

Weekly Newsletter

e5

technology and entertainment news
by Replix Magazine

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Videogames

Media-Tech Europe 2010 confirmed

Replicators Committee meets to discuss the Blu-ray Disc market

As work starts up again after the summer break great news comes from the Media-Tech Association. At the end of August, in a note published on its site (www.media-tech.net), the association announced that "in a recent teleconference the Media-Tech Advisory Committee gave their approval to have the next Media-Tech Europe June 9-11, 2010 at the Forum in Frankfurt, Germany". The formula adopted for the 2010 event will probably be similar to the one chosen for the 2009 edition of Media-Tech, held on 22nd to 24th April, in the Forum space of the Frankfurter Messe. Confirmation then after the success of the last edition. Media-Tech Europe 2010 will include "a 2.5 day exhibition, industry conference and the traditional Media-Tech Networking Party at the Maritim Hotel."

The note also states that members of the association will be contacted in September for priority booth selection. Yesterday, 3rd September, saw a meeting of the Replicators Committee, the group recently formed within the Media-Tech Association. The members of this group met for the second time in Berlin to discuss goals and problems and to come up with solutions. The primary goal of the committee is to promote the interests of the Blu-ray Disc producers. Amongst others, uncertain licensing issues and high additional costs are currently distorting competition. Another very important aspect of the market is the very high share and the sales policy of Sony DADC in terms of the Blu-ray Disc production. "According to information provided by the industry's leading market research institutes, Sony DADC's global market share amounts to 94-95%. This quasi-monopoly threatens the entire market, the independent disc pro-

ducers and even the Blu-ray format itself," states the Committee. "Many independent producers in Europe have invested in Blu-Ray technology and feel trapped. The reason is that the Japanese media group is a licensor and a replicator/competitor at the same time. The optical disc industry employs about 30,000 people in Europe, and up to 10,000 in Germany alone. Today's market situation is threatening these jobs." Yesterday's meeting produced suggestions about how to improve the context in which independent Blu-ray Disc producers are working. One first suggestion was to intensify marketing activities and to launch (really) an "intensive" information campaign, both in the United States and in Europe. The reason: "Many consumers are still unaware of the difference between the traditional DVD and the new Blu-ray." Secondly, the committee believes that "for independent content holders the production of Blu-ray Discs should be simplified and existing barriers reduced". For this reason, "additional costs such as mandatory AACS copy protection fees and also the Blu-ray licensing fees should be reduced further. The owner of the content (e.g. movies) should be able to decide independently to use the AACS copy protection program or not." Another question that the Replication Committee of the Media-Tech Association wishes to tackle concerns improving transparency in the market and the diversity in disc production, as well as opening up fair opportunities in terms of competition. However, the group of replicators in the Mta explains, "in the meantime the replicators lack the patience and also the money to simply wait for turnaround in this direction. They are discussing to call the watchdogs' attention to their dilemma."

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Univenture tests for CPSIA compliance

Univenture announced that tests with an independent certified laboratory of its products made of polypropylene films, resins, and spun bond polypropylene comply with the latest lead and phthalate safety standards and regulations as mandated by the U.S. Consumer Product Safety Improvement Act of 2008 (CPSIA). SGS US Testing Company, Inc., an independent, certified laboratory was one of the test facilities contracted by Univenture to test for CPSIA compliance. Univenture's Safety-sleeve materials, UniKeep moulded polypropylene, and EnvyPak mailers were tested for phthalate and lead compliance. Phthalates are a group of chemicals used in the manufacture of some plastics and are used for softening or flexibility purposes. Phthalates and lead were not detected in the Univenture products tested.

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Registrazione al Trib. di Milano N° 323
del 19 maggio 2003

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Blockbuster closes its Irish branch

Blockbuster has decided to sell its Irish subsidiary Xtra-vision. This news revealed at the end of August was not really any surprise for those who have been following the grand home-video chain. The news explicitly confirms "Big Blue's" intention to concentrate on the difficult and ever more competitive domestic scene in the United States (witnessed by the Redbox case). The Xtra-vision chain has been sold by Blockbuster for \$45 million to Birchall Investments - an Irish company owned by NCB Ventures and clients of NCB Group Limited, one of Ireland's largest independent securities firms. Xtra-vision ran some 180 stores which had been bought by the company in 1997. The decision to close the Irish chain was commented on by the CEO and president of Blockbuster Jim Keyes: Today's announcement furthers our goal of improving liquidity and underscores our intent to advance the sale and licensing of our international assets as we focus on the continued transformation of our North American business. Xtra-vision is the leading entertainment chain in Ireland and one of the most recognizable brand names in the country. It has performed very well during our ownership and we believe it is well positioned for ongoing success under the ownership of Birchall Investments." The decision has been welcomed by analysts and investors and has boosted Blockbuster shares. The move was decided by the company to increase its liquidity, and other similar initiatives might be taken into consideration in other international markets. According to Birchall Investments, the Irish chain will continue to operate as before. "We're pleased to have participated in this acquisition, which adds one of Ireland's leading brands to our portfolio," said Michael Murphy, Managing Partner of NCB Ventures. "We look forward to working with the management team at Xtra-vision to build on its success and grow the business long-term. We think there are great opportunities to build on Xtra-vision's high brand recognition and visibility in the home entertainment market in Ireland. The transaction will be seamless for members and employees of Xtra-vision Limited."

