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Quarterly Newsletter of the Entertainment Merchants Association (EMA)

Third Annual GameSupply Event To Be Presented in February

EMA and the Media & Entertainment Services Alliance (MESA) will present the third annual GameSupply, the Supply Chain Academy for Interactive Entertainment, on February 2 at the Marriott Burbank Airport hotel in Burbank, CA.

The one-day GameSupply event brings together video game retailers, distributors, publishers, and their service providers to share knowledge about new developments and technologies in the interactive entertainment supply chain.

Peter Moore, President of the EA SPORTS division of Electronic Arts, will present a keynote address on "Digital GamePlay – What's the Future." Noted business strategist and IBM executive Dr. Saul J. Berman will also give a keynote. He will address capitalizing on new revenue opportunities by enhancing the consumer experience, embracing new distri-

THE SUPPLY CHAIN ACADEMY GAMESUPPLY FOR INTERACTIVE ENTERTAINMENT



Peter Moore
President, EA SPORTS

butution platforms, and expanding revenue models. Wedbush Morgan analyst Michael Pachter will discuss "The Video Game Industry - Where We've Been, Where We Are, and Where We're Going."

Additional sessions will address research findings, opportunities for supplier/retailer collaboration, video-streamed games-on-demand, collaborative logistics management, B2B communications networks, and 3D gaming.

Online registration for the event is available at www.GameSupplyAcademy.com.

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.

Supreme Court Hears EMA's Challenge to California Video Game Law

On November 2, the U.S. Supreme Court held a spirited oral argument in the *Schwarzenegger v. EMA* case, the challenge to a California video game restriction law brought by EMA and the Entertainment Software Association (ESA).

The California law would restrict the sale or rental to anyone under the age of 18 of computer and video games that are labeled as "violent video games." Under the law, a "violent video game" is a video game "in which the range of options available to the player includes killing, maiming, dismembering, or sexually assaulting an image of a human being" if the depiction of such an act meets a three-part test for offensiveness.

EMA and ESA convinced two lower courts that the law violates the First Amendment rights of video game retailers, publishers, and consumers. The state of California asked the Supreme Court to overturn those lower court opinions and create a new exception to the First Amendment that would allow states to restrict violent video games in order to aid parental authority. The state argues that scientific research and common sense indicate that depictions of violence can be harmful to children.

In response, EMA and ESA argued that : (1) video games and depictions of violence are protected by

the First Amendment: (2) there is no constitutional or factual basis for restricting minors' access to violent video games; (3) the state has not shown that minors who play violent video games suffer harm; (4) there are ways for the state to help limit minors access to violent video games without impairing First Amendment rights; and (5) the law is impermissibly vague.



During the oral argument, a number of justices were skeptical of the state's argument and concerned about the scope of the law. As Justice Ruth Bader Ginsburg put it, "[H]ow do you cut it off at video games? What about films? What about comic books? Grimm's Fairy Tales? Why are video games special?"

Other justices, however, sharply questioned the lawyer for EMA and ESA about the extreme violence depicted in some video games and whether there is anything a state can legally do to prevent minors from being exposed to those depictions.

A ruling from the high court is due by the end of June.

EMA President & CEO Bo Andersen (left) and VP, Public Affairs, Sean Bersell (right), at the U.S. Supreme Court



2011 Digital Media Pipeline To Be Held September 20 , Following Successful 2010 Event

EMA's 2011 Digital Media Pipeline will be held on September 20, 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.

Nearly 200 participants gathered for the 2010 Digital Media Pipeline. Topics covered included the current state and future of digital distribution, the digital entertainment market today, the mobile delivery landscape, and search engines and marketing in the digital space.

Sponsors of the 2010 event included Mashery, Cinram, and MOD Systems. MOD Systems distributed the first "Digital Goody Bag," including digital movie copies, product information, and giveaway tickets for special prizes.

MOD Systems used a kiosk (left) to distribute a "Digital Goody Bag" and conference materials.

EMA Presents Awards for Marketing, Promotions, and Retailing of Video Games

EMA has recognized outstanding videogame publishers and retailers who have made significant contributions to the videogame industry. The awards were presented at a reception hosted by G4 Network's Adam Sessler during EMA's GamePlan Summit, which took place September 21-23, 2010 at the Hyatt Regency Hotel in Chicago.

