



UK Market Statistics

Games drives another year of growth for entertainment retailing

By Steve Redmond

While music, video and games markets are among the fastest-changing consumer product categories, overall trends in entertainment retailing proceed at a more stately pace. So it was that in 2008, the key trends – a fast-growing games sector, a slowing video sector and a declining music market – were all familiar from the years before. But the most important trend was that the unique ERA Entertainment Monitor – which combines volume sales of music, video and games – rose yet again by 3.8% to 498m units, which means UK entertainment retailers sold around 19 albums, videos and/or games to every household in the UK in 2008.

The best performing sector was games – driven most of all by the runaway success of Nintendo's Wii platform – which increased volume by nearly 16% and value by a stunning 21%. It means that since 2005 the games software market has grown by over 50% while the music market has lost a third of its value and the video market has barely moved at all.

The games software market needs to grow only another 10% to

overtake video. Include console sales and games is almost as big as video and music put together.

This is not to say that music and video do not have their own stories to tell.

In video, the resolution of the battle for the industry's high definition future was finally won by Blu-ray. Entertainment retailers had always been less interested in which format emerged victorious than in the debate finally being resolved. And they were proved right when Blu-ray sales ended the year 358% up on 2007 following the decision by the HD DVD group to throw in the towel.

In music it was the digital formats which led the way with single track download sales up 41% year-on-year and sales of album downloads up 65%. And again standardisation of format was a factor as the widespread adoption of MP3 – partly a result of lobbying by ERA – created a new consumer confidence that the downloads they bought would be interoperable and futureproof.

Retail Values £ millions	2005	2006	2007	2008	% change 2007/08
Video (excludes music video)	2,214.4	2,135.5	2,292.5	2,294.5	0.1%
Games software (includes PC home software)	1,345.0	1,361.0	1,719.0	2,082.0	21.1%
Recorded Music (includes music video)	1,856.2	1,629.2	1,379.3	1,289.2	-6.9%
Total value	5,415.6	5,125.7	5,390.8	5,665.7	5.1%

ERA Entertainment Monitor Market volumes millions of units	2005	2006	2007	2008	% change 2007/08
Video (excludes music video)	215	221	244	253	3.8%
Music (album equivalents, includes music video)	179	177	159	156	-1.9%
Games (includes PC home software)	61	65	76	88	15.8%
Total units	455	463	479	497	3.8%

SOURCE: **Recorded Music:** Official Charts Company (OCC), TNS Worldpanel Entertainment **Video:** OCC/British Video Association
Games: GfK Chart-Track/ELSPA.



Consumer spending on leisure

	Spending value: £bn		% change
	2007	2008	
Video, Games and Recorded Music	5.4	5.7	5.1
Entertainment Hardware, TV, PCs and other	15.7	16.5	5.1
Total home entertainment	21.1	22.2	5.2
Reading	8.1	8.4	3.3
House & garden	15.7	16.6	5.8
Hobbies & pastimes	9.9	10.1	1.5
IN THE HOME	54.8	57.2	4.4
Eating out	43.8	45.1	2.8
Alcoholic drink	42.7	44.2	3.7
Eating & drinking	86.5	89.3	3.2
Local entertainment	6.2	6.5	4.9
Gambling	10.0	11.0	9.9
Active sport	11.6	12.0	4.2
Neighbourhood leisure	27.7	29.5	6.4
Sightseeing	1.4	1.4	0.0
Holidays in UK	11.6	12.1	4.5
Holidays overseas	36.1	37.9	5.0
Holidays & tourism	54.5	56.7	4.2
AWAY FROM HOME	168.7	175.5	4.0
ALL LEISURE	223.5	232.7	4.1

SOURCE: Sheffield Hallam University

LEISURE SPENDING

- The Leisure Industries Research Centre at Sheffield Hallam University estimates that UK leisure spending grew by 4.1% in 2008 to reach £232.7bn.
- Perhaps as result of the toughening economic environment there was a clear move towards in-home leisure spending with that sector growing by 4.4% compared with just 4.0% for out-of-home leisure. In the previous two years out-of-home leisure had been the fastest growing sector.
- Within the in-home leisure segment music, video and games performed better than average with growth of 5.3% compared, for instance, with reading at 3.3% and hobbies and pastimes at just 1.5%.
- An interesting reality check on the scale of the entertainment business is that the combined sales of music, video and games software amount to barely half the amount of money spent in the UK on gambling and just an eighth of what Britons spend on alcohol.



ENTERTAINMENT RETAILERS

Data on the numbers of shops selling music, video and games require careful reading and a strong sense of context. It seems to make sense that the fastest-growing of the three markets, games, boasts the highest number of outlets since the more opportunities there are to buy a product, the more likely it is to sell, and of course the faster growing a sector, the more likely retailers are to stock it.

