

# Industry News

## Overview

- Welcome and Introduction
- Today's Library at a Glance
- Key Terms in New Media
- Physical Product in the New Media Era
  - CDs
  - DVDs & Blu-ray
  - Audiobooks
  - The Power of Physical Product
- Stay Current with News & Views
- Q&A
- Closing



# Today's Presenters



Courtney Wolfe

[CWolfe@MidwestTapes.com](mailto:CWolfe@MidwestTapes.com)



Lisa Smith

[LSmith@MidwestTapes.com](mailto:LSmith@MidwestTapes.com)



Elaine Schlagheck

[ESchlagheck@MidwestTapes.com](mailto:ESchlagheck@MidwestTapes.com)

# Today's Libraries at a Glance



## According to [OCCLC's How Libraries Stack Up: 2010](#):

- 151 million people nationwide hold library cards
- More Americans attend libraries everywhere than movies or sporting events
- Public library circulations have reached 7.9 million

## What does this mean for libraries?

- Libraries—the premiere source for media entertainment
- Greater variety of formats, selection, and knowledge of media can help with expanding patron base



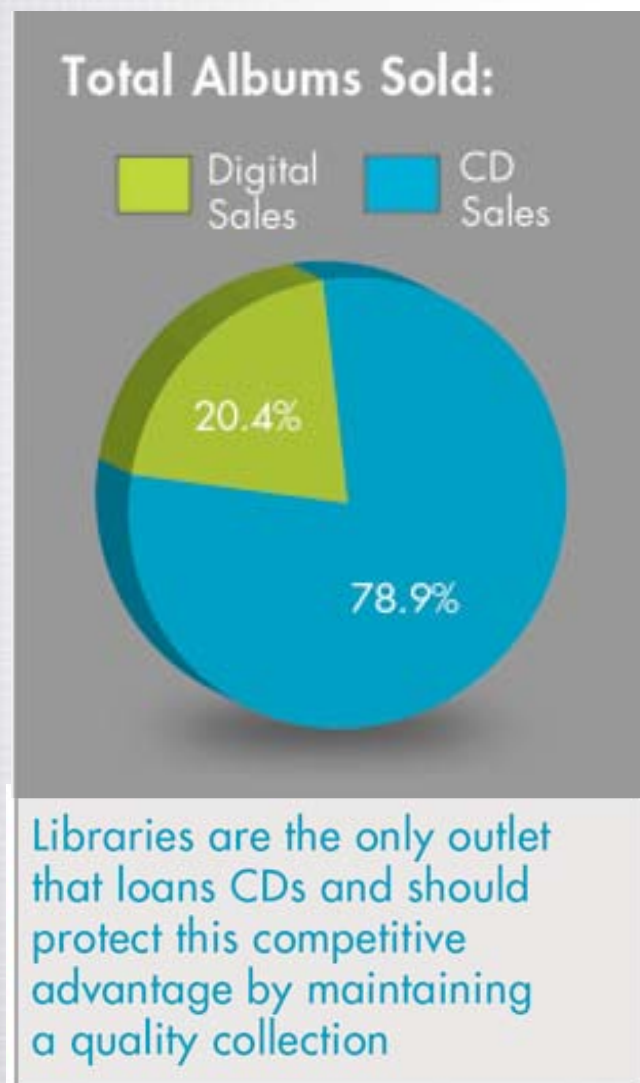
# Key Terms in New Media

- **Video on Demand (VOD) or Audio Video on Demand (AVOD):** Systems that allow users to select and watch or listen to video or audio content whenever they want on a variety of devices, like televisions, smart phones, iPads, and computers.
- **Streaming Media:** Audio or video files that users can immediately watch or listen to via the internet without needing to download any content to their devices.
- **Downloadable Media:** Audio or video files that users can download and save to their computers before viewing or listening to the content.
- **Electronic Book (eBook):** Books composed in or converted to digital format for use on a computer screen or handheld device; sometimes restricted by digital rights management (DRM) systems.
- **DRM:** Access control technologies that are used to impose limitations on the usage of digital content and devices.

