quarter alone, bringing total units sold to 11.25 million in calendar 2010, according to numbers compiled by the DEG with input from retail tracking sources.

The DEG estimates that more than 91 million HDTV sets have sold to consumers bringing the number of HDTV households to nearly 56 million. The DEG further estimates that nearly 39 percent of these households have more than one set.

### **DVD U.S. HOUSEHOLDS TOPS 90 MILLION**

According to figures compiled by the DEG based on data from Consumer Electronics Association (CEA) retailers and manufacturers, an estimated 20.2 million DVD players were sold to U.S. consumers in 2010. Since launch in spring 1997, some 297 million DVD players, including set-top and portable DVD players, Home-Theater-in-a-Box systems, TV/DVD and DVD/VCR combination players, have sold to consumers, bringing the number of DVD households to approximately 90 million (adjusting for households with more than one player). The DEG estimates that 70 percent of DVD owners have more than one player.

### **NEARLY 1.25 BILLION BD AND DVD DISCS SHIPPED IN 2010**

According to figures compiled by Swicker & Associates on behalf of the DEG, in calendar 2010, more than 170 million Blu-ray Discs shipped to market. In the fourth quarter, some 73 million discs shipped to retail. Since launch, nearly 350 million Blu-ray Discs have shipped.

In the fourth quarter, nearly 343 million DVDs shipped to retail. More than one billion DVD units shipped throughout 2010 and more than 12.5 billion discs have shipped since the DVD format launched in 1997.

DEG: The Digital Entertainment Group is a Los Angeles-based, industry-funded nonprofit corporation that advocates and promotes the many consumer benefits associated with various home entertainment products, including both physical and digital media on a variety of platforms. The DEG helps provide information and perspective about the home entertainment industry. The DEG also offers a forum for member companies to engage in ongoing discussions concerning various opportunities related to promoting established categories, evaluating and discussing new entertainment platforms and investigating supply chain efficiencies.

The DEG membership is comprised of: A&E Home Video, AGI Polymatrix, Akamai, Amazon.com, Anchor Bay Entertainment, Arvato Digital Services, Blink Digital, Blockbuster, BluFocus, Capgemini, Cinram, Cryptography Research, Deloitte, Deluxe Digital, Direct Brands Inc., Dolby Laboratories, DTS Entertainment, DV&A, ESPN, Flyer Entertainment, GDMX, HBO Home Entertainment, Image Entertainment, IMAX Corporation, JVC USA, LG Electronics, Lionsgate, MGM Home Entertainment, Microsoft, Mitsubishi Digital Electronics America, MOD Systems, Monster Cable, NCR, Netflix, Nielsen Entertainment, NPD Group, Panasonic, Paramount Home Entertainment, Philips Electronics, Pioneer Electronics (USA), RCDB, RealD, Redbox, Rovi, Samsung Electronics, Savvis, ScreenPlay, Singulus Technologies, Sonic Solutions, Sony DADC, Sony Electronics, Sony Music Entertainment, Sony Pictures Home Entertainment, SRS Labs, Summit Entertainment, Technicolor, Teradata, Testronics, THX, Toshiba America Consumer Products, Trailer Park, Twentieth Century Fox Home Entertainment, Universal Music Group, Universal Operations Group, Universal Studios Home Entertainment, Verance, Vivendi Entertainment, Walt Disney Studios Home Entertainment and Warner Home Video.

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**\*\*2010 rental figures are estimates based on input from multiple studios and reflect 2009 Rentrak re-statement.**