

HIGH-DEF REPORT

# Co-existence of blue formats “most likely”

A new report from Screen Digest assesses the potential outcomes in the battle between HD DVD and Blu-ray Disc.

The first major study to look at the background to the current video format battle and to assess the most likely outcomes has been published by Screen Digest. *HD DVD, Blu-ray Disc and the future of home entertainment: A strategic analysis* judges that the most likely outcome is that the two formats will coexist until they give way to affordable dual-format solutions.

Broadly speaking, Screen Digest believes that there are four possible outcomes to the format battle:

1. The HD DVD format achieves a dominant market position and supporters of the Blu-ray Disc format switch their allegiance to that format.
2. The Blu-ray Disc format achieves a dominant market position and supporters of the HD DVD format switch their allegiance to that format.

3. Neither format achieves a ‘knock-out’ position of market dominance and both coexist until combi-format solutions become cost-effective and eventually dominate, mirroring the current market for recordable DVDs.

4. Both formats ‘lose’ in the sense that neither is successful enough to achieve mass consumer adoption, resulting in a situation comparable to that of the battle between ‘next generation’ audio formats SACD and DVD Audio.

However, Ben Keen, Screen Digest chief analyst, believes that none of the other possibilities – outright victory by either format, or neither format achieving mass consumer adoption – can be ruled out at this stage.

“Given the vested interests on either side, we believe that the most likely outcome at present is scenario 3, i.e. that the two formats will coexist until they give way to affordable dual-format solutions, but none of the other three scenarios can be com-



pletely ruled out. Overall though, the net result of the format war and the publicity it has generated will be to dampen consumer appetite for the whole high definition disc category.”

Graham Sharpless, author of the report comments: “The success of DVD was due to a single format that

offered better quality and greater convenience than the VHS format that it replaced. This time both formats support similar features. Blu-ray discs offer capacities of up to 50GB compared with HD DVD’s 30GB. But Blu-ray is a revolutionary format that is more difficult and expensive to produce than HD DVD discs, which can be produced using modified DVD equipment.”

The consultancy forecasts that by 2010, high-definition formats will have a share of just under one-third of the video disc market in the US, Japan and Europe, commanding a spend of \$11 billion out of a total of \$39 billion. Premium prices charged for the new formats will be the main driver of market value growth. By 2010, total revenues from packaged media will be 15-20% higher than they would have been without blue-laser formats.

For more data and analysis, turn to *Statistics* on page 16.

[www.screendigest.com](http://www.screendigest.com)



## ESA confirms smaller E3 2007

A smaller, more industry-focused E3 event has been promised for next year. The Entertainment Software Association (ESA), organiser of the 2007 Electronic Entertainment Expo, says the show will be “a more intimate event focused on targeted, personalised meetings and activities.”

The “large trade show environment of previous years” will not be a feature in 2007, although there will be some game demonstrations. The ESA currently plans that the Expo will still be held in Los Angeles.

When E3 was created 12 years ago, the games industry was still being established, and the focus was on securing orders for the Christmas holiday season, explained ESA president Douglas Lowenstein. Since then, the industry calendar has expanded to take in other shows, in Leipzig, Tokyo and elsewhere, as well as com-

pany-specific shows by Sony, Microsoft, Nintendo and others.

“It is no longer necessary or efficient to have a single industry ‘mega-show,’” he said. “By refocusing on a highly targeted event, we think we can do a better job serving our members and the industry as a whole, and our members are energised about creating this new E3.”

“E3Expo remains an important event for the industry and we want to keep that sense of excitement and interest, ensuring that the human and financial resources crucial to its success can be deployed productively to create an exciting new format to meet the needs of the industry. The new event ensures that there will be an effective and more efficient way for companies to get information to media, consumers, and others,” he added.

[www.theESA.com](http://www.theESA.com)

## Warner Music Group touts DVD albums

The future for recorded music might not be the CD or the hybrid DualDisc format, but the new DVD Album that is to be launched by the Warner Music Group in late October or early November. The DVD Album format will take advantage of the DVD format’s multilayer capacity and will offer two-channel or multi-channel music, as well as video extras and pre-ripped DRM-protected digital versions of the album that can be transferred to a portable digital music player.

