

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)

FTC Cites Major Progress in Ratings Enforcement by Retailers

On May 8, 2008, the Federal Trade Commission released its latest "undercover shopper" survey results, which showed that video game and DVD retailers continue to make significant progress in increasing the enforcement of the "Mature" rating for video and computer games and the "R" rating for DVDs.

"Video game and DVD retailers don't want children to be able to purchase or rent video games and DVDs that their parents don't want them to have," noted EMA President Bo Andersen. "As a result, they have made real and significant investments in enforcing the voluntary video game and motion picture ratings in their stores. The FTC's latest undercover shopper survey demonstrates that these investments are producing strong results, as enforcement rates continue to increase."



The FTC survey indicates that children the federal agency sent into stores to buy M-rated computer and video games were turned down 80% of the time and that those sent into stores to purchase R-rated movies were turned down 53% of the time. The turn-down rate for video games increased from 58% in the previous FTC survey, which was released in April 2007, and was up from 16% in the first survey, conducted in 2000. The turn-down

rate for R-rated movies increased from 29% in the survey released last year.

While EMA is pleased with the progress that's been made in ratings enforcement, it recognizes that retailers still are not where they want to be as an industry. EMA will continue to work with its members to increase video game and DVD enforcement to even

higher levels.

EMA encourages all DVD and video game retailers to:

- Make sure that movie and game information is posted in all stores;
- Ensure store staffs are knowledgeable about the ratings systems; and
- Verify that clerks aren't renting or selling R-rated movies or M-rated video games to customers under age 17 without parental consent.

EMA urges voluntary enforcement of industry ratings not just because it's the right thing to do. Effective enforcement of industry ratings represents the most effective defense against overreaching and unconstitutional governmental regulation. (See story on page two.)

EMA's Home Media Expo Runs June 24-26 with indieExpo on June 23

EMA's Home Media Expo 2008 is upon us. Retailers will be meeting with more than 100 suppliers, attending more than 20 seminars and supplier presentations, networking with industry peers and enjoying special evening events.

This year's Opening Session on Tuesday morning will feature prominent leaders of the home entertainment industry discussing how Blu-ray Discs will transform and grow the home entertainment market, much as DVD revolutionized the business a decade ago. Mike Dunn, President of 20th Century Fox Home Entertainment, James W. Keyes, Chairman and CEO of Blockbuster Inc., James L. McQuivey, Vice President, Principal Analyst with Forrester Research, Inc., and Eisuke Tsuyuzaki, Vice President, Corporate Development and General

Manager, Blu-ray Disc Group, Panasonic Corporation of North America, will examine why the technology of Blu-ray Discs pro-



vides a superior entertainment experience and what needs to be done to ensure its widespread embrace by consumers.

There will also be a special presentation on "BD Live" presenting the evolution from passive to interactive home viewing experience. Sony Pictures Home Entertainment is a leader of BD Live technology and will demonstrate dur-

ing the panel. There will be a special tribute to independent video retailers and their historic role in the founding of home entertainment. The industry will tip its hat to IVRs – their resiliency and their importance to the breadth of movies produced by Hollywood.

And, EMA President Bo Andersen will speak on the state of the industry and recognize EMA's Retailer of the Year Award winners.

There will be stars galore at the EMA Home Entertainment Awards Show on Tuesday evening, hosted by actor/comedian Jamie Kennedy. Award recipients will include actor/environmentalist Ed Begley, Jr, actor/commentator

Ben Stein., director Henry Jaglom, and comedian Pauly Shore. A special salute to classic television will honor Don Most and Anson Williams of *Happy Days*, Charline Tilton of *Dallas*, and Paul Petersen of *The Donna Reed Show*.

Other events at this year's show include "Digital Media Day" (a full day of seminars and panels dedicated to the emerging digital video business), "Meet Up and Pitch" (a special forum for content sales and acquisition executives), and studio presentations in a home theater setting.

EMA's Home Media Expo takes place at the Palms Hotel in Las Vegas, June 24-26, with IndieExpo presented on June 23.

Another Video Game Violence Bill Defeated



EMA's Government Affairs team has been active across the country fighting video violence legislation and other challenges to retailers' rights.

Minnesota Video Game Law

On March 17, a three-judge panel of the U.S. Court of Appeals for the Eighth Circuit issued an opinion in *ESA v. Swanson* that affirmed a 2006 ruling by a U.S. District Court that a Minnesota video game restriction law is unconstitutional. This law would impose a \$25 civil penalty on minors under 17 who rent or purchase M or AO rated games.

Subsequently, Minnesota requested the full Eighth Circuit to rehear the appeal. The full circuit declined the request. The state's only option now is to petition the U.S. Supreme Court to hear the case.

