



August 13, 2019

*DEG: The Digital Entertainment Group today released its Mid-Year 2019 Home Entertainment Report compiled by DEG members, tracking sources and retail input.\**

## **Home Entertainment Spending Rose Nearly 7% in 2019 Second Quarter and First Half**

### **Overall Digital Revenue Grew 16% as Movie-Loving Consumers Continue Shift to Electronic Formats**

Consumers spent nearly \$6 billion on movies and TV shows for home entertainment in the second quarter of 2019, up 7 percent from the same period a year earlier. Digital spending continued to be the driving force, rising nearly 16 percent overall. The increase in U.S. home entertainment spending in the quarter came amid a nearly 10 percent drop in box-office performance for the films released in the period. The result compared to \$5.6 billion spent in the second quarter of 2018.

Through the first six months of 2019, spending rose 6.7 percent to \$12 billion compared to \$11.3 billion in the six-month period a year earlier.

Among the highlights for the First Half of 2019:

- For the first six months of 2019, total digital was strong, rising 16 percent from the same period in 2018 while subscription streaming climbed nearly 22 percent.
- Consumer demand for theatrical releases continued to grow across digital formats. First-half spending on theatrical EST rose nearly 8 percent, while spending on theatrical titles on VOD was up more than 9 percent. The increase for the six months came amid a nearly 16 percent drop-in box-office performance for films released in the first half.
- Digital transactions and subscription streaming continue to offset declines in physical sales and rentals. Internet-delivered VOD grew 10 percent in the first half as service options continue to proliferate and are embraced by consumers.

If you would like to discuss the DEG's Mid-Year 2019 Home Entertainment Report, please contact the DEG at 424-248-3809.

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

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| <b>U.S. Consumer Spending</b><br>(\$ in millions) | <b>Q1-2018</b>     | <b>Q1-2019</b>     | <b>YOY</b>     | <b>Q2-2018</b>     | <b>Q2-2019</b>     | <b>YOY</b>    | <b>First Half<br/>2018</b> | <b>First Half<br/>2019</b> | <b>YOY</b>     |
|---|--------------------|--------------------|----------------|--------------------|--------------------|---------------|----------------------------|----------------------------|----------------|
| <b>Sell-Thru</b>                                  |                    |                    |                |                    |                    |               |                            |                            |                |
| Sell-Thru Packaged Goods All                      | \$ 1,058.93        | \$ 822.25          | -22.35%        | \$ 887.73          | \$ 716.40          | -19.30%       | \$ 1,946.65                | \$ 1,538.65                | -20.96%        |
| Sell-Thru Including EST                           | \$ 1,682.64        | \$ 1,487.72        | -11.58%        | \$ 1,440.45        | \$ 1,266.14        | -12.10%       | \$ 3,123.09                | \$ 2,753.86                | -11.82%        |
| <b>Rental</b>                                     |                    |                    |                |                    |                    |               |                            |                            |                |
| Brick & Mortar                                    | \$ 87.97           | \$ 72.99           | -17.03%        | \$ 81.62           | \$ 59.33           | -27.31%       | \$ 169.59                  | \$ 132.32                  | -21.98%        |
| Subscription (Physical Only)                      | \$ 99.75           | \$ 81.50           | -18.29%        | \$ 93.84           | \$ 76.97           | -17.98%       | \$ 193.59                  | \$ 158.47                  | -18.14%        |
| Kiosk   | \$ 278.97          | \$ 244.10          | -12.50%        | \$ 289.23          | \$ 216.58          | -25.12%       | \$ 568.21                  | \$ 460.68                  | -18.92%        |
| Total Rental (excluding VOD)                      | \$ 466.69          | \$ 398.59          | -14.59%        | \$ 464.70          | \$ 352.88          | -24.06%       | \$ 931.39                  | \$ 751.47                  | -19.32%        |
| Total Rental (including VOD)                      | \$ 1,018.29        | \$ 962.73          | -5.46%         | \$ 986.18          | \$ 819.28          | -16.92%       | \$ 2,004.47                | \$ 1,782.02                | -11.10%        |
| <b>Digital</b>                                    |                    |                    |                |                    |                    |               |                            |                            |                |
| Electronic Sell-Thru (EST)                        | \$ 623.71          | \$ 665.47          | 6.70%          | \$ 552.73          | \$ 549.74          | -0.54%        | \$ 1,176.44                | \$ 1,215.21                | 3.30%          |
| VOD   | \$ 551.60          | \$ 564.14          | 2.27%          | \$ 521.48          | \$ 466.41          | -10.56%       | \$ 1,073.08                | \$ 1,030.54                | -3.96%         |
| Subscription Streaming (SVOD)*                    | \$ 2,971.98        | \$ 3,585.88        | 20.66%         | \$ 3,157.94        | \$ 3,888.46        | 23.13%        | \$ 6,129.92                | \$ 7,474.34                | 21.93%         |
| Total Digital                                     | \$ 4,147.29        | \$ 4,815.49        | 16.11%         | \$ 4,232.15        | \$ 4,904.60        | 15.89%        | \$ 8,379.44                | \$ 9,720.09                | 16.00%         |
| <b>Total U.S. Home Entertainment Spending</b>     | <b>\$ 5,672.91</b> | <b>\$ 6,036.33</b> | <b>6.41%</b>   | <b>\$ 5,584.57</b> | <b>\$ 5,973.88</b> | <b>6.97%</b>  | <b>\$ 11,257.48</b>        | <b>\$ 12,010.22</b>        | <b>6.69%</b>   |
| <b>Box Office in Billions</b>                     | <b>\$3.59</b>      | <b>\$2.89</b>      | <b>-19.63%</b> | <b>\$2.43</b>      | <b>\$2.20</b>      | <b>-9.45%</b> | <b>\$ 6.02</b>             | <b>\$ 5.08</b>             | <b>-15.52%</b> |

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

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