

STATISTICS

ED SHEERAN'S
DIVIDE TOPPED
THE ENTERTAINMENT
CHART WITH
SALES OF

2.7
MILLION UNITS

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UK STATISTICS

RETAIL ENTERTAINMENT SALES

VALUE **£7.24bn**

YOY CHANGE **8.8% ↑**

DIGITAL V PHYSICAL MARKET SHARE

DIGITAL SHARE **71.9%**

PHYSICAL MARKET SHARE **28.1%**

ACCESS V OWNERSHIP

ACCESS SHARE **55.8%**

OWNERSHIP SHARE **44.2%**

NUMBER OF OUTLETS SELLING ENTERTAINMENT

MUSIC **14,375**

VIDEO **14,040**

GAMES **6,908**



UK MARKET STATISTICS

5 Years of growth

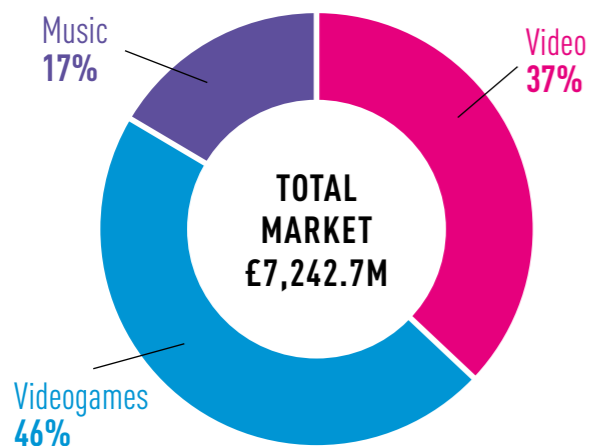
Total UK entertainment retail consumer-spend grew for the fifth consecutive year in 2017, up 9% to £7,242.7m, the highest annual uptick for well over ten years.

The videogames category saw spend rise to beyond £3.3bn, an increase of £292m or nearly 10% up versus 2016, securing 46% of the total entertainment retail market sales mix.

ERA ENTERTAINMENT MONITOR - VALUE SALES (£m)				
	2015	2016	2017	% change
Video	2,203.7	2,501.4	2,688.6	7.5%
Videogames	2,873.0	3,060.2	3,352.6	9.6%
Music	1,059.7	1,096.6	1,201.5	9.6%
Total value	6,136.4	6,658.2	7,242.7	8.8%

Source: Music - Official Charts. Includes BPI subscription streaming consumer spend estimates
 Video - Physical data from Official Charts / BASE, Digital estimates from IHS
 Videogames - Physical data from GfK, Digital estimates from IHS

ERA ENTERTAINMENT MONITOR: 2017 - (£m)



An incremental £187m was spent in the video category, taking 2017 value to £2.7bn, up almost 8% versus the previous year and representing a 37% share of the overall spend on entertainment.

With £1.2bn spent on music in 2017, the category enjoyed yet another year of record growth. Worth an extra £105m, value was up 10% versus 2016, a growth rate double that of the previous year and the best year-on-year comparison for the category since the turn of the century. Music contributed 17% to the total value of entertainment.

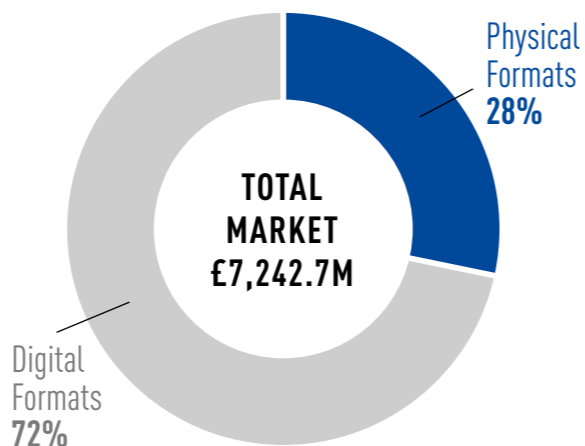
Given the sheer pace and scope of digital and technological change that has transformed entertainment retailing, steering the market onto a run of five consecutive years of consumer-spend growth represents a notable milestone for the UK's entertainment retailers and digital services.

Turning around an industry that was losing value at an alarming rate in the wake of widespread piracy and unauthorised consumption, into one generating consistent revenues on a steadily upward trend, is testament to an innovative and diversified retail base that has reacted positively to structural disruption.

