STATISTICS

THE GREATEST SHOWMAN TOPPED THE MUSIC AND VIDEO CHARTS WITH SALES OF OVER

4.3

MILLION UNITS

RETAIL ENTERTAINMENT SALES

VALUE **£7.54bn**

YOY CHANGE **9.4%** ↑

DIGITAL V PHYSICAL MARKET SHARE

DIGITAL SHARE **76.1%**

PHYSICAL MARKET SHARE **23.9%**

ACCESS V OWNERSHIP

ACCESS SHARE **60.4%**

OWNERSHIP SHARE **39.6%**

NUMBER OF OUTLETS SELLING ENTERTAINMENT

MUSIC **13,008**

VIDEO **12,657**

GAMES **6,335**

UK MARKET STATISTICS

6 Years of growth

STREAMING DRIVES ENTERTAINMENT SALES 9.4% HIGHER IN 2018 TO SIXTH CONSECUTIVE YEAR OF GROWTH

The UK's entertainment retailers delivered another year of growth for the industry with consumer-spend surging beyond £7.5bn in 2018, with all categories posting significant gains year-on-year.

Total spend through the UK's entertainment retailers grew for the sixth consecutive year in 2018 to all-time high £7,536.8m, up 9.4% versus 2017.

ERA ENTERTAINMENT MONITOR - VALUE SALES (£m)

	2016	2017	2018	% change
Video	2,009.5	2,123.6	2,338.0	10.1%
Videogames	3,060.2	3,542.4	3,863.9	9.1%
Music	1,096.6	1,226.3	1,334.9	8.9%
Total value	**6,166.3**	**6,892.3**	**7,536.8**	**9.4%**

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

The videogames category saw revenues rise to beyond £3.8bn, an increase of £320m, over 9% up versus 2017, securing more than 50% of the total entertainment retail market sales mix for the first time.

An incremental £215m was spent in the video category, taking 2018 value to £2.3bn, more than 10% up versus the previous year and representing a 31% share of the overall spend on entertainment.

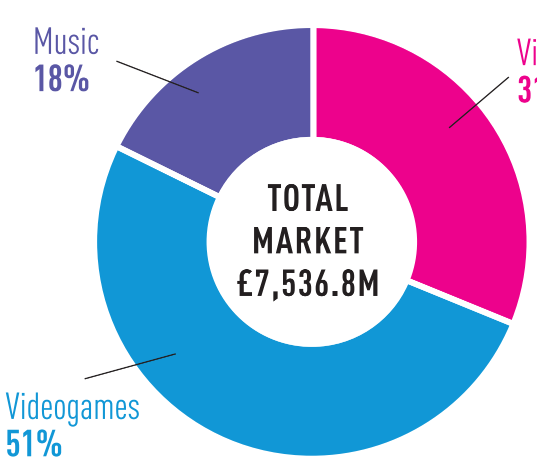
£1.3bn was spent on music, worth an extra £108m to the industry, up around 9% versus 2017. Achieving spend totals not seen since 2005, music now contributes approximately 18% to the overall value of entertainment retail.

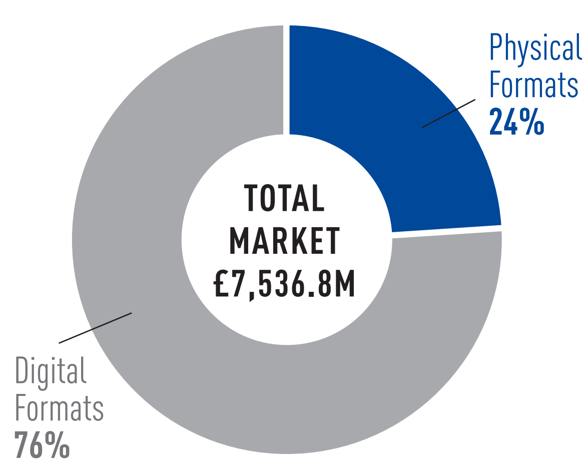
The widespread uncertainties and plunging revenues that defined the industry during the early part of the decade, have been replaced by burgeoning confidence and consistent growth over the latter part, driven by a diversified entertainment retail sector servicing a consumer base with increasingly divergent demands and expectations.