But the games business enjoyed its best year yet in 2008 despite losing stockists for two years running, the biggest sector – video – has the fewest outlets and music apparently saw a surge in retailer numbers last year.

The latter number is almost entirely due to video chain Blockbuster rolling out music across its estate in 2008. More worrying for the music business was the continuing decline in the number of independent stores. By the end of 2008, there were fewer than half the number of indies there had been as recently as 2005.

TNS Worldpanel Entertainment has been monitoring the market shares of retailers across the video, games and music sectors for many years.

The key trend in 2008 was the growing share of all three markets taken by the internet sector led by Amazon and Play.com.

Principal Retailers Selling Music

	2005	2006	2007	2008
Specialist Chains	529	647	350	1033
Multiples	1392	1384	1373	1321
Independent Specialists	734	578	408	305
Supermarkets	2966	2746	2895	2528
Total	5621	5355	5026	5187

SOURCE: Millward Brown, Official Charts Company

Principal Retailers Selling Video

	2005	2006	2007	2008
Specialist chains	1431	1412	1059	1033
Multiples	1392	1384	1373	1321
Independents	251	288	259	203
Supermarkets	2966	2746	2895	2528
Total	6040	5830	5586	5085

SOURCE: Millward Brown, Official Charts Company

Principal Retailers Selling Games

	2005	2006	2007	2008
Music/Video Specialists	1295	1412	1103	1037
Game & Software Specialists	1083	990	1070	1042
Electrical/Hardware Chains	1139	1137	1118	1085
General Multiples	1996	2041	2075	2100
Supermarkets	1710	1939	2019	2045
Total	7223	7519	7385	7309

SOURCE: GfK Chart-Track



SECTOR MARKET SHARES

Video market shares

	2007		2008	
	% Units	% Value	% Units	% Value
Specialists	24.4	27.3	21.4	25.1
Multiples	13.5	12.8	11.0	9.9
Supermarkets	34.7	30.3	34.8	30.2
Mail order	2.0	3.1	1.3	2.2
Internet	21.4	23.6	27.0	29.5
Other	4.1	2.9	4.4	3.1

Games market shares

	2007		2008	
	% Units	% Value	% Units	% Value
Specialists	47.5	48.1	43.3	43.2
Multiples	18.3	19.3	17.8	18.8
Supermarkets	11.2	11.4	9.4	10.1
Mail order	0.6	0.8	1.2	1.6
Internet	20.1	18.6	26.4	24.6
Other	2.3	1.9	2.0	1.7

CD Album market shares

	2007		2008	
	% Units	% Value	% Units	% Value
Specialists and independents	41.5	43.8	37.1	40.3
Multiples	13.0	12.3	12.1	10.2
Supermarkets	24.3	24.6	25.2	26.1
Mail order	1.3	1.5	0.8	1.1
Internet	16.9	15.5	21.9	20.1
Other	3.0	2.4	2.9	2.2

SOURCE: TNS Worldpanel Entertainment.



AVERAGE RETAIL PRICES

- The only consistent data available on pricing across all three entertainment retail sectors – video, games and music – comes from TNS Worldpanel Entertainment whose information is drawn from a representative panel of consumers polled every two weeks. These numbers tend to follow the same broad patterns as the information on price produced by the Official Charts Company (video and music) GfK Chart-Track (games) elsewhere in this report, but the precise numbers differ.
- The TNS survey breaks down pricing by retail sector and gives a good indication of trends over time.
- In 2008 the TNS panel suggested that the prices of CD albums and DVD videos reached new lows of £8.10 and £8.71 respectively, with the price of computer games rising by 8% to £22.99.
- The trends – if not the precise numbers – are mirrored in actual sales data produced by GfK Chart-Track for games and the Official Charts Company for video and music.

CD Albums

	Average price £		
	2006	2007	2008
TOTAL MUSIC/VIDEO SPECIALIST	9.33	9.13	8.83
COMPUTER SPECIALIST	6.53	7.00	2.95
GENERALIST	8.83	8.18	6.86
GROCERS	8.85	8.74	8.38
MAIL ORDER	9.39	9.70	10.96
INTERNET	8.54	7.90	7.43
OTHER	7.07	7.01	6.29
TOTAL MARKET	8.97	8.65	8.10

DVD

	Average price £		
	2006	2007	2008
TOTAL MUSIC/VIDEO SPECIALIST	10.76	10.47	10.24
COMPUTER SPECIALIST	7.01	6.65	7.53
GENERALIST	9.91	8.86	7.81
GROCERS	9.49	8.16	7.55
MAIL ORDER	14.11	14.40	15.05
INTERNET	11.96	10.21	9.54
OTHER	8.09	6.80	6.08
TOTAL MARKET	10.42	9.32	8.71

