

2017

ebay™

**A Guide to
Physical Media**



Welcome to eBay's Guide to Physical Media.

We've taken a deep dive into what's been driving the revival of physical books, DVDs/Blu-ray, CDs, vinyl and video games in the UK over the last year and what the nation is buying.

In 1999 the first item ever sold on eBay.co.uk was a Scorpions CD for £2.89, and since then we have grown to be one of the nation's most vibrant destinations for physical media - 58 physical media items are bought on eBay.co.uk every minute.

We've surveyed Brits, from digital converts and film buffs to vinyl collectors. And delved into the searches of our 23 million monthly customers in the UK, to understand the emotional appeal of owning physical media and why it will be topping our gift list this Christmas.

Rob Hattrell
Vice President, eBay UK

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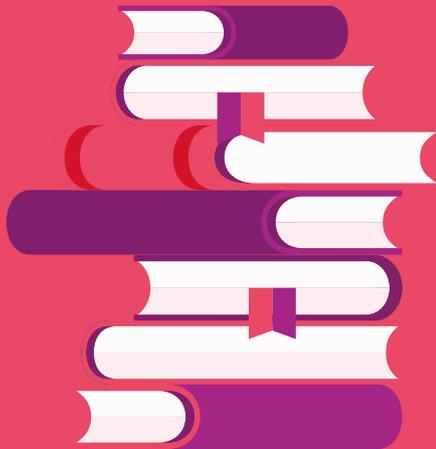
1. Physical Media at a Glance



Sources: eBay.co.uk data pulled July 2016 - July 2017;
ICM Unlimited survey of 2,009 GB adults 18th - 20th August 2017

114,000

shelves would be needed to fit all the physical media Brits have bought in the last year



1/2

over half of Brits have bought a physical media item as a gift in the last year



62%

of book buyers like the sensation of an actual book

65%

of Brits say having their media in a physical format gives them a greater sense of ownership

83%

of 18-24 year olds have bought a physical media item in the last year

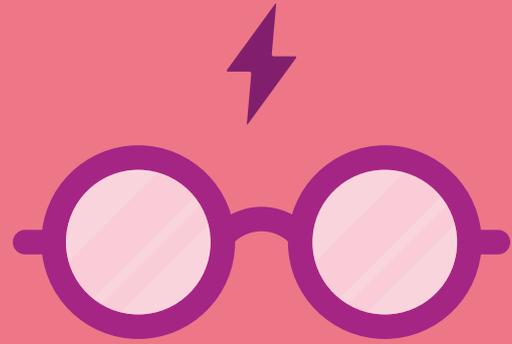
7 in 10

of book collectors have been collecting books for more than ten years



58

books, CDs, vinyl records, DVDs and video games are bought on eBay.co.uk every minute

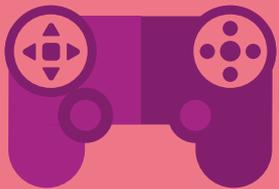


Harry Potter

was the most searched book title in the Books category on eBay.co.uk, with 316,010 searches in the last year

128m

searches across physical media categories on eBay.co.uk last December



David Bowie

was the most searched artist in the Music category on eBay.co.uk, with 188,850 searches in the last year



Fifa '17

was the most searched game in the Video Games category on eBay.co.uk, with 620,945 searches in the last year



Beauty and the Beast

was the most searched film in the DVDs, Film and TV category on eBay.co.uk, with 132,628 searches in the last year

2. Physical Media Buying in the UK

The way we consume entertainment and media has transformed drastically over the last ten years.

Where digital media has given us unparalleled access, ease and convenience to the entertainment we love, physical media has stood steadfast as an emotional anchor to ownership and collecting. Vinyl sales surged by 56%¹ in 2016 and physical books increased by 6%.² As such the physical media market is now worth an estimated £3.8 billion annually to the UK's economy.³

Shoppers show little signs of trading physical for digital media. However, there is an increasing desire for both, which has given rise to a new trend of 'phygital'. Now companies are creating hybrid offerings that deliver on the tactile joys of analogue with convenience and speed of technology.⁴

In August 2017 eBay conducted new research in collaboration with ICM Unlimited amongst 2,000 consumers in the UK to find out how and why they buy physical media. We found that Brits have a healthy appetite for physical media. In fact, in the last year 76% of shoppers – more than 39 million people in the UK⁵ – bought a physical media item. That's enough DVDs to fill 114,000 shelves.

£3.8
billion

value of the market of physical music, TV shows, films, computer games and books

Amongst UK consumers

in the last year...



59%

bought a book



40%

bought a
DVD/Blu-ray



39%

bought a CD



29%

bought a
computer game



12%

bought a vinyl
record

and each month...

63%

read paperback and
hardback books

54%

watch films or TV on
DVD/Blu-ray

60%

listen to music on CDs

31%

play computer games
on disk or cartridge

19%

listen to vinyl records



Source: ICM data

Under 25s Turn to Analogue

Physical media is showing signs of revival amongst 'digital natives' (18-24 year olds). Over the last year, 83% of 18-24 year olds have been feeding their love for entertainment by buying books, CDs, vinyls, DVDs/Blu-ray and video game discs and cartridges. Books are the most popular purchases and young people are buying slightly more than baby boomers (55-64 year olds) and retirees (aged 65 and over).