Singulus: 60 million BD lines sold

According to Singulus Blu-ray will continue to be the driving force for growth in the optical disc segment for the coming years. "The market demand for Blu-ray in US and Europe is growing faster compared to the DVD market introduction during the years 1997-1999," says a company press release. Recently Singulus announced the sales of BD lines to a company in Japan and one in Brazil. Blu-ray Disc production systems installed at factories that are clients of Singulus now total 60. All disc producers (with the exception of Sony) manufacture Blu-ray Discs on machines made by Singulus. All production steps, from moulding, cooling, metalizing, wet-embossing, lacquering and UV curing to quality inspection are incorporated in the Bluline II. News on the recent sales comes on the heels of the announcement that Stefan A. Baustert resigned as CEO of the company, after the publishing of disappointing results for the first part of 2009. Mr. Baustert left the company on August 31st, "by mutual consent with the Supervisory Board". The company decided to appoint the Supervisory Board Chairman, Mr. Roland Lacher, as CEO of the company. Mr. Lacher will return to the SINGULUS Supervisory Board as of April 1, 2010, when the role will be taken by Stefan Rinck. In a statement, Singulus' supervisory board said it is "convinced that Singulus can quickly regain its stability and continuity with these changes to the company's management. This would allow the company to successfully overcome current and future challenges in the markets for optical disc and photovoltaic equipment and return to its growth track with fresh momentum in the medium term."



France: the "short" window accelerates sales

In the present climate of uncertainty, positive news for home video comes from France.

According to several analysts, the decision taken by the government to reduce the window between cinema release and DVD publication of films will have an important positive effect on sales in the final part of the year, after a long season of declining sales.

The reduction from six to four months of the time window means that the summer blockbusters will be on the shelves for the Christmas season. This is a potential propellant for sales of DVDs and Blu-ray Discs which, in the first half of the year, remained practically stable. According to figures elaborated by CNC (Centre national du cinema et de l'image animée) with Gfk, total spending in France is now at 591 million euros. The data for consumer spending in France show a fall of just 1% in the first six months of 2009, compared to the same period in 2008. Box office takings are likewise stable.

The Screen Digest analysts note that this situation distinguishes France (as well as Germany) from other markets where piracy and disaffection have led to significant falls in consumer spending on home video - territories like Spain and Italy.

Many point out that the shorter window will also reduce piracy. Many companies and specialist distribution chains are also operating differentiated price policies, quite aggressively so in some instances (Fnac offers 10 titles for 70 euros).

Germany: record sales for Blu-ray Disc

Despite the difficult internal and international economic climate, the German video industry achieved excellent results in the first six months of 2009. 47 million discs were sold, a marked growth on the 44.7 million units sold in the first half of 2008. And the market share of the Blu-ray Disc is constantly rising. According to Joachim A. Birr, of BVW, these are record figures for the industry: "The crisis and changes in consumers' lifestyles are not penalising home video. Indeed, the experience of films is becoming ever more attractive, and, most importantly, economical." The record increase in sales volumes has naturally led to a growth in takings for the home-video industry: the market as a whole sold 572 million euros worth, an increase of 4% on the first half of 2008 (551 million euros). Whilst most of the turnover is still attributed to DVD sales (530 million euros), Blu-ray sales saw a strong acceleration. In the first six months, consumer spending on BD discs stood at 41 million euros, a figure which is more than three times the 13 million euros taken in 2008. More good news from Germany on the rental front, where business has held stable: the transactions in the first six months of 2009 reached a total of 48.7 million (48.8 in 2008), with a business volume corresponding to 118 million euros (119 million last year). The fact that the rental sector has held is largely due to the growth in Blu-ray Disc rental which, rising from 400 thousand to 2.1 million discs rented, balanced out the marked decline in DVD rental.