Physical Product in the New Media Era

**CDs**

# Key Industry Data: CDs



## In 2009:

- CDs accounted for 78.9% of all albums sold
- Taylor Swift sold 5.4 million albums:
  - 89% CDs
  - 11% digital
- Susan Boyle sold 3.2 million albums:
  - 97% CDs
  - 3% digital
- Top 10 CD album sales up 14.3% over 2008

# Downloadable Music:

## A Comparison

	OverDrive	Naxos	Alexander Street Music
Music Types:	Classical, folk, some rock	Classical	Folk, classical, world
File Usage:	DRM-encrypted file; only usable for designated circulation period	Subscription-based downloads	DRM-encrypted file; only usable for designated circulation period

Libraries continue to look for popular, DRM-free music download services.

# Libraries & Freegal

## What is Freegal?

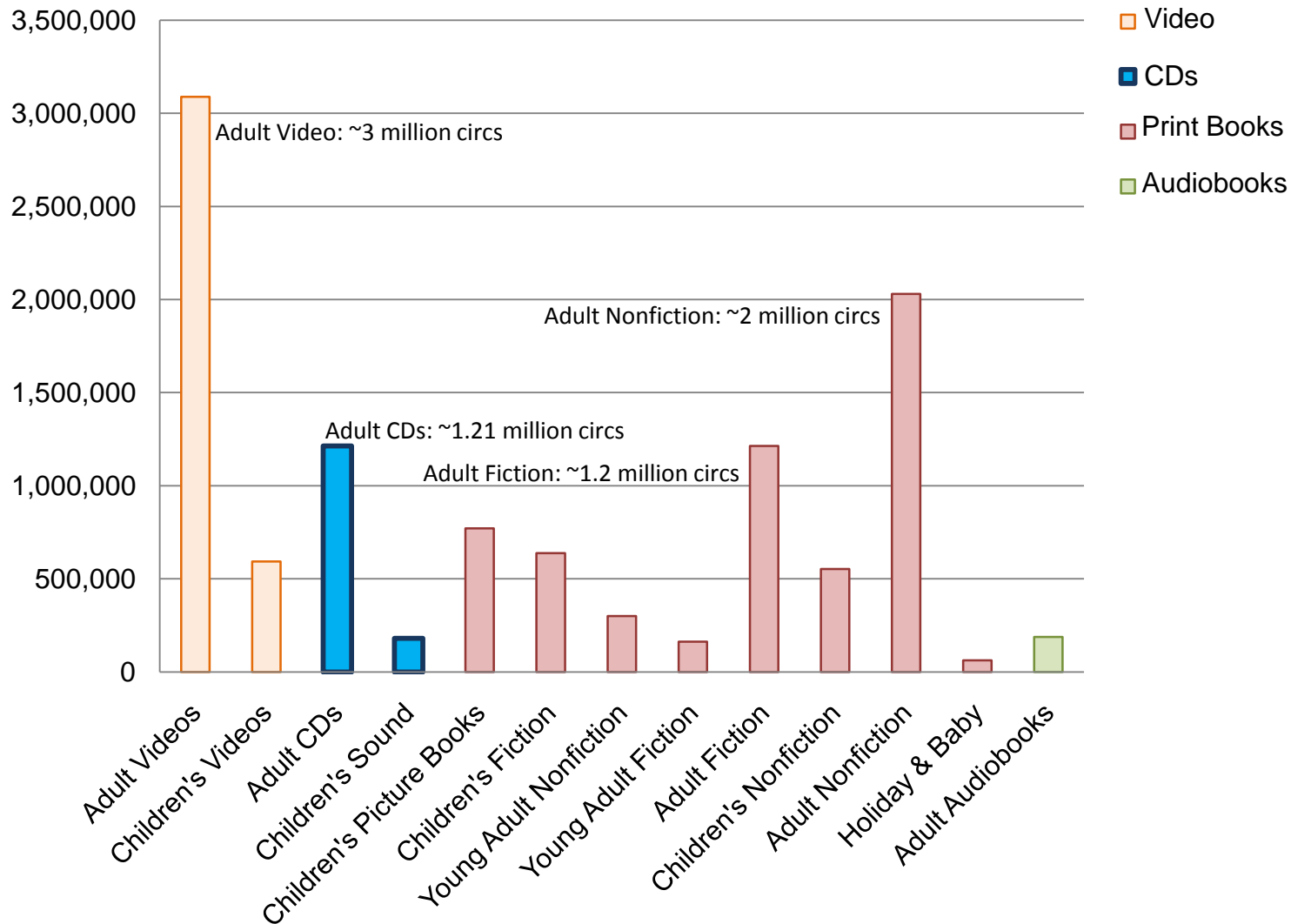
A music service that works with public libraries in the U.S. and enables patrons, using their library card IDs, to download Sony Music tracks from their library's website. Libraries must pre-pay for a minimum number of downloads, regulate patron download amounts, and manage holds.