Responding with a range of retailing models that address an evolving set of customer expectations, while ensuring that the continued demand for traditional entertainment formats is equally served, has been key to that success.

For every pound spent on fine-tuning a discovery algorithm on a streaming service, another is spent refreshing staff product knowledge on the high street. For every pound spent optimising a landing page for new releases online, another is spent modernising chart racks and point-of-sale assets in a supermarket.

PHYSICAL AND DIGITAL SHARE OF THE ENTERTAINMENT MARKET: 2017 - (£m)



For industry growth to continue, this investment by retailers will need to be matched by similar investment in physical and digital product innovation and compelling new content right across the entertainment spectrum.

Digital and Physical Format Splits

Entertainment consumption habits may have evolved in tandem with the wider digital and online revolution but, as these tables demonstrate, demand for physical formats, serviced by traditional retail models, remains robust.

Spend on digital formats continues to balloon, bursting through the £5bn mark in 2017, up 17% versus last year, representing 72% of total spend in the entertainment retail market.

Video – the last of the entertainment categories to derive most of its revenues via digital – experienced another year of significant digital growth in 2017 with spend approaching £2bn, an increase of 22% year-on-year. Much of that growth is driven by the burgeoning subscription video on-demand (SVOD) market – serviced by companies like Netflix, Now TV and Amazon Prime Video – which saw revenues soar last year, up 28% versus 2016. Digital share of video now stands at 71%.

Spend on DVDs and Blu-rays continues to decline, down 17% in 2017, meaning the contribution of physical formats to the overall video sales mix ducked below 30% for the first time.

The social nature of videogaming has driven its reach onto a multitude of devices, where innovative modes of revenue generation – from mobile microtransactions to online multiplayer subscriptions – has transformed the industry and seen it position itself front and centre of the wider digital revolution.

As a result, videogames remains the most digital of all the entertainment categories with spend surpassing £2.5bn in 2017, up nearly 20% year-on-year. Strikingly, that means over three out of every four pounds spent in the category is drawn from digital, or online gaming activity.

Given the rampant development of videogaming online, a natural assumption would be that spend on physical formats must be dwindling – but that wasn't true in 2017. While revenues generated from traditional boxed software sales now command a slimmer share of the overall videogames sales mix (24%), consumer-spend on physical discs – particularly on triple A titles actually increased year-on-year, by 2.1%.

Streaming continues to have a transformational effect on the way music is being consumed in the UK. Spend on subscriptions offered by services like Spotify, Deezer and Amazon Music Unlimited, burst through the £0.5bn mark in

DIGITAL FORMATS (£m)				
	2015	2016	2017	% change
Video	1,065.9	1,559.4	1,906.0	22.2%
Videogames	1,945.3	2,284.2	2,560.2	12.1%
Music	546.9	621.2	742.1	19.5%
Total	3,558.1	4,464.8	5,208.3	16.7%

Source: Music - OCC. Video and videogames - IHS estimates

PHYSICAL FORMATS (£m)				
	2015	2016	2017	% change
Video	1,137.9	942.0	782.6	-16.9%
Videogames	927.7	776.0	792.4	2.1%
Music	512.8	475.4	459.4	-3.4%
Total	2,578.4	2,193.4	2,034.4	-7.2%

Source: Music - Official Charts. Video - Official Charts / BASE. Games - GfK / Physical Video Rental - IHS

2017, up 42% versus the previous year, making it the fastest growing sub-segment across the entire entertainment retail sector.

When combined with the fading revenues on MP3 downloads (a digital entertainment format unique in its sales retreat), total spend on digital music was worth £742.1m in 2017, up 19.5% year-on-year.

While spend on vinyl increased at a healthy rate yet again in 2017, that growth was offset by a sharp swing downwards for CD sales, meaning overall physical format value dipped to just below £460m, or 3.4% down year-on-year.