Video Games

	Average price £		
	2006	2007	2008
TOTAL MUSIC/VIDEO SPECIALIST	22.31	24.19	26.08
COMPUTER SPECIALIST	21.01	21.13	22.31
GENERALIST	21.21	22.46	24.27
GROCERS	20.50	21.67	24.60
MAIL ORDER	27.01	26.79	30.83
INTERNET	19.42	19.64	21.48
OTHER	18.70	17.25	20.12
TOTAL MARKET	20.86	21.29	22.99

SOURCE: TNS Worldpanel Entertainment



VIDEO SALES

- Video remains the biggest of the three main product categories – video, games and music – sold by entertainment retailers with the value of the market in 2008 reaching £2,343.3m, albeit 0.4% down on the previous year.
- The main contributor to the halt to video's growth was strong price deflation with the average price of video's main format, DVD, down from £9.38 to £8.97.
- In 2008 the outstanding hit of the year was Mamma Mia, the film of the Abba musical which achieved sales of 5.09m copies despite only being released in mid-November to become the biggest selling DVD of all time in the UK. It sold more than twice as many copies as The Dark Knight at number two.

Video Retail Sales (units)						
	2004	2005	2006	2007	2008	% change
DVD	196,451,958	211,173,711	227,029,314	248,098,153	252,923,560	1.9
VHS	37,065,580	10,433,981	845,585	71,045	44,376	-37.5
UMD	0	496,593	1,087,206	428,410	424,905	-0.8
HD-DVD	0	0	8,200	271,834	751,625	176.5
BLU-RAY	0	0	1,835	818,459	3,747,426	357.9
	233,517,538	222,104,285	228,972,139	249,687,901	257,891,892	3.3

Video Retail Sales (value £ millions)						
	2004	2005	2006	2007	2008	% change
DVD	2,244	2,245	2,215	2,327.6	2,269.1	-2.5
VHS	234	64	4	0.4	0.2	-50.0
UMD	0	7	10	3.5	2.7	-22.9
HD-DVD	0	0	0	5.7	5.6	-1.2
BLU-RAY	0	0	0	15.8	65.7	315.8
	2,478	2,317	2,229	2,353.0	2,343.3	-0.4

SOURCE: Official Charts Company



Top 10 Video 2008			
	TITLE	COMPANY	SALES
1	Mamma Mia - The Movie	Universal Pictures	5,090,086
2	The Dark Knight	Warner Home Video	1,760,922
3	Sex And The City - The Movie	EIV	1,636,541
4	Ratatouille	Walt Disney Studios	1,497,109
5	Stardust	Paramount Home Ent	1,462,520
6	Indiana Jones & the Kingdom of the Crystal Skull	Paramount Home Ent	1,404,604
7	I Am Legend	Warner Home Video	1,326,565
8	The Golden Compass	EIV	1,281,815
9	Atonement	Universal Pictures	1,281,614
10	Kung Fu Panda	Paramount Home Ent	1,094,832

SOURCE: Official Charts Company, British Video Association



VIDEO SALES

- Good news came from the resolution of the industry's high definition future in favour of Blu-ray, with sales of Blu-ray discs up 358% by volume and 315% by value to reach £65.7m.
- The total number of Blu-ray players sold in the UK by the end of 2008 stood at 2.12m, the vast majority of them inside Playstation 3 consoles, although sales of standalone players in 2008 were 15 times those in 2007.
- While it may be 10 years old, the trusty DVD still managed volume growth yet again in 2008. Sales of DVDs were up nearly 2% to reach an all-time-high of 252.9m units.
- Not surprisingly, as a mature format, the DVD has a huge household penetration which currently stands at 1.73 players for each and every home in the country.
- As DVD celebrated its 10th anniversary, UK entertainment retailers could look back on a decade in which they had sold a total of over 1.41bn DVDs to UK consumers.

Video Hardware Sales			
	2007	2008	Total
Standalone Blu-ray players	17,600	274,800	292,400
PS3 consoles	873,000	955,000	1,828,000
Total	890,600	1,229,800	2,120,400

