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*DEG: The Digital Entertainment Group today released its Year-End 2021 Home Entertainment Report compiled by DEG members, tracking sources and retail/platform input.**

Consumer Spending on Digital Entertainment Grew by More Than \$2 Billion in 2021

With More Theatrical New Releases, Fourth Quarter Posts Biggest Gain for the Year, Up 11% Over 2020 Period

Overall U.S. consumer spending across digital and physical home entertainment formats in 2021 was \$32.3 billion, an almost 8% increase from the \$30 billion consumers spent in 2020, which was a record-breaking period for home viewing as consumers limited out-of-home activity in response to the spread of the novel coronavirus. In the fourth quarter, overall consumer spending rose more than 11 percent, to \$8.6 billion, representing the strongest growth quarter of the year.

Consumers spent almost \$8 billion on digital entertainment purchases (EST**), rentals (VOD**) and subscriptions in the fourth quarter of 2021, an increase of 15 percent; and \$29.5 billion for the full year, a jump of nearly 12 percent over full year 2020. Spending on subscription streaming rose 19 percent for the fourth quarter and 20 percent for full year 2021.

Among the highlights for the Fourth Quarter and Full Year 2021:

- With pandemic conditions improving as 2021 progressed, box-office spending on the titles released to the home in the fourth quarter jumped more than 1,100 percent from the year earlier period, demonstrating consumers' continued voracious appetite for fresh feature films. The impact of new theatrical releases, which are historically a key driver of home entertainment spending, on DEG's transactional home entertainment tracking was muted, however, by the fact that many high-profile titles were released to the home in a Premium window. Premium releases enjoy strong consumer interest but spending in this window was not reported through DEG in 2021.
- Digital rentals (VOD) experienced a decline of less than 7 percent in the fourth quarter, their strongest performance of the year, supported by an increase in theatrical new release activity. Rentals of theatrical new releases through internet retailers (iVOD) in the fourth quarter rose about 3 percent over the same period in 2020, and 29 percent over spending in the pre-pandemic fourth quarter of 2019.
- Fourth quarter digital purchases (EST) drove \$717 million in consumer spending, down slightly from the record-breaking 2020 Q4 period. While theatrical trends are impacted by the lack of robust reporting for Premium transactions, purchases of TV product were particularly strong in Q4, rising to \$258 million, an 11 percent increase above the same quarter in 2020, and 54 percent over the 2019 quarter. Demonstrating TV's strength, *Yellowstone Season 4* was the



No. 1 title of the year across all transactional formats and the Yellowstone franchise generated more than \$61 million in spending during the fourth quarter.

- Premium releases – encompassing premium priced rental or sales transactions in an early home entertainment window prior to, concurrent with, or very soon after theatrical release –currently are not included in industry reporting through DEG. However, DEG market analysis based on input from DEG members, tracking sources and retailers/platforms estimates Premium release revenue through retailers who support multiple studios*** at about \$525 million for full year 2021. Including Premium would increase the total consumer spend on digital formats to almost \$33 billion.
- In physical formats, the return of theatrical releases helped stem declines in the fourth quarter to only 14 percent and new formats remain a bright spot with consumer spending on 4K UHD Blu-ray discs rising more than 6 percent in the quarter.
- Among the year’s best-performing titles across all transactional formats, excluding Premium, were TV, feature films, new release and catalog, including: *The Croods: A New Age*; *F9: The Fast Saga*; *Free Guy*; *Godzilla vs Kong*; *Harry Potter - Complete 8-Film Collection*; *Hitman's Wife's Bodyguard*; *Monster Hunter*; *No Time to Die*; *A Quiet Place Part II*; *Venom: Let There Be Carnage*; *Wonder Woman 1984*; and all four seasons of *Yellowstone*.

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

***** VOD and EST spending do not include Premium releases. Including Premium increases the total consumer spend on digital.***

******Premium estimate does not include Disney+ Premier Access.***

For reference, DEG provides a list of digital entertainment terms and definitions on its web site [here](#).

FOR EXTERNAL DISTRIBUTION**2021****Prepared by:** J. McCourt**Email:** jmccourt@redhillgroup.com**Phone:** 949.752.5900 ext. 1**Date:** 2.3.2022**2021 YEAR END**

U.S. Consumer Spending						
(\$ in millions)	Q-4 2020	Q-4 2021	YOY	YTD 2020	YTD 2021	YOY
Sell-Thru						
Sell-Thru Packaged Goods All	\$ 693.56	\$ 594.83	-14.23%	\$ 2,451.46	\$ 1,972.79	-19.53%
Sell-Thru Including EST	\$ 1,432.33	\$ 1,312.12	-8.39%	\$ 5,448.86	\$ 4,395.64	-19.33%
Rental						
Total Rental (excluding VOD)	\$ 244.33	\$ 193.64	-20.75%	\$ 1,043.73	\$ 822.72	-21.18%
Total Rental (including VOD)	\$ 729.98	\$ 649.01	-11.09%	\$ 3,360.08	\$ 2,587.99	-22.98%
Digital						
Electronic Sell-Thru (EST)*	\$ 738.77	\$ 717.29	-2.91%	\$ 2,997.40	\$ 2,422.85	-19.17%
VOD*	\$ 485.64	\$ 455.37	-6.23%	\$ 2,316.36	\$ 1,765.27	-23.79%
Subscription Streaming (SVOD)**	\$ 5,567.46	\$ 6,639.19	19.25%	\$ 21,099.41	\$ 25,268.02	19.76%
Total Digital	\$ 6,791.88	\$ 7,811.85	15.02%	\$ 26,413.17	\$ 29,456.14	11.52%
Total U.S. Home Entertainment Spending	\$ 7,729.77	\$ 8,600.32	11.26%	\$ 29,908.36	\$ 32,251.65	7.83%
Box Office in Billions	\$ 0.11	\$ 1.42	1171.43%	\$ 4.27	\$ 2.98	-30.15%

*EST and VOD data do not include spending on premium releases.

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.

**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.