Arizona Civil Liability Bill

EMA helped defeat a proposed Arizona bill that would have allowed the victims of violent crimes to sue the retailers of DVDs, video games, and other forms of media for injuries the victims suffer. EMA was scheduled to testify against the bill on April 7. In light of the strong opposition to the

measure expressed by EMA and other organizations, however, the committee—recognizing the dangers presented by the bill—cut short testimony and voted the bill down.

Massachusetts Video Game Bill

EMA and member Mark Nathanson testified in opposition to a proposed Massachusetts bill to restrict the sale of video games with violent content to minors. EMA's witnesses explained the video game ratings education and enforcement efforts of retailers and noted that the bill's unclear language would make it difficult for retailers to comply.

June is "Entertainment Ratings & Labeling Awareness Month"

EMA, along with the Digital Media Association (DiMA), the National Association of Recording Merchandisers (NARM), and the National Association of Theatre Owners (NATO), has declared June to be "Entertainment Ratings & Labeling Awareness Month" for retailers of entertainment products. This coalition of trade associations annually highlights ratings at the start of the summer season, when young people will be enjoying movies, music, and video games.

The purpose of Entertainment Ratings & Labeling Awareness Month is to increase parents' awareness of the ratings and labeling systems for movies, video games, and music, and to let parents know that stores, online services, and movie thea-

ters are committed to helping them control their children's access to entertainment that may be inappropriate for minors.

EMA and the other associations endorse the Entertainment Software Rating Board's video game rating system, the Motion Picture Association of America's movie rating system, and the Recording Industry Association of America's parental advisory warning for music products. The entertainment ratings systems and parental advisory labels are guides and advisories for parents to help them decide whether particular entertainment is appropriate for the family.

CERTA recommends that parents take a few simple steps to ensure that entertainment is appropriate for their children:

- Look for the movie or video game rating and content descriptors before they purchase;
- Set appropriate limits and prevent entertainment time from interfering with duties such as homework, sports, and chores;
- Watch the movie or play the video game with their child. Communicate with children about what the entertainment is about and what they can learn from it; and
- Make full use of the parental control features of new-generation video game consoles to lock out access to Mature- and Adult Only-rated video games.

More information on Entertainment Ratings & Labeling Awareness Month is available at www.erlam.org.



iDEA Facilitates Learning and Networking for Indie Retailers



VPD Headquarters in Folsom, CA—home of IndieFest West 2008

iDEA, EMA's division dedicated to the support of independent video retailers, held its first indieFEST WEST in Folsom California on April 29-30.

Over 100 independent retailers attended the event, which was held onsite at VPD's headquarters in Folsom, CA. Presentations were made by a dozen home video studios, large and small

Studios presented their upcoming

title slates, and Sony's Larry Clayman discussed Blu-ray discs and encouraged retailers to step up their support for the format. Other vendors manned table-top booths.

Retailers had plenty of time to network with each other and share ideas. More formally, they attended iDEA workshops which included a panel of independent studios and a session reinforcing the relevance and viability of brick and mortar video stores. Industry

issues were discussed in a "town hall" format.

iDEA will hold its next, indie-EXPO, on June 23 at EMA's Home Meda Expo in Las Vegas, followed by indieEXPO at Sea, October 6-10 onboard Carnivale's Paradise cruise ship.

Information on attending either of these upcoming events, or sponsorships, can be found at www.indieexpo.com.

EMA Digital Council—Standardization Is The Priority

EMA's Digital Council met on April 3 in Universal City, CA to collaborate on two related projects as prioritized by Council members. Workgroup One continued to tackle the development of a standardized model for digital video metadata, while Workgroup Two established a process to develop and publish a glossary of terminology.

Workgroup One (Metadata)

The Workgroup members agree that one or more standardized numbering systems are needed to uniquely identify digital video con-

tent. One such system that may fill this need is the ISAN number, which, at a very nominal cost, can be assigned to each version of each digital "product".

About ninety metadata fields have been identified and a wide group of digital retailers are reviewing the list to ensure that it includes all of their needs. At the same time, content providers are reviewing the list for feasibility. Once the list is agreed upon and defined, then the details need to be established, such as field lengths and appropriate attributes for each.

Workgroup Two (Glossary)

Common industry terminology not only improves our day-to-day communication, but is also essential to support standardized metadata and legal agreements.

A "straw-man" glossary has been developed which is now under review by workgroup members for inclusiveness and for accuracy. Definitions will be circulated to the entire Council for discussion and agreement, after which they'll be published in finalized waves for industry reference.



AFI Celebrates "10 Top 10" Movies

This year the American Film Institute adds another chapter to its on-going national celebration with AFI's *10 Top 10*, a new special that will honor the ten greatest films in ten classic film genres.

On June 17th on CBS, viewers will tune in to slay the dragon, search for the ring, get the girl, travel to another planet, shoot 'em up, rob a bank, hit a home run, fight for

what you believe, solve the perfect murder, and follow the hero until he makes his final stand.