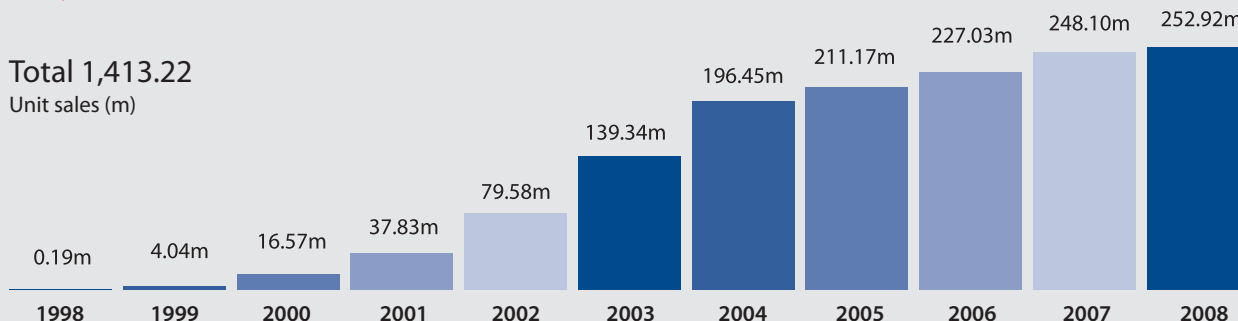
SOURCE: GfK Chart-Track

	Home DVD Players/ Recorders Installed Base (Millions units)	Household penetration (%)
2006	35.2	136.9
2007	40.6	157.9
2008	44.5	173.0

SOURCE: Futuresource Consulting

Ten years of DVD and 1.4bn sales

Total 1,413.22
Unit sales (m)



SOURCE: Official Charts Company



GAMES AND LEISURE SOFTWARE

- 2008 was a banner year for the games and leisure software markets with overall sales up 17.9%, driven by an outstanding 27.7% increase in the value of console games software sales.
- More than anything 2008 was the year of Nintendo. Sales of games on the two principal Nintendo platforms, the Wii console and DS handheld, hit 39.2m units, virtually twice the number for second-placed brand Sony. Sales of Wii games doubled over 2007 to reach £481m.
- The top-selling game overall was FIFA '09, the latest edition of the record-breaking Electronic Arts franchise, but Nintendo took four of the Top 10 titles.

Overview Games & Leisure Software (£ millions)	2006	2007	2008	% change
Console software	1,051	1,407	1,788	27.1
Console hardware	710	1,252	1,422	13.6
PC leisure & home	309	308	288	-6.5
Total	2,070	2,967	3,498	17.9

SOURCE: GfK Chart-Track

Games & Leisure Software Sales	2006	2007	2008	% change 2008 v 2007
Console Software Units (millions)				
Microsoft Xbox	3.4	0.6	0.0	-
Microsoft Xbox 360	5.2	9.8	14.9	52.0
Nintendo Gamecube	0.4	0.1	0.0	-
Nintendo Wii	0.5	7.9	20.1	154.4
Nintendo DS	6.4	14.9	19.1	28.2
Game Boy Advance (GBA)	2.3	0.9	0.0	-
Sony Playstation (PS1)	0.0	0.0	0.0	-
Sony Playstation 2 (PS2)	22.1	14.2	5.7	-59.9
Sony Playstation 3 (PS3)	-	4.2	10.4	147.6
Sony PSP	6.1	5.6	4.1	-26.8
Total Console Software	46.4	58.2	74.3	27.7
PC Software				
PC Games	13.0	12.2	8.5	-30.3
PC - Home office/Educ/ Child/Ref/Utility	5.8	5.4	5.0	-7.4
Total PC Software	18.8	17.7	13.5	-23.7
Overall Total Software Units	65.1	76.0	88.0	15.8

SOURCE: GfK Chart-Track

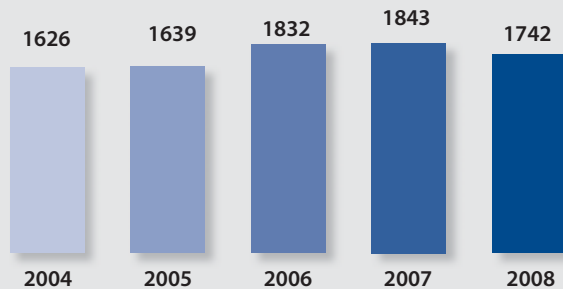


- The Nintendo Wii now has an installed base of 28.5m games units in the UK – that is more than one Wii game for each household.
- As the games market prospered, there was however a reverse for the PC Games and Home Software markets. PC software for the home was down 7.4% by volume on 2007 while PC Games took a 30% dive as consumers focused their games expenditure on consoles. The PC market has probably also moved online to a greater degree than its console counterpart.
- Proof of the hit-driven nature of games is clear from an analysis of the number of games titles on the market. The huge increase in games sales in 2008 came against a background of the number of new games releases decreasing by 5.5%.

