BVA Quarter 4 Physical Video Market Report 2010

- Average prices rose for the third consecutive quarter up 8.2% to £10.67
- Blu-ray saw disc volumes rise 34% while DVD saw demand down 15.0% in Q4
- 2.8m people bought one or more Blu-ray discs in Q4 up by 1.3m on a year ago
- Demand for standalone Blu-ray players rose 28% in Q4
- Despite disappointing Christmas financial results HMV remained most important video retailer in Q4 and in 2010 as a whole

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Retail Physical Market Quarter Four Performance 2010

BVA/OCC

Source: OCC/BVA	Measures	Oct-Dec 2010	% Change 10 v 09*	52 wks to Dec 10	% Change 10 v 09*
DVD	Units	73.9m	-15.0%	210.1m	-10.4%
	Av. Price	£10.20	+6.8%	£8.94	+3.6%
	Value	£735.5m	-9.2%	£1,878m	-7.2%
Blu-ray	Units	5.2m	+34%	13.0m	+55%
	Av. Price	£17.48	+3.0%	£16.19	-3.9%
	Value	£90.5m	+38%	£209.9m	+49%
Other Formats	Units	54k	-61%	262k	-52%
	Av. Price	£7.41	+11%	£6.97	+12%
	Value	£401k	-57%	£1.8m	-46%
Total Video Market	Units	79.1m	-13.0%	223.4m	-8.3%
(Physical only)	Av. Price	£10.67	+8.2%	£9.36	+5.1%
*Comparing 52wks with 53 wks in 2009	Value	£844.3m	-5.8%	£2,089.7m	-3.6%

Having started the year strongly with Q1 volumes up 0.5% the all important Q4 season saw total physical volumes fall at their fastest rate of the year down 13.0%, not helped by two bouts of heavy snow which hindered shopping trips. More positively average prices held up well rising 8.2% which reduced value losses to –5.8%. DVD drove market falls with demand down 15.0% while Blu-ray volumes were strong up 34% although this was its smallest quarterly rise to date and almost half the level seen in Q3 (+61%). This culminated in 2010 physical market volumes falling 8.3% with 223.4m units sold worth £2.1bn, down just 3.6%. Bearing in mind we compare 52 weeks with 53 in 2009 this is a respectable result. If we include digital the market would be worth £2.2bn, down just 1.6% with volumes of 235.6m down 6.2%.

Over half the GB population (58.2%) bought a video in 2010, although this was down 3.6% in 09 They bought on average 7.4 units down on the 8.0 in 2009.

Despite reporting disappointing Christmas figures HMV remained the market leader in Q4 with a combined volume share of 22.1%, down 1.0% and also led in value. The biggest gain in Q4 was achieved by Amazon.

Total Company Shares

OCC/BVA

	Total Volume Shares	Oct-Dec 2010	10v09 Var
1	Warner	13.6%	+1.8%
2	Universal Pictures	13.1%	-1.0%
3	Walt Disney	12.2%	+2.6%
4	Fox	10.7%	-3.5%
5	Paramount	9.3%	-1.7%
6	2entertain	7.9%	+0.2%
7	Sony Pictures	5.3%	-2.2%
8	Elevation Sales	4.9%	+1.2%
9	Entertainment One	4.5%	+2.4%
10	Channel 4 DVD	2.5%	+0.5%

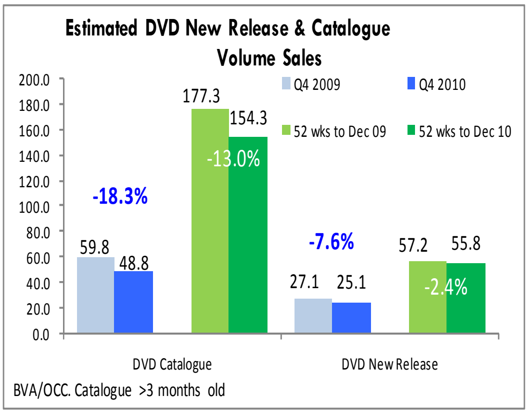
Top Selling Titles Oct-Dec 2010

OCC/BVA

1	**Toy Story 3**	Walt Disney
2	**The Twilight Saga - Eclipse**	Entertainment 1
3	Inception	Warner
4	**Shrek Forever After Final Chapt**	Paramount
5	**Iron Man 2**	Paramount
6	Sex And The City 2	Warner
7	The Expendables	Elevation Sales
8	**Harry Potter & Half Blood Prince**	Warner
9	How To Train Your Dragon	Paramount
10	**The Inbetweeners - Series 3**	Channel 4 DVD
	(Titles in bold have boxset sales	added)

