

**Welcome to *Inside EMA*...**

Released quarterly, *Inside EMA* highlights the current activities and core responsibilities of your Association.

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*The Entertainment Merchants Association (EMA)*

## 2009 Retailers of the Year Announced

The following retailers have been selected as EMA's Retailers of the Year for 2009:

**DVD/Blu-ray Retailing Award** – an award given by peers (voted on by members of EMA's Retail Advisory Council), based on commitment to the category, creative merchandising and innovative supply chain activities: **AMAZON.com**, Seattle, WA



**Video Game Retailing Award** – an award given by peers (voted on by members of EMA's Game Retailing Council), based on commitment to the category, creative merchandising, and innovative supply chain activities: **GAMESTOP**, Grapevine, TX



**Independent Retailer Award** – an award given by peers (voted on by members of the iDEA Advisory Council), based on outstanding retailing practices and industry support: **HOLLYWOOD AT HOME**, Overland Park, KS



**Chairman's Award** – an award based on service to the industry through EMA (specifically based on level of participation in Association activities) – **HASTINGS ENTERTAINMENT**, Amarillo, TX



"Hastings believes a healthy industry association benefits everyone" - John Marmaduke, Hastings President and CEO / EMA Board of Directors Secretary

## Louisiana Bill Killed in Committee; Appeal Filed in CA Video Game Case

*VSDA v. Schwarzenegger*

The state of California has filed a petition with the U.S. Supreme Court requesting the Court to review the February appellate court ruling in *Video Software Dealers Association v. Schwarzenegger* that found a 2005 California video game restriction law to be unconstitutional. (EMA is a co-plaintiff in this case along with the Entertainment Software Association (ESA).)

In the February ruling, the U.S. Court of Appeals for the Ninth Circuit affirmed a lower court ruling that held a 2005 video game restriction law violates of the First Amendment's guarantee of freedom of speech.

In response to the state's petition, EMA and ESA filed a brief with the Court, arguing that there is no need for the Court to review the

case. The EMA/ESA brief notes that the appeals court correctly applied Supreme Court precedents and every other video game law has been struck down for similar reasons.

The Court will likely announce in the early fall whether it will take the case.

*Louisiana Deceptive Trade Practice Bill*

Louisiana Senate Bill 152, a "deceptive trade practices measure" passed the state Senate but died when it was not approved by the House of Representatives prior to the legislature adjourning for the year in late June.

As introduced, S.B. 152 would

have amended the Louisiana Unfair or Deceptive Trade Practices statute to declare that an unfair or deceptive trade practice occurs when a retail business sells or distributes any goods or services that are labeled or advertised with an age restriction or recommendation (such as movie or

video game rating) to any person who is under the restricted or recommended age. Prior to passing the bill, the Senate amended the measure to drop this provision and instead declare that an unfair or deceptive trade practice occurs when a retail business sells or distributes to minors material containing depictions of "sexually explicit conduct" on at least five separate occasions.

EMA actively opposed the revised measure, as it would have covered even fleeting depictions in otherwise unobjectionable works of art and thus encompassed a wide variety of works that are not even remotely considered to be legally obscene or "harmful to minors." EMA noted to legislators that retailers could be investigated or sued under the proposed law for selling to minors DVDs or video games that they have no reason to believe are pornographic. In addition to contacting legislators directly, EMA recruited retailers to voice their concerns to House members, organized opposition from other groups, and helped arrange for a retailer witness against the bill at a hearing.

On June 18, the House Commerce Committee, which considered the bill, voted 12-2 to defer the measure, which effectively killed it.



## New EMA Industry Programs Launched



Mitch Mallon, VP Digital Sales/Egami Media and Co-Chair of EMA's Digital Council

### Digital Distribution Glossary

The Digital Council of the Entertainment Merchants Association (EMA) has developed and issued "The Digital Video Distribution Glossary," a comprehensive set of standardized definitions for digital video that will facilitate more efficient communication among members of the digital video supply chain. To view EMA's digital glossary, go to [www.entmerch.org/digital\\_glossary](http://www.entmerch.org/digital_glossary).

"Internet-based distribution and manufacture-on-demand of home video are becoming more widespread and popular," noted Digital Council Co-Chair Mitch Mallon, VP of Digital Sales and Marketing for

### Image/Egami."

"As these delivery channels grew and more players entered the marketplace, we noted a need to make sure we were all talking the same language in order to avoid confusion and the resultant supply chain inefficiencies. The Digital Video Distribution Glossary will provide that common language that will facilitate the further growth of these delivery channels."

Suggested additions can be submitted to the Digital Council for review and incorporation in the document.

### Industry Job Bank

EMA recently launched the Home Entertainment Industry Job Board

to bring together jobseekers and employers in the industry. The Job Board offers an effective way to post and find employment that is specific to the home entertainment trade. To view EMA's Job Board, please visit <http://tiny.cc/egCw3>.

This service, which responds to recent layoffs in our industry and provides opportunities for growth in emergent ventures in the entertainment business, will benefit both members and non-members alike.

