



Blu-ray Disc News

News and Views from the Blu-ray Disc Association

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Blu-ray Disc Association looks to build on format strength, extend user base and evolve functionality in 2009

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*Victor Matsuda
Chairman
BDA Global Promotions
Committee*

It's a month after Christmas; the credit card bills have hit the doormat and last vestiges of festive cheer have faded. In the cold light of a winter's day, the success of the Blu-ray Disc format still stands up to scrutiny from the fiercest nay-sayer.

For an informed view on where the Blu-ray Disc format currently stands globally, *Blu-ray Disc News* spoke to Victor Matsuda, the recently re-elected Chairman of the Blu-ray Disc Association (BDA) Global Promotions Committee.

Matsuda started by looking back over what was a very up-beat end to 2008. "In spite of the severe economic downturn, Blu-ray Disc hardware and software had a very robust Q4, which put an emphatic exclamation point on overall proliferation of the format in '08," commented Victor Matsuda. "The format's core consumer benefits are really being recognized and appreciated. At the same time, we are also seeing increased efforts with the format's more "enhanced" features, such as BD-Live and Digital Copy.

"3D was a popular topic at CES," Matsuda added. "Regarding that, there is no formal 3D proposal within the Blu-ray Disc Association. We are aware that there are a number of 3D technologies out there at the moment and we are interested in studying the possibilities of joining together the best High Definition technology with 3D applications in order to create a superior consumer home theater experience. Obviously the consumer experience, compatibility and uniformity will be important considerations once we begin evaluating the various technologies available."

Despite a strong showing at CES, the BDA still sees a number of challenges ahead before the format is fully integrated within the mainstream. "It's definitely not *job done!*" states Victor Matsuda. "While we had a break-out year in '08, we definitely have to continue all efforts aimed at the continued proliferation of the format, especially during this economic environment. We also need special attention for

the format's "enhanced" features. Lastly, we need to continue to emphasise the possible co-existence of Blu-ray Disc and digital downloads within the same market ecosystem."

Looking beyond the U.S. market, Matsuda sees considerable reason to be pleased with Blu-ray's performance in global markets. In Japan, for instance, by the beginning of November, Blu-ray accounted for more than half of the stand-alone hardware business by early November, and that trend continues to grow.



Victor Matsuda

In Japan, the Blu-ray Disc Association (BDA) has announced strong sales growth for stand-alone BD recorders. The latest data shows that recorder sales were almost seven times higher during 2008 than in 2007.

"Currently, we are experiencing very strong demand for Blu-ray Disc recorders," commented Yutaka Komai, Chairman of the BDA Japanese/AP Promotions Team. "The reason, we believe, is two-fold: firstly the format war ended in March, so Japanese consumers had the confidence to back a single industry standard. And secondly, recorder prices fell during the year and dipped below 100,000 yen towards the end of the year.

"Monthly recorder shipments exceeded 100,000 for the first time in June '08, however it was October, when many of the sub-100,000 yen recorders started shipping that sales really started to take off. In December, we hit an all-time high when 390,000 stand-alone Blu-ray recorders were sold," Komai-san continued.

"In Europe, the overall roll-out of the format continues to follow a trend that we have become familiar with: key milestones are basically achieved one step after similar milestones in the U.S.," observed Victor Matsuda "And, this is quite logical if you look at the overall introduction timing of products in the different regions. Based on that, we expect a very positive trend and continued very strong acceptance of the format in '09. I anticipate acceptance of the format by a much broader consumer base this year.

So, where are the bear traps for Blu-ray? When faced with this question, Victor Matsuda was candid.

"The biggest question mark is the overall economy, but I am expecting another huge year for Blu-ray," he explained. "As we saw at CES, we will continue to see more and more new products, and we will also see the ramped-up efforts for some of the more enhanced features of the format.

Regarding digital downloads in particular, which seem to be many journalists' favorite stalking horse. I think that our basic messaging "can co-exist!" is finally starting to catch on, but we will need to be persistent here."

So, the start of year report from the BDA is that everything is on course and healthy, but the BDA will not lose focus for even one minute in its aim of

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establishing Blu-ray Disc as the successor to DVD. And the BDA will continue its efforts with the most successful format introduction ever.

