

## IN THE NEWS:

### HD DVD SLASHED PRICES DRIVE SALES UP

Matthew Garrahan

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*By Matthew Garrahan in Los Angeles*

It may have lost the home entertainment war to Sony's Blu-ray technology but tougher economic conditions have breathed new life into Toshiba's HD DVD format.

But aggressive price cuts have maintained the market for HD DVD players, which also play standard DVDs.

The cost of discs has fallen from \$40 in some cases to as little as \$10, while players can be picked up for less than \$60, compared with about \$250 for a Blu-ray player. Thousands of HD DVD titles continue to be available, including relatively recent blockbusters, such as American Gangster .

This has maintained demand for the format, which continues to be supported by online retailers, such as Amazon and Buy.com, smaller electronics chains and second-hand stores. "We expected to see a huge increase in Blu-ray sales and HD DVD dying [when Blu-ray won the format war] but it just hasn't happened," said Jeff Wisot, vice-president of marketing with Buy.com, an online retailer.

"HD DVD sales are still very strong," he added.

Ryan Kugler, president of Distribution Video & Audio, the largest buyer of excess video and audio inventory, has bought millions of unsold HD DVDs that were returned to the studios by big retailers.

He has resold more than 1m units to online retailers and

discount stores and expects to sell another 2m-3m in the run-up to Christmas.

"Cheap entertainment always does well in a recession or depression," he said.

With Hollywood studios no longer releasing new titles on HD DVD, retailers know that the format has a limited shelf-life.

"There's a much more limited selection of titles [than with Blu-ray] because there wasn't the same level of studio support for HD DVD," said Andy Parsons, chairman of the Blu-ray Disc Association.

Mr Parsons said sales of Blu-ray discs are up 53 per cent on last year.

"We're only two years into the life of this format and it took longer than that for DVDs to take off," he said.