The discs could also contain PC compatible software and may even feature software for converting tracks from the DVD into ringtones for your mobile phone. The Warner Music Group had learned through its experiences with the DualDisc format that the consumer is a much more sophisticated creature and is demanding more content and extras from their

music purchases. The DVD Album format is intended to fill this need and to give music releases an extra breath of life.

The only downside is the DVD album cannot be played in a regular CD player as it is DVD-based, so playback will be limited to DVD players and DVD-ROM drives in home computers. It is expected that the new DVD Album releases will include both 2-channel stereo and 5.1 surround sound mixes of the record for a more immersive listening experience. Again, because the music is encoded on DVD, it will be a little bit more difficult for home users to rip the music straight from the disc and adds an extra level of anti-piracy protection.

Details are still sketchy about the release schedule for the DVD Album format but the first discs should start appearing in time for Christmas 2006.

MEDIA-TECH SESSIONS

# Providing the latest high-def updates at MEDIA-TECH USA



MEDIA-TECH's conference will bring together key figures to create a platform for learning about the latest opportunities in the delivery of current and emerging packaged entertainment formats.

The 2006 MEDIA-TECH Showcase & Conference, a renowned technical forum and "table-top" show which this year takes place on October 10-11 at the Long Beach Convention Center, Long Beach, USA (pictured), will provide the latest updates on high definition home entertainment, prospects for next generation optical discs and the market introduction of the future media generation.

The conference programme has been put together under the direction of Professor Masud Mansuripur, Chair of Optical Data Storage at the Optical Sciences Center of the University of Arizona in Tucson.

A studio panel session, organised in co-operation with The Digital Entertainment Group (DEG), will be among the MEDIA-TECH attractions on Tuesday October 10. Stephen Nickerson, senior vice president, market management at Warner Home Video, has been confirmed as being one of the panel speakers.

A replicator panel session will take place the following day, discussing the development and replication of new optical media formats as well as the manufacturing status of Blu-ray Disc and HD DVD. Dominick DallaVerde, senior director, HD operations new technology and applications at Cinram, will be among those airing their views.

Dr Der-Ray Huang, president of Taiwan Information Storage Association and deputy general director of the Electronics & Optoelectronics Lab at Taiwan's Industrial Technology Research Institute (ITRI), will provide a

speech on the high definition red-laser format Forward Versatile Disc (FVD).

Jim Taylor, chief of DVD technology and general manager of the Advanced Technology Group at Sonic Solutions, will give an outlook for highly interactive applications with HD DVD and Blu-ray. And a panel on the fourth generation holographic optical media will be led by Stanford University Professor Dr Bert Hesselink.

In the Technology Workshops part of the program, KBA-Metronic expert Markus Goerlitz, areas sales director Print Technologies, will be speaking on innovative offset printing as well as reporting on everyday life in the field.

The International Disc Duplicating Association (IDDA) will be holding its program at the event, which starts with a plant tour on Monday afternoon, October 9. Tuesday's afternoon sessions will cover the theme of Consolidation and Change, while Wednesday morning sessions will be on the opportunities offered by new technologies and products such as memory cards.

Other organisations that are co-locating their meetings at the show include the American Independent Media Manufacturers Association (AIMMA), a senior executive-level organisation of media manufacturing owners and operators. AIMMA will be holding member meetings around the time of the show, some in conjunction with the Colonial Purchasing Co-op.

[www.media-tech.net](http://www.media-tech.net)

## MeadWestvaco's Q2 results announced

MeadWestvaco recently reported a net loss for the second quarter of \$7 million and included in the loss an after-tax restructuring charge of £37 million related to the shut-down of two unused paperboard machines. In addition, the company incurred other one-time after-tax costs of \$6 million but reported an after-tax gain of \$13 million in the loss related to the sale of a note received as part of the consideration for the sale of the printing and writing papers business in 2005.

In consumer packaging, MeadWestvaco's largest segment, sales of \$1.14 billion were up slightly compared to second quarter 2005 sales of \$1.13 billion. Segment operating profit totalled \$88 million compared to \$96 million in the prior year's second quarter. Media markets remain challenged due to a lacklustre major release schedule, next-generation DVD format conflicts and to higher resin costs. Overall performances of the mills in the second quarter of 2006 declined compared to the year-ago quarter.

"We are executing on the initiatives that will make MeadWestvaco a highly profitable consumer packaging provider to the world's largest consumer goods companies," said John A Luke Jr, chairman and CEO. "As we move through the remainder of 2006 and into 2007, our hard work will become increasingly apparent through improved profitability."