“Absolutely,” affirmed Victor Matsuda. “While we had a break-out '08, the format definitely continues to evolve. Current work with BD-Live type of features, and the possibility of work with 3D in the format are only two examples.

“As the format and products proliferate, the BDA must also ensure that format compliance. With the success of last year, this function of the organization will be dealing with the current sharp spike in activity for a long time.

“Finally, the Promotions Committee's format promotion activities continue to be very important. We need to continue to drive home the point that, while there may be other products, Blu-ray is clearly the best high-def technology. The level of acceptance is different per region, and our efforts will also reflect that. I also expect that we will see new and compelling consumer benefits of BD-Live-type of efforts as well continued evolution of the format, and it is definitely our goal to aggressively promote these developments.”

For more information, please respond to info@blu-ray-news.net

Blu-ray Disc Association appoints new European Promotions Committee Chair

In addition to Victor Matsuda's re-election as the BDA's Global Promotions Committee Chair, the Blu-ray Disc Association has also announced the appointment of its regional Promotions teams chairs. For the U.S., Andy Parsons has re-elected, and for Japan/AP, Yutaka Komai has been re-elected. For Europe, Niels Leibbrandt from Sony Europe takes over from Frank Simonis who stands down after an exciting and eventful two years in charge.

“The Chairman's role is a fixed duration two-year appointment and Frank has completed what has been a challenging and tremendously successful period in charge. Our sincere thanks go to him for his expert guidance and management of the BDA European promotions committee,” comments Niels Leibbrandt.

Leibbrandt brings a wealth of experience and modern marketing methods in the arena of introducing new entertainment formats. As well as working with Sony Europe, he was previously promoting technology standards within Philips Electronics, based at the company's Eindhoven headquarters.



Niels Leibbrandt

Slipping into the Chairman's seat, Niels looks forward to an exciting period ahead as Blu-ray consolidates the strong growth it experienced in the fourth quarter of 2008. "With Blu-ray Disc one thing is sure: Seeing is Believing," explains Leibbrandt. "Many consumers may think they are satisfied with DVD, but when they actually get to experience Blu-ray Disc they are truly amazed by the picture quality that can be achieved.

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BDA European Promotions
Committee*

"This said, many European consumers do not fully understand what Blu-ray is, nor do they understand how to get true High Definition picture quality on their HDTV," he continues. "What is less known too is that Blu-ray Disc covers application areas such as loss-less 7.1 audio, which simply is fantastic for movie special effects and music concerts. Or that consumers can go online with their BD player to browse the latest movie content. Or that there are Blu-ray computer drives and editing software that offer the ideal solution to store HD Camcorder footage safely.

Niels realises that he stepping into big shoes when he inherits the BDA European Promotions Committee Chair. "Although European Blu-ray Disc players and movies sales achieved tremendous Q4 growth in 2008, we still have a formidable promotional challenge remaining in Europe before the format is self-propelling.

"The BDA's 2009-2010 promotional task is clear: to help establish the mainstream consumer adoption of Blu-ray Disc in Europe for all application areas," concludes Niels Leibbrandt. "BDA Europe continues to drive European promotion initiatives by supporting local Blu-ray taskforces and independent industry organisations. We will work on consumer messaging and promotional tools explaining the benefits of Blu-ray in an easy way. We will drive Life-style PR and online initiatives to reach tier 2 consumer segments and we will co-operate to enhance visibility of Blu-ray Disc at the shop-front. The Blu-ray Disc Association is at the international home entertainment industry's service."

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Dark Knight sets new standard in Blu-ray movie sales

With the release of *The Dark Knight* by Warner Home Video, the Blu-ray Disc format reached a defining moment. Many observers have likened it to when *The Matrix* was released on DVD-Video, or indeed for audio enthusiasts, when Dire Straits released *Brothers in Arms* on Compact Disc.

To understand the full impact this Batman Blockbuster is having on the home entertainment industry, *Blu-ray Disc News* has spoken to Dorinda Marticorena, Senior Vice President, Worldwide Marketing and High Definition at Warner Home Video.

