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Quarterly Newsletter of the Entertainment Merchants Association (EMA)

June Is Entertainment Ratings & Labeling Awareness Month

EMA is calling on the retailers of home video and video games to observe "Entertainment Ratings and Labeling Awareness Month" in June by emphasizing the motion picture and video game ratings, as appropriate, to their customers.

available and make the right choices for their families," EMA noted. "While the decision as to what is appropriate ultimately rests with the parent, retailers can and do play an important role in empowering parents with the tools necessary to make those decisions – the motion picture and video game ratings systems."



"Entertainment Ratings and Labeling Awareness Month" is sponsored by EMA, the Digital Media Association (DiMA), the National Association of Recording Merchandisers (NARM), and National Association of Theatre Owners (NATO). It is declared annually to promote the use of entertainment ratings and labels by encouraging retailers to review their ratings and labeling education and enforcement policies, reemphasize those policies to their employees, and educate their customers about the movie and video game ratings and music labeling systems and store policies.

"The motion picture and video game rating systems can help parents sort through the myriad of titles

Retailers can learn more "Entertainment Ratings and Labeling Awareness Month" at www.ERLAM.org. EMA-member retailers interested in obtaining ratings education materials can contact Grace Lee at glee@entmerch.org or 818-728-8674.

EMA's Mission:

To protect the right to sell and rent entertainment products and content; promote the sale and rental of entertainment products and content; and provide a forum for all those engaged in the sale, rental and/or commercial delivery of home entertainment to consumers.

Independent Studios To Meet with Key Buyers at Independent Product Market

Casino Night at GamePlan Summit To Benefit EMA's Scholarship Foundation

Sixteen independent studios are set to meet with key industry retailers and distributors June 28-29 at EMA's Independent Product Market at the Fairmont Miramar Hotel in Santa Monica, CA.

EMA is presenting a new fundraising event to provide additional monies for the EMA Scholarship Foundation. The foundation annually awards scholarships to a number of deserving top college-bound students or graduate students within the EMA-member family.



On September 13, a casino night will be presented for attendees of the 2011 GamePlan Summit, with proceeds benefitting EMA's Scholarship Foundation. Sponsors will host a poker, black jack, roulette, or craps table for the evening where attendees can try their luck at these games of chance and skill. In addition to the casino games, there will be a variety of raffle prizes.

This is the Market's third sell-out year. "The Independent Product Market has proven to be a 'perfect fit' for all participants. It allows both buyers and product providers to meet with a large number of their key customers over the course of two days," said EMA President & CEO Bo Andersen. "The good news/bad news is we have more companies wanting to participate than we can accommodate. Because of the event's unique pre-scheduled meeting format, the number of hours in a day caps the number of participants."



Event sponsorships, however, are still available. Anyone interested in learning more about sponsorship opportunities should contact EMA's Carrie Dieterich at cdieterich@entmerch.org or 818-385-1500 ext. 227.

Anyone interested in becoming a sponsor or donating a raffle prize for the event should contact Jennifer Lane at jlane@entmerch.org or 818-385-1500, ext. 238.

More Than 150 Executives Attend Third Annual GameSupply Academy

More than 150 executives managing the video game supply chain met in Burbank, CA on February 2 for the third annual "GameSupply: The Supply Chain Academy for Interactive Entertainment."

Headlining the roster of speakers and panels were Peter Moore, President of EA SPORTS, and Saul Berman, IBM Global and American Strategy Consulting Leader. Research presentations included Nielsen's Graham Gee examining the evolution of the retailing sell-through market and consumer shopping behavior, Screen Digest's Michael Arrington projecting the outlook for streaming games-on-demand, and Interpret's Brenton Lyle outlining opportunities for growth based on 3D technology. Leading industry analyst Michael Pachter of Wedbush Securities presented his views on the current state of the video

game industry and where he sees it going over the next few years.

All major game publishers were there – more than a dozen companies in all. Key retailers and distributors in attendance included Gamefly, GameStop, Microsoft Xbox Live, and Toys "R" Us.