Activision took home the most awards, with recognition for "Best Packaging," "Best Marketing Campaign," and "Best Use of Social Networks" for *Call of Duty: Modern Warfare 2*. GameStop garnered two awards, for "Best Game Department" and "Best Retail Promotion and Marketing."

The following is a list of award winners:

Category	Winner
<i>Best Game Department</i>	GameStop
<i>Best Use of Social Networks</i>	Activision for <i>Call of Duty: Modern Warfare 2</i>
<i>Best Use of Social Media</i>	GameFly
<i>Best Packaging</i>	Activision for <i>Call of Duty: Modern Warfare 2</i>
<i>Best Online Execution</i>	Amazon.com
<i>Best Display at Retail</i>	Nintendo for <i>Wii Sports Resort</i>
<i>Best Retail Promotion and Marketing</i>	GameStop
<i>Best Publisher's Marketing Campaign</i>	Activision for <i>Call of Duty: Modern Warfare 2</i>
<i>Best Retail Advertising</i>	Best Buy
<i>Best Representation of Titles at Retail</i>	Electronic Arts
<i>Video Game Revitalization at Retail</i>	Target

EMA and Loss Prevention Research Council Cooperate on Benefit Denial

EMA and the Loss Prevention Research Council (LPRC) recently teamed up to work together on benefit denial technology, which is technology to deny a shoplifter or internal thief the ability to use stolen goods.

The LPRC is operated by Dr. Read Hayes and the University of Florida and includes members from all categories of retail. At EMA's request, the LPRC recently established a committee to study benefit denial. Companies represented on the committee include Best Buy, Sears/Kmart, and Walmart. EMA will contribute to the coopera-

tive venture a wealth of learnings on benefit denial, relationships with content providers, and legal and anti-trust guidance.

LPRC will provide deep experience in loss prevention techniques and technology, expertise, capability, and credibility in research, and a broader perspective for the project. Both organizations will bring additional retail par-

ticipants to the table.

EMA and LPRC kicked off the joint effort with an all-day meeting of retailers, game publishers, and studios. Participants discussed testing parameters, expectations, timing, and funding.

In February, EMA will host a multi-disciplinary, cross-supply chain

meeting for optical discs. The meeting will be held at the Marriott Burbank Airport hotel in Burbank, CA on Tuesday, February 1. (EMA's GameSupply Academy will be held the next day at the same location.)

The purpose of this meeting will be to facilitate discussion among retailers and movie and game content providers regarding the scope and objectives of testing and piloting benefit denial technologies for software, as well as to inform and demonstrate the capabilities of the University of Florida's Loss Prevention Research Council as a partner.



meeting to discuss benefit denial

2011 GamePlan Summit Set for September 13-15

EMA's second annual GamePlan Summit (GPS) will be held September 13-15, 2011 at the Hyatt Regency Hotel in Chicago, IL.

GPS is the premiere industry-only video game conference designed to provide strategically focused retailer-supplier meetings and effective networking opportunities under one roof. An Executive Forum focusing on the future of the industry has been added to 2011 schedule to enhance the value of the GamePlan Summit. In addition, a special charity event to support the EMA Scholarship



Foundation will also be presented.

"GamePlan Summit proved its value in its first year by providing an excellent environment for retailers and game publishers to meet one-on-one to discuss strategic issues for the coming year," noted Troy Peterson, Senior Buyer – Interactive Entertainment, Target Stores. "The new

elements announced for 2011 make it the 'must-attend' event for the gaming retail community."

"EMA's GamePlan Summit's success is due to the support of our exhibitors and their continued effort to rise and meet the challenges of the growing demand for the compelling experience found in video gaming," declared EMA President and CEO Bo Andersen. "EMA is pleased to offer a platform for strategic planning and growth for this dynamic segment of the entertainment industry."

Apple iPad, "Ink," and Netflix Receive Awards for Outstanding Achievement in Digital Entertainment

The Apple iPad, the motion picture "Ink," and Netflix have been recognized by EMA with "Digi" Awards for outstanding achievement in digital entertainment innovation, content, and retailing, respectively.

