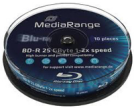


Digital Download Passes Blu-ray for First Time

Written by Bob Snyder
03 August 2010

It's not that Blu-ray isn't finally racing along...it's more the danger than digital download is sprinting faster and threatens to permanently overtake Blu-ray any time soon.



Now digital distribution platforms for in-home entertainment (including video-on-demand) have outpaced Blu-ray Disc in US consumer spending during the first half of 2010, passing the \$1 billion mark for the first time, according to new figures released by DEG.

Electronic sell-through increased 37% year-over-year to \$285 million between January and June, as video-on-demand (VOD) rose 19% to \$865 million, for a combined growth of 23% to \$1.1 billion.

Sales and rentals of Blu-ray discs, reached a combined total of \$982 million for the 6-month period. **Blu-ray sell-through increased 84% year-over-year** to \$733 million during the half.

Blu-ray disc shipments topped 77 million units in the first half of 2010, nearly double the number of the comparable period in 2009, according to figures compiled by Swicker & Associates on behalf of the DEG. Household penetration of all Blu-ray compatible devices, including set-top players, PC drives and PlayStation 3 consoles, now reaches 19.4 million U.S. homes.

Overall consumer spending for the first half of 2010 in the home entertainment window for pre-recorded entertainment — which includes DVD, Blu-ray Disc and digital distribution — reached \$8.8 billion, off 3% compared to the same period in 2009. Yet consumer transactions for home entertainment products were up 2% for the first half of the year, DEG says.

Packaged media sell-through, which includes DVD and Blu-ray Disc, declined 7% year-over-year during the half. But the rate of decline slowed to 3% during the second quarter.

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Rental spending in USA was down nearly 5% to about \$3 billion between January and June, says DEG (citing Rentrak Corp.'s Home Video Essentials). The trade group faults Movie Gallery store closures for the decline, noting that kiosk revenues increased 55% during the 6-month period.

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