Recognizing cost pressures on job seekers and employers, EMA is offering the service at no cost. Employers are encouraged to post open positions.

## 2009 Home Entertainment Awards Recipients Announced

<u>Category</u>	<u>Title</u>	<u>Studio</u>
Animated Title of the Year	<i>Wall-E Special Edition</i>	Walt Disney Home Entertainment
Archival TV Series of the Year	<i>The Complete Monty Python's Flying Circus: Collector's Edition</i>	A&E Home Entertainment
Blu-ray Title of the Year	<i>The Dark Knight</i>	Warner Home Video
Children's/Family Title of the Year	<i>Kung Fu Panda</i>	Paramount Home Entertainment/ DreamWorks
Current TV Series of the Year	<i>Mad Men: Season One</i>	Lionsgate Home Entertainment
Direct to DVD/Limited Release of the Year from a Major Studio	<i>24: Redemption</i>	20 <sup>th</sup> Century Fox Home Entertainment
Direct to DVD/Limited Release of the Year from an Independent Studio	<i>Transsiberian</i>	First Look Studios
Documentary Title of the Year	<i>Man On Wire</i>	Magnolia Home Entertainment
DVD Extras of the Year	<i>The Dark Knight</i>	Warner Home Video
Foreign Title of the Year	<i>The Counterfeiters</i>	Sony Pictures Home Entertainment
Marketing Campaign of the Year	<i>The Dark Knight</i>	Warner Home Video
Music DVD of the Year	<i>Hannah Montana In Concert</i>	Walt Disney Home Entertainment
Packaging of the Year	<i>Wall-E (Green DVD Packaging)</i>	Walt Disney Home Entertainment
Re-Mastered Title of the Year	<i>The Godfather: The Coppola Restoration</i>	Paramount Home Entertainment
Rental Title of the Year from a Major Studio	<i>Juno</i>	20 <sup>th</sup> Century Fox Home Entertainment
Rental Title of the Year from an Independent Studio	<i>The Visitor</i>	Anchor Bay Entertainment
Sell-Thru Title of the Year from a Major Studio	<i>The Dark Knight</i>	Warner Home Video
Sell-Thru Title of the Year from an Indie Studio	<i>Twilight</i>	Summit Entertainment
Sleeper Title of the Year	<i>The Assassination of Jesse James by the Coward Robert Ford</i>	Warner Home Video
Special Interest Title of the Year	<i>Chris Rock: Kill The Messenger</i>	Warner Home Video/HBO
Hall of Fame Inductee	<i>The Wizard of Oz</i>	Warner Home Video

## EMA/CapGemini Study Predicts Big Gains Across the Supply Chain

EMA recently introduced the results of a study by Capgemini analyzing the advantages of adopting "benefit denial" technology (disabling DVDs, Blu-ray Discs, and video games until unlocked at the point of sale). The study found that retailers, motion picture studios, video game publishers, and others in the supply chain could annually see as much as \$6 billion in increased sales and an additional \$800 million in cost savings as a result of deployment.

Theft has prompted many retailers to merchandise DVDs, Blu-ray Discs, and video games in locked cases, keeper racks, and other systems that discourage sales even though they prevent shoplifting. Internal theft also imposes tremendous costs on the supply chain.

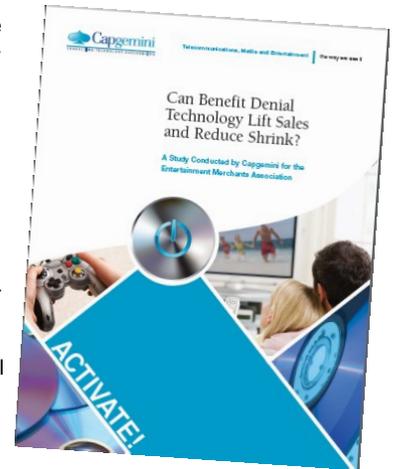
The study identified 14 discrete advantages that would result from adoption of benefit denial technology, projecting that benefit denial technology will enable retailers to increase revenue from sales lifts from open merchandising, reduced out-of-stocks, new distribution channels, and legitimate sales replacing sales of stolen merchandise. The revenue enhancements would be spread broadly among retailers, studios, publishers, distributors, and replicators.

The study estimated additional savings would come from decreases in inventory loss write-offs, returns, packaging costs, EAS costs, keeper costs, handling costs, burglary, supply chain losses, costs of security fixtures and settlement costs. While all segments of the supply chain

would experience some cost savings, the greatest savings are likely to be experienced by retailers.

Study participants represented seven retailers, seven motion picture studios and video game publishers, one distributor/wholesaler, and one replicator.

This study completes phase two of EMA's "Project Lazarus". The first phase, finished in December 2008, resulted in the identification of standards to encourage the development of benefit denial technology for media discs. In the next stage of the project, EMA will help quantify the costs of deployment and, if the results continue to be positive, the technology could be deployed for testing and pilots within the next 6 months.