Games & Leisure Software Sales	2006	2007	2008	% change 2008 v 2007
Console Software Value (£ millions)				
Microsoft Xbox	52	6	-	
Microsoft Xbox 360	192	320	443	38.4
Nintendo Gamecube	8	1	0	-
Nintendo Wii	14	227	481	111.9
Nintendo DS	148	314	366	16.6
Game Boy Advance (GBA)	40	10	-	-
Sony Playstation (PS1)	-	-	-	-
Sony Playstation 2 (PS2)	446	263	92	-65.0
Sony Playstation 3 (PS3)	-	156	334	114.1
Sony PSP	150	111	70	-36.9
Total Console Software	1,051	1,407	1,788	27.1
PC Software				
PC Games	166	145	117	-19.3
PC - Home office/Educ/Child/Ref/Utility	143	164	171	4.3
Total Other Software	1	4	6	50.0
Overall Total Software Value	1,361	1,719	2,082	21.1

SOURCE: GfK Chart-Track/ELSPA

UK Games Software: Number of New Releases By Year
Number of Titles



SOURCE: GfK Chart-Track/ELSPA

UK Console Hardware Market

Units (millions)	2006	2007	2008	% change 2008 v 2007
Handheld	3.08	3.39	3.95	16.5
Static	2.01	4.02	5.35	33.1
Total	5.09	7.41	9.30	25.5
Value (£ millions)				
Handheld	361	356	395	11.0
Static	349	896	1,027	14.6
Total	710	1,252	1,422	13.6

SOURCE: GfK Chart-Track/ELSPA



The battle of the consoles: software sales by platform (million units)

	2004	2005	2006	2007	2008	Five year total
Microsoft Xbox/Xbox 360	7.1	7	8.6	10.4	14.9	48
Nintendo Gamecube/Wii	2.4	1.2	0.9	8	20.1	32.6
Sony Playstation 1/2/3	29.3	26.8	22.1	18.4	16.1	112.7

The battle of the portables: software sales by platform (million units)

	2004	2005	2006	2007	2008	Five year total
Nintendo GBA/DS	4.1	5.2	8.7	15.8	19.1	52.9
Sony PSP	0	2.9	6.1	5.6	4.1	18.7

The battle of the brands: software sales by brand (million units)

	2004	2005	2006	2007	2008	Five year total
Microsoft	7.1	7	8.6	10.4	14.9	48
Nintendo	6.5	6.4	9.6	23.8	39.2	85.5
Sony	29.3	29.7	28.2	24	20.2	131.4

Top 10 Games 2008

	TITLE	LABEL
1	Fifa 09	ELECTRONIC ARTS
2	Mario Kart Wii	NINTENDO
3	Grand Theft Auto Iv	ROCKSTAR/TAKE 2
4	Mario & Sonic At The Olympic Games	SEGA
5	Wii Fit	NINTENDO
6	Call Of Duty: World At War	ACTIVISION
7	Wii Play	NINTENDO
8	Dr Kawashima's Brain Training	NINTENDO
9	Lego Indiana Jones: Original Adventures	LUCASARTS
10	Carnival: Funfair Games	TAKE 2

SOURCE: GfK Chart-Track





MUSIC

- The past 12 months give hope that there may finally be light at the end of the tunnel for music sales.
- As recently as 2001 music was by far the biggest entertainment retail sector, but the combination of sharp falls in both average album prices and volumes – and the rising fortunes of both video and games - means that it is now the smallest.
- But 2008 marked a sharp slowdown in the rate of decline of music sales, with the value of recorded music sales down just 6.9% to £1.289m and volume down just 1.9%.
- Not only did the volume of CD album sales hold up better than in previous years, download sales continued to rise. Downloads now account for 96% of singles sales (by volume) and as at December 2008 7% of album sales.

Retail Sales of Music (units millions)				
	2006	2007	2008	% change 2008 v 07
Singles				
Physical	13.8	8.6	4.9	-43.5
Digital*	53.1	78.0	110.3	41.5
Total	66.9	86.6	115.1	33.0
Albums				
Physical	159.5	138.4	129.5	-6.4
Digital	2.8	6.2	10.3	65.0
Total	162.3	144.6	139.8	-3.4
Music Video				
All formats	7.8	5.4	4.4	-18.8
Total album equivalents***	177	159	156	-1.9%

* Combines single track and bundle sales. ** Since 2005 market is 100% DVD.

*** Singles counted as 10 tracks = 1 album = 1 DVD

SOURCE: Official Charts Company

Retail Sales of Music (value £millions)				
	2006	2007	2008	% change 2008 v 07
Singles				
Physical	40.8	22.4	13.1	-41.5
Digital	42.6	62.1	87.7	41.2
Total	83.4	84.5	100.8	19.3
Albums				
Physical	1,429.9	1,184.4	1,063.3	-10.2
Digital	22.4	49.9	76.3	52.9
Total	1,452.3	1,234.3	1,139.6	-7.7
Music Video				
All formats	93.5	60.5	48.8	-19.3
Total value	1,629.2	1,379.3	1,289.2	-6.9

SOURCE: Entertainment data on average prices. Singles and albums for 2006/2007 based on OCC unit data and OCC monthly value report data. Singles and albums for 2008 based on OCC line-by-line value data. All Music Video data based on OCC/British Video Association value estimates



