THE DIGITAL ENTERTAINMENT GROUP
DEG®

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*DEG: The Digital Entertainment Group today released its Mid-Year 2020 Home Entertainment Report compiled by DEG members, tracking sources and retail input.**

Consumer Spending on Digital Entertainment Purchases and Rentals Grew 54% in Second Quarter, 33% in First Half 2020

Overall U.S. Consumer Spending on Home Entertainment Exceeds $15 Billion in First Half

Consumers spent more than $1.5 billion on digital entertainment transactions through electronic sell through (EST) and video on demand (VOD) in the second quarter of 2020, an increase of 54 percent over the same period a year earlier, as consumers nationwide continued sheltering at home during the COVID-19 pandemic. Stay-at-home orders rolled out across the U.S. beginning near the end of the first quarter, fueling digital entertainment demand among consumers that remained strong throughout the first half. For the full first half, consumer spending on digital entertainment transactions reached almost $3 billion, a 34 percent increase.

During the second quarter, transactional demand was strong across purchase and rental models, with spending rising 57 percent on EST and 50 percent on VOD**. For the first half, EST and VOD each grew 33 percent.

Overall U.S. consumer spending across digital and physical home entertainment formats in the first six months of 2020 was $15.1 billion, a 26 percent increase from the $12 billion consumers spent in the same period a year earlier.

<u>Among the highlights for the Second Quarter and First Half 2020:</u>

- For the first six months of 2020, total consumer spending on digital formats (including EST, VOD and subscription streaming) was strong, rising 37 percent from the same period in 2019 while subscription streaming alone also climbed 37 percent.

- Consumer demand for theatrical releases continued to grow robustly across digital formats, as numerous wide release movies came early to the home. Spending on theatrical EST rose 48 percent in the second quarter and 26 percent in the first half. Spending on theatrical VOD, meanwhile was up 73 percent for the second quarter and 55 percent for the first half.

- Theatrical catalog titles showed particularly strong growth, with EST and VOD spending on these titles growing 66 percent in the second quarter.

- The TV category also experienced robust growth, with spending rising 120 percent on VOD and 72 percent on EST in the second quarter.

- Internet-delivered VOD grew 76 percent in the second quarter and 56 percent in the first half as service options continue to proliferate and are embraced by consumers.

- Consumers interest in DVDs reignited, slowing the disc format's decline. After years of double-digit declines, spending on DVDs was off just 6 percent YOY in Q2. Wallet-conscious consumers embraced product with price points below $10 and theatrical catalog under $6 especially was in high demand, posting a 3 percent YOY growth in the second quarter.

- Top titles during the second quarter include *Bad Boys for Life*, *Star Wars: The Rise of Skywalker*, *Sonic the Hedgehog*, *Harley Quinn: Birds of Prey*, *Jumanji: The Next Level*, *Bloodshot* (2020), *1917*, *Dolittle* and *The Call of the Wild* (2020).

DEG will present the Mid-Year 2020 Digital Media Entertainment Report during the online DEG Expo on Thursday, August 20, at 10:30 a.m. Pacific. Media and analysts are welcome to attend. Click here for more information or to register.

For additional information, please email Marcy Magiera (Marcy@degonline.org).

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

***** VOD spending does not include premium video on demand (PVOD).*** **Including PVOD would increase the total consumer spend on digital.**

For reference, DEG provides a list of digital entertainment terms and definitions on its web site here.

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2020- Q2
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U.S. Consumer Spending ($ in millions)	Q1-2019	Q1-2020	YOY	Q-2 2019	Q-2 2020	YOY	First Half 2019	First Half 2020	YOY
Sell-Thru									
Sell-Thru Packaged Goods All	$ 822.25	$ 637.78	-22.43%	$ 716.40	$ 636.79	-11.11%	$ 1,538.65	$ 1,274.56	-17.16%
Sell-Thru Including EST	$ 1,487.72	$ 1,387.21	-6.76%	$ 1,266.14	$ 1,501.23	18.57%	$ 2,753.86	$ 2,888.44	4.89%
Rental									
Physical Brick/Mortar/Subscription	$ 154.49	$ 119.54	-22.63%	$ 136.30	$ 101.44	-25.58%	$ 290.79	$ 220.98	-24.01%
Kiosk	$ 244.10	$ 204.92	-16.05%	$ 219.49	$ 148.51	-32.34%	$ 463.59	$ 353.44	-23.76%
Total Rental (excluding VOD)	$ 398.59	$ 324.46	-18.60%	$ 355.79	$ 249.95	-29.75%	$ 754.38	$ 574.41	-23.86%
Total Rental (including VOD)	$ 962.73	$ 998.41	3.71%	$ 822.19	$ 947.65	15.26%	$ 1,784.93	$ 1,946.06	9.03%
Digital									
Electronic Sell-Thru (EST)	$ 665.47	$ 749.43	12.62%	$ 549.74	$ 864.45	57.25%	$ 1,215.21	$ 1,613.88	32.81%
VOD	$ 564.14	$ 673.95	19.47%	$ 466.41	$ 697.69	49.59%	$ 1,030.54	$ 1,371.64	33.10%
Subscription Streaming (SVOD)*	$ 3,585.88	$ 4,733.90	32.02%	$ 3,888.46	$ 5,535.44	42.36%	$ 7,474.34	$ 10,269.34	37.39%
Total Digital	$ 4,815.49	$ 6,157.28	27.86%	$ 4,904.60	$ 7,097.58	44.71%	$ 9,720.09	$ 13,254.86	36.37%
Total U.S. Home Entertainment Spending	$ 6,036.33	$ 7,119.52	17.94%	$ 5,976.79	$ 7,984.32	33.59%	$ 12,013.13	$ 15,103.84	25.73%
Box Office in Billions	$2.89	$2.97	2.90%	$2.20	$1.67	-23.87%	$5.08	$4.64	-8.67%

**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*

Disclaimer: This report contains information compiled from sources that the DEG believes have accurately reported such information, but which the DEG has not independently checked or verified. As such, the DEG does not warrant its accuracy or reliability. The report is not intended to provide investment or securities advice.