Pros	Cons
Allows patrons to download individual tracks	Fees accrued per download overtime can surpass the cost of purchasing the physical CD
Less labor intensive than physical product	More work to manage: libraries must regulate downloads to control costs
Library only pays for items that are downloaded	Based on giving not loaning content: downloaded content becomes the possession of the patron; the library never owns or controls the content
Tracks are downloaded instantaneously	Files are lower quality than CD tracks



# Physical CDs in Action

## CDs Prove Significant Source of Circulation for Major Metropolitan Libraries



# Freegal vs. Physical CDs

## Referencing stats from the major metropolitan libraries:

- \$350,000 annual CD budget yielding 1.4 million circs = \$.25 per circ
- Library owns product

## Referencing Freegal stats:

- \$1.30 per download at 1.4 million circs = \$1.82 million annual budget
- Library owns nothing

**Maintaining quality CD collections saves money and gets higher circs**

## The Librarian in Black on Freegal

“Check out the cost per use of the service and I can just about guarantee you it’s costing you more to offer songs via Freegal to your users than it would to simply buy them the songs they want directly from iTunes, Amazon, or whatever other service they use.”

Read the full article: [Music in Libraries: We’re Doing It Wrong](#)

# Top Artists Not on iTunes



- Beatles
- AC/DC
- Garth Brooks
- Bob Seger
- Tool
- Glenn Fry
- Kid Rock
- Def Leppard
- King Crimson
- Pink Floyd

Physical Product in the New Media Era

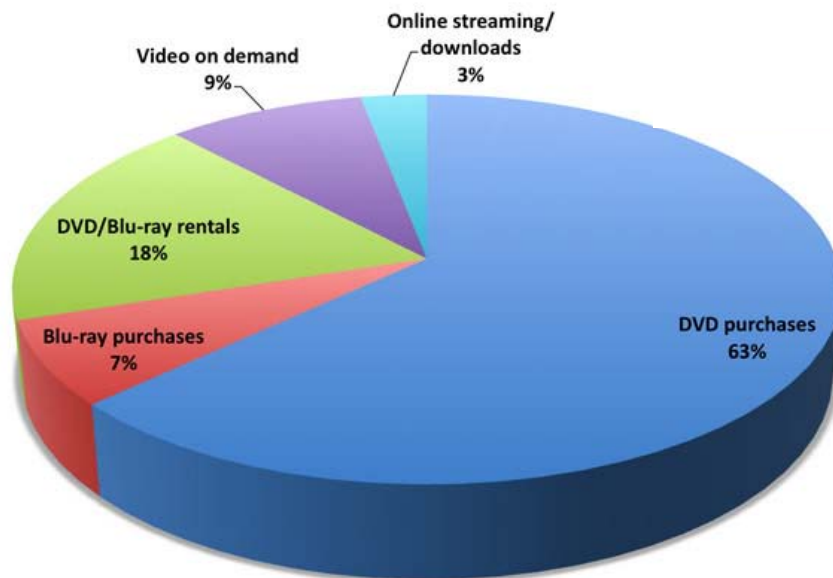
# **DVDs & Blu-ray**



# Key Industry Data: DVDs

**According to an NPD survey:** Over 80% of respondents prefer purchasing or renting physical discs rather than resorting to video-on-demand or digital downloads

