

Consumer Home Piracy Research Findings July 2008

**Prepared by Futuresource Consulting
Sponsored by Macrovision**

Consumer Home Copying Research Findings

July 2008

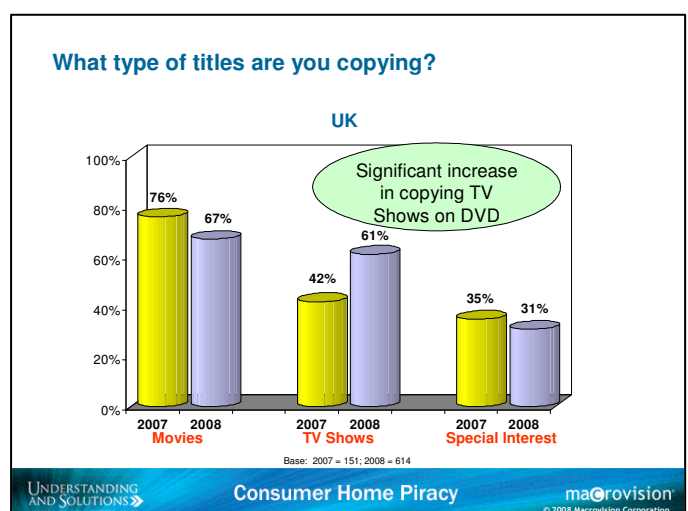
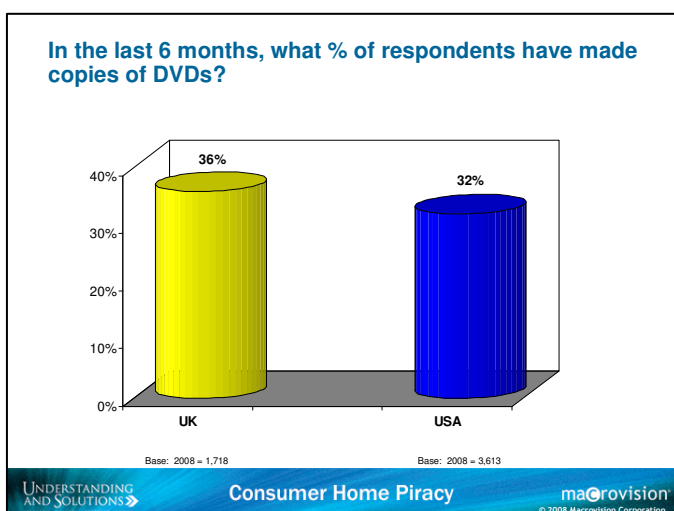
After years of very high incremental growth in DVD, the SD market peaked in 2007 and has begun a gradual decline. However, Blu-ray will largely offset the decline, thus helping to maintain studios' DVD revenues. Therefore, significant revenue growth opportunities for content producers lie in both the protection of content from piracy and new opportunities in alternative distribution channels and emerging markets.

There has never been a more important time to focus on the revenues lost from home copying and to understand the impact of deterring consumers from copying. This white paper provides the topline results from a recent consumer research study.

On 4 June 2008 at the Consumer Home Piracy Industry Briefing in London, Futuresource Consulting (formerly Understanding & Solutions) presented the findings of its second annual home copying consumer research study, sponsored by Macrovision.

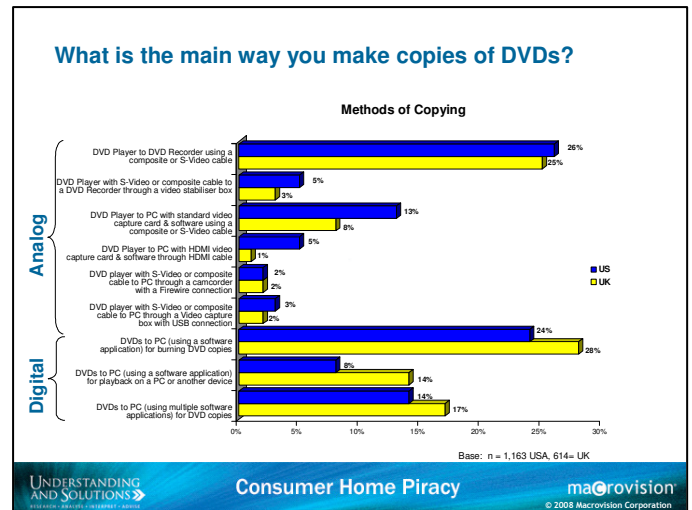
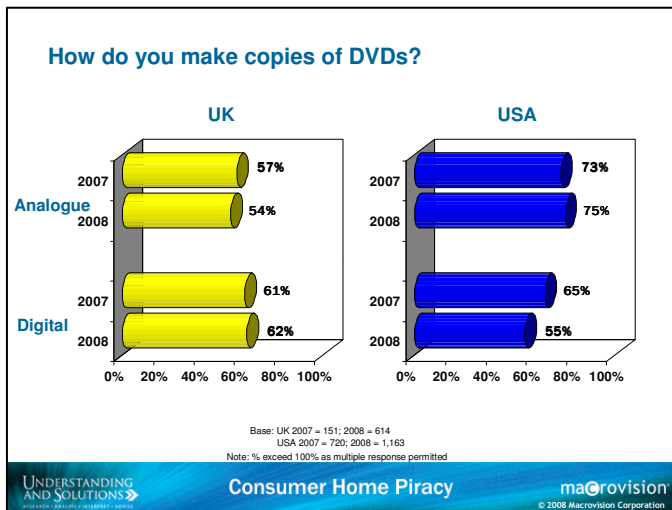
The online survey took place in May 2008 amongst consumers in the USA (sample of 3,613) and in the UK (sample of 1,718) using a representative sample. The sample size was increased significantly in 2008. The research built upon the survey conducted by Understanding & Solutions last year, and key questions remained the same for annual benchmarking purposes.

