

Review of the European Audiovisual Markets

It is evident that the UK rental market looks to be shrinking as the sell-through market grows. However, the sell-through market is generally not as profitable as the rental business. Distributors have suffered as the prices paid and the units ordered by dealers have fallen consistently. Distributors of feature films on video face problems in this area as films account for a much smaller proportion of the total sell-through market than they do for rentals.

Screen Digest estimates that total distributor revenues from supply of films to rental stores has fallen from around £176 million (US\$288.4 million) in 1989 to £33.5 million (US\$59.2 million) in the same period. *"At the same time revenues from supplying films to the sell-through market have probably increased only marginally from £71.8 million (US\$117.6 million) in 1989 to £73.5 million (US\$130 million) in 1991, while these sales have only generated total net profits for the distributors of around £9.3 million (US\$15.2 million) in 1989 and £9.6 million (US\$15.7 million) in 1991. Thus, while around £21 million (US\$37.1 million) of profits have been lost to video film suppliers in the UK rental market, only £0.3 million (US\$0.53 million) has been gained in the sell-through market".*¹⁸

Table 5.20 Video software spent per head, 1990-1992 (US\$)

Year	Rental	Sell-through	Total
1990	9.95	1.41	11.36
1991	7.20	1.92	9.12
1992	7.47	2.61	10.07

Source: Screen Digest

¹⁸ Source: Screen Digest