Where the UK's entertainment industry once struggled to adjust to the pace of the digital revolution - its assets damaged by digital piracy and incomes hit hard by declines in traditional sales - it has now harnessed that disruption to transform the marketplace and return it to growth.

Entertainment retailers like Spotify, Steam, Netflix, Amazon, Deezer, Sky, Apple and Google have exploited digital consumption trends and built a myriad of attractive, customer-focused services in which the consumer is increasingly willing to invest. New income stream models have been established across entertainment and, in 2018, those models delivered revenues back to the content industries at record levels.

ERA ENTERTAINMENT MONITOR: 2018 - (£m)





UK STATISTICS

Digital and Physical Format Splits

Spend on digital formats and via digital channels surged significantly again in 2018, sailing past the £5.7bn mark, up 18% versus 2017 and now representing fully three-quarters of all revenues generated in the entertainment retail market.

Maturing download and subscription models have seen consumer participation in those channels rise rapidly over the last few years, cultivating record digital revenue growth right across the music, video and games categories. As a marker of how rapid the shift to digital has been, in 2011 digital share was less than 20%.

By way of contrast, revenues derived from sales across traditional physical entertainment formats continue to decline, particularly in the video and music categories where consumer spend is down sharply. While overall spend on physical entertainment formats was still worth a substantial £1.8bn in 2018, that represents a decline of 11.4% and completes a full decade of consecutive year-on-year losses.

In the video category, the rampant subscription video-on demand (SVOD) segment - home to services like Netflix and Amazon Prime - enjoyed a 30% leap in revenues last year, helping drive total digital spend on video up and through the £1.6bn mark in 2018. That mark is up 26% versus 2017 totals and boosted digital share of the overall video market to 72%.

Sales of DVDs and Blu-rays, meanwhile, have declined dramatically, with spend in 2018 down 17% to £649m. The physical video market is worth less than a quarter of what it was during its sales peak in 2004.

In music, significant increases in the take-up of streaming subscriptions offered by services like Spotify, Deezer, Amazon and YouTube is driving record spend totals in the digital sector. Paid-for music streaming, enjoying additional momentum thanks to the burgeoning adoption of stream-friendly voice-activated speakers like the Amazon Echo and Google Home, has maintained its position as the fastest growing sub-segment across the entire entertainment retail sector. Value is up 38% versus 2017 and even a rapidly declining MP3 downloads market didn't prevent overall spend on digital music leaping ahead 24%, up to £952m in 2018.

Digital share of the music market now stands at 71%, up from 63% last year.

Spend on vinyl formats continues to enjoy modest growth year-on-year but those gains were offset by plunging CD volume sales causing combined physical music revenues to plummet, falling below the £400m barrier in 2018. The overall physical music market in 2018 was worth less than a third of its peak value in 2001.

DIGITAL FORMATS (£m)

	2016	2017	2018	% change
Video	1,067.4	1,341.0	1,689.4	26.0%
Videogames	2,284.2	2,750.0	3,094.1	12.5%
Music	621.2	766.8	951.7	24.1%
Total	**3,972.8**	**4,857.8**	**5,735.2**	**18.1%**

Source: Music - Official Charts. ERA estimates
Video - Futuresource Consulting
Games - IHS Markit

PHYSICAL FORMATS (£m)

	2016	2017	2018	% change
Video	942.0	782.6	648.6	-17.1%
Videogames	776.0	792.4	769.9	-2.8%
Music	475.4	459.4	383.2	-16.6%
Total	**2,193.4**	**2,034.4**	**1,801.7**	**-11.4%**

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

The digital videogames market was worth £3.1bn in 2018, up 12.5% versus last year. Four out of every five pounds spent on games software in the UK is now spent on digital content, or digital subscriptions.

While spend in the games category is ballooning online, revenues generated from traditional boxed software sales still remain robust. Although commanding a slimmer share of the overall games sales mix (20%), nearly £770m was spent in 2018, a decline of just 2.8% year-on-year and easily the largest physical format segment across the music, video and games entertainment categories.

