



# Blu-ray Disc News

News and Views from the Blu-ray Disc Association

## Contents in this issue

- Samsung reports strong interest in first generation BD player
- Screen Digest identifies European Hi-Def market drivers
- B-Day arrives in Benelux countries

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## Samsung reports strong interest in first generation BD player

Earlier this year Samsung hit the ground running with the introduction of the world's first commercially available Blu-ray Disc player – the BD-P1000. Two months into the European launch, Blu-ray Disc News spoke to Mark Brindley, European Marketing Manager, Europe AV Organisation, Samsung, about the initial reaction to this revolutionary product launch.

“Being the first in the market gives us an advantage of heightened interest in the format’s first player and we’re very pleased to report strong interest in the BD-P1000 in every key territory. Blu-ray Disc is succeeding in capturing the consumers’ imagination – with BD we can provide that WOW factor that the market craves.”

Recent years have proved that Samsung is a company with a keen eye for a market opportunity and in Blu-ray Disc it continues to reinforce this dynamic market approach. “Our strategy is simple,” explains Mark Brindley. “To offer the best possible picture quality to feed our market leading TV products. Part of this has been a significant investment in R&D to provide our customers with the ultimate viewing experience.

“Samsung always looks to demonstrate its commitment to innovation and be the leader in the consumer technology space. We do this through continued investment in R&D and making bold industry choices to ensure that we are the first to market with our products. Our BD-P1000 Blu-ray player is a perfect example of this. It gives us a strong base from which to expand our range of high technology products moving forward,” adds Brindley.

“Our BD-P1000 Blu-ray allows the user to watch Blu-ray disc content at the highest possible audiovisual quality, when combined with a 1080p HDTV,” observes Mark Brindley. “Samsung offers a complete range of home entertainment equipment that together with the BD-P1000 provides the user with the ultimate viewing experience.

”The up-scaling functionality of the BD-P1000 Blu-ray player allows users to move



**Samsung's BD-P1000 - pioneering Blu-ray Disc**

*Samsung is continually developing new models with enhanced features. Moving into 2007, Samsung will be looking to lead the race into second-generation Blu-ray Disc products with new features.*

*Mark Brindley, European Marketing Manager, Europe AV Organisation, Samsung*

one step closer to a complete HD offering, without having to change their existing DVD library," he explained.

With many more consumer equipment manufacturers entering the Blu-ray Disc market this year and early in 2007, Samsung remains determined to make whatever investment is required to maintain its pioneering market position. "In line with our commitment to constantly update our product portfolio and meet changing consumer needs, Samsung is continually developing new models with enhanced features. Moving into 2007, Samsung will be looking to lead the race into second-generation Blu-ray Disc products with new features," concluded Mark Brindley.

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## Screen Digest identifies European Hi-Def market drivers

*"There are major commercial opportunities to establish High Definition pre-packaged media in Europe, however the key players need to understand that the launch environment is fundamentally different from that currently experienced in North America."*

*Helen Davis Jayalath, Senior analyst, video Screen Digest.*

"There are major commercial opportunities to establish High Definition pre-packaged media in Europe, however the key players need to understand that the launch environment is fundamentally different from that currently experienced in North America," so said Helen Davis Jayalath, senior analyst, video at UK-based Screen Digest. Davis Jayalath was speaking at the second of two Benelux Blu-ray Disc format launch events, staged in Hilversum, Netherlands.

When Blu-ray Disc (BD) was launched in the United States there already existed a strong installed base of High Definition TV (HDTV) users, so BD was a natural progression for consumers who were already used to the significantly higher picture and audio resolution than offered by Standard Definition television.

Helen Davis Jayalath highlights the fact that in Europe HDTV is at a much earlier stage in its product lifecycle. Relatively few households are connected and viewing HDTV services, so Hi-Def packaged media will be introduced independently from HDTV.

"In Europe we have a rapidly growing installed base of HD capable TVs, however the majority of purchase decisions were not driven by HDTV availability. Instead, consumers are motivated to purchase stylish slim-line wall hanging large screens on the basis of looks," explained Helen.

"People will start asking about Hi-Def discs in the stores and find to their surprise that they already possess most of the equipment they need except a Hi-Def player.

"In the US, High Definition disks are the next move after HDTV. In Europe, it's different – HD Disks are the next evolution after setting up a Home Cinema with a flat screen TV. The industry needs to recognize this key difference," affirmed Helen Davis Jayalath.

Also, Helen pointed out that HD packaged media cannot recreate the explosion in buying behaviour that DVD-Video did. "DVD-Video fundamentally changed the way that people relate to movies," commented Helen. "With the advent of DVD-Video, people wanted to own their favourite movies and TV programmes in a way they never had before.