A few clear themes resounded through the conference. Berman encouraged the industry to accept inevitable change and adapt business models accordingly. Moore described the fast-growth digital business as synergistic to physical game sales, and in fact as an agent to encourage the growth of physical disc sales and extend the useful life of discs in the home. Panelists also saw opportunities to grow profits through

THE SUPPLY CHAIN ACADEMY GAMESUPPLY FOR INTERACTIVE ENTERTAINMENT

efficiencies in the physical supply chain – repeatedly discussing, for example, the potential savings from grouping together retail shipments from various publishers.

Event follow-up survey ratings demonstrated continuing strong support and positive reviews for GameSupply. According to EMA's Executive Vice President Mark Fisher, "EMA and its event partner MESA [the Media & Entertainment Services Alliance] are committed to continuing to grow GameSupply as the industry's 'go-to' conference to discuss current business issues related to the retailing of video games, both physical and digital." EMA and MESA will announce dates for the 2012 GameSupply shortly.

Companies Recognized for Supply Chain Excellence in Video Games



← **Scott Johnson (right), Business Development, Sony DADC, accepted the award for supply chain efficiency from EMA's Mark Fisher.**

David Rekart (right), President of Pacific Color Graphics, accepted the award for green supply chain leadership from Mark Fisher. →



Photos: Mel Lambert|content-creators.com

Activision, Sony DADC, and Pacific Color Graphics have been recognized by EMA with awards for excellence in the video game supply chain. EMA's Video Game Supply Chain Awards were presented at the 2011 GameSupply conference, the supply chain academy for interactive entertainment, held in February.

"It gives us great pleasure to recognize these three companies for their outstanding efforts to improve supply chain management, efficiencies, and sustainability," said EMA President & CEO Bo Andersen. "Each of these companies is modeling excellence in their video game supply chain practices."

EMA's Video Game Supply Chain Awards recognize content providers, distributors, manufacturers, and retailers that have made significant contributions to improve and increase the development of the supply chain process. Award winners were determined by members of EMA's Video Game Retailing Council and the Retailer/Distributor and Publisher Operations Committees.

The categories and winners were:

Supply Chain Innovation: Recognizing advances in supply chain distribution through the adoption of new, innovative practices.

Activision Blizzard: The selection committee recognized Activision Blizzard for supporting shipments via assortment casepacks in a new program with one of its trading partners, ensuring that product reaches sales floor shelves immediately upon receipt.

Supply Chain Efficiency: Recognizing outstanding supply chain practices resulting in reducing costs, providing excellent customer service, and overall support.

Sony DADC: The selection committee found that Sony DADC has dramatically improved cycle times and output, resulting in quicker order fulfillment and accelerated deliveries to market, and exceeded expectations of on-time and complete performance.

Green Supply Chain Leadership: Recognizing a company that has made a significant contribution in developing and implementing "green" environmentally conscious practices within the supply chain process.

Pacific Color Graphics: Pacific Color Graphics is an environmentally sound company and was one of the first in the print industry to adopting "going green," even before it became popular and retailers requested it, the selection committee noted.

EMA Supports Efficiencies in the Digital Supply Chain

After a year of development, in January 2010 EMA's Digital Council released its standardized structure for communication of metadata associated with audiovisual content from content providers to digital retailers/distributors. In August 2010, a working group of digital retailers/distributors – including AT&T, Best Buy, CinemaNow, DISH Network, Microsoft, MOD Systems, and Netflix – came together to encourage adoption of this standard structure.

A core subset of the EMA Metadata Structure has been identified, featuring the fields without which a digital retailer or distributor cannot merchandise the title or distribute it to consumers. This core list, once finalized, will be distributed to all stakeholders. EMA will request that content suppliers provide these fields utilizing the EMA

structure for their new item notifications/avauls and thereby realize new efficiencies in the supply chain.



At the same time, this working group has been meeting with representatives of the studios and television divisions to encourage the adoption of "unique universal identifiers" for digital content (similar to "UPCs" for digital content). As a result of these initiatives by EMA and the studios, it is

likely that the EIDR universal unique identifiers for motion picture and television content (developed in part by the not-for-profit MovieLabs) will be adopted this year as such an identifier.

EMA's Digital Council sees ample opportunities for more collaboration in the digital audio/visual supply chain, such as standardizing transactional reporting and potentially developing or supporting an industry-wide data exchange. Similar efficiency challenges exist in the video game supply chain. For this reason, EMA recently began to manage a metadata project for video games, both physical and digital. Best Buy, Electronic Arts, Gamefly, GameStop, Microsoft, EEDAR, GS1, and others are participating in this project.