PHYSICAL FORMAT VERSUS DIGITAL FORMAT SHARE OF ENTERTAINMENT MARKET REVENUES

	2018 Physical Value (£m)	2018 Digital Value (£m)	2018 Physical Share %	2018 Digital Share %
Video	648.6	1,689.4	27.7%	72.3%
Videogames	769.9	3,094.1	19.9%	80.1%
Music	383.2	951.7	28.7%	71.3%
Total	**1,801.7**	**5,735.2**	**23.9%**	**76.1%**

Source: Music - Official Charts, ERA estimates
Video - Official Charts / BASE, Futuresource Consulting
Games - GfK Entertainment, IHS Markit

Access versus Ownership

At the turn of the millennium the concept of paying to access to your entertainment, rather than owning it outright, was restricted to buying a TV license, subscribing to a satellite channel or two and renting the occasional video from Blockbuster. According to IHS Markit, in 2001, the physical UK video rental market was worth less than half a million pounds. There were no comparable or quantifiable rental models in music and games.

Fast forward 17 years and the UK's entertainment consumer is now spending over £4.5bn annually on renting access to music, video and games, rather than paying to own it.

In 2018, over 60% of total spend on entertainment was generated across the industry's various rental models and each of the categories now derive the majority of their revenues via consumption that doesn't involve selling a disc or a download.

Almost £1.5bn was spent accessing video content last year, up 25% versus 2017. While that figure includes revenue from models that involve one-off film rental and TV transactions via online operators like iTunes, or satellite services like Sky, the SVOD sector is responsible for almost 90% of that spend. Set against plunging DVD and Blu-ray sales, video is now the most access-majority business in the entertainment mix, with 63% of total revenues generated through rental models.

In the games category, where access models are long-established, revenues generated via online subscriptions and multiplayer games, mobile in-app content and online microtransactions continues to grow solidly, up 13% year-on-year, with spend topping the £2.2bn mark in 2018, representing 58% of the category total.

In contrast to music and video, however, the combined sales value of boxed software and digital download-to-own formats also grew in 2018, up 3% to £1.6bn, demonstrating that the average games consumer still demands the permanency, security and tradability of the physical disc, or convenience of a full-game download.

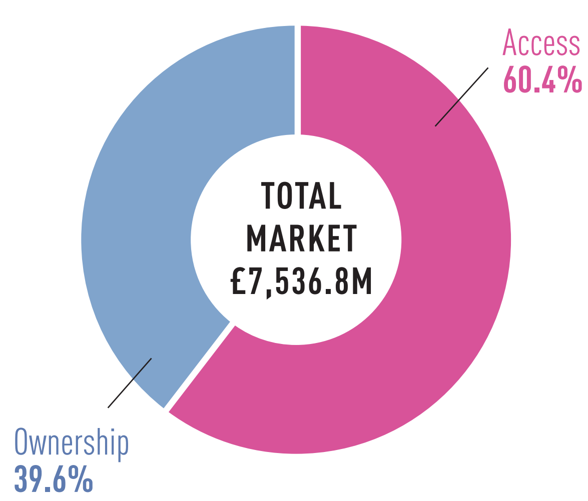
Paid-for music streaming took another huge stride forward in 2018 with total spend ballooning to £829m, up 38% versus 2017. Just last year music stood as the last remaining entertainment category to derive most of its revenues from those paying to own content. But that dynamic comprehensively changed in 2018 as streaming retailers like Spotify, YouTube and Deezer continued to convert their free-tier users into paying subscribers, while Amazon introduced many more of its customers to its music streaming service - not least through the extraordinary penetration of the Amazon Echo speaker.

62% of total music revenues are now generated by paid-for subscriptions and that trend looks set to accelerate in 2019.

ACCESS VERSUS OWNERSHIP			
OWNERSHIP	2017 (£m)	2018 (£m)	2018 Share of Market %
Video	953.7	868.8	37.2%
Games	1,556.3	1,612.0	41.7%
Music	624.4	505.8	37.9%
OWNERSHIP TOTAL (£m)	**3,134.4**	**2,986.5**	**39.6%**
ACCESS	2017 (£m)	2018 (£m)	2018 Share of Market %
Video	1,169.8	1,469.2	62.8%
Games	1,986.2	2,251.9	58.3%
Music	601.9	829.1	62.1%
ACCESS TOTAL (£m)	**3,757.9**	**4,550.3**	**60.4%**

Source: Official Charts / GfK Entertainment / IHS Markit / Futuresource Consulting

ACCESS VERSUS OWNERSHIP: 2018 - (£m)



Bricks and Mortar versus Online

As demonstrated previously, the consumption of entertainment in the UK is dominated by digital channels. And when you combine spend on all digital formats and access models, with sales of traditional physical formats via online home delivery retailers like Amazon, the shift online is even more manifest.