Despite this, combined CD and vinyl sales still command 38% of total music category value. the highest share for any buy-to-own medium across the entertainment retail mix and illustrative of the inherent collectability and durability of physical music formats

PHYSICAL FORMAT VERSUS DIGITAL FORMAT SHARE OF ENTERTAINMENT MARKET REVENUES - 2017

	2017 Physical Value (£m)	2017 Digital Value (£m)	2017 Physical Share %	2017 Digital Share %
Video	782.6	1,906.0	29.1%	70.9%
Videogames	792.4	2,560.2	23.6%	76.4%
Music	459.4	742.1	38.2%	61.8%
Total	2,034.4	5,208.3	28.1%	71.9%

Source: Official Charts, IHS, ERA Estimates (music streaming subscriptions)



Access versus Ownership

The UK's entertainment retailers now operate in a truly multi-format, multi-channel industry, selling products and offering services to a consumer who is equally comfortable renting access to stream or temporarily downloading content, as they are buying discs and digital files to own outright.

Five years ago, less than a fifth of total annual spend on entertainment could be attributed to access or rental models, worth barely £1bn in total. In 2017, that has quadrupled to over £4bn spent, demonstrating just how fundamental the transformation in consumer behaviour has been over such a short period of time.

With all three entertainment categories delivering strong growth across their respective rental models, spend is up 19% versus 2016, meaning around 56% of all value generated in the industry came from consumers paying to access entertainment across music, video and videogames, rather than paying to own it.

Paid-for music streaming enjoyed a huge boost in 2017 with spend growing by 42% year-on-year, taking the access share of the music market up to 48%. Buying music to own is trending downwards, with the fast-declining download market and weak CD sales only marginally offset by a flourishing vinyl segment. While music remains the only category to derive most of its revenues from those paying to own, paid-for subscription streaming models are hot on their heels.

In videogames, nearly £1.8bn was spent by an increasing number of consumers subscribing to online multiplayer games, paying for digital microtransactions and making in-app purchases on mobile devices. That represents a healthy 11% uptick in spend year-on-year and just enough to tip videogames over into a majority-access category.

Spend on digital direct-to-console and PC games did, however, return strong growth numbers in 2017 and when coupled with a remarkably resilient boxed software market that also finished up versus 2016. 47% of videogames spend is still secured by ownership formats.

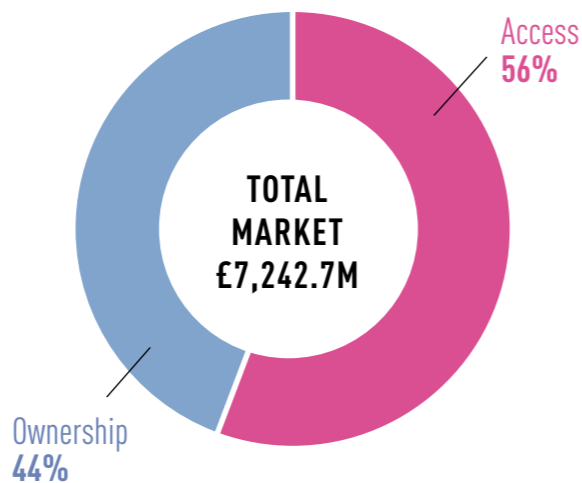
The continuing boom in subscriptions to Video-on-Demand services like Netflix and Amazon Prime Video is propelling spend on the category's access models upwards at a tremendous rate. Combined with steady growth in one-off rental transactions via online operators like iTunes, or satellite services like Sky, spend on accessing video entertainment surged beyond £1.6bn in 2017, up 22% year-on-year.

Set against an electronic-sell-through market in growth, but not strong enough to offset plunging DVD and Blu-ray sales, video is now emphatically an access-majority business, with 62% of total revenues generated through access models.

ACCESS VERSUS OWNERSHIP			
OWNERSHIP	2016 (£m)	2017 (£m)	2017 Share of Market %
Video	1,127.3	1,013.3	37.7%
Games	1,438.4	1,560.4	46.5%
Music	690.0	624.4	52.0%
OWNERSHIP TOTAL (£m)	3,255.8	3,198.1	44.2%
ACCESS	2016 (£m)	2017 (£m)	2017 Share of Market %
Video	1,374.0	1,675.3	62.3%
Games	1,621.8	1,792.1	53.5%
Music	406.6	577.1	48.0%
ACCESS TOTAL (£m)	3,402.4	4,044.5	55.8%

Source: Official Charts / GfK / IHS

ACCESS VERSUS OWNERSHIP: 2017 - (£m)



Bricks and Mortar versus Online

The ongoing migration of entertainment retail to the internet is most starkly demonstrated when you combine spend on digital formats and access models, with sales of traditional physical formats via online home delivery retailers like Amazon. Almost £6bn was spent via e-commerce channels in 2017, up from £5.2bn in 2016, meaning that around 83% of total entertainment retail revenues are now generated over the Internet, up from less than 50% just five years ago.