Home Video Entertainment Spending, U.S. Age 13+



businessinsider.com

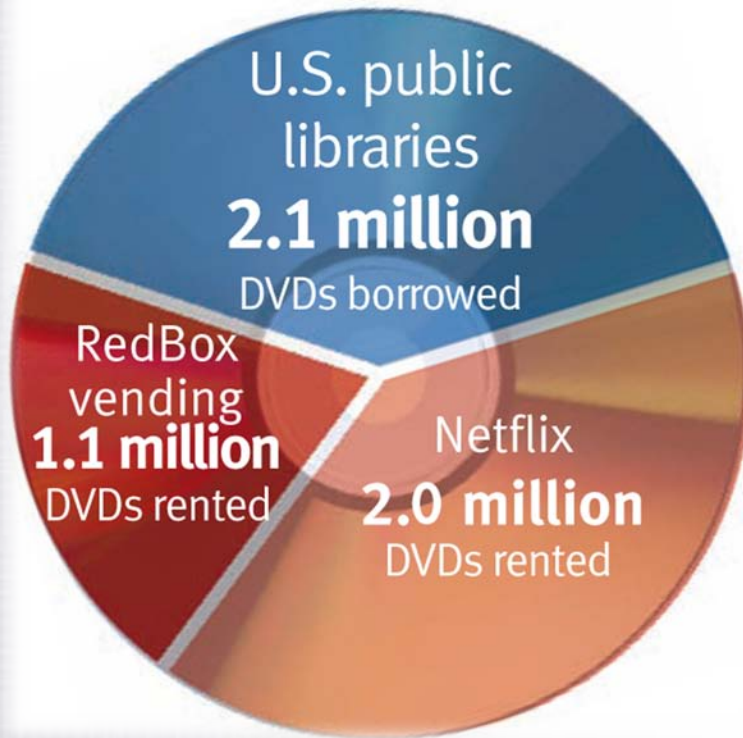
Source: NPD Group, March 2009

**According to the Entertainment Merchants Association 2009 report:**

- DVD and Blu-ray: \$17.9 billion in sales
- Physical sales generated nine times the revenue of digital delivery last year

# Libraries vs. Netflix

## Movie night



- Public libraries in the United States lend 2.1 million DVDs every day
- Redbox and Netflix receive new releases 28 days after release
- Netflix's streaming titles are older or televised titles
- Netflix charges anywhere from \$8.99/month to \$47.99/month

# Blu-ray: The New Wave of DVD?



<http://www.somethingnewweddingvideos.com/blu-ray.html>

## What's the difference between Blu-ray and standard DVD?

- Standard DVDs read with a red laser, while Blu-rays read with a blue-violet laser
- Blu-ray offers image presentation superior to that of standard DVDs as well as additional extras and features due to greater disc storage
- Blu-rays tend to cost, on average, \$10.00 more than standard DVDs

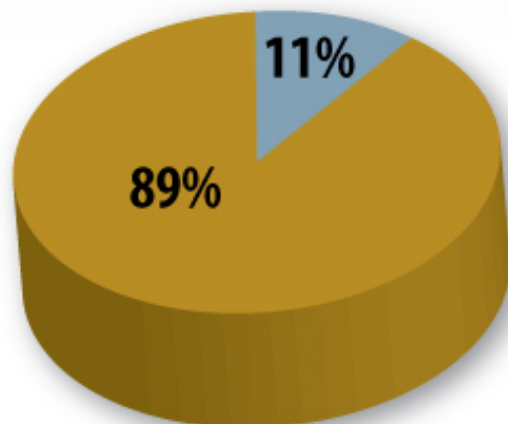
# Key Industry Data: Blu-ray

DVD and Blu-ray Disc Revenue Data for the Month of August:

## TOTAL PACKAGED-MEDIA SALES REVENUE\*

\*DVD and Blu-ray Disc

### BLU-RAY VS. DVD SALES



#### DVD REVENUE

August: **\$524.86 million**

**Down 5.5%** from August of last year.



#### BLU-RAY DISC REVENUE

August: **\$66.95 million**

**Up 22%** from August of last year.

Source: Home Media Research



# Key Industry Data: Blu-ray

## In 2010:

- Blu-Ray Disc Sales up 84% in first quarter; 112% in second (retail and rental combined)
- Shipments to retail providers up 98% over 2009
- Hardware unit sales up 103% over same time last year
- 10% of Redbox inventory to be Blu-ray by year-end
  - Other rental companies following suit