Catalogue V New Release

OCC/BVA



Retailer Market Shares - Volume

Kantar

Total Video Volume	12wks to Dec 2010	% Change 10 v 09
Amazon	18.3%	+2.9%
HMV - Stores	18.1%	-0.3%
Tesco	14.0%	+0.1%
Asda	12.4%	-1.1%
Sainsbury's	6.0%	+1.2%
Play	5.7%	-0.6%
Morrisons	4.7%	+0.0%
HMV Online	4.0%	-0.7%
Ebay	2.2%	-0.2%
Tesco Online	1.1%	-0.2%
CEX	1.0%	+0.2%
Blockbuster	1.0%	-0.2%
Zavvi Online	0.9%	+0.5%
WH Smiths	0.7%	-0.4%
Asda Online	0.4%	-0.2%
TheHut.com	0.3%	+0.1%
GROCERS	37.5%	+0.2%
INTERNET	35.0%	+1.6%
SPECIALISTS	19.3%	-1.0%
GENERALISTS	4.3%	-0.6%
OTHER OUTLETS	3.5%	+0.0%
MAIL ORDER	0.3%	-0.2%

Total Video Volume	52wks to Dec 2010	% Change 10 v 09
HMV - Stores	17.7%	-0.7%
Tesco	15.4%	+1.3%
Asda	14.5%	-0.6%
Amazon	13.7%	+2.4%
Sainsbury's	6.6%	+1.7%
Play	5.2%	-0.1%
Morrisons	4.6%	+0.0%
HMV Online	3.6%	-0.9%
Blockbuster	1.5%	+0.2%
Tesco Online	0.8%	+0.2%
WH Smiths	0.7%	-0.3%
Zavvi Online	0.7%	+0.5%
Asda Online	0.4%	-0.1%
Sainsbury's Online	0.1%	+0.1%
GROCERS	41.4%	+2.0%
INTERNET	29.9%	+1.4%
SPECIALISTS	19.3%	-2.3%
GENERALISTS	4.8%	-1.5%
OTHER OUTLETS	4.2%	+0.6%
MAIL ORDER	0.4%	-0.2%

Retailer Market Shares - Value

Kantar

Total Video Value	12wks to Dec 2010	% Change 10 v 09
HMV - Stores	21.1%	+0.1%
Amazon	20.4%	+2.4%
Tesco	13.4%	+0.1%
Asda	11.6%	-0.6%
Play	5.9%	-1.1%
Sainsbury's	5.5%	+1.0%
HMV Online	4.4%	-0.5%
Morrisons	4.2%	+0.8%
Ebay	1.4%	-0.4%
Tesco Online	1.3%	-0.3%
Zavvi Online	1.2%	+0.8%
Blockbuster	0.9%	-0.3%
WH Smiths	0.7%	-0.4%
CEX	0.7%	+0.1%
Asda Online	0.4%	-0.1%
TheHut.com	0.4%	+0.1%
INTERNET	37.8%	+0.4%
GROCERS	34.7%	+1.3%
SPECIALISTS	21.7%	-0.8%
GENERALISTS	3.6%	-0.7%
OTHER OUTLETS	1.7%	+0.3%
MAIL ORDER	0.4%	-0.6%

Total Video Value	52wks to Dec 2010	% Change 10 v 09
HMV - Stores	21.1%	-0.3%
Amazon	16.3%	+2.1%
Tesco	14.6%	+1.7%
Asda	12.7%	-0.7%
Sainsbury's	5.7%	+1.3%
Play	5.5%	-0.4%
Morrisons	4.0%	+0.5%
HMV Online	4.0%	-0.7%
Blockbuster	1.3%	+0.0%
Tesco online	1.1%	+0.2%
Zavvi Online	0.9%	+0.6%
WH Smiths	0.7%	-0.5%
Asda Online	0.5%	-0.1%
CDWow	0.1%	-0.2%
GROCERS	37.2%	+2.7%
INTERNET	33.9%	+0.8%
SPECIALISTS	22.2%	-2.1%
GENERALISTS	3.9%	-1.5%
OTHER OUTLETS	2.3%	+0.6%
MAIL ORDER	0.6%	-0.5%

Hardware

GFK/Chart Track/BVA

	Oct-Dec 2010	Variance 10 v 09
VOLUME - Blu-ray Players	417k	+28%
Blu-ray 3D	118.2K	n/a
PS3	467k	-20%
AV PRICE - Blu-ray Players	£177	-14%
Blu-ray 3D	£210	n/a
VALUE - Blu-ray Players	£73.8m	+10%
Blu-ray 3D	£24.9m	n/a

