

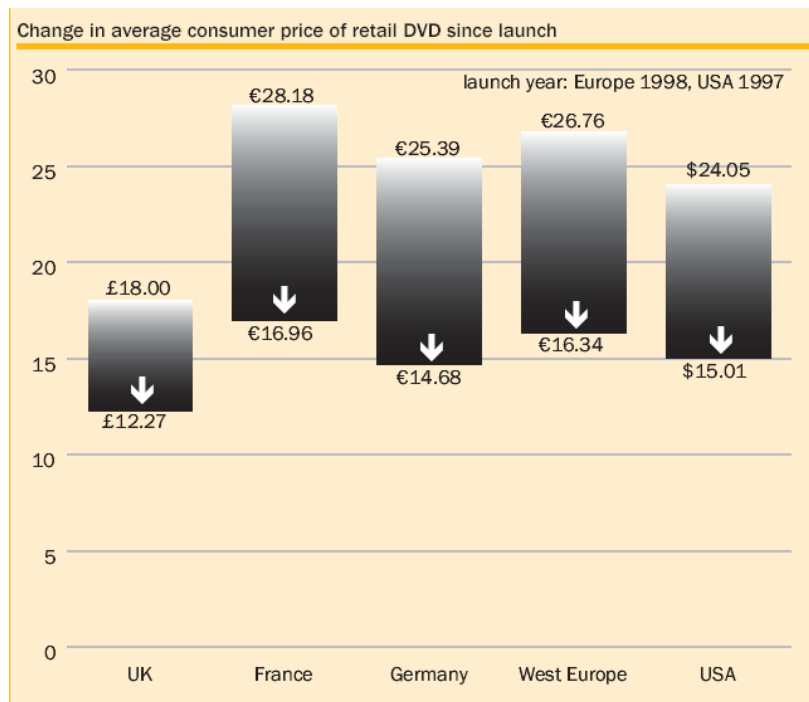
Press Release: London, 19th May 2005

What Really Makes DVD Buyers Decide to Buy?

Rapidly falling prices of DVDs are changing consumers' buying habits

Screen Digest has just published a new piece of research that looks at consumers' attitudes to purchasing DVDs. This report is based on the results of consumer surveys carried out in 3 of the world's key DVD markets – UK, France and Germany – which together account for a quarter of the world's total DVD retail spending.

DVD prices across Europe have been falling since the format's launch in 1998. The average consumer price of a DVD in Western Europe in 2004 was €16.40 – a decline of almost 39% since DVD was launched in 1998. A key reason for the falling prices is the increasing speed with which new releases are moving through the price cycle – the prices of new release DVDs are being cut soon after release.



Source: Screen Digest

One of the most important findings from the report – and something seldom seen in consumer research – is that in general consumers consider DVDs to be good value for money at current prices.

Despite this, rapidly falling prices are encouraging consumers to delay their purchase until prices coming down. Research used in the report shows that 57% of UK buyers, 62% in France and 49% in Germany had waited for the price of DVDs to fall before buying the DVD they wanted.

How often do you wait for the price to go down before buying?			
	UK	France	Germany
	%	%	%
Never	43	38	52
Ever	57	62	48
Every time	10	10	8
Almost every time	16	15	12
Every/almost every time	26	25	20
Half the time	16	21	16
Less than half the time	9	11	7
Hardly ever	6	3	3
Percentages may not add up to 100% due to rounding			

Source: Screen Digest analysis of data from Lieberman Research Worldwide

Central to the falling costs of DVDs has been the strategy of retailers and the studios in lowering the prices of catalogue DVDs. The results of this research suggest that this may no longer be necessary in today's mature DVD markets. The greater the drop in price, the more DVDs consumers will buy. However, the catch is that the availability of cheaper catalogue titles cannibalises higher priced, new release sales. In other words, sales volumes go up but total consumer spending goes down.

What stops consumers from buying?

Consumers buy DVDs because they want to – promotion or discounting will not persuade someone to buy a DVD that they don't actually want. When asked why they had not bought a DVD that they planned to when visiting a shop, relatively few consumers (7% in the UK, 11% in Germany and 17% in France) said it was because the price was too high. So, factors other than price are the key motivations for consumers to buy DVDs.

Screen Digest analysis of the research has found that if DVD prices continue to fall in Europe, video retailers and distributors could 'lose' a potential €7bn over the next five years.

Helen Davis Jayalath, the author of this report comments: "DVD is still a growing business, and one which consumers are happy to spend their money on, but this research suggests that if prices continue to fall it could peak more quickly than expected."

Editors' Notes

The data, forecasts and analysis contained in this press release are taken from a feature in the May edition of the Screen Digest Newsletter.

To find out more about this please contact sales@screendigest.com or call +44 20 7424 2820

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