DEG Expo: The State of the Digital Media Industry

2020 Mid-Year Report
U.S. Consumers Spend $15.1B in the First Half of 2020 on Home Entertainment

U.S. Consumer Home Entertainment Spending
First-Half 2020
(in billions)

- Sell-through: $1.27
- Rental: $0.57
- Digital: $13.25
Consumers Shelter-at-Home

- Stay-at-home orders fueled demand for most home entertainment formats beginning in late-March.
- Demand for theatrical releases was strong across all digital formats.
- Numerous wide-release movies debuted early at home.
- Cost-conscious consumers rediscovered DVDs.

Total U.S. Home Entertainment Spending Year-over-Year 2020

- Q1: 18%
- Q2: 34%
- First Half: 26%
At Home and Spending!

U.S. Shuttered Population
Estimated by Week
# Digital Entertainment Spending Up In All Categories

Electronic Sell-through (EST) - Priced for Sale Unlimited Viewing

Video-on-Demand (VOD) - Transactional VOD, Limited Viewing Period

<table>
<thead>
<tr>
<th>Delivered via</th>
<th>Examples</th>
<th>Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>iVOD</td>
<td>Internet Service: iTunes, Amazon Prime, Google Play, FandangoNow</td>
<td>Yes</td>
</tr>
<tr>
<td>cVOD</td>
<td>Cable/Satellite</td>
<td>Yes</td>
</tr>
<tr>
<td>pVOD</td>
<td>Internet</td>
<td>No</td>
</tr>
<tr>
<td>SVOD - Monthly Fee to access content i.e. Netflix, Hulu, CBS All Access and Disney+</td>
<td>Premium priced rental transactions in an early HE window</td>
<td>Yes</td>
</tr>
<tr>
<td>AVOD - Includes Advertising, i.e. PlutoTV, Tubi</td>
<td></td>
<td>No</td>
</tr>
</tbody>
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Digital Spending Soars (EST and VOD)

- Consumers spent $3 billion on EST and VOD transactions in the full first-half of 2020
- Drivers:
  - Wide release movies
  - Theatrical catalog
  - TV category
Electronic Sell-through (EST)
EST Up 57% in Second Quarter

Robust growth in consumer consumption of:

- Theatrical titles up 48% in Q2 and 26% for first half.
- TV content up 72% in Q2 and 47% for the first half.
EST Consumer Spending and Covid-19 Pandemic

Year-over-year change in EST Consumer Spending & Shuttered Population

- TV
- THEATRICAL
- TOTAL
- US Population in Lockdown
Video on Demand (VOD)
VOD Spending up 33% in First Half

- Q1: 19%
- Q2: 50%
- First Half: 33%

VOD Year-Over-Year
iVOD Spending Up 56% in First Half

- Theatrical titles up 73% in Q2 and 56% for first half.
- TV content up 119% in Q2 and 85% for the first half.
Consumers Catch up on TV and Explore New Content

iVOD - Year-Over-Year change in iVOD Consumer Spending
Cable Video on Demand (cVOD)

- **Q1**: -5%
- **Q2**: 11%
- **First Half**: 2%

**Year-Over-Year 2020 vs 2019**

Photo courtesy of Unsplash – Erik Mclean
Consumers Embrace Consumer Streaming Options

Subscription Streaming* - Year-Over-Year 2020 vs 2019

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>32%</td>
</tr>
<tr>
<td>Q2</td>
<td>42%</td>
</tr>
<tr>
<td>First Half</td>
<td>37%</td>
</tr>
</tbody>
</table>

*SVOD data sourced from Omdia (technology.informa.com). Disclaimer: The data is not an endorsement and reliance is at a third party’s own risk.

Note Q1 2020 upward revision