VOLUME SALES	52 wks Dec 10	Variance 10 v 09
VOLUME - Blu-ray Players	1.1m	+55%
Blu-ray 3D	157.4k	n/a
PS3	893k	-15%
AV PRICE - Blu-ray Players	£185	-14%
Blu-ray 3D	£232	n/a
VALUE - Blu-ray Players	£198m	+33%
Blu-ray 3D	£36.5m	n/a

Consumer Measures

Kantar

	Oct-Dec 2010	Change 10 v 09
Total Retail Penetration	37.7%	-2.7%
Total Retail AWOP	3.7 units	-5.4%
Total Retail Av. Spend	£34.71	+1.0%
DVD Retail Penetration	35.9%	-3.3%
DVD Retail AWOP	3.5 units	-7.5%
DVD Retail Av. Spend	£30.48	-3.8%
Total Rental Penetration	11.3%	-1.2%
Total Rental AWOP	4.6 units	+3.4%
Offline Rental Penetration	5.9%	-1.2%
Offline Rental AWOP	3.9 units	+5.1%
Online Rental Penetration	6.7%	-0.1%
Online Rental AWOP	4.3 units	+0.1%

	52 wks to Dec 10	Change 10 v 09
Total Retail Penetration	58.2%	-1.8%
Total Retail AWOP	7.4 units	-7.6%
Total Retail Av. Spend	£60.45	-2.9%
DVD Retail Penetration	56.5%	-2.7%
DVD Retail AWOP	6.9 units	-11.0%
DVD Retail Av. Spend	£52.41	-9.8%
Total Rental Penetration	23.7%	+0.6%
Total Rental AWOP	10.4 units	-3.4%
Offline Rental Penetration	15.2%	-1.0%
Offline Rental AWOP	7.7 units	+10.8%
Online Rental Penetration	14.1%	+1.9%
Online Rental AWOP	9.2 units	-17.7%

Retailer Blu-ray Market Shares

Kantar

Total Blu-ray Volume	12wks - Dec 10	Var 10 v 09	Total Blu-ray Volume	52wks to Dec 10	Var 10 v 09	Total Video Value	12wks - Dec 10	Var 10 v 09	Total Blu-ray Value	52wks to Dec 10	Var 10 v 09
HMV - stores	17.8%	+1.5%	HMV - stores	18.1%	+1.5%	HMV - Stores	20.9%	+1.3%	HMV - stores	21.3%	+1.8%
Amazon	17.4%	-2.9%	Amazon	16.2%	-2.4%	Total Amazon	18.2%	-2.6%	Amazon	16.1%	-2.0%
Tesco	11.5%	+2.8%	Tesco	12.1%	+2.9%	Tesco	10.9%	+2.4%	Tesco	12.3%	+2.4%
Play	8.8%	-2.1%	Asda	9.1%	-1.9%	Asda	9.3%	-1.2%	Asda	9.6%	-1.5%
Asda	8.7%	-1.9%	Play	8.1%	-1.4%	Play	8.2%	+3.8%	Play	7.8%	-1.9%
HMV Online	5.3%	-1.0%	HMV Online	5.2%	-0.8%	HMV Online	5.6%	-0.5%	HMV Online	5.2%	-0.6%
Zavvi Online	4.2%	+3.7%	Blockbuster	3.7%	-2.2%	Sainsbury's	4.2%	-0.1%	Sainsbury's	3.7%	+0.6%
Sainsbury's	4.1%	+0.4%	Sainsbury's	3.5%	+0.8%	Morrisons	3.9%	+2.7%	Morrison's	3.6%	+2.4%
Morrisons	3.8%	+2.7%	Morrisons	3.5%	+2.3%	Zavvi Online	3.3%	+3.0%	Blockbuster	3.3%	-2.4%
Blockbuster	3.1%	-3.5%	Zavvi Online	2.5%	+2.0%	Blockbuster	2.9%	-3.3%	Zavvi Online	2.1%	+1.7%
INTERNET	43.0%	-2.2%	**INTERNET**	41.5%	-1.2%	**INTERNET**	41.9%	-3.2%	**INTERNET**	39.4%	+1.5%
GROCERS	28.1%	+4.0%	**GROCERS**	28.2%	+4.0%	**GROCERS**	28.3%	+3.8%	**GROCERS**	29.3%	-2.4%
SPECIALISTS	18.1%	+0.1%	**SPECIALISTS**	19.1%	-1.2%	**SPECIALISTS**	21.1%	+0.5%	**SPECIALISTS**	22.1%	+2.9%
GENERALISTS	5.4%	-2.8%	**GENERALISTS**	5.7%	-2.6%	**GENERALISTS**	4.9%	-2.4%	**GENERALISTS**	4.9%	+3.4%
OTHER OUTLETS	5.3%	+0.9%	**OTHER OUTLETS**	5.3%	+0.8%	**OTHER OUTLETS**	3.8%	+1.3%	**OTHER OUTLETS**	4.1%	-1.9%
MAIL ORDER	0.0%	+0.0%	**MAIL ORDER**	0.2%	+0.1%	**MAIL ORDER**	0.0%	+0.0%	**MAIL ORDER**	0.2%	-1.4%