“Given that *The Dark Knight* was the biggest film of 2008 and the second biggest film of all time at the box-office, we suspected it would do well on Blu-ray,” explained Dorinda Marticorena. “But the numbers have been even better than our high expectations.

“To date, Blu-ray sales of *The Dark Knight* has surpassed 2.0 million units in the U.S., and over 850,000 internationally. In the U.S., *The Dark Knight* sold over 1 million units in its first week to become the best-selling Blu-ray in history. It’s first week sales were twice as big as the previous record-holder, *Iron Man*, which was a major success when it released in September. It has also become the #1 Blu-ray in virtually all markets where it has been released.



“Prior to its release, *The Dark Knight* was considered the bellwether of the Blu-ray format, and we believe its success was a major catalyst in ending the year on a high note for Blu-ray in both software and hardware. It obviously helped drive consumer spend on Blu-ray software to \$750 million (Source: DEG) in the U.S. given that both Blu-ray set-top player and PS3 owners bought this title. Our research indicates that over 1/3 of PS3 owners say they bought *The Dark Knight* on Blu-ray. But incredibly, the title also drove hardware sales: over 1/3 of PS3 owners who bought their console between October and December said that *The Dark Knight* played a role in their decision to buy the gaming device,” explained Marticorena. “Overall, we are excited and proud of *The Dark Knight*’s performance on Blu-ray because it is representative of the bright future in store for the format.”

Recently announced sales figures support the theory that Blu-ray can buck the economic trend and sustain its growth over the Festive period and into 2009. How does Dorinda Marticorena see the Blu-ray Disc market developing as we progress into a very uncertain New Year?

“The 400% growth in Blu-ray consumer sales as reported by the DEG, as well as the spike in hardware purchases at the end of the year are evidence that Blu-ray is here to stay,” affirmed Marticorena. “Not many other industries – in entertainment or otherwise – can boast any growth at all in 2008. Blu-ray has shown once again that filmed entertainment can thrive despite an economic downturn.

We’re seeing new format features such as BD-Live coming on stream, but how important is the image and sound quality provided by Blu-ray Disc to the entertainment experience?

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Dorinda Marticorena

“Somehow the myth has been perpetuated that the increase in picture and sound quality from Blu-ray vs. DVD isn’t nearly as impressive as the jump from VHS to DVD,” Dorinda observes. “But all of our research shows that consumers love High Definition programming, and are overwhelmed by side-by-side comparisons between Blu-ray and DVD.

“In-store demonstrations are the point of conversion to the Blu-ray format, and that’s why we have been working with retail to ensure that consumers have the opportunity to experience Blu-ray as it needs to be experienced – full immersion into the movie. We also know from research that once consumers experience Blu-ray, they don’t want to go back to Standard Definition. Because they already have a library of standard definition DVDs, consumers need to know that Blu-ray players play ordinary DVDs. But given a taste of Blu-ray, they want to keep purchasing in High Definition,” she explained.

Around CES, the Consumer Electronics Association (CEA) released a forecast that spending on Blu-ray Disc players in the US will top \$1.3 billion this year, exceeding spending on DVD players for the first time. Does Warner think that 2009 will be the year when BD supersedes DVD as the home entertainment format of choice?

“Standard definition DVD is still a massive business worth around \$22 billion, so it will take more than just one more year for Blu-ray to become the dominant format,” remarked Dorinda Marticorena. “But we are confident that Blu-ray will grow by leaps and bounds and continue to grab a greater share of the market.”

Looking ahead to 2009, Marticorena believes that Warner releases will play a full part in growing the Blu-ray Disc format. “We are lucky to have such strong properties coming to Blu-ray in 2009,” Dorinda concluded. “We have two fantastic action-packed films that are perfect for Blu-ray in the first quarter: *Rock N Rolla*, which was directed by Guy Ritchie and *Body of Lies*, starring Leonardo Di Caprio and Russell Crowe.