- Around one third of all respondents in both countries admit to making copies of pre-recorded DVDs in the last 6 months, up from just over a quarter of respondents in 2007.
- As in 2007 it is 18-24 year old males who are most likely to be copiers.
- UK respondents showed a significant increase in copying TV shows on DVD when compared with 2007.

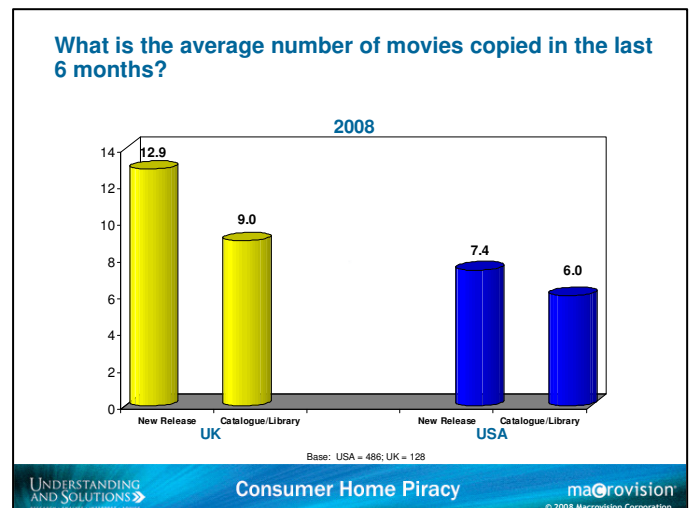
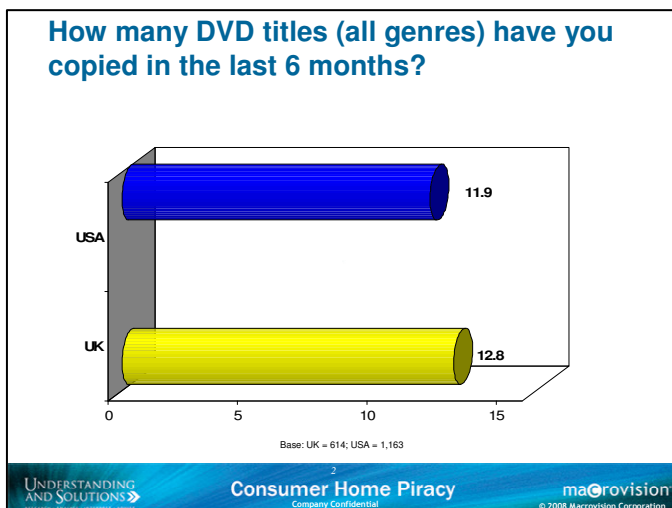


- Copiers of DVDs are using both analogue and digital copying methods, with the two being of almost equal importance.

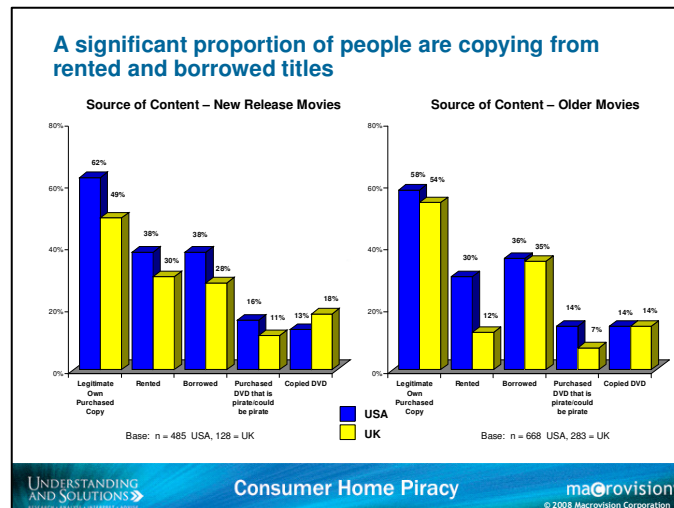
- In both territories, the most common way of copying is either from a DVD player to a DVD recorder, or using a single PC software application for burning DVD copies.