Spend at bricks and mortar retailers amounted to just under £1.3bn in 2017 - 12% down on the £1.4bn spent in 2016. Just 17% of total entertainment retail value is now delivered by transactions carried out on the high street and in the supermarkets. In 2013, this stood at 53%.

It is not, however, just streaming services and online home delivery giants that are operating successfully in the e-commerce arena. Every major high street entertainment specialist and most of the grocery sector, along with hundreds of independent record shops, all conduct at least a portion of their business online, via either their own websites, or as affiliate traders on marketplaces like Amazon, benefitting from the reach and scope the Internet brings to entertainment retailers.

While all three entertainment categories now yield more than three-quarters of their respective revenues via the Internet, videogames is the most reliant upon online-focused models. A whopping 86% of total spend on games in 2017 came via physical online purchases and subscriptions, direct-to-console downloads and millions of microtransactions across mobiles and tablets.

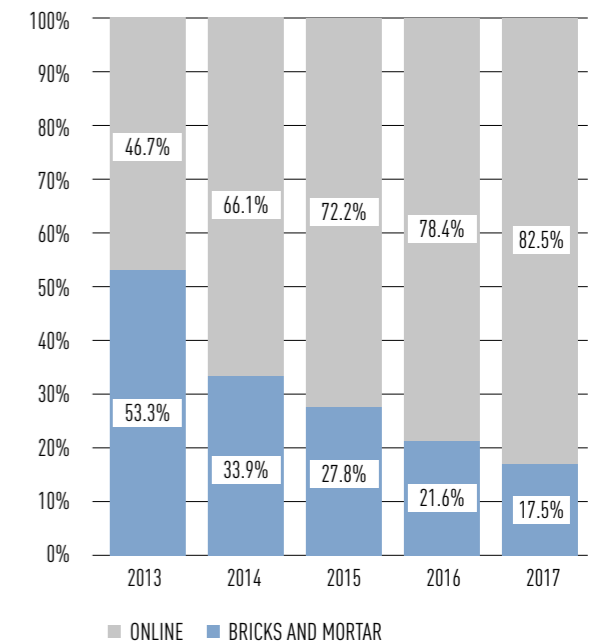
It is in the video category, however, that migration online is currently accelerating at its fastest rate. Less than 75% in 2016, a mushrooming SVOD market, growing electronic sell-through and declining physical sales combined to push online spend-share beyond 80% in 2017.

Music remains the strongest category within bricks and mortar with 24% of spend via this channel.

BRICKS AND MORTAR VERSUS ONLINE 2017			
	2016 Value (£ m)	2017 Value (£ m)	2017 Share of Market %
VIDEO			
Bricks & mortar	£632.4	£510.3	19.0%
Online	£1,869.0	£2,178.3	81.0%
GAMES			
Bricks & mortar	£497.1	£463.2	13.8%
Online	£2,563.1	£2,889.4	86.2%
MUSIC			
Bricks & mortar	£306.2	£291.6	24.3%
Online	£790.4	£909.9	75.7%
Total Entertainment			
Bricks & mortar	£1,435.7	£1,265.1	17.5%
Online	£5,222.5	£5,977.6	82.5%

Source: Official Charts / GfK / IHS

BRICKS & MORTAR VS ONLINE: % £ SHARE 2013 - 2017



Consumer Leisure Spending

According to Deloitte's 'UK Consumer Tracker for Q4 2017' overall spend on discretionary goods and services fell slightly in the final 2 quarters of 2017 as inflation caused the cost of essential, non-discretionary items to rise, requiring consumers to budget more carefully.

As home entertainment is part of a wider leisure sector where spend is wholly discretionary, this should be a worrying trend for the industry. However, figures produced by the Leisure Industries Research Centre at Sheffield Hallam University on consumer spend on leisure activities and purchases in 2017, reflect a sector that is in fact enjoying healthy growth with £269bn spent last year, up by 5.2% versus 2016.

Music, video and videogames resides in the home entertainment leisure segment, alongside entertainment hardware, which includes any spend on items like TVs, computers and videogames consoles. 8.8% growth was posted in the entertainment retail sector, worth just over £0.5bn in terms of incremental spend. Entertainment hardware couldn't quite match that growth rate but spend did rise to £17.7bn in 2017, up 7.8%, generating an extra £1.3bn for the sector.