## EMA and MESA Host Greener Gaming Gathering (G3) 2009

On June 1, EMA and MESA (the Media Entertainment Services Alliance) presented G3, the Greener Gamer Gathering, at the Burbank Marriott.

This event brought together three dozen leaders in video game supply chain management to facilitate learning and discussion

regarding sustainability improvements in the video game industry. The event was keynoted by Wal-Mart's Darrin Dickson, who detailed the retailer's sustainability initiative and how video games could align with Wal-Mart's sustainability goals. Other presenters included Cody Sisco of Business for Social Responsibility, Lisa

Lake-Fernandez of AGIPolymatrix, Jeff Leitman of Ditán Distribution, and John Quinn of Warner Interactive.

G3 was an offshoot of GameSupply, the Supply Chain Academy for Interactive Entertainment held earlier this year. G3 was sponsored by AGIPolymatrix.



Wal-Mart's Darrin Dickson

## iDEA Advisory Council Formed To Support Indie Retailers

For five years, iDEA (the Independent Dealers of Entertainment Association) has been a business partner to the IVR, empowering independent video stores to grow their businesses through networking, communication, education, and business tools.

During this time, iDEA has had many notable successes: Video-Retailer.com and its associated services have provided IVRs with an award-winning purchasing tool; Project DATAMINE has provided industry data collection and reporting of that data to the IVR; the Amazing Transformation store resulted in significant increase in store revenues for the test store and, even more significantly for others, provided a real-world how-to lesson and real data

to suggest the results if learnings were applied; and networking opportunities and events such as our retreats, indieFEST(s) and indieEXPOS at Sea.

However, reflecting and accepting both the national economic climate and as well that of the industry, major structural changes to iDEA have been recently implemented including:

1. The iDEA Board of Trustees has been reformed as the iDEA Advisory Council of EMA.
2. The Advisory Council will advise EMA's Board of Directors on issues and concerns related to

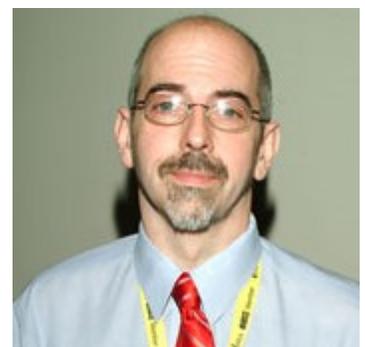


IVRs, recommend methods to maintain the IVR base within EMA and to recruit new members, recommend services that may be provided for the IVR community, and provide assistance and guidance to member chapters.

3. iDEA funding will no longer be separate from the overall funding of EMA.

Just as importantly, some things will not be changing. For example, IVRs will remain represented on EMA's Board of Directors.

These changes will enable iDEA to continue to serve the present-day independent store owners in our industry.



iDEA Advisory Council Chair, Alan Millican



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**DIGITAL MEDIA PIPELINE Conference to Bring Together Digital Entertainment Content  
Owners, Service Providers, and Retailers—Focuses on the Biz of Digital Entertainment**

The Entertainment Merchants Association (EMA) will be presenting “Digital Media Pipeline ‘09: The Business of Digital Entertainment” in Los Angeles on September 15. The one-day event will bring together digital entertainment content owners, service providers, and retailers to learn about and discuss emerging technologies and business models, sources of content, the potential market, and legal issues for digital entertainment. Digital Media Pipeline will be held at the state-of-the-art meeting facility at the Skirball Cultural Center. Video Business is the Media Sponsor of Digital Media Pipeline.

“Digital Media Pipeline offers an opportunity for digital retailers, content owners and aggregators, and technology and service providers to share learnings and experiences in the business of retailing digital entertainment,” noted Bo Andersen, Presi-

dent and CEO of EMA. “This youthful industry is growing quickly, and new technologies and new business models are developing and testing almost weekly. Digital Media Pipeline is replete with opportunities for collaboration among partners in the supply chain.”

According to Adams Media Research, consumer spending for digital rentals and purchases of films and TV shows over the Internet increased 73% from 2007 to 2008. While digital spending is currently a small part of the overall home video spending, it is expected to increase dramatically as it becomes easier to move content from the computer to the television set.

“Digital Media Pipeline will feature business leaders and experts on technology, research, content acquisition, retailing, and legal and business issues,” said Bruce

Eisen, conference chair and Vice President, Online Content Development and Strategy at DISH Network. “The conference sessions, along with the keynote address and networking opportunities, will make this event invaluable for its attendees.”

At the conclusion of Digital Media Pipeline, EMA will present its Digi Awards, which recognize outstanding achievement in digital entertainment retailing, content, and innovation.

The registration fee for Digital Media Pipeline is \$285 for EMA members and \$395 for non-members. Discounts are available for multiple attendees from one company. To register for Digital Media Pipeline or for further information, please go to [www.DigitalMediaPipeline.com](http://www.DigitalMediaPipeline.com).



**DIGITAL MEDIA  
PIPELINE ‘09**  
The Business of Digital Entertainment

**September 15, 2009**  
**Skirball Cultural Center**  
**Los Angeles**