Top 10 Albums 2008

	TITLE	ARTIST	COMPANY	SALES
1	Rockferry	Duffy	Universal	1,684,944
2	The Circus	Take That	Universal	1,446,135
3	Only By The Night	Kings of Leon	Sony	1,181,640
4	Spirit	Leona Lewis	Sony	1,108,370
5	Viva La Vida	Coldplay	EMI	1,086,962
6	Mamma Mia	Original Soundtrack	Universal	1,006,563
7	Now That's What I Call Music 71	Various	EMI/Universal	964,218
8	Now That's What I Call Music 70	Various	EMI/Universal	865,333
9	Now That's What I Call Music 69	Various	EMI/Universal	832,673
10	Good Girl Gone Bad	Rihanna	Universal	820,584

SOURCE: Official Charts Company

Top 10 Music Videos 2008

	TITLE	ARTIST	CORP. GROUP	SALES
1	Beautiful World Live	Take That	Universal Music	159,773
2	10 Years Of - Live at Croke Park Stadium	Westlife	Sony Music	123,153
3	50th Anniversary Time Machine Tour	Cliff Richard	Universal Pictures	77,598
4	Best of Both Worlds Concert	Hannah Montana/ Miley Cyrus	Walt Disney Studios	74,982
5	Access 2 All Areas	George Sampson	Sony Music	73,511
6	At Home in Ireland	Daniel O'Donnell	Demon Music Group	68,369
7	High School Music - The Concert	Cast Recording	Walt Disney Studios	67,856
8	Viva La Diva - Live - O2 Arena London	Bussell/ Jenkins	Warner Music International	56,162
9	Live at Wembley Stadium	Foo Fighters	Sony Music	55,987
10	When in Rome 2007	Genesis	EMI Music	48,423

SOURCE: Official Charts Company, British Video Association

Top 10 Singles 2008

	TITLE	ARTIST	CORP. GROUP	SALES
1	Hallelujah	Alexandra Burke	Sony Music	887,933
2	Hero	X Factor Finalists	Sony Music	751,243
3	Mercy	Duffy	Universal Music	535,664
4	I Kissed a Girl	Katy Perry	EMI Music	479,453
5	Rockstar	Nickelback	Warner Music	469,652
6	American Boy	Estelle feat Kanye West	Warner Music	460,474
7	Sex on Fire	Kings of Leon	Sony Music	451,499
8	Now You're Gone	Basshunter feat DJ Mental Theo's Bazzheadz	MSHK	443,534
9	4 Minutes	Madonna feat Justin Timberlake	Warner Music	430,064
10	Black & Gold	Sam Sparro	Universal Music	429,086

SOURCE: Official Charts Company

- Six albums sold over 1m copies in 2008, led by multiple BRIT Award winner Duffy who sold 1.68m copies of her debut, Rockferry to pip Take That into second place for the year.
- Two other notable performances in the year-end Top 10 were Leona Lewis's achievement in selling a further 1.1m copies of her debut, Spirit, on top of the 1.55m copies she sold in the last seven weeks of 2007, and the three separate entries in the Top 10 for the Now That's What I Call Music compilation series which between them sold 2.6m copies.
- In the Top 10 singles of the year, five of the 10 were by female solo artists, led by X Factor winner Alexandra Burke's cover version of Leonard Cohen's Hallelujah which sold 887,933 copies.
- In music video the biggest seller of the year was Take That's Beautiful World Live which sold 159,773 copies.



DIGITAL

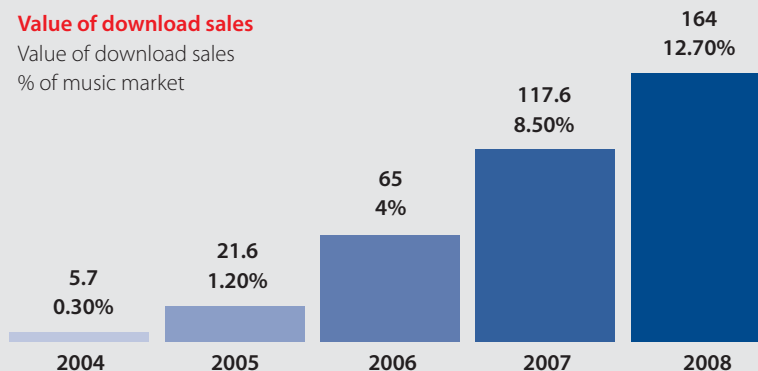
- Sales of digital downloads in the UK continued to grow at a phenomenal rate in 2008, with sales of single track downloads and bundles up 41.5% year-on-year and sales of digital albums up 65%. It was such a consistent growth pattern through the year that ERA's monthly digital forecast in Spring 2008 was within 1% of the final result.
- If current growth patterns continue, the market for album downloads should exceed that for single tracks during 2009.
- In value terms, download formats represent nearly 13% of the UK recorded music market. While the download total for 2008 of £164m may be relatively small in the context of the overall £1.3bn market, it is a huge leap forward from the 0.3% share taken by download formats as recently as 2004.
- A key driver for download sales remains the fast-growing adoption of broadband internet by British households. By the end of 2008 penetration had reached nearly 70%.
- The scale of the opportunity for the digital music business is apparent from the relatively low number of downloads sold per broadband household – just 6.3 in 2008. At a typical 79p per download, that amounts to just £4.97.
- A notable feature of 2008 was the sharp downturn in sales of MP3 players, 15% down on 2007, suggesting the market may be reaching saturation. Sales of downloads per MP3 player were even lower than those per broadband household at just 5.7 for the year or £4.50.