Almost £6.5bn was spent via e-commerce channels in 2018, up from £5.6bn in 2017, meaning around 85% of total entertainment retail revenues are now generated over the Internet.

Spend at bricks and mortar retailers amounted to just under £1.1bn in 2018 - 14% down on the £1.3bn spent in 2017. Less than 15% of total entertainment retail value is now delivered by transactions carried out on the high street and in the supermarkets.

While they dominate, Online is not just the domain of home delivery giants and digital service providers. Every major high street entertainment specialist, some of the grocery sector and hundreds of independent record shops all conduct a percentage of their business online.

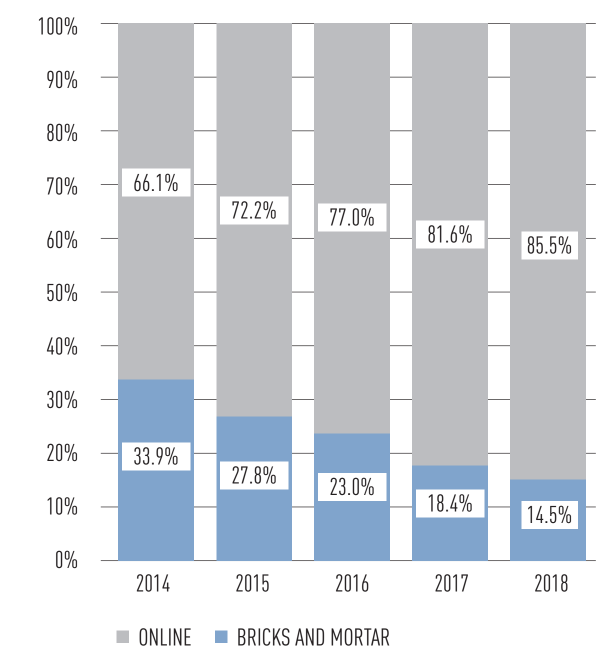
For the independent retailer in particular, careful selection, thoughtful curation and expert recommendation can be replicated successfully online, massively extending the reach of a local trader far beyond the shop front window. Moreover, increasing numbers of independents choose to trade as affiliates on marketplaces like Amazon, leveraging the huge reach and scope that offers while exploiting the back-end merchant functions to bring efficiency.

All three entertainment categories now generate more than 80% of their respective revenues via the Internet, with games the most deeply invested in online-focused models. Over 88% of total spend on games in 2018 came via physical online purchases, digital subscriptions, direct-to-console downloads and millions of microtransactions across mobiles and tablets. Fast-growing subscription models and declining physical sales, however, mean the video and music categories are rapidly catching up and are firmly on course to hit 85% online next year.

BRICKS AND MORTAR VERSUS ONLINE 2018			
	2017 Value (£m)	2018 Value (£m)	2018 Share of Market %
VIDEO			
Bricks & mortar	517.6	419.6	17.9%
Online	1,606.0	1,918.4	82.1%
GAMES			
Bricks & mortar	463.3	443.4	11.5%
Online	3,079.1	3,420.6	88.5%
MUSIC			
Bricks & mortar	290.6	232.7	17.4%
Online	935.7	1,102.2	82.6%
Total Entertainment			
Bricks & mortar	1,271.5	1,095.7	14.5%
Online	5,620.8	6,441.2	85.5%

Source: Music - Official Charts, ERA estimates
Video - Official Charts / BASE, Futuresource Consulting
Games - GfK Entertainment, IHS Markit

BRICKS & MORTAR VS ONLINE:
% £ SHARE 2014 - 2018



Consumer Leisure Spending

Each year the Leisure Industries Research Centre at Sheffield Hallam University produces a table of figures measuring UK consumer spend across a comprehensive set of leisure activities and purchases, ranging from holidays and gambling, to eating out and gardening. In 2018, those figures show a sector enjoying healthy year-on-year growth with £279bn spent, up by 2.6% versus 2017.

Music, video and games reside in the 'home entertainment' segment, alongside entertainment hardware, which includes any spend on items like TVs, computers and videogames consoles. 2.9% growth was posted in 'home entertainment' last year, worth just about £0.8bn in terms of incremental spend. Most of that growth was driven by increased spend on entertainment content, up 9.4% and worth £7.5bn. While entertainment hardware couldn't match that performance value did grow marginally, up 0.6% to £19.6bn in 2018.