5.2m Blu-ray discs were sold in Q4 2010 up 34% with the value of these up 38%. The number of people buying Blu-ray discs continues to grow with the penetration level rising from 3.1% in Q3 to 5.8% in the latest quarter. This translates to 2.8m people buying Blu-rays in the most recent 12 weeks an increase of 800,000. They each bought on average 2.4 discs in Q4, spending £36.97 on the format. The number of standalone players sold by 28% in Q4 which no doubt boosted demand for software over the Christmas period. HMV remained the most important Blu-ray retailer in Q4 accounting for a total of 23.1% of volumes (up 0.5%) and 26.5% of value (up 0.8%).

In terms of 2010 as a whole 13.0m discs were sold, up 55%, worth some £210m, up 49%. The number of people buying into the format rose 4.1% to reach 10.3% of the GB population, equivalent to 5.0m. They each bought approximately 3.8 discs and spent £53.77 on the category. Although HMV stores accounted for more Blu-ray sales than any other specific outlet the internet as a whole dominated the sector representing 41.5% of volumes and 39.4% of value in 2010

Top Selling Blu-ray Titles Oct-Dec 10

OCC/BVA

1	**Harry Potter Half Blood Prince**	Warner
2	Inception	Warner
3	**Toy Story 3**	Walt Disney
4	**Iron Man 2**	Paramount
5	Beauty & The Beast	Walt Disney
6	The Expendables	Elevation Sales
7	Avatar	Fox
8	**The Twilight Saga - Eclipse**	Entertainment 1
9	The Pacific	Warner
10	The A-Team	Fox

Consumer Measures

Kantar

Blu-ray Disc	12 wks to Dec 10	10 v 09 Var
Penetration	5.8%	+1.6%
AWOP	2.4 units	+3.2%
Av. Spend	£36.97	+6.1%
	52 wks to Dec 10	
Penetration	10.3%	+4.1%
AWOP	3.8 units	+19.7%
Av. Spend	£53.77	+14.6%

Estimated Physical Rental Market Sizes

Transactions (Vol.) *(Kantar)*	**12 wks to Dec 2010**	**10v09 Var**
Total Rental Volume	21.45m	-11.6%
Offline Rental Volume	9.6m	-14.6%
Online Rental Volume	11.9m	-8.8%
(IHS Screen Digest)	**52 wks to Dec 2010**	
Total Rental Volume	72.2m	-8.6%
Offline Rental Volume	27.6m	-23.9%
Online Rental Volume	44.5m	+4.4%

Blu-ray Company Shares

OCC/BVA

		Oct-Dec 2010	10v09 Var
1	Warner	19.9%	+2.3%
2	Walt Disney	18.9%	+11.9%
3	Fox	12.3%	+1.1%
4	Paramount	10.3%	-6.7%
5	Universal Pictures	8.7%	-4.9%
6	Elevation Sales	7.4%	+0.2%
7	Sony Pictures	5.3%	-6.8%
8	Entertainment One	3.6%	+2.1%
9	EV	3.3%	+0.0%
10	2entertian	2.7%	+0.1%

Rental Market Shares

Kantar

Transactions (Vol.)	**12 wks to Dec 2010**	**10v09 Var**	**Transactions (Vol.)**	**52 wks to Dec 2010**	**10v09 Var**
Total LoveFilm	40.9%	+3.6%	Total Blockbuster	41.0%	+1.9%
Total Blockbuster	39.7%	-2.0%	Total LoveFilm	37.8%	-0.9%
Blockbuster (stores)	33.8%	-2.3%	Blockbuster (stores)	35.6%	+1.8%
Other Online	9.6%	-0.6%	Other Online	9.5%	-1.4%
Library	6.9%	+1.9%	Library	7.2%	+1.7%
Blockbuster.co.uk	5.9%	+0.3%	Blockbuster.co.uk	5.4%	+0.1%
Indie Video Stores	2.1%	-1.0%	Indie Video Stores	2.4%	-0.2%
Grocers/convenience	0.6%	-1.0%	Grocers/convenience	1.1%	-0.9%
Other Video Chains	0.1%	-0.4%	Other Video Chains	0.5%	-0.3%
All Other	0.2%	-0.5%	All Other	0.4%	+0.1%