“Sometime in Q2 or Q3 we will have *The Watchmen* arrive on Blu-ray, which is directed by Zack Snyder of *300*, which has become the cornerstone of our Blu-ray portfolio. Towards the end of the year we have the sixth installment of the Harry Potter movie series, *Harry Potter and the Half-Blood Prince*, which we plan to leverage to drive the Blu-ray sales of the entire franchise. We also have several Catalog Event titles coming, including the 40th Anniversary release of *Woodstock*, for those who want to get the most out of their home entertainment sound system. In addition, we have numerous sports and nature releases that will add to the constant flow of great Blu-ray product coming from Warner Home Video this year.”



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World's first portable Blu-ray Disc player is natural format progression

At CES, we heard that the Blu-ray Disc format is unique in terms of the speed with which it is establishing itself. Since Blu-ray Disc's inception in June 2006, some 10.7 million Blu-ray capable players have been shipped in the U.S. (source: *DisplaySearch*). By comparison, 5.4 million DVD players had been shipped three years into its launch (source: *CEA Market Research*).

In response to this unprecedented consumer demand, consumer electronics manufacturers are launching a broad range of new and ingenious players that will broaden still further the choices offered to Blu-ray enthusiasts.

Panasonic is a major developer and contributor to the success of the Blu-ray format, and its design team has come up with a World's first for Blu-ray Disc playback in terms of its new DMP-B15 portable player.



Tony Jasionowski

"Panasonic has introduced several generations of Blu-ray players including the world's first Blu-ray players with "BonusView", "BD-Live" and now the world's first portable Blu-ray player," commented Tony Jasionowski, Senior Group Manager, Technology Liason & Alliances Group at Panasonic Corporation of North America. "As in the case of DVD, our DMP-B15 player is a natural evolution of the format and our product line to provide for more versatility and flexibility of the format and content to be enjoyed in portable mobile applications."

Commenting on Blu-ray's strong sales performance in the U.S. Jasionowski believes that the format will buck the trend this year and continue to post very positive results as more and more consumers step up to the new standard in home entertainment technology. "We are very pleased with the growth rate of Blu-ray versus DVD during its similar start-up growth period. Blu-ray continues to exceed our expectations here in the U.S., Japan and other regions. Even during this weak global economic environment we expect Blu-ray to continue to globally flourish," concluded Tony Jasionowski.

DMP-B15 – power, potency and portability

The DMP-B15 is designed to provide the ultimate High Definition Blu-ray experience for those on the go. The player features a high quality 8.9-inch WSVGA LCD screen and includes the unique VIERA CAST internet accessibility and BD Live functionality. The DMP-B15 will be available in the U.S. in May.

The DMP-B15 provides all the technology found in its stand alone brethren, the DMP-BD60, DMP-BD80 and the VHS-Blu-ray dual player DMP-BD70V. Output

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Panasonic Corporation of
North America*



image quality is of the highest level, thanks to PHL Reference Chroma Processor Plus technology developed in collaboration with Panasonic Hollywood Laboratory.

The PHL Reference Chroma Processor Plus is a high quality image-processing technology that precisely processes each pixel of the Blu-ray Disc video signal in the vertical direction. It reproduces color data with twice the accuracy of conventional systems, resulting in faithful and sharp colors.

Ease of use is an important element in Panasonic's products and the DMP-B15, with a three hour rechargeable battery, is designed with that in mind. In addition to its use as a portable player, the consumer can connect it to an HDTV via HDMI cable, and use it as a standalone Blu-ray Disc player. The player can also be connected to an HD-Audio compatible AV receiver with a home theater speaker system and enjoy movies with outstanding surround sound. To accommodate the traveler, the DMP-B15 offers an optional headrest mounting bracket for in-car use. Like all Panasonic Blu-ray players, the B15 features an SD Memory Card slot that allows the consumer to view and share digital photos, as well as HD video recorded on a SD card.

For 2009, Panasonic's entire line of Blu-ray players includes VIERA CAST functionality. This unique application gives the consumer access to select entertainment sites, including Amazon Video-on-Demand, a streaming video service that gives the consumer access to more than 40,000 titles; YouTube; Google Picasa Web Album; Bloomberg and a weather channel.



DMP-B15-P

For more information, or to contact a spokesperson, please respond to Jeff Samuels, samuelsj@us.panasonic.com

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to help

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