Overall, £27.2bn was spent in the home entertainment sector last year, representing just under 10% of total spend on all leisure in the UK.

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 once again recorded in the 'house & garden' (+6.1%) and 'hobbies and pastimes' (+10.2%) sectors, boosting overall 'In the Home' spend to £70.3bn in 2018, up by 5.1% versus last year.

Elsewhere, 'Eating Out' and 'Drinking Alcohol' are on the rise, up 1.8% to £109.4bn, along with 'Gambling', up 2.6% to £11bn. Spend on 'Active Sport' meanwhile is down 2.2% to £14.4bn.

Leisure activities 'Away from Home' in general experienced robust growth, with spend hitting £209bn in 2018. Perhaps tellingly, money spent on 'Holidays in the UK' enjoyed its highest annual uptick for some time, rising 4.2% to £17.6bn, far outstripping any growth seen in the 'Holidays Overseas' category, up just 1.7% versus 2017.

CONSUMER SPENDING ON LEISURE

£bn	2016	2017	2018	% change
Video (all), Games and Recorded Music	6.2	6.9	7.5	9.4%
Entertainment Hardware, TV, PCs and Other	18.2	19.5	19.6	0.6%
Total home entertainment	**24.3**	**26.4**	**27.2**	**2.9%**
Reading	7.1	7.3	7.3	-0.3%
House and garden	15.9	17.9	19.0	6.1%
Hobbies and pastimes	13.6	15.3	16.8	10.2%
IN THE HOME	**60.9**	**66.9**	**70.3**	**5.1%**
Eating out	51.6	55.2	55.6	0.7%
Alcoholic drink	48.8	52.2	53.8	3.0%
Eating and drinking	**100.5**	**107.4**	**109.4**	**1.8%**
Local entertaiment	8.6	8.3	8.5	2.0%
Gambling	10.5	10.7	11.0	2.6%
Active Sport	15.5	14.7	14.4	-2.2%
Neighbourhood leisure	**34.6**	**33.7**	**33.9**	**0.4%**
Sightseeing	2.4	2.5	2.5	3.0%
Holidays in UK	16.7	16.9	17.6	4.2%
Holidays overseas	43.8	44.8	45.6	1.7%
Holidays and tourism	**62.9**	**64.2**	**65.7**	**2.4%**
AWAY FROM HOME	**198.0**	**205.3**	**209.0**	**1.8%**
ALL LEISURE	**258.9**	**272.2**	**279.2**	**2.6%**

Source: Leisure Industries Research Centre, Sheffield Hallam University

Consumer Spend Share by Sector

With digital models responsible for over three-quarters of total spend in the market, high street specialists, supermarkets, independents and physical online retailers competed for the remaining quarter of the industry's revenues generated by physical formats.

In video, 2018 saw the physical market contract at record rates. DVD and Blu-ray sales delivered just £648m through the tills last year – the lowest amount spent by the UK consumer on physical format video since 1994, when VHS still ruled..

Further reductions in floorspace dedicated to DVD and Blu-ray across the supermarket estate in 2018 saw the grocery sector's share of the video market contract significantly once again, down to 10.5% from 14.2%.

Specialist, over-the-counter video retailers also struggled to compete and now account for just 7% of the total video market, down from almost 10% in 2017. The home delivery sector has managed to protect its share a little better in the face of the digital shift, drawing on the ability to cost-effectively maintain deep physical range and exploit the convenience of shopping online. Share is down to 10.2% from 13.1% last year.

Much like in video, a booming music subscription streaming market continues to put pressure on physical format channel share performance. Sales generated by music retailers in the physical sector amounted to £383m in 2018, contributing just over 28% to the 2018 total.

While the robust vinyl market is helping the high street resist share pressure from the streaming sector, tumbling CD sales has hit all physical channels pretty hard.

Over-the-counter share of spend dipped by 2.8 percentage points to 10.7%. For the grocers, another very soft release slate and continuing declines in the compilations market hit its share performance the hardest of all, down from 10.2% to 6.7% - the first time supermarket share has dipped into single figures since they entered the music retail sector back in the late 90s.

