



January 6, 2015

DEG: The Digital Entertainment Group today released its year-end 2014 Home Entertainment Report compiled by DEG members, tracking sources and retail input.\*

## **Rise in Home Entertainment Digital Spending Continues in 2014**

### **Electronic Sales and Subscription On Demand Up in Both Quarter, Year**

#### **Total Home Media Business Keeping Pace with Box Office Value**

The home entertainment sector saw good results for 2014 with the consumer spend in key digital categories growing at a double digit pace. Consumers embraced the convenience and accessibility of purchasing and collecting digital content, while studios reaped higher margins from these digital sales. In particular, theatrical new releases delivered exceptional annual growth of more than 60 percent.

Among the highlights for 2014:

- Overall electronic sellthrough (EST) spending rose 24 percent in the fourth quarter versus the same period last year with overall EST for 2014 up 30 percent over 2013 to more than \$1.5 billion.
- Year-over-year growth spending on EST for theatrical new releases soared more than 60 percent in 2014 versus 2013.
- Subscription VOD (SVOD) was up 25 percent in the fourth quarter of 2014 versus 2013 and up the same amount year-over-year.
- Total U.S. home entertainment spending topped nearly \$18 billion for the year.
- The total home entertainment spending was keeping pace with the box office value versus video release.
- UltraViolet accounts grew by more than 30 percent in 2014, with the total number currently at more than 21 million with 110 million movie and television shows in their UltraViolet libraries – nearly doubling the number of rights.(Source: DECE).
- HDTV penetration is now at more than 95 million households. All Blu-ray playback devices (including set-tops and game consoles) are at 70 million U.S. households.
- Among the year's top titles are *Frozen* (Walt Disney Studios), *Hunger Games: Catching Fire* (Lionsgate), *The Lego Movie* (Warner Bros. Home Entertainment), *Hobbit: The Desolation of Smaug* (Warner Bros. Home Entertainment), *Guardians of the Galaxy* (Walt Disney Studios), *Gravity* (Warner Bros. Home Entertainment), *Thor: The Dark World* (Walt Disney Studios), *Lone Survivor* (Universal Pictures Home Entertainment), *Captain America: The Winter Soldier* (Walt Disney Studios) and *Maleficent* (Walt Disney Studios), *How to Train Your Dragon* (DreamWorks Animation/Twentieth Century Fox Home Entertainment), *Transformers 4: Age of Extinction* (Paramount Home Media Distribution) and *X-Men: Days of Future Past* (Twentieth Century Fox Home Entertainment).



If you would like to discuss the DEG's Year-End 2014 Home Entertainment Report, please contact the DEG at 424-248-3814.

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

**FOR EXTERNAL DISTRIBUTION**

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| DEG REPORT: U.S. CONSUMER SPENDING BY FORMAT 2014 |             |             |         |              |              |         |
|---|-------------|-------------|---------|--------------|--------------|---------|
| U.S. Consumer Spending                            | Q4          |             |         | Year End     |              |         |
|   | Q-4 2013    | Q-4 2014    | YOY     | YTD Q-4 2013 | YTD Q-4 2014 | YOY     |
| (\$ in millions)                                  |             |             |         |              |              |         |
| Sell-Thru Packaged Goods -All                     | \$ 2,774.47 | \$ 2,339.35 | -15.68% | \$ 7,779.19  | \$ 6,934.81  | -10.85% |
| Sell-Thru (including EST)                         | \$ 3,199.30 | \$ 2,872.00 | -10.23% | \$ 8,968.50  | \$ 8,485.85  | -5.38%  |
| <b>Rental:</b>                                    |             |             |         |              |              |         |
| Brick and Mortar Rental                           | \$ 207.54   | \$ 178.49   | -14.00% | \$ 955.59    | \$ 696.37    | -27.13% |
| Subscription (physical only)                      | \$ 234.35   | \$ 186.05   | -20.61% | \$ 1,015.06  | \$ 829.65    | -18.27% |
| Kiosk   | \$ 468.03   | \$ 468.03   | 0.00%   | \$ 1,895.10  | \$ 1,810.96  | -4.44%  |
| Total Rental (excluding VOD)                      | \$ 909.92   | \$ 832.57   | -8.50%  | \$ 3,865.75  | \$ 3,336.98  | -13.68% |
| Total Rental (including VOD)                      | \$ 1,461.56 | \$ 1,349.23 | -7.69%  | \$ 5,974.47  | \$ 5,304.91  | -11.21% |
| Total Subscription (Streaming & Disc)             | \$ 1,095.46 | \$ 1,261.40 | 15.15%  | \$ 4,205.80  | \$ 4,843.85  | 15.17%  |
| <b>Digital:</b>                                   |             |             |         |              |              |         |
| Electronic Sell-Thru                              | \$ 424.83   | \$ 532.65   | 25.38%  | \$ 1,189.31  | \$ 1,551.04  | 30.41%  |
| VOD   | \$ 551.63   | \$ 516.67   | -6.34%  | \$ 2,108.72  | \$ 1,967.94  | -6.68%  |
| Subscription Streaming *                          | \$ 861.11   | \$ 1,075.35 | 24.88%  | \$ 3,190.74  | \$ 4,014.21  | 25.81%  |
| Total Digital                                     | \$ 1,837.57 | \$ 2,124.67 | 15.62%  | \$ 6,488.77  | \$ 7,533.18  | 16.10%  |
| <b>Total U.S. Home Entertainment Spending</b>     | \$ 5,521.97 | \$ 5,296.58 | -4.08%  | \$ 18,133.71 | \$ 17,804.97 | -1.81%  |
| <b>Box Office</b>                                 | \$3.72      | \$3.38      | -9.12%  | \$10.61      | \$10.44      | -1.61%  |

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