Overall, just under £25bn was spent in the home entertainment sector in 2017, up 8.1% year-on-year.

Home entertainment is further categorised in the 'In the Home' segment, joined by categories like 'reading' where spend remained flat year-on-year. Strong gains were recorded in the 'house & garden' (+8.7%) and 'hobbies and pastimes' (+11.0%) sectors, however, boosting overall 'In the Home' spend to £64.4bn, up by 8% versus 2016.

Elsewhere, leisure activities 'Away from Home' also experienced healthy growth, with spend bursting through the £200bn mark. Money spent on eating and drinking in pubs and restaurants was up 6.9% and is now worth over £108bn, while significantly more money was spent on holidays in 2017, particularly on those taken abroad, worth £63.0bn, up 3% year-on-year.

CONSUMER SPENDING ON LEISURE

	2015	2016	2017	% change
Video (all), Games and Recorded Music	6.1	6.7	7.2	8.8
Entertainment Hardware, TV, PCs and Other	16.2	16.4	17.7	7.8
Total home entertainment	22.3	23.1	24.9	8.1
Reading	7.0	7.0	7.1	0.5
House and garden	15.2	15.8	17.2	8.7
Hobbies and pastimes	12.6	13.7	15.2	11.0
IN THE HOME	57.1	59.6	64.4	8.0
Eating out	49.2	51.8	55.8	7.7
Alcoholic drink	47.4	49.7	52.7	6.0
Eating and drinking	96.6	101.5	108.5	6.9
Local entertainment	7.9	8.2	7.9	-4.0
Gambling	10.2	9.9	10.0	1.4
Active Sport	14.6	15.2	15.1	-0.9
Neighbourhood Leisure	32.7	33.4	33.0	-1.0
Sightseeing	2.3	2.4	2.3	-3.5
Holidays in UK	16.2	14.9	15.0	0.5
Holidays overseas	39.0	43.8	45.7	4.4
Holidays and tourism	57.6	61.1	63.0	3.2
AWAY FROM HOME	186.9	195.9	204.5	4.4
ALL LEISURE	244.0	255.5	268.9	5.2

Source: Leisure Industries Research Centre, Sheffield Hallam University

Consumer Spend Share by Sector

The rapid shift to digital entertainment consumption over the last decade or so has impacted heavily on the performance of physical formats and those retail sectors that trade in them.

With digital models responsible for 72% of total spend in the market, physical format retailers are increasingly competing for a share of an ever-diminishing slice of the entertainment pie. And in those categories where digital has propagated most widely – video and videogames – that competition is even more keenly felt.

In video, double-digit declines in spend on DVDs and Blu-rays, coupled with explosive growth in digital, and in digital access models in particular, saw physical share dip to below 30% overall last year. All physical channels suffered significant share erosion, but the continuing reductions in dedicated store space and shortening chart lengths has seen the grocery sector share hardest hit, declining to 11.9% in 2017 - barely half what it was in 2015.

Specialist, over-the-counter video retailers accounted for just about 7% of total spend, down from almost 10% in 2016, while the physical online sector, largely immune from pressure on their DVD and Blu-ray inventories, have seen share decline more gradually, down from 12% to 10% in 2017.

Despite boxed software enjoying a small sales uptick overall in 2017, videogames remains a category dominated by digital channels and models and, despite growth in spend, physical sector share dipped to 23.6%.

Share is now in single digits across all three physical channels. Over-the-counter specialists have seen their share drop from over 10% in 2016 to 8.8% in 2017, while grocery sector share finished the year at just 5%. The value growth in physical product appears to have been mostly driven through the home delivery sector, with retailers like Amazon managing to increase their overall share of the market, up to almost 10% in 2017, from 9% the previous year.

While music remains the least digital of all categories in terms of total spend contribution, declining CD sales and a booming subscription streaming market continues to put pressure on physical format channel share performance. Sales generated by retailers in the sector contributed just over 38% to the 2017 total, with all three channels experiencing degrees of decline in share year-on-year.

Boosted by a strong vinyl market, high street specialists like hmv and the UK's 400 plus independent record shops proved most resilient to the pressure from the streaming sector with OTC share of spend dipping by just 1.4 percentage points to 13.9%. A tepid frontline artist

release slate and declining compilations market has hit supermarket share performance hardest, down to 10.4% from 12.6%, while home delivery retailers remain the biggest channel for physical format music spend despite seeing their share reduce by 1.5 percentage points year-on-year.