Home delivery retailers remain the biggest channel for physical format music spend, despite seeing their share of the overall market reduce by 2.5 percentage points year-on-year to 11.3%.

In the games category, the boxed software sales market was worth £770m in 2018, down by 2.8% versus last year and now representing less than 20% of total spend on games in the UK.

Share of the overall games spend pie remains in single digits across all three physical channels and continues to contract year-on-year.

Over the counter specialists and physical online retailers saw their share drop at similar rates in 2018 down to 7.6% and 8.5% respectively.

VIDEO: TOTAL CONSUMER SPEND BY CHANNEL % MARKET SHARE

	2016	2017	2018
OTC	12.1%	9.5%	7.0%
Supermarkets	18.9%	14.2%	10.5%
Home Delivery	15.8%	13.1%	10.2%
Digital	53.1%	63.1%	72.3%
Total Market	**100.0%**	**100.0%**	**100.0%**

Source: Physical Official Charts / Kantar Millward Brown. Digital Futuresource Consulting

MUSIC: TOTAL CONSUMER SPEND BY CHANNEL % MARKET SHARE

	2016	2017	2018
OTC	15.3%	13.5%	10.7%
Supermarkets	12.6%	10.2%	6.7%
Home Delivery	15.5%	13.8%	11.3%
Digital	56.6%	62.5%	71.3%
Total Market	**100.0%**	**100.0%**	**100.0%**

Source: Official Charts / Kantar Millward Brown / ERA

GAMES SOFTWARE: TOTAL CONSUMER SPEND BY CHANNEL % MARKET SHARE

	2016	2017	2018
OTC	10.1%	8.4%	7.6%
Supermarkets	6.2%	4.7%	3.9%
Home Delivery	9.1%	9.3%	8.5%
Digital	74.6%	77.6%	80.1%
Total Market	**100.0%**	**100.0%**	**100.0%**

Source: Physical GfK Entertainment. Digital IHS Markit

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 a retreat in dedicated space and a reduction in range, at just under 40% the supermarket sector continues as the largest channel for DVD and Blu-ray sales in the UK. Over-the-counter specialists represent just under a quarter of all spend in the category while home delivery retailers have grown their share by nearly 2 percentage points to over 36% in 2018.

Supermarkets have seen their share slip in the physical albums market too, down from 27% to 24%, with both the OTC and home delivery sectors benefiting to varying degrees, growing their respective shares by around 1 or 2 percentage point each versus 2017. At just over 39%, physical online retailers secured the largest share of CD and vinyl sales overall in 2018.

In games, specialist share of the physical market rallied somewhat, up around half a percentage point to 38% versus 2017, while the supermarkets lost a little more ground, down from 21% in 2017 to 19.6% last year. The home delivery sector maintained share edge in 2018, marginally growing its slice of the market from 41.5% in 2017 to 42.4% last year.

VIDEO: PHYSICAL FORMAT CONSUMER SPEND % MARKET SHARE

	2016	2017	2018
OTC	24.6	24.5	24.0%
Supermarkets	42.6	40.7	39.7%
Home Delivery	32.8	34.8	36.3%
Total Market	**100.0**	**100.0**	**100.0%**

Source: Official Charts / Kantar Millward Brown

MUSIC ALBUMS: PHYSICAL FORMAT CONSUMER SPEND % MARKET SHARE

	2016	2017	2018
OTC	35.1	35.9	37.2%
Supermarkets	29.1	27.4	23.6%
Home Delivery	35.7	36.8	39.2%
Total Market	**100.0**	**100.0**	**100.0%**

Source: Official Charts / Kantar Millward Brown

VIDEOGAMES: PHYSICAL FORMAT CONSUMER SPEND % MARKET SHARE

	2016	2017	2018
OTC	39.8	37.4	38.0%
Supermarkets	24.3	21.0	19.6%
Home Delivery	35.9	41.5	42.4%
Total Market	**100.0**	**100.0**	**100.0%**

Source: GfK Entertainment

Principal Retailers

The UK entertainment retailer base went through a consolidation phase in 2018, with shop numbers rising and falling across the channels and categories; up where opportunities still exist, and down where trading conditions are most challenging.