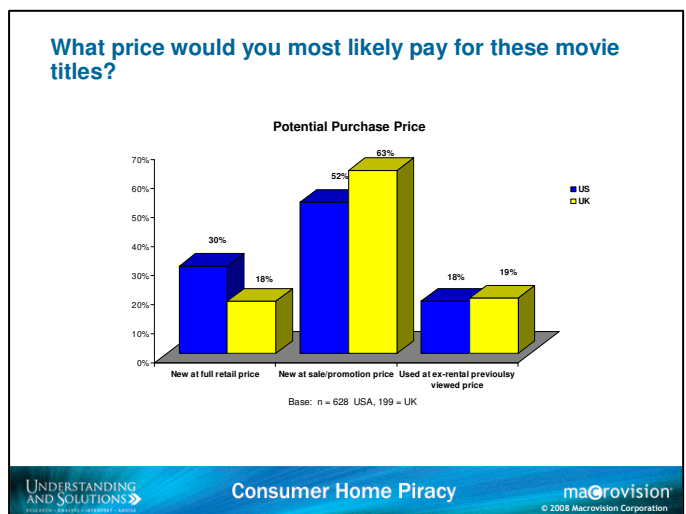
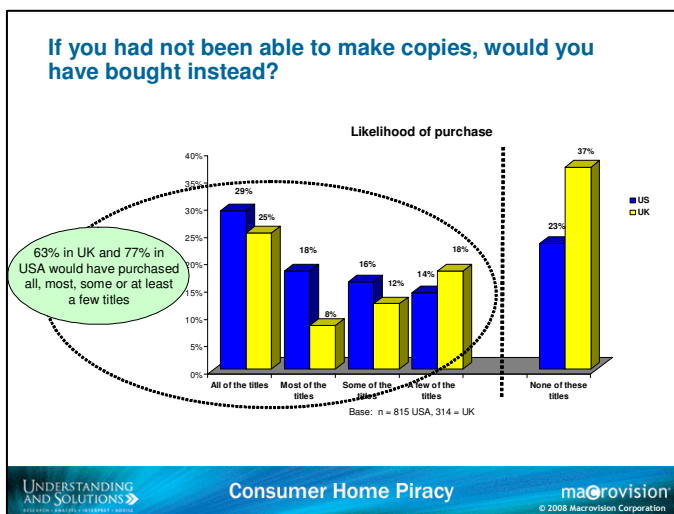
- In the last 6 months, DVD copiers have copied an average of 12 titles of all genres in the USA and 13 titles of all genres in the UK
 - it is the 25-34 age group that copy the most titles in both, not surprisingly new release movie titles are being copied more than library titles.
- In the last 6 months, the average number of *movies* copied in the UK was 13 new release and 9 catalogue; in the USA the figures were 7 and 6 respectively.



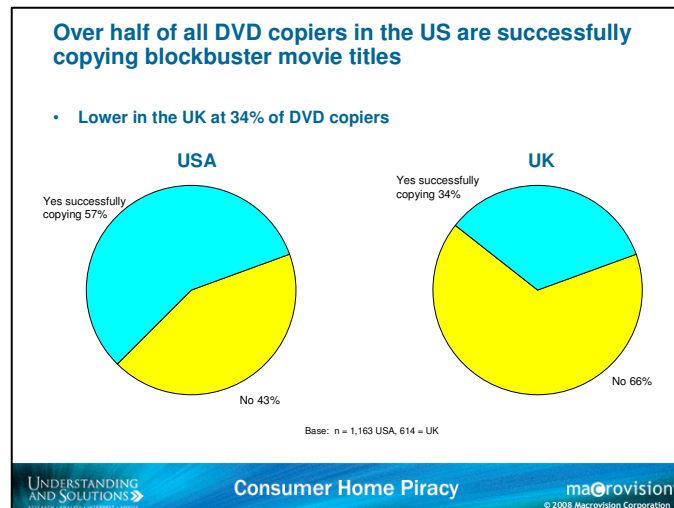
- Although the majority of people are copying from their own purchased DVD in both the UK and USA, a significant proportion of people are copying from rented and borrowed titles.



- Respondents were then asked almost the most important question in the survey... if you had not been able to copy would you have purchased? If they had not been able to make copies of DVDs, 63% of respondents in the UK and 77% in the USA would have purchased all, some or at least a few of the titles; clearly indicating the scale of the lost revenues to the home video industry from home copying.
- The majority of UK and USA respondents would most likely buy these movie titles new at sale or promotional price.



- From a list of 40 recent blockbuster movie titles supplied to respondents, more than half of all DVD copiers in the USA and more than one third in the UK had successfully made copies of the titles on the list
 - When asked if they had tried but failed to make a copy of any titles from the list 18% in the US and 8% in the UK admitted to having tried but failed.



In conclusion, as studios' revenues from DVD are in decline, protecting revenues is even more vital than 12 months ago. The study showed that the number of people admitting to copying pre-recorded DVDs has increased since 2007. The vast majority of these copiers admit they would purchase at least some of the titles on DVD if they had not been able to copy them - clearly indicating the significant levels of lost revenue due to home copying.

The full version of the presentation includes further data regarding consumers' copying, recording and downloading behaviour. To obtain more information, please contact Macrovision by emailing to: cmurphy@macrovision.com.

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