[www.meadwestvaco.com](http://www.meadwestvaco.com)

# NARM report shows opportunities for physical media

The National Association of Recording Merchandisers (NARM) study by the NPD Group into the way consumers acquire music and the competition from other forms of entertainment reveals that despite a shift towards digital products, there are opportunities to increase sales among an active group of consumers who still purchase physical media products.

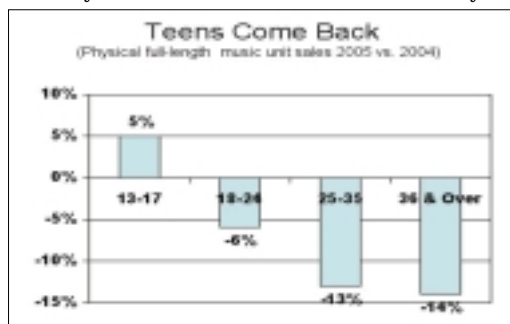
"The digital revolution is an unquestionable reality and there's no more competition than ever for the music shopper," said NARM president Jim Donio. "But consumer's report they still enjoy and value

physical music products, which accounted for 94% of total music sales in 2005."

"Consumers are clearly making the most of all the choices they have to discover and purchase music and physical product is still a very large part of the equation," said Russ Crupnick, vice president and senior industry

Teenagers have not turned their backs on CD's

analyst for the NPD Group. "For example, among teenagers, sales of CDs are up 5% in 2005, illustrating a halo effect from digital music and other venues for music discovery."



But saying this, the report shows that older adults are losing interest in music and the industry needs to address attracting those consumers back. Heavy buyers spent nearly \$250 on average per year on music CDs and these consumers represent a healthy 4% of music revenue.

So while there is much hand-wringing and debate about the impact about non-tangible digital product, music lovers are still spending a healthy amount on real product and this product still needs to be packaged to attract them in the first place.

[www.narm.com](http://www.narm.com)  
[www.npd.com](http://www.npd.com)



Imagion has bucked the trend for plastic

## Imagion brings card to HD DVD

The first officially available European HD DVD title is now available courtesy of Imagion. *elephants dream* is the brainchild of Tom Roosendaal and is a computer animated movie in full high definition resolution (1080p). The pack features several audio commentaries, a picture-in-picture "Making Of" documentary and one unique feature is that the movie has an option that allows you to jump from high definition to standard definition resolution and compare both formats.

The disc itself has done away with using the HD DVD Digipak style packaging and is instead using a custom card sleeve. "The standard plastic media packaging for HD DVD and Blu-ray discs does not fit our expectations. Based on the idea that the next-generation formats are a new, sophisticated high-end media the simple plastic packaging of the US and Japanese discs looks very artless. Especially if the customer will compare the new packaging with the extravagant packaging of the special edition DVD titles available today," explains Imagion's Michael Becker. "Imagion decided to not release the first title in the standardised HD DVD and Blu-ray packaging. A DVDpak (like DVDigipak) including a slipcase with thumbcuts was used."

[www.imagion.de](http://www.imagion.de)

## Vinyl gets mounted

Art Vinyl is a company that specialises in ways of displaying vinyl records. With the recent interest in vinyl records and the six-fold increase in vinyl sales since 2001, the company has announced a new range of display solutions for this almost-forgotten media. The Play and Display Mount has been designed to hold and display a 12-inch sleeve and record and is intended for Point-Of-Sale (PoS) display.

The design of the special frame means that it can allow for any thickness of vinyl record, even double and triple albums. Changing the display and the record held inside the frame is quick and easy and the record can be changed without taking the Mount off the wall.

The Art Vinyl group also believes that its product could also be used in the home and used as a novel way of presenting favourite albums and creating a rock and roll aesthetic at the same time.

[www.artvinyl.com](http://www.artvinyl.com)

## Inbrief

Hot on the heels of the recent re-release of the entire JAMES BOND BACK CATALOGUE on Ultimate Edition DVDs, there's a limited edition attaché case in which to hold your favourite super-spy's adventures. *The Bond Monster Box Attaché Case* features all 20 official films from *Dr No* to *Die Another Day* in limited double disc editions. The set is available now and retails for around £209.