Retail stores can create a special DVD section to highlight these classic film genres: Animation, Courtroom Drama, Epic, Fantasy, Gangster, Mystery, Romantic Comedy, Sci-Fi, Sports and Western.

EMA has created POP materials featuring this year's promotion available for downloading from the EMA website. The artwork features counter cards and shelf talkers that can help highlight this retail catalogue section. This artwork can be viewed and downloaded at www.entmerch.org/afi_awards.html.



Labeling and Packaging Standards Recommended by EMA

EMA's Operations and Loss Prevention Committees have been busy reviewing existing standards and recommending new standards for labeling and packaging DVDs and video games.

Labeling

The established standard for UPC placement on DVDs and box sets, now expanded to Blu-ray, is the upper right corner of the back face of the package. The primary reasons are (a) consistency for scanning at POS and at warehouse level, and (b) to enable more efficient cycle counting by retailers.

Compliance with this standard is high with movie studios; however some smaller content providers and most of the music publishers have not been in compliance. A communication outlining this best practice standard was recently distributed by EMA on behalf of its Operations Committee to nearly 70 video content providers. It is also being distributed to music

publishers by NARM.

UPCs on video games are *not* currently being placed in a standard position across all platforms. At the request of the game publishers attending the February Operations Committee meeting, the EMA/NARM Operations Committee (retailers and distributors) developed a Position Paper encouraging standard UPC placement in the upper right corner of the back face of all video games. Believing that there is little or no long-term cost to the publishers to change the marketing design of the back of a video game package, the Operations Committee recommended adoption of this standard to decrease overall costs in the supply chain. EMA has initiated discussion of this with the first-party publishers (Microsoft, Sony, and Nintendo).

Packaging

In order to assist home video studios and video game publish-

ers in their development and evaluation of alternative packaging methods for optical discs, and to clarify the recommended standards for current packaging, EMA's Loss Prevention Committee developed a list of baseline packaging criteria.

These criteria include standards for security taping (three sides; under shrink wrap), shrink wrapping (immediately outside of DVD case and security tape), UPC printing (on artwork, beneath shrink wrap), O-rings/slip-sleeves (no UPCs on O-rings; mandatory cutout to read UPC on DVD case), EAS tagging (source tagging of all new releases, Blu-ray discs, and box sets; tag placement behind UPC), and abnormal packaging (add-ons should be securely adhered).

This document has been circulated on behalf of EMA's LP Committee to all DVD content providers and video game publishers.





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EMA's Board Meets, Welcomes New Directors

EMA's Board of Directors met in Los Angeles on April 17, 2008 and discussed the following agenda items:

Board Membership – The Board welcomed new Directors Laura Orvidas (Amazon.com), Daniel J. Kaufman (GameStop), and Troy Peterson (Target Stores).

Financial Report – The Board reviewed the Association's preliminary financial performance for the first quarter of 2008. Trade show income and dues income were both better than budget and investment income was worse than budget, due to unrealized losses in the Association's investments. It was noted that the current stock market trends present a risk for the Association's financial performance for the rest of the year.

Home Entertainment Events – The Board was informed that all major studios will be exhibiting at EMA's Home Media Expo 2008. The Home Theater Forum will again participate in this year's Expo and their events will be open to all attendees. The Board was also informed

that the 2008 AVN Adult Entertainment Expo performed better than expected financially.

Labeling and Packaging – The Board was updated on efforts to require clear and consistent placement of ratings information on DVDs, remind video content providers of the standards for UPC placement, encourage standard UPC placement on video games, and promote best practices in video and video game packaging.

Association Membership – The Board voted unanimously to accept the 16 membership applications received between October 8, 2007 and April 1, 2008. The Association currently has 482 members.

Green Initiatives – The Board directed staff to follow the industry's "green" initiatives and to report on such initiatives at each meeting.

Other Issues – The Board discussed federal "network neutrality" legislation, anti-piracy developments, and the Association's government affairs activities.

EMA Welcomes New Members

Retail Members

Best Buy Enterprise, Richfield, MN
JBNI Inc, Gloversville, NY
Take Two Video, Newburg, OR
Super Video, Inc, Southfield, MI
Video World of Niantic, Baltic, CT
Video 107, Aquadilla, PR
Video Craze, Framingham, MA
Video Time, Placentia, CA
Blockbuster Video Selmer, Selmer, TN
Sally's, Gooding, ID
Total Entertainment, Guymon, OK
Nevada City Video, Nevada City, CA

Associate Members

THQ, Agoura Hills, CA
Summit Entertainment, Santa Monica, CA
Warner Music Group (WEA), New York, NY
Egami Media, Chatsworth, CA
Related Content Database, San Francisco, CA
Icarus Films, Brooklyn, NY
Flexplay Entertainment, Atlanta, GA
PC Gaming Alliance, San Ramon, CA