



October 30, 2018

*DEG: The Digital Entertainment Group today released its Third Quarter 2018 Home Entertainment Report compiled by DEG members, tracking sources and retail input.\**

## **Home Entertainment Spending Rises 15% to \$5.7 Billion in 2018 Third Quarter**

### **EST Film Sales Jump More than 30%**

### **Demand for 4K UHD Product Remains Robust, Soaring 68% From Year Earlier**

Consumers spent \$5.7 billion on movies and television shows for home entertainment in the third quarter of 2018, up 15 percent from the nearly \$5 billion they spent in the year earlier period. For the first three quarters of 2018, home entertainment spending was nearly \$17 billion and 11 percent ahead of the same period of 2017.

Among the highlights for the third quarter 2018:

- Consumers continue to expand their digital libraries of filmed entertainment through electronic sell-through (EST). EST spending rose 18 percent in the quarter compared to the year earlier period, led by the strong 31 percent increase in spending on theatrical product that more than offset a 3 percent drop in TV sell-through sales.
- In physical sell-through, 4K Ultra HD remains the hottest market with a 68 percent increase in sales during the third quarter from a year earlier as more consumers purchased new TVs and 4K Ultra HD Blu-ray players equipped with the advanced technology.
- For the year, 4K Ultra HD product sales are up 87 percent compared to the first three quarters of 2017.
- Subscription streaming rose more than 30 percent in both the third quarter and for the first nine months of 2018, according to data compiled by global information provider IHS Markit.
- More than 4.2 million 4K Ultra HD TVs sold in the three quarters of 2018, bringing the total number of U.S. households to more than 42 million, an increase of 80 percent. Approximately 2.3 million Ultra HD Blu-ray playback devices sold through the first nine months of the year (including game consoles). Growth of 4K Ultra HD content is expanding rapidly, with 392 4K Ultra HD Blu-ray Disc titles available representing more than \$162 million in consumer spend for the period. There are also 595 4K titles available digitally.

If you would like to discuss DEG's Third Quarter 2018 Home Entertainment Report, please contact DEG at 424-248-3809.

**\*Please note, these numbers are preliminary. Please contact DEG for an updated version.**

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<b>U.S. Consumer Spending</b> (\$ in millions)	<b>Q1-2017</b>	<b>Q1-2018</b>	<b>YOY</b>	<b>Q-2 2017</b>	<b>Q-2 2018</b>	<b>YOY</b>	<b>Q-3 2017</b>	<b>Q-3 2018</b>	<b>YOY</b>	<b>YTD 2017</b>	<b>YTD 2018</b>	<b>YOY</b>
<b>Sell-Thru</b>												
Sell-Thru Packaged Goods All	\$ 1,177.91	\$ 1,058.93	-10.10%	\$ 1,130.50	\$ 887.73	-21.48%	\$ 954.45	\$ 844.26	-11.54%	\$ 3,262.86	\$ 2,790.91	-14.46%
Sell-Thru Including EST	\$ 1,749.76	\$ 1,682.64	-3.84%	\$ 1,630.83	\$ 1,440.45	-11.67%	\$ 1,483.48	\$ 1,468.27	-1.03%	\$ 4,864.07	\$ 4,591.36	-5.61%
<b>Rental</b>												
Brick & Mortar	\$ 107.10	\$ 87.97	-17.87%	\$ 100.01	\$ 81.62	-18.38%	\$ 87.48	\$ 71.52	-18.24%	\$ 294.59	\$ 241.11	-18.15%
Subscription (Physical Only)	\$ 122.85	\$ 99.75	-18.81%	\$ 117.08	\$ 93.84	-19.85%	\$ 112.46	\$ 89.67	-20.26%	\$ 352.39	\$ 283.26	-19.62%
Kiosk	\$ 356.92	\$ 278.97	-21.84%	\$ 325.13	\$ 289.23	-11.04%	\$ 301.54	\$ 272.82	-9.52%	\$ 983.59	\$ 841.03	-14.49%
Total Rental (excluding VOD)	\$ 586.88	\$ 466.69	-20.48%	\$ 542.22	\$ 464.70	-14.30%	\$ 501.48	\$ 434.02	-13.45%	\$ 1,630.57	\$ 1,365.40	-16.26%
Total Rental (including VOD)	\$ 1,163.06	\$ 1,018.29	-12.45%	\$ 1,054.59	\$ 986.18	-6.49%	\$ 953.86	\$ 931.02	-2.39%	\$ 3,171.51	\$ 2,935.49	-7.44%
<b>Digital</b>												
Electronic Sell-Thru (EST)	\$ 571.86	\$ 623.71	9.07%	\$ 500.33	\$ 552.73	10.47%	\$ 529.03	\$ 624.01	17.95%	\$ 1,601.21	\$ 1,800.45	12.44%
VOD	\$ 576.18	\$ 551.60	-4.27%	\$ 512.37	\$ 521.48	1.78%	\$ 452.38	\$ 497.01	9.86%	\$ 1,540.94	\$ 1,570.09	1.89%
Subscription Streaming (SVOD)*	\$ 2,305.91	\$ 2,971.98	28.89%	\$ 2,416.80	\$ 3,157.94	30.67%	\$ 2,522.18	\$ 3,293.73	30.59%	\$ 7,244.89	\$ 9,423.65	30.07%
Total Digital	\$ 3,453.95	\$ 4,147.29	20.07%	\$ 3,429.50	\$ 4,232.15	23.40%	\$ 3,503.59	\$ 4,414.75	26.01%	\$ 10,387.04	\$ 12,794.19	23.17%
<b>Total U.S. Home Entertainment Spending</b>	<b>\$ 5,218.73</b>	<b>\$ 5,672.91</b>	<b>8.70%</b>	<b>\$ 5,102.22</b>	<b>\$ 5,584.57</b>	<b>9.45%</b>	<b>4959.51981</b>	<b>\$ 5,693.02</b>	<b>14.79%</b>	<b>\$ 15,280.47</b>	<b>\$ 16,950.50</b>	<b>10.93%</b>
<b>Box Office in Billions</b>	<b>\$2.55</b>	<b>\$3.59</b>	<b>40.99%</b>	<b>\$3.04</b>	<b>\$2.42</b>	<b>-20.40%</b>	<b>\$2.38</b>	<b>\$2.91</b>	<b>22.25%</b>	<b>\$7.97</b>	<b>\$8.93</b>	<b>11.96%</b>

\*SVOD data sourced from IHS Markit (technology.ihs.com). Disclaimer: The data is not an endorsement and reliance is at a third party's own risk.

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