



Blu-ray Disc News

News and Views from the Blu-ray Disc Association

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BD outselling HD DVD in US and forecast to do same in Europe

Blu-ray Disc is outselling HD DVD by more than 2 to 1, at least in terms of US pre-recorded media retail sales, the recently published figures from sell-through video sales tracker Nielsen VideoScan show.

Nielsen VideoScan's numbers come from US trade publication *Home Media Magazine* by way of website High-Def Digest. There are no raw sales figures, either by revenue or by units, but an indexed comparison of the two formats.

By the end of the first week of January, HD DVD retail sales were 47.14 per cent of BD's. The following week, that figure had fallen to 38.36 per cent. That said, more HD DVDs have been bought in the US in total than BD media, but that's no great surprise because the hardware has been available for longer. Toshiba shipped the first HD DVD player in the US in April 2006 - Samsung's BD player, again the first of its kind, didn't ship until later last summer.

Earlier this year, HD DVD backers said 175,000 players shipped in the US up to 5 January. That contrasts with the one million-plus PLAYSTATION 3 consoles Sony reported to have shipped in the US by mid January. In both cases, shipments do not necessarily equate to sales, but crucially BD-capable devices are clearly outselling HD DVD machines.

Microsoft reports that it sold 10.4 million XBOX 360 systems up until the end of 2006, however whereas every PS3 contains a fully speced BD drive this is not the case with XBOX 360. Microsoft introduced an add-on HD DVD drive for its games console last November.

News from one of the leading media industry analyst houses predicts a very similar course of events in Europe. UK-based *Understanding & Solutions* has completed new research and analysis of the High Definition disc/player/display market as part of a multi-client report.



PLAYSTATION3 effect

"We forecast the total installed base of Blu-ray players/records (including PS3 and PC Drives) in Western Europe by end 2007 to be close to four million and by 2010 to have grown to over 45 million. And with Blu-ray accounting for upwards of 75 per cent of all player sales each year, our analysis leads us to conclude that Blu-ray will be the clear winner."

*Jim Bottoms
Managing director and co-founder
Understanding & Solutions*



Jim Bottoms

Understanding & Solutions predicts that there will be 115m 'HD-Ready homes' (homes with HD displays) in Western Europe by 2010, but at the same time just over 17m Western European homes will receive HD broadcasting by 2010, creating a huge 'content gap' and a golden opportunity for player manufacturers

The company believes that the main historical reason people are buying HD-ready TVs in Europe is because they're a flat panel and look nice in the living room. However, European consumers are now beginning to crave High Definition content.

In 2005, approximately 50% of the US studios' \$45bn net revenue was through home video sales and rental. This growth cannot be sustained without the uptake of a High Definition format, so the industry has a lot riding on HD

"We forecast the total installed base of Blu-ray players/records (including PS3 and PC Drives) in Western Europe by end 2007 to be close to four million and by 2010 to have grown to over 45 million," explained Jim Bottoms, managing director and co-founder of *Understanding & Solutions*. "And with Blu-ray accounting for upwards of 75 per cent of all player sales each year, our analysis leads us to conclude that Blu-ray will be the clear winner."

By 2010, *Understanding & Solutions* predicts the PS3 will make up a staggering 52% of the total number of High Definition DVD players in use in consumer homes across Western Europe.

Key drivers for Blu-ray are the PS3; far stronger industry support from the studios (seven out of eight support Blu-ray, five of which support Blu-ray exclusively) and stronger support from consumer electronics companies

In the US, 18 of the Top Selling 20 DVD Titles in 2006 were available on Blu-ray – only four were HD-DVD (*Source: Daily Variety*). Plus, in the US, a survey of 10,000+ PS3 owners revealed that 80% of the respondents plan to purchase Blu-ray movies to view on their PS3 and over 75% of respondents plan to use their PS3 as a primary device for watching movies (*source: Sony Corp.*).

Panasonic establishes Hollywood Blu-ray Testing Center

Panasonic Corporation of North America is establishing a Panasonic Hollywood Blu-ray Testing Center (PHBTC) within the existing facilities of Panasonic Hollywood Laboratory and start testing services immediately.

Blu-ray Discs feature strong copyright protection technology, and conducting logical format verification of entertainment content in replicated BD-Video discs requires technical sophistication. Until now there has been no testing service available for content verification before disc replication although many in the



Panasonic is inviting the member companies of Blu-ray Disc Association to install their BD-Video playback products, including Blu-ray recorders and players in PHBTC so that content providers and authoring studios can confirm the interoperability of their titles using these playback products.

motion picture industry expressed the need for a testing center to provide such services, especially in Hollywood area.

The new Panasonic testing center, PHBTC, meets this industry's need and is expected to accelerate the release of BD-Video titles by the motion picture industry.