Apple Computer won the Innovation "Digi" Award for the iPad. The Innovation "Digi" Award recognizes the company that, through innovation, has most impacted the growth of Internet-based digital delivery of audiovisual works over the past year.

The Digital Retailer "Digi" Award was presented to Netflix. This award recognizes outstanding service by a company that sells or rents audiovisual works to the consumer through Internet-based digital delivery (including subscription-

based services).

"Ink" from E1 Entertainment received the Digital Content "Digi" Award, which recognizes the movie, episodic television, or other audiovisual work most uniquely or successfully marketed and sold/rented through Internet-based digital delivery over the past year, or that gave the consumer the best digital experience.

"The impetus for increased growth in digital entertainment will come from outstanding technology, outstanding content, and outstanding retailers," noted EMA President and CEO Bo Andersen. "The recipients of this year's represent the best in class in their respective categories. They are leading the way."



Netflix' Erin Ruane, Vice President, Content Acquisition, (second from right) accepted the Digital Retailer Digi Award for Netflix

Board Meeting Summary

The EMA Board of Directors discussed the following agenda topics and took the indicated actions at its November 12, 2010 meeting, held via conference call:

1. Membership

The Board voted unanimously to accept the five membership applications received between April 1 and September 30, 2010.

2. Government Affairs

The Board discussed the U.S. Supreme Court's oral arguments in the *Schwarzenegger v. EMA* and *Costco v. Omega* cases and the potential impacts of various outcomes in the cases.

3. Strategic Initiatives

The Board reviewed the status of the development and evaluation of benefit denial technology for packaged media and the Association's digital initiatives.

4. Conferences and Events

The Board was briefed on the successful performance of the Association's Independent Product Marketplace, Digital Media Pipeline, GameSupply, and the GamePlan Summit conferences. The Board previewed and discussed the schedule and prospects for Association conferences in 2011.

5. Budget

The Board approved the 2011 budget for the Association, which projects operating revenues of \$1.9 million, expenses of \$2.3 million, and an operating deficit of \$382,000.

6. Ratification of Minutes

The Board unanimously ratified the minutes of its July 29, 2010 meeting.



Entertainment Merchants
Association (EMA)

16530 Ventura Blvd, Suite 400
Encino, CA 91436
Phone: 818.385.1500
Fax: 818.385.0567

VISIT US ON THE WEB!
WWW.ENTMERCH.ORG

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Applications Now Being Accepted for 2011 EMA Scholarships

EMA is now accepting applications for its 2011 academic scholarships, which will be awarded to a number of deserving top college-bound students or graduate students within the EMA-member family. Awardees will receive \$1,500 per year, for up to four years if they are entering as a freshman or two years if they are a graduate student.

Since its establishment in 1987, the EMA Scholarship Foundation has provided financial assistance totaling more than \$1,000,000 to over 228 students. The success of the foundation has been made possible through the generosity of EMA member companies that have contributed to it.

EMA's Scholarship competition is open each year to high-school seniors who will be entering college as freshmen in the following year, undergraduates currently attending a four-year college institution, and – for the first time this year – graduate students. Employees, children, and spouses of EMA regular and associate member companies' worldwide are eligible for EMA Scholarships. Employee applicants for next year must complete at least six months of full or part-time employment by March 11, 2011. A child or spouse of an employee is also eligible if the employee has completed at least six months of full-time employment by March 11, 2011. Scholarships are limited to colleges and universities in the United States and Canada.

The recipients of scholarships in 2010, and the member companies with which they are associated, were:

Jeanine Cerney (Giant Eagle)	Sarah Lewis (GameStop)
Michael Hung (GameStop)	Jonathan Weatherbie (GameStop)
Ben Lahue (Target)	

GameSupply
February 2, Burbank CA
(www.GameSupplyAcademy.com)

Independent Product Market
June 28-29, Santa Monica CA

2011 EMA Conferences and Events

GamePlan Summit
September 13-15, Chicago, IL
(www.GamePlanSummit.com)

Digital Media Pipeline
September 20, Los Angeles, CA
(www.DigitalMediaPipeline.com)