

Newsletter of the Entertainment Merchants Association

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EMA's Mission

To protect the rights of, foster the health and vitality of, and provide a forum for those engaged in the sale, rental, and/or commercial delivery of video or video game content to consumers through physical media or over-the-top Internet-based delivery.

**EMA's 2017 D2 Report:
Discs & Digital – The
Business of Home
Entertainment Retailing
Sent to Members**



In June, EMA's annually published report providing an overview of the home video and video game industries was made available at no cost to all members. Members may request a PDF version of the report by emailing cdieterich@entmerch.org.

Non-members may purchase the report for \$135.

Q&A With EMA Board Member Jason Peterson, CEO of ContentBridge Systems

As a member of the Board of Directors, what are your goals for EMA over the next year?

Ultimately it is to (i) continue to develop the EMA's value proposition and (ii) expand the membership as widely as possible to include all of the players that are participating in the unprecedented digital convergence we are seeing.

This includes physical and digital retail inclusive of SVOD and OTT players and all the vendors involved in the tool chain. It is important that no matter where you sit in the value chain you have a community you can be a part of to make a market and talk about common challenges.

You have a lot of experience in the music industry, which went through a very disruptive transition from physical to digital and from purchase to subscription. What can the video industry learn from the music industry?

We can look to music as a precursor for what will happen in video from a technology, business model and consumer behavior perspective. Timing is everything. All technologies and markets have a lifecycle. Legal digital music started in earnest in 1998 with eMusic. This was 10 years ahead of Netflix and YouTube delivering video at scale. Music streaming is the cable TV revolution for music and it has restored growth to the music industry.

Innovation and adoption cycles are becoming quicker and shorter. I believe home entertainment has hit nadir and that digital growth in the home entertainment industry, primarily from SVOD, is now more than offsetting physical decline in a dynamic similar to what the music industry experienced in 2015.

Every time we talk to you, you seem to be either going to or coming back from some far corner of the globe. What's your take on how the U.S. compares to other countries in terms of the quantity and quality of over the top video and consumers' embrace of it?

I average around five months a year on the road. We have offices in 16 countries around the globe, and it affords me some fun and interesting opportunities to engage with local content.

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Jason Peterson, ContentBridge

The Home Entertainment Industry Came Together at the 2017 Los Angeles Entertainment Summit

The sixth annual Los Angeles Entertainment Summit (LAES), held July 17-19 at the Loews Hollywood Hotel, brought together almost 1,000 home entertainment industry leaders for three days of business meetings, conference sessions, and networking.

Event highlights included the Knowledge Exchange on July 17 featuring a variety of research presentations, a panel discussion among content owners and retailers and a session on how artificial intelligence is impacting home entertainment. EMA's Digital Forum on July 18 explored EMA's latest digital initiatives, discussed the migration of consumers from linear TV to on-demand OTT and FilmTrack's Jason Kassin talked with OTT content creator, John Lehr.

There were a number of networking opportunities, including the golf tournament and Monday's opening night cocktail party, sponsored by Fandango. Tuesday night's event - a classic Hollywood Soirée - was held down the street at NeueHouse Hollywood.

Attendees participated in a silent auction and other activities that, once again, benefitted the Cystic Fibrosis Foundation.



Knowledge Exchange



Classic Hollywood Soirée

Q&A With EMA Board Member Jason Peterson, CEO of ContentBridge Systems

(continued)

It is my view that the United States is the global leader in digital content delivery and adoption. Consumer adoption of digital business models is driven by (i) network and consumption device infrastructure, (ii) consumer payment capability, (iii) available of digital media retail, and (iv) content availability.

- i. The US has some of the fastest wired and wireless networks in the world, especially with the impending roll out of 5G wireless networks.
- ii. Nearly everyone in the US has a bank account and a credit or debit card. This is not true on many highly populated countries like Mexico, India, and Indonesia, where more than 70% of the population can be “unbanked.”
- iii. There are more digital media retailers based in the United States than anywhere else in the world. Netflix, Amazon, Apple, Google, Microsoft, Hulu, etc. are all USA headquartered companies.
- iv. If you check Netflix’ content availability as a proxy, more shows are available in the US than just about anywhere.

We do however need to pay attention to China. With a massive consumer base, a growing middle class, major platform players like Baidu, TenCent, and Alibaba, and a very central government that exerts high levels of control and infrastructure investment, it is a major contender.

Is there anything related to over-the-top that you’ve seen overseas and said, “We should be doing that in the U.S.”?

I think some of the messaging platforms in Asia like WeChat, Kakao, and Line have done a very good job of tying together multiple modes of consumer engagement into an ecosystem. Consumers can network, message, and consume content on the same company’s platform.