VIDEO: TOTAL CONSUMER SPEND BY CHANNEL % MARKET SHARE

	2015	2016	2017
OTC	12.3	9.3	7.1
Supermarkets	23.1	16.0	11.9
Home Delivery	16.3	12.4	10.1
Digital	48.4	62.3	70.9
Total Market	100.0	100.0	100.0

Source: Physical Official Charts / Millward Brown, Digital IHS

MUSIC: TOTAL CONSUMER SPEND BY CHANNEL % MARKET SHARE

	2015	2016	2017
OTC	16.8	15.3	13.9
Supermarkets	15.2	12.6	10.4
Home Delivery	16.5	15.5	14.0
Digital	51.6	56.6	61.8
Total Market	100.0	100.0	100.0

Source: Official Charts / Millward Brown / ERA

GAMES SOFTWARE: TOTAL CONSUMER SPEND BY CHANNEL % MARKET SHARE

	2015	2016	2017
OTC	13.5	10.1	8.8
Supermarkets	8.3	6.2	5.0
Home Delivery	10.6	9.1	9.8
Digital	67.7	74.6	76.4
Total Market	100.0	100.0	100.0

Source: Physical GfK, Digital IHS

Physical Format Market Share by Sector

ERA's 'Physical Formats Share by Sector' table takes the traditional physical entertainment format units - CD and vinyl albums, DVD and Blu-ray videos and packaged videogames - and measures value market shares by category, giving better visibility of comparable physical format performance.

Despite seeing share erode over the last three years, at just over 40% the supermarket channel continues to dominate sales of DVDs and Blu-rays in the UK. Over-the-counter specialists represent about a quarter of all spend in the category while home delivery retailers have grown their share by 2 percentage points to around 35% in 2017.

Supermarkets have also seen their share slip in the physical albums market, down from 29% to 27.4%, with both the OTC and home delivery sectors benefitting, growing their respective shares by around a percentage point each versus 2016.

Physical online retailers remain just about the biggest sector in the market, securing 36.8% of total spend, marginally ahead of the high street specialists and independent record shops on 35.9%.

In videogames, both the specialists and the supermarkets lost ground to a home delivery sector enjoying significant share growth. Up almost 6 percentage points year-on-year, physical online retailers now account for 41.5% of all boxed software sales. Supermarket share fell from 24.3% to 21.1% with the specialists drifting from 39.8% to 37.4% in 2017.

VIDEO: PHYSICAL FORMAT CONSUMER SPEND % MARKET SHARE

	2015	2016	2017
OTC	23.8	24.6	24.5
Supermarkets	44.7	42.6	40.7
Home Delivery	31.5	32.8	34.8
Total Market	100.0	100.0	100.0

Source: Official Charts / Millward Brown

MUSIC ALBUMS: PHYSICAL FORMAT CONSUMER SPEND % MARKET SHARE

	2015	2016	2017
OTC	34.4	35.1	35.9
Supermarkets	31.6	29.1	27.4
Home Delivery	34.1	35.7	36.8
Total Market	100.0	100.0	100.0

Source: Official Charts / Millward Brown

VIDEOGAMES: PHYSICAL FORMAT CONSUMER SPEND % MARKET SHARE

	2015	2016	2017
OTC	41.7	39.8	37.4
Supermarkets	25.6	24.3	21.1
Home Delivery	32.8	35.9	41.5
Total Market	100.0	100.0	100.0

Source: GfK

Principal Retailers

In response to the challenging market conditions physical format entertainment retailers continue to face, shop numbers went through another year of consolidation in 2017, shrinking in channels and categories where demand is in decline, and increasing where opportunities for growth still exist.

This dynamic is plainly evident in the music retail sector, where the surging vinyl market is driving strong growth in the number of independent record shops trading in the UK, with ERA and Millward Brown counting 406 in 2017, up from 380 in 2016.

Conversely, a weak CD market in 2017 corresponded with a drop in the number of shops trading within the CD-focused retail channels. The number of outlets in the multiple sector fell dramatically, by around 700 versus 2016, as Argos, Burton and Homebase all withdrew from music completely. Supermarket numbers also declined, but the reduction was less sharp, down around 300 year-on-year.