SCANAVO announced that it had received an announcement from the European Patent Organisation (EPO) that the patent application for the Steelbook has been considered and subsequently issued on June 28, 2006. With the patent in place, Glud & Marstrand will ask for national issues within EPO countries. The patent has also been issued in New Zealand on 30 June 2006 and the company expects more patent issues in the coming months.

Paris-based packager MDV PACKAGING has recently been in chapter eleven, and with business around the world being depressed by increased energy and raw material prices, the company, unfortunately, could not avoid being closed down for good. On June 28, 2006, the Commercial Court of Orleans judged that the company should be shutdown with authorisation to continue activity (with no production) until September 27, 2006.

Italian CD/DVD tray manufacturer DUE CI has released SliderPak, a patented modular sliding tray arrangement catering for two or more discs. Suitable for various types of Digipak, Due Ci says a standard automatic tray placing machine can be used with no limit to the number of trays. Gluing the tray to the cardboard is said to be as easy as with traditional trays.

Univenture's David Coho has been promoted to the position of vice president of Sales & Marketing. Coho previously served as Univenture's director of Sales & Marketing and was also responsible for Univenture's European Operations in Ireland. "Under David's leadership, the Univenture brand has flourished," said Michele Cole. For more information on Univenture, turn to our feature on page 28.



A new alternative to disc spindles

## Snap 'N' Save for TDK

Recordable media manufacturer TDK has introduced new innovative Snap 'N' Save cases to its product range. The company claims that the cases offer robust disc protection and will snap shut, protecting the disc from contaminants such as dust and dirt. The case is being pushed forward as an alternative to using disc spindles and being promoted to cut down on case clutter and keeping multiple disc sets organised.

"We're pleased to offer our customers ultimate DVD and CD media packaged in Snap 'N' Save cases," said Bruce Youmans, vice president of marketing at TDK. "The new cases offer the same bulk

storage capabilities as the spindle, but is designed to provide stronger disc protection. What's more, with a variety of colours and pack configurations, Snap 'N' Save offers seamless storage and organisation options alongside CD jewel cases and DVD movie boxes in our customers home media libraries."

The company will be using Snap 'N' Save for its 16x speed, 4.7GB recordable DVD products in 10 and 25 unit packs and its 52x speed, 700MB recordable CD products in 25-disc packs. The case is also being used for TDK Mini DVD media, the smaller recordable DVD used by home videographers.

[www.tdk.com](http://www.tdk.com)

## Adtec makes an entrance

With the introduction of the Modular Case, Adtec the company that for decades has been a distributor of splicing and cleaning tape, has now entered into the DVD packaging market.

The fully patented Modular Case is suitable for multi-disc collections and according to Adtec presents no limitation on capacity. Its 'Clip & Click' closing system also offers extra security.

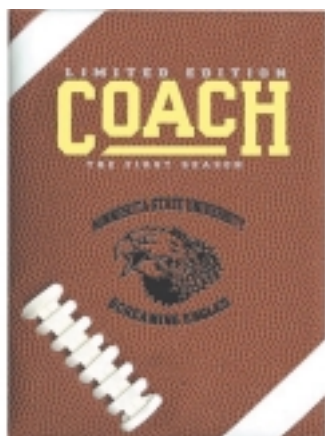
"It takes up less room than a standard DVD case and allows you to store as much as you want with no limit," says Adtec managing director Jan Brütt. "Its 'do-it-yourself' capability enables you to simply increase storage capacity whenever you want, without the need for any special tools. As its name suggests, it is also very adaptable to many different requirements."

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'Clip & Click' storage from Adtec

## Coach gets kicked into touch



The new DVD release of the first season of cult TV series *Coach*, a comedy based around the exploits of an American football coach, hits the streets with some packaging that would make any gridiron fan take notice. The packaging has been created by Multi Packaging Solutions (MPS) and looks like a football team's playbook and is wrapped in a material to make the package look like a football. The mini-binder playbook itself contains sleeves that hold the four separate DVDs.

"The *Coach* DVD package is just the latest example of the kind of ingenuity that MPS can deliver for

content owners," said Paula Doherty, vice president of sales for MPS. Mark Campbell, director of special packaging added, "The MPS team was able to bring this creative vision to market with our wide array of resources and our project management expertise in special packaging."

Doherty indicated that only the first season of the *Coach* series will be packaged in this special format to "kick off" the DVD release of the classic comedy, and those subsequent seasons will be released in standard packaging.

[www.multipkg.com](http://www.multipkg.com)