



Golden age of growth in the European video market comes to an end

Consumer spending on video reached a plateau in 2005, despite the fact that there were more videos sold than ever before

A new report from Screen Digest, *European Video – Market Assessment and Forecast to 2009*, has found that consumer spending on video in Europe actually fell by 1.7% in 2005. This is despite the fact that more videos were sold than ever before – 732m DVD discs and VHS cassettes were sold in 2005, 7% more than the 685m sold in 2004.

Falling consumer prices are partly to blame for the drop in spending, as the price of a DVD fell by more than 11% in 2005 to just under €15. This a steep drop considering that just five years ago consumers had to pay an average of nearly €25.

Despite the growth in popularity of online DVD rental, overall rental spending remained flat, as bricks and mortar stores experienced another difficult year.

Growth in DVD hardware continues unabated and by the end of 2005, more than 60% of Western European homes owned a DVD player/recorder. In Central and Eastern Europe there is even more room for growth, with just 12% of TV households owning a DVD player/recorder.

Paul Callaghan, Screen Digest analyst and author of the report states: “Although the total amount consumers spent on video has fallen for the first time since 1999, this is partially due to the collapse of the VHS market. Analogue video cassettes are likely to die out completely in most European countries in 2007 or 2008 leaving the way open for further DVD growth - albeit at a slower rate than before.”

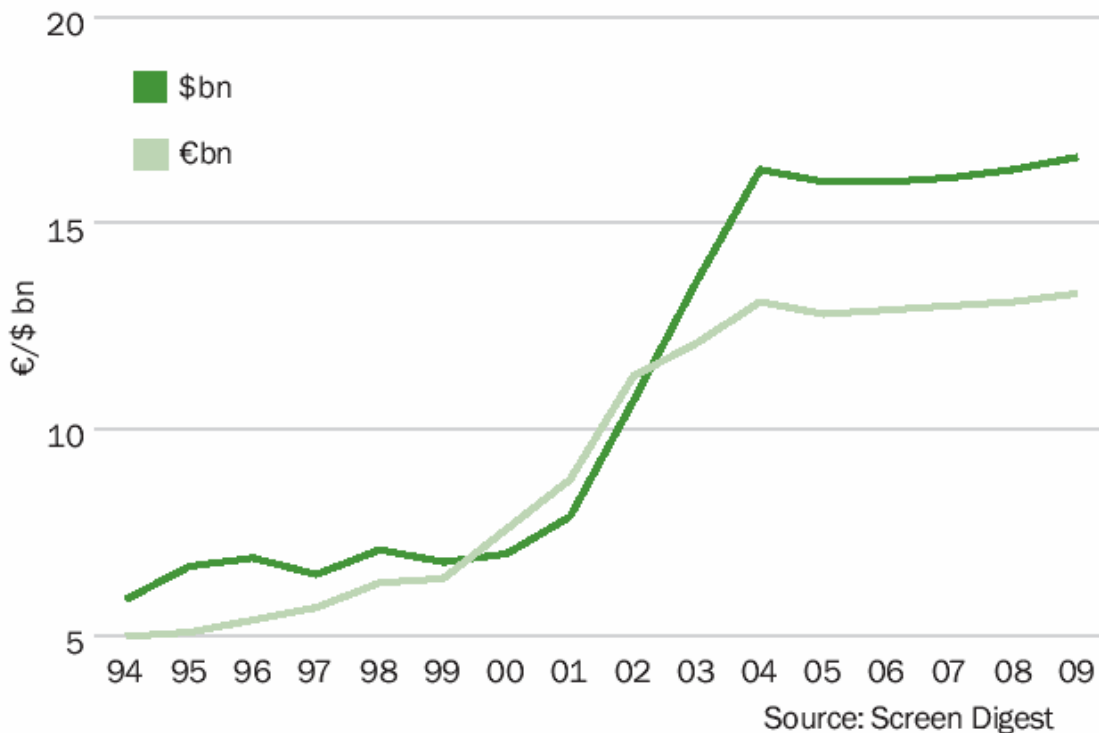
Following growing concern in the industry of the availability of very cheap DVDs through news kiosks in some parts of Europe, Screen Digest has for the first time included an estimate of the volume and value of this area of the business in France, Italy and Spain.

For the second year running the growth in spending on video in Central and Eastern Europe was greater than that in West Europe, However, growth in Central and Eastern Europe was less than 1%.

Screen Digest anticipates that spending growth will be higher in the US and Japan than in Europe in 2005. The US market will have grown by 2.2% and the Japanese market by 4.4%.

Although 2005 year end data has yet to be finalised for these European countries this report is based on the latest 2005 data that is currently available in these regions.

European consumer spending on video software 1994-2009



Editors' Notes

The data, forecasts and analysis contained in this press release are taken from the 3rd Edition of the best selling European Video series from Screen Digest: *European Video: Market Assessment and Forecast to 2009*. For more information or to subscribe to **Screen Digest**, please visit our web site.

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