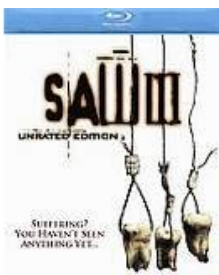
In addition, Panasonic is inviting the member companies of Blu-ray Disc Association (BDA) to install their BD-Video playback products, including Blu-ray recorders and players in PHBTC so that content providers and authoring studios can confirm the interoperability of their titles using these playback products.

The testing services that will be provided include:

1. Format Verification Service for the logical format of BD Video/Live Discs.
2. Playback Testing Service for BD Video/Live Discs with the BD Video playback system.
3. Rental Site Service for Format Verification and Playback Testing.

In addition to the Blu-ray player and forthcoming Blu-ray products, Panasonic is a major contributor to the creation of Blu-ray pre-recorded discs. Established in 2001, Panasonic Hollywood Laboratory is a leading authoring, replication and encoding facility within the industry, as well as a driving force in the research and development of Blu-ray components.

Lionsgate scares pants off competition with SAW III on BD



For the third year in a row, blood reigned supreme as SAW III, the highest-grossing theatrical horror film of 2006, followed in the footsteps of its predecessors by slicing through the competition to finish at number one among last week's new home entertainment releases. Debuting on DVD and Blu-ray disc, the psychological thriller from Lionsgate and Twisted Pictures sold 1.6 million units its first day and finished the week in the top spot with 2.5 million units sold.

Also, according to Rentrak Home Essentials, SAW III Blu-Ray disc is the largest and most successful Blu-Ray debut to date. Released theatrically by Lionsgate in October 2006, SAW III grossed over \$80 million domestically and more than \$100 million in worldwide theatrical box office.

The performance of SAW III continues the overwhelming dominance of the SAW franchise. One of the most successful global horror franchises in history, the first three SAW releases have earned more than \$400 million in worldwide box office receipts. Additionally, SAW and SAW II have sold more than 10 million DVDs combined to date. In fact, the first SAW release continues to rack up sales, ranking among the top 10 on VideoScan's top horror sellers as recently as January 7 of this year. SAW II was also in the news this week as the title made its long-awaited

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*Ron Schwartz
General Manager and
Executive Vice President
Lionsgate Home
Entertainment*

debut on Blu-ray disc. The SAW III Blu-ray disc will include all of the special features on the already loaded unrated DVD plus even more featurettes.

"Jigsaw is one of the more unique madmen in horror movie history and his life-and-death games continue to fascinate horror fans, assuring that the Saw franchise will have legs for a very long time," said Ron Schwartz, Lionsgate Home Entertainment General Manager and Executive Vice President. "While the success at the box office gives SAW III momentum for its DVD release, we also ensure that it will stand out at retail with unique packaging and an extensive marketing and promotional campaign. That same strategy carries over into our Blu-ray campaigns, with SAW III being our third number one title this month. We are seeing huge growth within the category as consumers are able to experience what Blu-ray has to offer with titles that enhance and display the format's capabilities."

Mark Burg and Oren Koules of Twisted Pictures commented, "We are delighted to see Jigsaw once again wreaking havoc in home entertainment, and applaud the Lionsgate team for their characteristically inspired work on SAW III. Their efforts have been invaluable in making the entire Saw franchise a smashing and continuing success, and we think the future looks bright -- if necessarily rather bloody."

Pioneer targets mainstream PC market with 'competitively priced' BD drive



Pioneer's BDC-202

Responding to demand from mainstream PC owners, Pioneer has announced the introduction of a new optical drive capable of reading Blu-ray Discs and recording conventional optical discs. The new drive will be competitively priced in order to capture mass market appeal.

The Pioneer BDC-202 drive can playback, read, record and re-write DVDs (12x speed for DVD±R, 6x for DVD±RW, 4x for DVD±R DL) as well as playback, read and record single- and dual-layer Blu-ray discs (5x for BD-ROM and BD-R/-RE, 2x for BD-R DL/-RE DL), it also can playback and record CDs.

"Blu-ray is in pole position to capture demand for HD movies: it's supported by seven out of the eight major Hollywood studios. We've ensured that BDC-202 is price competitive to existing next generation drives so systems builders can enable consumers to access this extensive catalogue of Blu-ray titles in stunning quality," said Chris Tampsett, director, Pioneer Europe multimedia division.

Pioneer was one of the first companies to launch its BDR-101A/BDR-101ABK burner for Blu-ray discs and other optical media. However, with the price tag of around \$1000, that device was aimed at professionals rather than consumers. This time Pioneer stresses "competitive price-point" and targets BDC-202 at mass market. The internal BDC-202 computer drive will be sold to OEMs and systems builders. It will be available from the second quarter of 2007.

"With DVD and CD read/write compatibility, the drive provides a compelling mix of high-quality entertainment and practicality. We anticipate that it will lead the

emergence of the Blu-ray format for both professional and personal use on computers,” Tampsett added.

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to help

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