2011 Government Affairs Priorities

EMA's Government Affairs Committee has established the following government affairs priorities for EMA in 2011:

- Protect retailers' right to sell and rent lawfully made copies without restraint (the First Sale Doctrine)
- Support strong laws against video piracy and vigorous enforcement of those laws
- Support voluntary enforcement of movie and video game ratings
- Oppose restrictions on entertainment because of violent content
- Oppose discriminatory taxation of home entertainment products
- Ensure that state-imposed restrictions on adult content comply with Supreme Court case law
- Ensure that second-hands goods laws do not unduly interfere with the market for used videos and video games
- Protect video and video game retailers' interests during the implementation of the Consumer Products Safety Improvement Act (which regulates the amounts of lead and phthalates in children's products and children's toys, which may include some child-oriented home entertainment products)
- Support implementation of the new law reforming debit card interchange fees (which are the charges credit card networks assess for debit credit card transactions)
- Monitor and develop positions as necessary on social media/Internet ("do not track") privacy legislation and regulations

For more information about the priorities of EMA's government affairs programs, contact Sean Bersell at sbersell@entmerch.org or 818-531-4362.

Benefit Denial Update

Under EMA's leadership, the home entertainment industry has been evaluating the adoption of benefit denial technology for optical media since the Fall of 2008. Over the first two-and-a-half years, threshold requirements were developed and published, an analysis of potential sales lift and shrink reduction as well as other benefits has been conducted, and potential technology providers have come and gone.

[Benefit denial is the concept of denying the shoplifter or internal thief the ability to use stolen goods. For example, the apparel industry deploys security tags containing sealed vials of permanent dye that break if forcibly removed from a garment, rendering the item unsuitable for wear, return, or resale. Another example is the gift card, which has no value until it is activated at point-of-sale. Applying this concept to the home entertainment industry, systems have been developed allowing DVDs and video



games to be shipped to retail stores in a disabled state and then be activated during a point-of-sale transaction.]

The benefit denial initiative (dubbed Project Lazarus) is kicking into overdrive this year. By early 2012, the industry should understand whether any available technologies will meet criteria set by industry stakeholders, including the most basic criteria: whether it "works" and whether it offers a positive net return on investment.

EMA has formed a task force that meets weekly to guide this project. Working groups have been established to develop a prototypical retail POS environment in a lab and establish technical validity testing criteria to ensure that any solution works as expected. Separately, models are being developed to allow each stakeholder to independently measure ROI for its business model. Live pilots will be managed and evaluated by the University of Florida's Loss Prevention Research Council. Costs for testing and piloting are being assembled and funding alternatives will be explored with stakeholders.



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CALENDAR UPDATE: Digital Media Pipeline

EMA's Digital Media Pipeline is now scheduled for September 7, 2011 at the Skirball Cultural Center in Los Angeles.

Digital Media Pipeline is EMA's one-day conference focusing on business-to-business opportunities in the digital delivery of home entertainment to the consumer.

EMA Relaunches Its Website

The EMA website has always been an important source of information for members. Now the site (www.entmerch.org) has been upgraded to offer members additional services and information, and a new organizational structure makes it easier to find the information that a member may need.

EMA's website is organized into a number of sections. Checking in on the home page will provide the user with items of immediate interest. On the site, guests will also be able to access upcoming events (and register for these events), keep current with EMA's key government affairs activities, and access industry resources such as Top Ten lists, research, and other important information.

Notable sections and key information includes:

- About EMA: EMA's Board of directors and staff, copies of EMA's bylaws, and a link to a digital version of *EMA fyi*.
- Events: Information on EMA conferences
- Government Affairs: EMA public policy priorities, position statements, and activities reports
- Press Room: EMA news releases, industry quick facts, and EMA's Strategic Plan.
- Programs/Initiatives: Information on packaging, labeling and EDI, EMA metadata schema, and EMA Digital Council data.

Independent video retailers may also access the iDEALink.org website, which offers new features such as monthly purchasing webcasts as well as a new webinar schedule.

"EMA is expanding the site to better meet the needs of our members," said Frank R. Lucca, Vice President, Member Services. "We welcome suggestions on what our members would like to see added to the site."

www.entmerch.org