The rise and rise of download sales						
million units	2004	2005	2006	2007	2008	% change 2008 v 07
Single tracks and singles bundles	5.8	26.4	53.1	78.0	110.3	41.5
Album downloads	0.0	0.0	2.8	6.2	10.3	65.0

SOURCE: Official Charts Company

Value of download sales

Value of download sales
% of music market



SOURCE: Official Charts Company

Broadband penetration reaches new high			
	2006	2007	2008
Broadband Households (Millions)	13.11	15.92	17.53
Broadband Household Penetration (%)	51%	62%	68%
Single track download sales (Millions units)	53.1	78.0	110.3
Single track download sales per broadband household	4.1	4.9	6.3

SOURCE: Futuresource Consulting/OCC

Have sales of MP3 players peaked?			
	2006	2007	2008
Total MP3 Player Annual Shipments (Millions units)	10.05	10.32	8.77
Total MP3 Player Installed Base (Millions units)	13.84	17.43	19.23
Single track download sales (Millions units)	53.1	78.0	110.3
Single track download sales per MP3 player	3.8	4.5	5.7

SOURCE: Futuresource Consulting, Official Charts Company



The long tail of music sales

- Retailers continued to expand the range of music available to fans in 2008, with the Official Charts Company monitoring sales of 216,527 different album titles during the year, 18,590 more than in 2007.
- Driving this trend more than any other sector was home delivery, where players like Amazon and Play.com collectively increased their range by 30,000 titles, four times the range stocked by the entire supermarket sector.
- Perhaps surprising is the relatively small range of albums sold digitally – at 53,785 titles it is less than a third of the total available.
- These numbers are particularly interesting in the context of The Long Tail theory espoused by Chris Anderson of Wired magazine who has argued that the relatively small cost of keeping a high number of titles “in stock” online means that small-selling titles can collectively make up a market share that rivals or exceeds the relatively few current bestsellers and blockbusters.
- In the case of single tracks, the Top 5000 titles each week accounted for 91% of the physical market but just 59% of the download market, the former number clearly influenced by the sharply decreased number of titles now made available on physical formats.
- When it comes to albums, at the Number One chart position there is virtually no difference between physical and digital. The Number One title on average accounted for 4.4% of digital album sales and 4.9% of physical album sales. Again at the Top 5000 level, there is little difference. The Top 5000 albums typically accounted for 79.3% of the digital album market and 81% of the physical albums market. The tail was simply slightly deferred so that while positions of 1000-5000 account for just 10.4% of physical album sales, they account for 17.7% of digital albums.

Number of titles by retail sector

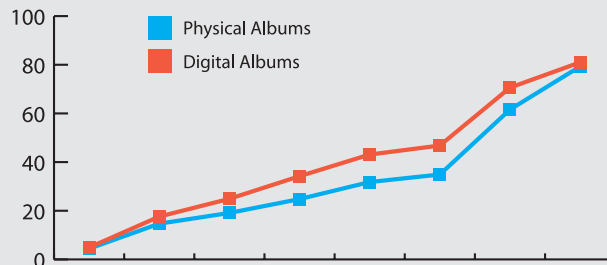
	2007	2008
Total titles	197,937	216,527
Home delivery	141,251	171,299
Specialists	127,724	116,835
Independents	123,216	112,271
Digital	*	53,785
General	20,618	17,897
Supermarkets	9,579	7,587

SOURCE: Millward Brown, Official Charts Company

% of sales at different chart positions

% of market taken by	Singles		Albums	
	Physical	Digital	Physical	Digital
Number One	22.7	2.6	4.9	4.4
Top 10	49.3	11.9	17.6	14.7
Top 20	62.3	17.0	24.9	19.1
Top 40	72.9	22.4	34.2	24.8
Top 75	80.2	27.3	43.1	31.8
Top 100	82.3	29.5	46.8	34.9
Top 1000	90.0	50.5	70.6	61.6
Top 5000	91.5	59.7	81.0	79.3