That consolidation was most apparent in the non-specialist 'multiples' channel. The demise of Toys R US, combined with Wilkos fully exiting entertainment and a dramatic reduction in the number of WH Smith, Superdrug and BP stores carrying CDs and DVDs, saw the overall number of multiple retailers in entertainment fall by over 1,630 in 2018.

In the music retail sector, the withdrawal of those multiple retailers saw the number of outlets carrying music in the UK drop to 13,008, down from 14,375 in 2017, the lowest level since 2015. If that fall in shop numbers is a direct consequence of a decline in demand for CDs, then an opposite dynamic is playing out in the independent sector, where the continuing surge in demand for vinyl has seen the number of indie outlets increase to 425 – the highest total for 12 years.

Given that the supermarket sector lost ground in terms of share of spend on music in 2018, it was perhaps a surprise to see the number of shops carrying music rise marginally, to 9,219. Where depth of range and dedicated floorspace is certainly in retreat across the supermarket estate, it is quite common now for 'local' or express supermarkets to carry a small, chart-focused ranges. 2018 also saw a limited number of Waitrose outlets start to carry music again.

The specialist sector saw a small decline in shops selling music, falling from 160 to 142. Most of that decline was down to Music Magpie exiting the physical retail sector with the closure of its 'That's Entertainment' shops.

PRINCIPAL RETAILERS SELLING MUSIC

	2012	2013	2014	2015	2016	2017	2018
Specialist Chains (1)	266	171	160	154	160	160	142
Multiples (2)	2,605	2,806	2,814	5,566	5,568	4,861	3,222
Supermarkets (3)	4,541	5,337	7,078	8,667	9,256	8,948	9,219
Independents	316	319	339	340	380	406	425
	7,728	**8,633**	**10,391**	**14,727**	**15,364**	**14,375**	**13,008**

Source: Kantar Millward Brown / Official Charts / ERA

Notes:
(1) Specialist Chains are HMV and That's Entertainment
(2) Multiples are WHSmith, BP, Matalan, Debenhams, Disney, Primark, Boots, Outfit, Superdrug, WHTravel, Moto, Original Factory Store, The Range, Wyvale, Home Bargains, Poundstretcher, B&M, and SemiChem. (NB Wilko, 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).
(4) Data is based on stores that sold only entertainment software (not hardware/accessories). Store count reflects actual outlet count based on active shops.

DIGITAL MUSIC SERVICES	2018
	46

Source - Get It Right From A Genuine Site

Principal Retailers (continued)

Declining demand is also having a deflationary effect on shop numbers in the video category. The depressed DVD and Blu-ray market is driving a decline in the overall number of outlets selling physical video product in the UK. Sales from 12,657 shops were recorded by Kantar Millward Brown last year, the lowest number since 2014 and over 1,300 down on 2017.

As in music, that decline was driven by a significant reduction in the number of multiples carrying a video range and 'That's Entertainment' exiting the market altogether.

The boxed software market in games remains the most robust physical format segment in entertainment, worth comfortably the most in value terms and declining at a much slower rate than physical music and video.

That relatively healthy trading landscape is reflected in the small year-on-year increase in the number of outlets recorded selling physical games in 2018. Measured by GfK Entertainment, stable numbers in the specialist and supermarket sectors were bolstered by growth in the amount of shops stocking games in the electrical / hardware and multiples chains.

6,335 shops in the UK sold videogames in 2018, up from 6,266 2017.

PRINCIPAL RETAILERS SELLING VIDEO

	2012	2013	2014	2015	2016	2017	2018
Specialist Chains (1)	768	499	486	483	160	160	142
Multiples (2)	2,605	2,806	2,814	5,566	5,541	4,833	3,194
Supermarkets (3)	4,541	5,337	7,078	8,667	9,256	8,948	9,219
Independents	145	198	122	136	112	99	102
	8,059	**8,840**	**10,500**	**14,852**	**15,069**	**14,040**	**12,657**

Source: Kantar Millward Brown / Official Charts / ERA / GfK Entertainment

PRINCIPAL RETAILERS SELLING VIDEO GAMES

	2012	2013	2014	2015	2016	2017	2018
Music/Video Specialists	830	770	158	143	140	125	129
Game & Software Specialists	807	432	416	417	419	418	397
Electrical/Hardware Chains	665	408	315	310	308	311	403
General Multiples	1,391	1,360	1,347	1,381	1,417	1,369	1,400
Supermarkets	3,353	3,595	4,101	4,024	3,886	3,817	3,804
Others (estimate)	300	294	281	273	255	226	202
Total (4)	**7,346**	**6,859**	**6,618**	**6,548**	**6,425**	**6,266**	**6,335**