Overall, 14,375 shops syndicated their music sales data into the Official Charts Company last year, a decline of just under 1,000 outlets, down 6.4% versus 2016.

PRINCIPAL RETAILERS SELLING MUSIC

	2011	2012	2013	2014	2015	2016	2017
Specialist Chains (1)	254	266	171	160	154	160	160
Multiples (2)	2,766	2,605	2,806	2,814	5,566	5,568	4,861
Supermarkets (3)	4,121	4,541	5,337	7,078	8,667	9,256	8,948
Independents	312	316	319	339	340	380	406
	7,453	7,728	8,633	10,391	14,727	15,364	14,375

Source: Millward Brown / Official Charts / ERA

Notes:

- (1) Specialist Chains are hmv and That's Entertainment
- (2) Multiples are WHSmith, BP, Wilko, Matalan, Debenhams, Disney, Primark, Boots, Outfit, Superdrug, WHTravel, Moto, Original Factory Store, The Range, Wyvale, Home Bargains, Poundstretcher, B&M, SemiChem and Urban Outfitters. (NB Argos, Homebase and Burton withdrew from Audio and Video retailing).
- (3) Supermarkets include Asda, Morrisons, Sainsbury's (including Locals*), Tesco (including Metro and Express*), Co-Ops* Spar* and One-Stop* (*That sell audio and video titles).

DIGITAL MUSIC SERVICES

2017

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Source - Get It Right From A Genuine Site

Principal Retailers (continued)

The rapidly declining DVD and Blu-ray market is presenting home entertainment retailers with some of the biggest challenges they have faced in their recent history. Sales have been in decline for several years now but 2017 saw that downward trend accelerate, with spend down 17% year-on-year.

Falling demand has naturally led to an erosion in overall retail space dedicated to selling video product. Some chains, like Argos, have exited the format altogether, while the still dominant supermarket sector – responsible for 40% of all DVD and Blu-ray sales in 2017 – has seen a reduction in the overall number of outlets stocking video. 308 fewer supermarkets recorded sales of video products into the Official Charts Company in 2017 than in 2016.

Crucially for the category, the number of specialist high street shops trading in DVDs and Blu-rays last year – hmv predominantly – remains steady at 116 outlets, while there was a small drop in the indie estate, down from 112 to 99 shops.

In total, 14,040 shops sold DVDs and Blu-rays in the UK last year, 1,029 fewer than in 2016.

After a drop in the number of shops trading in physical videogames in 2016, last year saw numbers bounce back with GfK reporting that more than 7,000 outlets recorded sales.

With the exception of the 'electrical/hardware' and 'general multiples' sectors, shop numbers grew right across the retail channel mix and the increased estate was able to enjoy a widespread boost in trading that comes with the launch of a brand-new games console.

PRINCIPAL RETAILERS SELLING VIDEO							
	2011	2012	2013	2014	2015	2016	2017
Specialist Chains (1)	815	768	499	486	483	160	160
Multiples (2)	2,569	2,605	2,806	2,814	5,566	5,541	4,833
Supermarkets (3)	4,121	4,541	5,337	7,078	8,667	9,256	8,948
Independents	244	145	198	122	136	112	99
Total	7,749	8,059	8,840	10,500	14,852	15,069	14,040

Source: Millward Brown / Official Charts / ERA

Notes:

- (1) Specialist Chains are hmv and That's Entertainment
- (2) Multiples are WHSmith, BP, Wilko, Matalan, Debenhams, Disney, Primark, Boots, Outfit, Superdrug, WHTravel, Moto, Original Factory Store, The Range, Wyvale, Home Bargains, Poundstretcher, B&M, SemiChem and Urban Outfitters. (NB Argos, Homebase and Burton withdrew from Audio and Video retailing).
- (3) Supermarkets include Asda, Morrisons, Sainsbury's (including Locals*), Tesco (including Metro and Express*), Co-Ops* Spar* and One-Stop* (*That sell audio and video titles).