We see Google and Facebook doing this in the United States through a suite of services underpinned by an operating system (as in the case of Google) and a social platform (as in the case of Facebook) and as a result capturing upwards of 80% of all digital advertising spend as a duopoly.

Looking into your crystal ball, what will the home entertainment industry look like in 10 years?

I have a few predictions:

1. Next 12 months: Digital growth will offset physical decline
2. Next 5-10 Years:
 - a. Computing power is on an exponential curve. The average \$1000 computer will have the power of the human brain in 5 years. This has huge implications for AI and entertainment consumption experiences.
 - b. Individual content recommendations and content offers and bundles will become ever more relevant and bespoke driven by AI that brings big data together to understand the consumer’s personality, sentiment, and uses statistical models to presuppose the best offers to make in real time.
 - c. The television consumption experience will be a hybrid of on-demand and linear. Imagine Pandora for video. You choose what you want to watch initially on demand and you get a personalized linear stream thereafter that you can sling between devices with the flick of your wrist.
 - d. In an internet neutral world the digital platforms like Amazon, Google, and Apple stand to become the MVPD of the future (a virtual MVPD or vMVPD for short) delivering personalized bundles of content to the consumer likely as loss leaders to increase their overall consumer basket size and share of wallet. Facebook will become a major player and we will see an oligopoly of a few major players since the internet creates a winner-take-all game.

What role do you see EMA playing in the industry of the future?

There will always be a role for a trade group to create a market and an eco-system for the players in the market. The EMA is the leading association for the home entertainment industry and will continue to evolve with the industry as we transform to new consumption models.

Final question: What was the last movie you watched, and was it on DVD, Blu-ray, Ultraviolet, online, or in a theater?

Terminator 2 re-released in 3D in a glorious theater. Still one of the finest movies ever made.



Digital Media Pipeline is a one-day B2B event that brings together digital entertainment leaders for networking and knowledge sharing on digital entertainment creation, distribution, and retailing. Once again this year, Digital Media Pipeline will be presented in Los Angeles and New York City.

Participants in these essential conferences include the providers and retailers of digital entertainment content as well as content aggregators, service providers, and new technology companies.

More information can be found at DigitalMediaPipeline.com.

Digital EMA White Paper Now Available

Digital EMA’s newest white paper - “*Virtual Reality, Augmented Reality, and Mixed Reality Definitions*” - focuses on virtual reality (VR), augmented reality (AR), and mixed reality (MR) definitions. The white paper was unveiled in July by co-author Jason Peterson, CEO of ContentBridge Systems, at the Digital EMA Forum at LAES

This white paper provides 50 definitions of terms that are important to understand VR, AR, and MR technology and experiences. Co-authoring the white paper along with Peterson was Ramón Bretón, CTO of 3rd i QC, with guidance from Philip Lelyveld of the USC Entertainment Technology Center.

“*Virtual Reality, Augmented Reality, and Mixed Reality Definitions*” is available at DigitalEMA.org.

Zepp Elected Chair of EMA



Jonathan Zepp, Google/YouTube

Jonathan Zepp, head of Google Play Movies/TV Partnerships & YouTube Content Partnerships, Americas, has been elected chairman of EMA, the national trade association for the home entertainment industry. Zepp replaces Marty Graham, SVP, TV Operations, comScore, who served as chairman the past three years.

Joining Zepp as officers are:

Vice chairman - Cameron Douglas, VP, Content, Fandango; Secretary - Marty Graham, SVP, TV Operations, comScore; Treasurer - Suyin Lim, Senior Director, Global Content Acquisition, PlayStation Video. Also appointed to at-large seats on EMA's Executive Committee are Michele Edelman, EVP, Marketing & Content Strategy, VUBIQUITY, and past EMA chairman Bob Geistman, EVP, Sales & Marketing, Ingram Entertainment.

New directors joining the Board of Directors this year are: Amit Balan, Head of Marketing, VUDU, and Steve Harkins, VP & General Manager, Baker & Taylor.

Returning members of the Board are: Richard Barry, EVP, Chief Marketing Officer, Toys "R" Us; Aaron Cherveney, Senior Buyer, Video Games, Target; Lori Flynn, Vice President, Content, Redbox Automated Retail; Bill Miller, Vice President & Divisional Merchandise Manager, DVD, Blu-ray, and Games, Trans World Entertainment; Jason Peterson, CEO, ContentBridge Systems; and Mark Vrieling, CEO, ScreenPlay Entertainment.

Complete Board of Directors listing is at EntMerch.org.

