



January 7, 2014

DEG: The Digital Entertainment Group today released its year-end 2013 Home Entertainment Report, compiled by DEG members, tracking sources and retail input.*

Consumer Spending Tops \$18 Billion Led by Digital, Blu-ray Sales

Electronic Sell-Through Spending Soars 50 Percent Compared to 2012

Video-on-Demand Grows 5 Percent in 2013

Stability in home entertainment continued for the second straight year in 2013 as total consumer spending rose nearly one percent to \$18.2 billion. Results were boosted by the growing awareness and acceptance of digital services and products offered by both online and brick and mortar retailers. Electronic sell-through (EST) — now branded as DIGITAL HD jumped 50 percent for the year, surpassing \$1 billion for the first time, while video-on-demand (VOD) spending rose five percent in 2013 from a year earlier. New platforms such as Comcast's digital movie sellthrough service and Target Ticket, and media hub consoles like Microsoft's Xbox One and Sony's PlayStation 4 contributed to growth by expanding consumer access to entertainment.

Among the highlights for 2013:

- Consumer spending on EST climbed close to 50 percent compared to 2012 representing \$1 billion in consumer spending dollars.
- Overall spending on digital content rose 17 percent in 2013.
- Blu-ray Disc spending remained consistent, up about five percent for the year.
- The number of Blu-ray homes continues to grow, with total household penetration of all Blu-ray compatible devices (including BD set-tops, PS3s and HTiBs) now at more than 72 million U.S. homes according to numbers compiled by the DEG with input from retail tracking sources.
- There are now more than 15 million UltraViolet accounts and most major retailers support UltraViolet.
- Consumers purchased more than 38 million HDTVs in 2013. HDTV penetration is now at more than 96 million U.S. households according to numbers compiled by the DEG with input from retail tracking sources.
- Strong consumer interest in the new Ultra HD/4K technology bodes well for the home entertainment industry.
- Among the best-selling titles of the year are: *Despicable Me 2* (Universal Studios Home Entertainment), *Twilight Saga: Breaking Dawn - Part 2* (Summit Entertainment), *The Hobbit: An Unexpected Journey* (Warner Bros. Home Entertainment), *Wreck-It Ralph* (Walt Disney Studios), *Skyfall* (MGM), *Star Trek Into Darkness* (Paramount Home Media Distribution), *Monsters University* (Walt Disney Studios), *Iron Man 3* (Walt Disney Studios), *Man of Steel* (Warner Bros. Home Entertainment) and *The Croods* (Dreamworks Animation/Twentieth Century Fox Home Entertainment).

If you would like to discuss the DEG's Year-End 2013 Home Entertainment Report, please contact the DEG.

Regards,

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****Please note, these numbers are preliminary. Final numbers will be released in late January.
Please contact the DEG for an updated version.***

FOR EXTERNAL DISTRIBUTION

2013 Year End*
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DEG REPORT: U.S. CONSUMER SPENDING BY FORMAT 2013 Year End* - External						
U.S. Consumer Spending	Q4			Year End*		
	Q-4 2012	Q-4 2013	YOY	YTD Q-4 2012	YTD Q-4 2013	YOY
(\$ in millions)						
Sell-Thru Packaged Goods -All	\$ 3,060.27	\$ 2,774.47	-9.34%	\$ 8,462.18	\$ 7,779.19	-8.07%
Sell-Thru (including EST)	\$ 3,355.24	\$ 3,199.30	-4.65%	\$ 9,270.60	\$ 8,968.50	-3.26%
Rental:						
Brick and Mortar Rental	\$ 332.79	\$ 275.71	-17.15%	\$ 1,216.02	\$ 1,042.54	-14.27%
Subscription (physical only)	\$ 284.76	\$ 237.46	-16.61%	\$ 1,258.09	\$ 1,018.18	-19.07%
Kiosk	\$ 492.44	\$ 490.98	-0.30%	\$ 1,937.77	\$ 1,918.05	-1.02%
Total Rental (excluding VOD)	\$ 1,109.99	\$ 1,004.15	-9.54%	\$ 4,411.89	\$ 3,978.76	-9.82%
Total Rental (including VOD)	\$ 1,648.24	\$ 1,555.79	-5.61%	\$ 6,424.19	\$ 6,087.48	-5.24%
Total Subscription (Streaming & Disc)	\$ 939.48	\$ 1,096.53	16.72%	\$ 3,652.82	\$ 4,182.40	14.50%
Digital:						
Electronic Sell-Thru	\$ 294.97	\$ 424.83	44.03%	\$ 808.42	\$ 1,189.31	47.12%
VOD	\$ 538.25	\$ 551.63	2.49%	\$ 2,012.30	\$ 2,108.72	4.79%
Subscription Streaming **	\$ 654.73	\$ 859.06	31.21%	\$ 2,394.73	\$ 3,164.22	32.13%
Total Digital	\$ 1,487.94	\$ 1,835.53	23.36%	\$ 5,215.45	\$ 6,462.25	23.91%
Total U.S. Home Entertainment Spending	\$ 5,658.21	\$ 5,614.15	-0.78%	\$ 18,089.52	\$ 18,220.20	0.72%
		\$3.620 B	7.37%		\$10.51B	2.26%

** Paid subscribers only and does not include sVOD bundled with other services.