PRINCIPAL RETAILERS SELLING VIDEO GAMES							
	2011	2012	2013	2014	2015	2016	2017
Music/Video Specialists	814	767	133	121	142	121	134
Game & Software Specialists	876	614	605	599	607	587	609
Electrical/Hardware Chains	928	631	631	477	480	473	390
General Multiples	1,324	1,326	919	992	1,090	1,418	1,370
Supermarkets	2,402	2,542	2,609	2,783	3,990	3,993	4,105
Others (estimate)	300	300	300	300	300	300	300
Total	6,644	6,180	5,197	5,272	6,609	6,892	6,908

Source: GfK

DIGITAL VIDEO SERVICES	2017
	35

Source - Get It Right From A Genuine Site. Exc. Free to View only services

DIGITAL GAMES SERVICES	2017
	35

Source - Get It Right From A Genuine Site. Inc mobile, social and cloud

Average Selling Prices

The average price of DVD or Blu-ray in the UK has changed very little over the last three years, despite the dramatic changes to the way video is currently being consumed.

On average, a DVD now costs £7 to buy, just 7p more than it did a year ago. In the home delivery sector, prices match those of the market at £7, up marginally versus last year. The price at a high street specialist dipped year-on-year, down to £6.65. At £7.17 average prices are highest in chart-focused grocery sector.

Blu-ray prices are also marginally up year-on-year, costing an average £12.33 to buy in 2017, 25p more expensive than they were in 2016. Some of that inflation is being driven by a growing 4K UHD market where disc prices are considerably higher than standard definition Blu-rays.

The steepest price increases in Blu-ray occurred in the home delivery sector, but the most expensive averages were found in supermarkets. Again, this is down to an increasingly concentrated, chart-focused product selection where average selling prices are generally higher per disc.

The price of an album has risen for the third year in a row with a unit now costing £8.83 on average, up 7.4% year-on-year. Premium price points on some of Universal's frontline Christmas releases, combined with booming vinyl LP volumes - where the average selling price is around £20 per unit - is driving most of that inflation.

Prices have risen most dramatically in the home delivery channel. Specialist music retailers saw average prices jump 6.9% year-on-year to £9.45 with prices in supermarkets up 6.6% to £8.86.

Even in the digital download channel, where sales suffered another significant fall in 2017, prices are on the rise. An album cost £7.17 to download on average in 2017, up 1% year-on-year.

Average selling prices in the UK's physical videogames market increased again in 2017, by 2.1%, despite falling unit prices across the dominant PS4 and Xbox One platforms. The Nintendo Switch console, launched in March along with several expensive launch titles, provided some fresh momentum for the boxed software market in general and boosted the average cost of a unit to £33.47, up 83p on 2016.

The bulk of the physical videogames software market is built around a limited number of high-ticket, triple-A hero titles from bankable franchises and, as such, retail pricing strategy plays a critical role in the competitive landscape. Average selling prices across all three retail channels are pretty closely aligned but, at £32.64, the average price of a game is lowest in the home delivery sector.

ENTERTAINMENT AVERAGE SELLING PRICES 2017

DVD	2015	2016	2017	% change
Specialists, generalists and independents	£7.08	£6.72	£6.65	-1.0
Supermarkets	£7.00	£7.02	£7.17	2.1
Home delivery	£7.11	£6.97	£7.00	0.4
Total Market	£7.05	£6.93	£7.00	1.0

Source: OCC/Millward Brown. Excludes box sets and multiple disc-sets of 3 or more. Physical product only.

BLU-RAY	2015	2016	2017	% change
Specialists, generalists and independents	£10.54	£10.52	£10.78	2.5
Supermarkets	£13.32	£13.40	£13.51	0.8
Home delivery	£11.57	£11.95	£12.45	4.2
Total Market	£11.90	£12.08	£12.33	2.1

Source: OCC/Millward Brown. Excludes box sets and multiple disc-sets of 3 or more. Physical product only.

ALBUMS	2015	2016	2017	% change
Specialists, generalists and independents	£8.45	£8.84	£9.45	6.9
Supermarkets	£8.32	£8.31	£8.86	6.6
Home delivery	£8.55	£8.78	£9.68	10.3
Digital	£6.83	£7.07	£7.14	1.0
Total Market	£7.90	£8.22	£8.83	7.4

Source: OCC/Millward Brown. Excludes box sets and multiple disc-sets of 4 or more.

VIDEOGAMES	2015	2016	2017	% change
Specialists, generalists and independents	£33.83	£33.17	£33.89	2.2
Supermarkets	£32.54	£33.54	£34.40	2.6
Home delivery	£31.46	£31.51	£32.64	3.6
Total Market	£32.70	£32.64	£33.47	2.5

Source: GfK Chart-Track.