# Blu-ray Overview

Pros	Cons
Higher Storage Capacity	More expensive than DVDs
Higher Quality Picture/Sound	Evolving format requiring updates for players
Bonus extras and features	Not as widely used as DVDs
Blu-ray players can play standard DVDs	Limited selection of titles

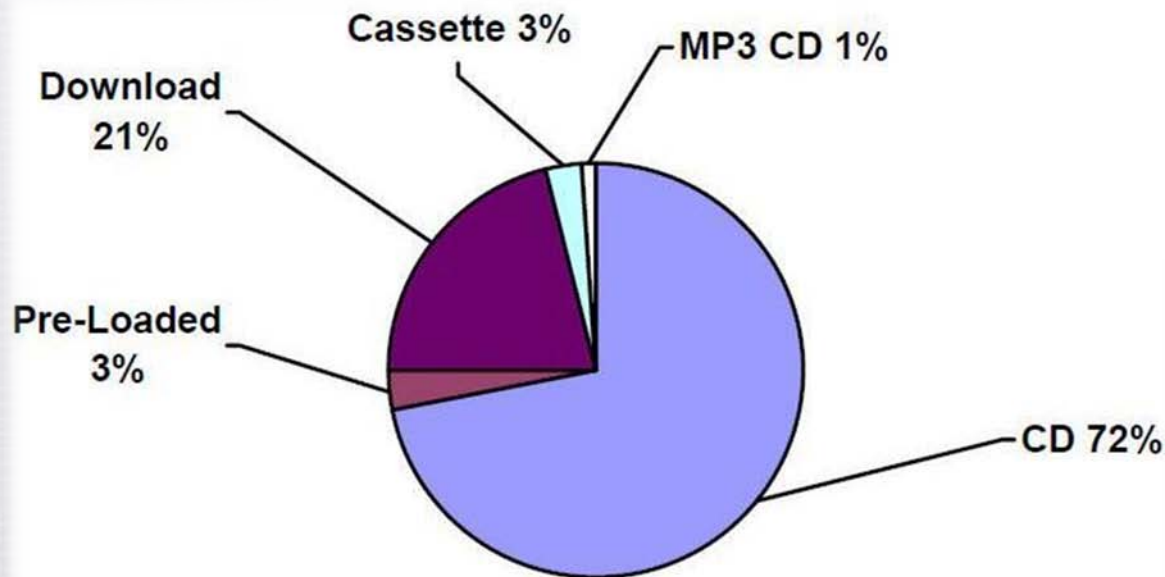
Physical Product in the New Media Era

# **Audiobooks**

# Key Industry Data: Audiobooks

In 2009:

- Audiobooks on CD represent 72% of market  
Downloads only 21%  
MP3 CDs only 1%
- Preloaded devices, like Playaway, increased to 3%
- Unabridged audiobooks: 68% of units, 85% of audiobook market





# Digital Audiobooks

Digital audiobooks are compressed files patrons can download via their library's website. Each audiobook is broken up into individual audio tracks. Depending on DRM restraints, digital audiobooks may only play on certain media players.

Pros	Cons
Accessibility	Cost per circulation
Saved Shelf Space	Ownership is proprietary
Less Theft	DRM issues
Less labor-intensive	Learning curve for new users
	Compressed files = lower quality tracks
	Required media devices and necessary bandwidth not accessible for lower income demographics

# The Power of Physical Product



- Supplemental Content
- Sustainable
- Universal
- Cost
- Quality
- Usability

# Stay Current with our Blog

## MIDWEST TAPE News & Views

Join us for discussions about industry trends, audiovisual news, and company updates at [www.MWTnewsandviews.com](http://www.MWTnewsandviews.com).

Subscribe to our blog via email or RSS to receive content as it's posted.

Got a story idea for our blog? Email it to [newsandviews@midwesttapes.com](mailto:newsandviews@midwesttapes.com).

# Upcoming Webinars

## **Advanced Website Settings**

October 13, 2010

1:30–2:30 EDT

## **Workflow Solutions**

November 17, 2010

2:00–3:00 EST

To register, visit [www.midwesttapes.com](http://www.midwesttapes.com) and follow the link under *Webinars*.