Source: GfK Entertainment
Notes:
(1) Specialist Chains are HMV and That's Entertainment
(2) Multiples are WHSmith, BP, Matalan, Debenhams, Disney, Primark, Boots, Outfit, Superdrug, WHTravel, Moto, Original Factory Store, The Range, Wyvale, Home Bargains, Poundstretcher, B&M, and SemiChem. (NB Wilko, 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).
(4) Data is based on stores that sold only entertainment software (not hardware/accessories). Store count reflects actual outlet count based on active shops.

DIGITAL VIDEO SERVICES	2018
	29

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

DIGITAL GAMES SERVICES	2018
	35

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

Average Selling Prices

The average price of a physical entertainment unit is on the rise right across the music, video and games categories. Increasingly consolidated catalogue, fewer budget ranges and a decline in discounting activity characterised physical format retail pricing in 2018.

On average, a DVD now costs £7.44 to buy in the UK, 44p or 6.3% more than it did a year ago. At £7.58 the highest average prices are now found in the supermarket channel as the grocers increasingly focus offers on chart-based, full-price product. Prices in the home delivery sector have risen most steeply, up 7.7% to £7.54, while the prices at high street specialists topped £7 for the first time since 2015, up 5.7% year-on-year.

Blu-ray prices are also up year-on-year, costing an average £13.20 to buy in 2018, fully 87p more expensive than they were in 2017. While some of the retailing dynamics described above in DVD also apply to Blu-ray, a portion of that inflation is being driven by a growing 4K UHD market where disc prices are considerably higher than standard definition Blu-rays.

Prices have risen most steeply in the home delivery and supermarket channels with the average Blu-ray disc now costing over a pound more than it did last year.

The price of an album has risen for the fourth year in a row with a unit now costing £9.35 on average, up 5.9% year-on-year. The proliferation of premium price points on frontline releases, combined with robust vinyl LP volumes - where the average selling price is around £21 per unit - is driving the majority of that inflation.

Vinyl now represents 24% of total spend on physical albums and that is reflected in the ASPs across the channels where vinyl enjoys most traction – specialists, indies and home delivery – where prices have risen to above the £10 mark.

Average selling prices in the UK's physical games market increased quite sharply in 2018, up by 4.6%, as unit prices across the still dominant PS4 and Xbox One platforms inflated, offsetting falling prices on games for the maturing Nintendo Switch console. The average cost of a boxed game is now £34.99 in the market, rising to £36.58 in the supermarket channel.

ENTERTAINMENT AVERAGE SELLING PRICES 2018

DVD	2016	2017	2018	% change
Specialists, generalists and independents	£6.72	£6.65	£7.03	5.7%
Supermarkets	£7.02	£7.17	£7.58	5.7%
Home delivery	£6.97	£7.00	£7.54	7.7%
Total Market	**£6.93**	**£7.00**	**£7.44**	**6.3%**

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

BLU-RAY (inc. 4K UHD)	2016	2017	2018	% change
Specialists, generalists and independents	£10.52	£10.78	£11.36	5.4%
Supermarkets	£13.40	£13.51	£14.53	7.5%
Home delivery	£11.95	£12.45	£13.53	8.7%
Total Market	**£12.08**	**£12.33**	**£13.20**	**7.1%**

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

ALBUMS	2016	2017	2018	% change
Specialists, generalists and independents	£8.84	£9.45	£10.09	6.8%
Supermarkets	£8.31	£8.86	£9.14	3.2%
Home delivery	£8.78	£9.68	£10.40	7.4%
Digital	£7.07	£7.14	£7.19	0.7%
Total Market	**£8.22**	**£8.83**	**£9.35**	**5.9%**

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

VIDEOGAMES	2016	2017	2018	% change
Specialists, generalists and independents	£33.17	£33.89	£34.74	2.5%
Supermarkets	£33.54	£34.40	£36.58	6.3%
Home delivery	£31.51	£32.64	£34.52	5.7%
Total Market	**£32.64**	**£33.47**	**£34.99**	**4.6%**

Source: GfK Entertainment.