

HD'S 37% SHARE IN 2010

BLUE LASER FORMATS ARE LIKELY to be taking a real share of the optical disc market by the end of the decade, predicts research company Copernio. In its analysis of the trends in optical disc sales, Copernio says that combined, Blu-ray and HD DVD titles will take a 4.5% share of the business in 2006, which the company then expects to have doubled by the end of this year.

This year, it expects that HD DVD will have a 1.9% share of the total business, compared to Blu-rays somewhat higher 2.6%. This, the company says will even out in 2007, with both formats each taking a 4.9% share.

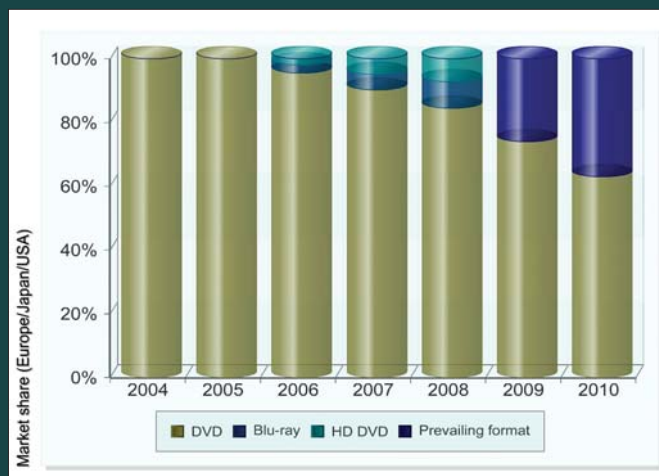
Over the three years it will predict the formats separately, Copernio does not

believe we will see an immediate outright winner, it does say that by 2008, Blue-ray will regain its slight advantage over HD DVD with an 8.3% market share, compared to HD DVD's predicted 7.2%.

However from 2009 onwards, Copernio's research focuses on the comparison of DVD against a generic high definition disc carrier, accepting that it is difficult to predict which of the two formats will gain the ascendancy.

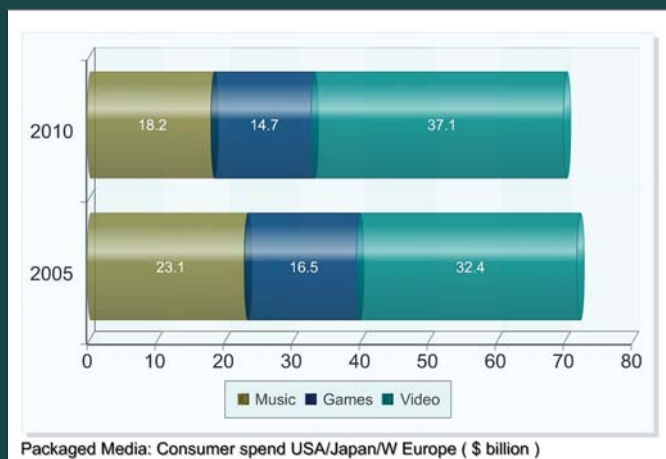
What the researchers do feel comfortable about is that the HD formats will take an increasing share of the business. It sees a fairly smooth migration from DVD to the HD formats, with DVD's market share dropping from 90.2% this year, to 63% by 2010. ●

DVD/BD/HD DVD MARKET PREDICTIONS



Source: Copernio

ENTERTAINMENT PACKAGED MEDIA TRENDS



Source: DVD Intelligence

ONLY A SLIGHT DECLINE

LOOKING AT THE BROADER WORLD STAGE, there are 2010 predictions presented by DVD Intelligence on the patterns of spending on packaged media. These show that the market for packaged media in the main world markets of the W Europe, USA and Japan will decline marginally by the end of the decade from a total of \$72 billion on 2005 to \$70 billion in 2010. Whilst other research shows a slight increase in packaged media business over the next three years, due to a higher prediction for the take up of Blu-ray and HD DVD, there is a broad agreement that packaged media business will show no substantial changes either up or down.

The significant impact of downloading, an essentially audio activity, sees the music sector's share of the packaged media business shrinking to 26%. This represents a nearly 20% drop in business for the CD disc makers, although the music owners are picking up new income from legitimate, paid-for downloads. In this research, the games market is predicted to decline. One interpretation is that online games will impact the packaged games market, so that its share would be expected to drop by 2%, to 21%. The figures indicate that video will pick up the slack with a significant increase, moving from a 45% market share, up to 53%. ●

GROWTH IN ELECTRONIC

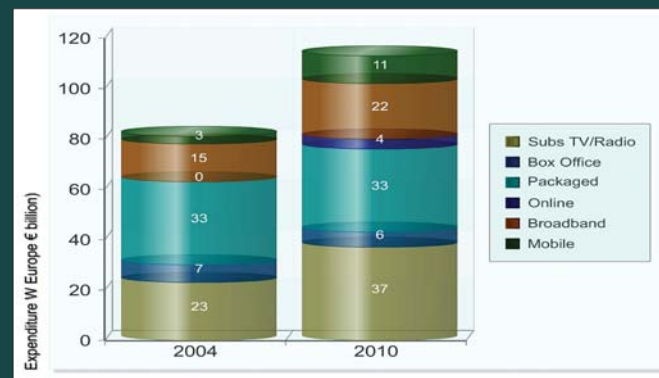
FIGURES PRESENTED BY Understanding and Solutions show that the total spend on delivered music, movies, TV, radio and video will have increased by well over a third by the end of the decade. All of this increase is expected to come from the expansion of electronically delivered content, whether it be via subscription TV, online, broadband or on your mobile. a third of the user's purchasing power will still be going on packaged media of whatever format is current at the end of the decade.

Drilling deeper into the packaged media segment, U&S believes that whilst

movie disc business will still account for 40% of the total, games titles will increase their share of the packaged media business by around 28%, at the expense of music sales on disc.

Although remaining quite small, U&S believe that content delivered on, or broadcast to, mobile phones will show the biggest rise in activity from the consumer at the end of the decade. The 2010 figure of Euro 11 billion shows an increase of 366% over 2004's spend. Not everyone agrees that mobile broadcasting is truly the future, with trials last year showing poor take-up. ●

ENTERTAINMENT EXPENDITURE BY CONSUMERS: W EUROPE



Source: Understanding & Solutions