**Helen Davis Jayalath**

*"It is still early days in this introduction and few discs today have very sophisticated value-added material loaded on them. As we move forward this will become more important since not everybody is convinced by the need for higher quality sound and pictures than is currently found on DVD-Video."*

"Many houses have more than one DVD-Video player and I believe they will – initially at least - only replace one with a Hi-Def player. If consumers were told that they had to replace their entire DVD libraries they would not be interested. However, the formats' backwards compatibility means that they won't have to, they can cherry-pick the best of the new releases and favourite catalogue titles, and yet continue to watch their existing library titles too. What's more, most if not all Hi-Def players will up-convert those existing titles so they look better on the new equipment than they have ever done before.

"Which titles should the content industry focus on initially? The main category is big new titles where picture quality is important," explained Helen Davis Jayalath. "Consumers may buy their favourites on HD, but only because the value-added factor is significant."

On the question of which format – Blu-ray Disc or HD-DVD – would succeed, Helen Davis Jayalath was careful not to be drawn. However she did highlight the factors that she believed were key drivers in consumer buying patterns.

"Quality is an enabler and the quality of Hi-Def discs is fantastic," Helen observed. "But just as important is increased interactivity and smoother movement between menus. Simple links to web-based material straight from the disc is another key driver.

"It is still early days in this introduction and few discs today have very sophisticated value-added material loaded on them. As we move forward this will become more important since not everybody is convinced by the need for higher quality sound and pictures than is currently found on DVD-Video."

Another issue that differs between the US and European markets, according to Helen Davis Jayalath is language. "The language issue in Europe is important," she explained. "Which territories will accept subtitles and which need a dubbed version? On the dubbed versions, do you dedicate the entire audio bandwidth to that one version; can you host multiple language versions on a disc and if not, do you compromise audio quality and compress the data in order to provide more choice on the disc.

"Language questions are very important in Europe: they will be made by the rights owners on a case-by-case basis. These decisions may have cost implications and can influence how titles are published, and in which format, in Europe."

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## B-Day arrives in Benelux countries

Belgium and the Netherlands recently hosted two promotional events aimed at providing a launch pad for the Blu-ray Disc format within the Benelux countries. Once again the event brought together some traditional rivals in order to stage an event that was designed to reinforce the groundswell of popular support that Blu-ray Disc enjoys within the consumer equipment, professional and content creation sectors.



**Laurens van den Oever**

Alongside hearing from some of the main companies behind the Blu-ray Disc Association, the events heard from leading analysts and marketing service organisations. Alongside Screen Digest's Helen Davis Jayalath (see previous news story) the audience heard from Laurens van den Oever from GfK Benelux Marketing Services.

Van den Oever provided an insight of future HD market conditions based on one of the most sophisticated retail data comparisons anywhere in the world. He highlighted the fact that convincing consumers to enter the High Definition arena is a complex task, but GfK believes that a lot of so-called 'silent developments' have already taken place. For example, in the Netherlands, by the end of this calendar year over 12 per cent of all households will be equipped with HD ready TVs, although just a fraction of them are used to view HD material.

Van den Oever predicted that games consoles would be a critical market for HD adoption and would form a battlefield over which a format war would take place over the next two or three years leading to a situation where in four years the games consoles would achieve 10 per cent market penetration compared with just seven per cent for standalone Hi-Def players.

*We believe that the magical price point for players will be around the €400-500 level and thereafter the European CE market will grow to around €450 million per annum. We believe that the market growth will be faster than for DVD-Video."*

*Laurens van den Oever  
Consultant Client Services  
GfK Benelux*



**PLAYSTATION 3 will be a key player in the format war**

"We believe that the inevitable format war will produce a clear winner within the next two years and this war will be fought primarily in the games console market, between Sony's PLAYSTATION 3 and Microsoft's Xbox 360. After that time there will be a definite winner and this will form the accepted High Definition standard," stated Laurens van den Oever.

After this, GfK predicts that the High Definition market will follow similar trends to previous format launches. "Prices will drop until the market reaches a 'magical price point' when it will explode and sales will grow exponentially," observed van den Oever. "We believe that the magical price point for players will be around the €400-500 level and thereafter the HD video content market could grow to a value of up to €450 million per annum. We believe that the market growth will be faster than for DVD-Video."





**Bart de Vries (left) supervises a lively Q&A session with journalists at Hilversum**

The two events were well attended – hosting 75 journalists and 116 senior dealer staff. Feedback from the attendees was positive and the events have generated numerous press reports.



Managing director of the pr agency responsible for carrying out the promotion campaign on behalf of the Stichting Blu-ray Disc Promotie Benelux, Bart de Vries, commented, “Reaching out to press and retailers with strong positive and confident messages about the Blu-ray Disc format on the Benelux market, is a key element in the promotion campaign, which was launched with two exclusive events in Belgium and Holland the first week of November.”

We are here to help

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