Bob Higgins Honored

On July 17 at LAES, EMA honored Bob Higgins, founder of Trans World, posthumously, for his leadership in our industry, especially for leveraging his position in the music category to help build what has become today's DVD business.



Mark Fisher, EMA President & CEO

Bob founded Trans World Entertainment in 1972, and throughout the 1990s and the early 2000s his company consolidated the specialty entertainment industry through acquisitions of Strawberries, Camelot, Specs, The Wall, Sam Goody, Sun Coast, and Warehouse. He successfully led his company through the significant disruption in its core business and though a challenging business environment. Today Trans World operates about 300 stores, mostly under the FYE banner.

Bob retired as TWEC's CEO in 2014 and remained chairman until he passed away earlier this year. Bill Miller, Divisional Vice President at Trans World Entertainment, and EMA Board Member, accepted the award on behalf of the Higgins family.

Digital EMA Update

EMA Initiates SVOD Rights Communications Working Group: Members from subscription video service providers including Amazon, Cinedigm, Google and Netflix met on June 28, 2017 in Hollywood to begin work on specification details to support the communication of content rights for SVOD businesses (SVOD RightsCom). During their first meeting the group established working group goals, identified SVOD data elements and agreed on a project roadmap and milestones. Eric Hanson, EMA's Digital Media Industry Evangelist, commented; "SVOD workflows have unique requirements that aren't fully supported in today's EMA Avails Specification. It's great seeing our members come together to drive an industry solution for the SVOD business." Additional data elements may be added to existing specifications or a new specification may be created depending on the number and complexity of requirements. The WG has completed an initial draft and plans to begin collaboration with content providers in September.

EMA Kicks-off Meetings with Studios on Avails Pain-Points: EMA's Digital Media Industry Evangelist, Eric Hanson, met with several studios in June to communicate issues with avails data delivered to retailers. Issues or "pain-points" were identified by retailers as part of the EMA's digital supply chain working group on avails. "The goal of this effort is to help studios prioritize their internal investments in improving avails data and processes by identifying and communicating issues common across retailers," commented Hanson. "We're also getting great feedback from studios to take to back to retailers." Meetings with additional studios are being scheduled for the upcoming month.

EMA's Digital Forum at LAES Informs and Inspires: On July 18th in LA representatives from digital video retailers, studios and service providers gathered at EMA's annual Digital Forum at LAES to hear the latest research on digital home entertainment and discover how retailers and content providers are streamlining the digital supply chain. The session was part of the EMA's 6th annual Los Angeles Entertainment Summit. Presenters at the Digital Forum included VUBIQUITY CEO Darcy Antonellis, Amazon Sr. Manager Nathan Bartel, Original Content Creator John Lehr, FilmTrack CEO Jason Kassin, MovieLabs Vice President Craig Seidel, comScore Vice President Mike Rich and EMA's Eric Hanson. Forum presentations are available at EMA's website: entmerch.org/LAES/digital-ema-forum.

EMA Members Continue Collaboration on Avails and MMC Specifications: Over June and July, EMA digital supply chain working groups reviewed and proposed updates to specification drafts on avails and the media manifest core (MMC) to support automation of additional digital supply workflows. Avails specification 1.7.2 was approved by EMA retailers in August. Development of television use cases for MMC (supported in draft MMC v2.0) will be kicking off also in August. Among other improvements and fixes, version 1.7.2 of the avails specification supports content bundles, enhancements for international avails and bonus material.

2017 EMA Scholarship Awarded to Ben Thomson

The EMA Scholarship Foundation awarded its 2017 scholarship to Ben Thompson, son of BBC Worldwide's Michael Thompson. He will receive a grant of \$4,000 per year for four years of undergraduate study. The announcement was made at the annual EMA Scholarship Luncheon.

Ben graduated from Valley Stream North High School in Long Island, NY in June, where he had a 99.6 grade point average and distinguished himself in AP courses. He is attending Stevens Institute of Technology in New Jersey, where he will study electrical engineering.



Mark Fisher, Ben Thomson, Michael Thomson

Applications for the 2018 Scholarship Fund will be available January 2, 2018.



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Mark Your Calendar: Upcoming EMA Events



Digital Media Pipeline LA

September 26 – Skirball Cultural Center, Los Angeles



Digital Media Pipeline NY

November 2 – Helen Mills Theater, New York



Winter Salon

December – Los Angeles



EMA Digital Forum @ CES

January 9 – Embassy Suites Convention Center, Las Vegas



NAVD Business Sessions

March 6 – Marina del Rey Marriott, Marina del Rey, CA