SOURCE: Millward Brown, Official Charts Company





Irish Market Statistics

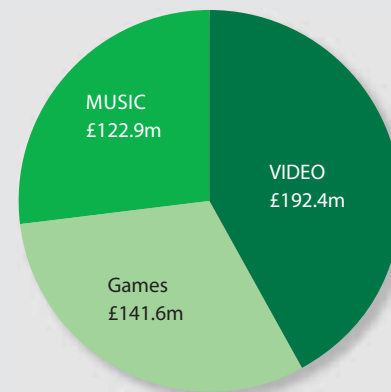
Entertainment Market

Irish Entertainment Market - units (m)				
	2006	2007	2008	% change
Physical Singles	1.26	0.87	0.55	-36.8
Digital Tracks	1.98	3.74	4.83	29.1
Total singles	3.24	4.61	5.38	16.7
Physical Albums	10.43	9.31	8.09	-13.1
Digital Albums	0.16	0.32	0.51	59.4
Total albums	10.59	9.63	8.6	-10.7
Video (DVD/UMD/VHS/BR/HD)	11.46	12.67	13.65	7.7
Entertainment Software	3.19	3.68	4.17	13.3
Total entertainment market*	25.6	26.4	27.0	2.0

SOURCE: GfK Chart-Track. * Volume based on 10 singles = one album = one DVD= one game

Irish Entertainment Market - (value € millions)			
	2007	2008	% change
Physical Singles	3.6	2.1	-40.6
Digital Tracks	4.6	5.4	17.4
Total singles	8.2	7.5	-8.0
Physical Albums	135.4	110.3	-18.5
Digital Albums	3.2	5.1	58.8
Total albums	138.6	115.4	-16.8
Video (DVD/UMD/VHS/BR/HD)	200.3	192.4	-3.9
Entertainment Software	125.5	141.6	12.9
Total Market	472.6	457.0	-3.3

- The Irish entertainment market grew 2% in 2008 to reach 27m units or 6.4 albums, DVDs or games per head.
- Beneath that headline figure the three main sectors of DVD, games and music enjoyed varying fortunes.
- Sales of singles – driven by digital – video and games all showed volume increases, but sales of albums were down 10.7% as a result of a sharp 13.1% decrease in sales of physical albums.
- Price deflation hit all sectors apart from entertainment software which scored a very strong 12.9% increase in value to €141.6m.



TOTAL £456.9m



Principal Irish Entertainment Retailers

	2008
	Number of outlets
Music & Video Specialists	294
Game & Software Specialists	103
Electrical/Hardware Chains	29
General Multiples	87
Supermarkets	251
Others (estimate)	100
Total	864

SOURCE: GfK Chart-Track

- The growth in games, however, was insufficient to prevent the entertainment market as a whole suffering a 3.3% decline to €457m.
- Video accounted for 42.1% of the Irish entertainment market by value in 2008, with games at 31% and music at 26.9%.
- The number of entertainment retailers in Ireland in 2008 was virtually identical to that in 2007 – a total of 864 outlets, according to chart compilers GfK Chart-Track.
- The Irish Video Top 10 of 2008 shared four of its titles with the UK Top 10, but included a strong showing for two Irish comedians, Tommy Tiernan (at number six) and Brendan Grace at number seven.

Top 10 DVDs 2008

	TITLE	ARTIST	COMPANY
1	Mamma Mia - The Movie		Universal Video
2	Sex And The City - The Movie		Entertainment In Video
3	The Dark Knight		Warner Home Video
4	American Gangster		Universal Video
5	P.S. I Love You		Momentum Pictures
6	Bovinity - Live @ The Marquee Cork	Tommy Tiernan	Mabinog
7	Funny Man	Brendan Grace	Beaumex
8	Alvin And The Chipmunks		20th Century Fox
9	Ratatouille		Walt Disney
10	Superbad		Sony Pictures

SOURCE: GfK Chart-Track

Top 10 Albums by Irish Artists 2008

	TITLE	ARTIST	LABEL
1	The Script	Script	RCA
2	The Priests	Priests	Epic
3	The Galway Girl - The Best Of	Sharon Shannon	The Daisy Label
4	25 Years - 25 Songs	Mary Black	3ú Records
5	A Hundred Million Suns	Snow Patrol	Fiction/Polydor
6	Once (Ost)	Glen Hansard & Marketa Irglova	Columbia
7	The Two Of Us	Christie Hennessy	Universal Ireland
8	The Platinum Collection	Joe Dolan	EMI
9	Irish Songs We Learned At School	John Spillane	EMI
10	Unbreakable - The Greatest Hits Vol 1	Westlife	RCA

SOURCE: GfK Chart-Track