In the last year, amongst 18-24 year olds:



64%

bought a book



56%

bought a DVD/Blu-ray



51%

bought a computer game



47%

bought a CD



25%

bought a vinyl record

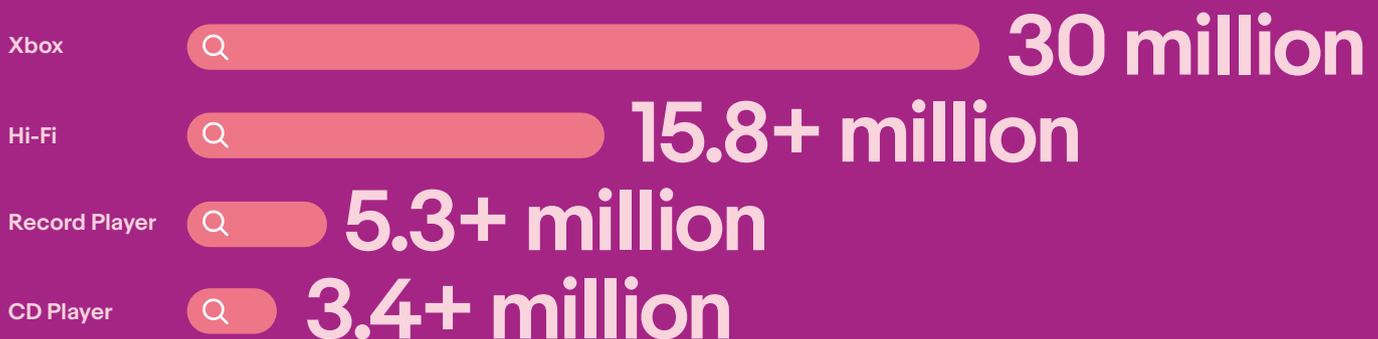


Source: ICM data

Accessories Boom

As the demand for physical media grows, consumers are purchasing the devices to play it on – from record players to games consoles. The majority (88%) currently own at least one device, such as a record or CD player, DVD or Blu-ray player or games console, and eBay data shows we're still keen on them.

Searches on eBay.co.uk between July 2016 and July 2017:



3. Emotional Property: Ownable, Tangible, Collectable, Giftable

Our research reveals that the fundamental appeal of physical media is emotional.

We like the way physical media makes us feel. 70% of shoppers simply like the look and feel of physical media items, such as hardback books or vinyl records. Whilst 65% see it as a way to devote time to themselves, 62% use it to disconnect from the online world.



70%

of shoppers like the look and feel of physical media

Ownable: Status, Style and Showing Off

Despite the sharing economy, shoppers want to own the things they love and these items are a reflection of who we are, or who we aspire to be. The rise of the 'shelfie' craze on Instagram, where Brits have taken to showing off their personality and intellect through photos of their book collections, shows physical media still has a role to play in celebrating our personal tastes.

Almost two thirds (65%) of consumers surveyed said having their music, film, books and video games in a physical format gives them a greater sense of ownership than digital loaning. Over half (56%) of book buyers - those who do or would buy books - want to own their books and two out of five (41%) vinyl purchasers are motivated by owning their collection.

The behaviour we've observed on eBay.co.uk demonstrates the demand for ownership:

25%

of people aged 18-24 cited displaying their books as a reason for purchasing

Source: ICM data



9



CDs sold per minute

23



books, comics or magazines sold per minute



9



video games sold per minute

13



DVD or Blu-ray disks sold per minute

4



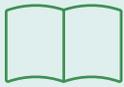
vinyl records sold per minute

Source: eBay.co.uk data

Tangible: A Complete Sensory Experience

Amongst Brits the desire to buy physical media is wrapped up in the sensory magic of material items – the smell of book pages, the feel of a CD. All of these sensory cues contribute to the quality of the entertainment experience and the desire to buy more.

Over a quarter (27%) of CD buyers believe music in a tangible format provides a better-quality experience.



62%

of paperback or hardback book buyers like the sensation of a physical book

31%

of book buyers like the look and feel of a book cover



1/3

over a third (35%) of vinyl purchasers like the look and feel of vinyl records

28%

of vinyl buyers like the artwork



1/4

over a quarter (26%) of DVD buyers think physical DVDs give a better-quality experience than streaming

15%

of DVDs buyers enjoy the look and feel of them

Collectable: Satisfying the Nation's Passions

Collecting is one trend that doesn't seem to be dying out, even amongst millennials. The average Brit owns over 80 books, that's 4.5 billion books in total - enough to go around the world nearly three times, stacked horizontally.

In fact, seven out of ten book collectors have been collecting books for over ten years.

27% more than a quarter of people boast having more than 100 books

71% of book collectors have been collecting for more than ten years



30% almost a third of people own more than 100 CDs



65% of those who collect vinyl say they have been collecting for more than ten years



28% of consumers own more than ten video games



52% of DVD/Blu-ray collectors have been collecting for more than ten years



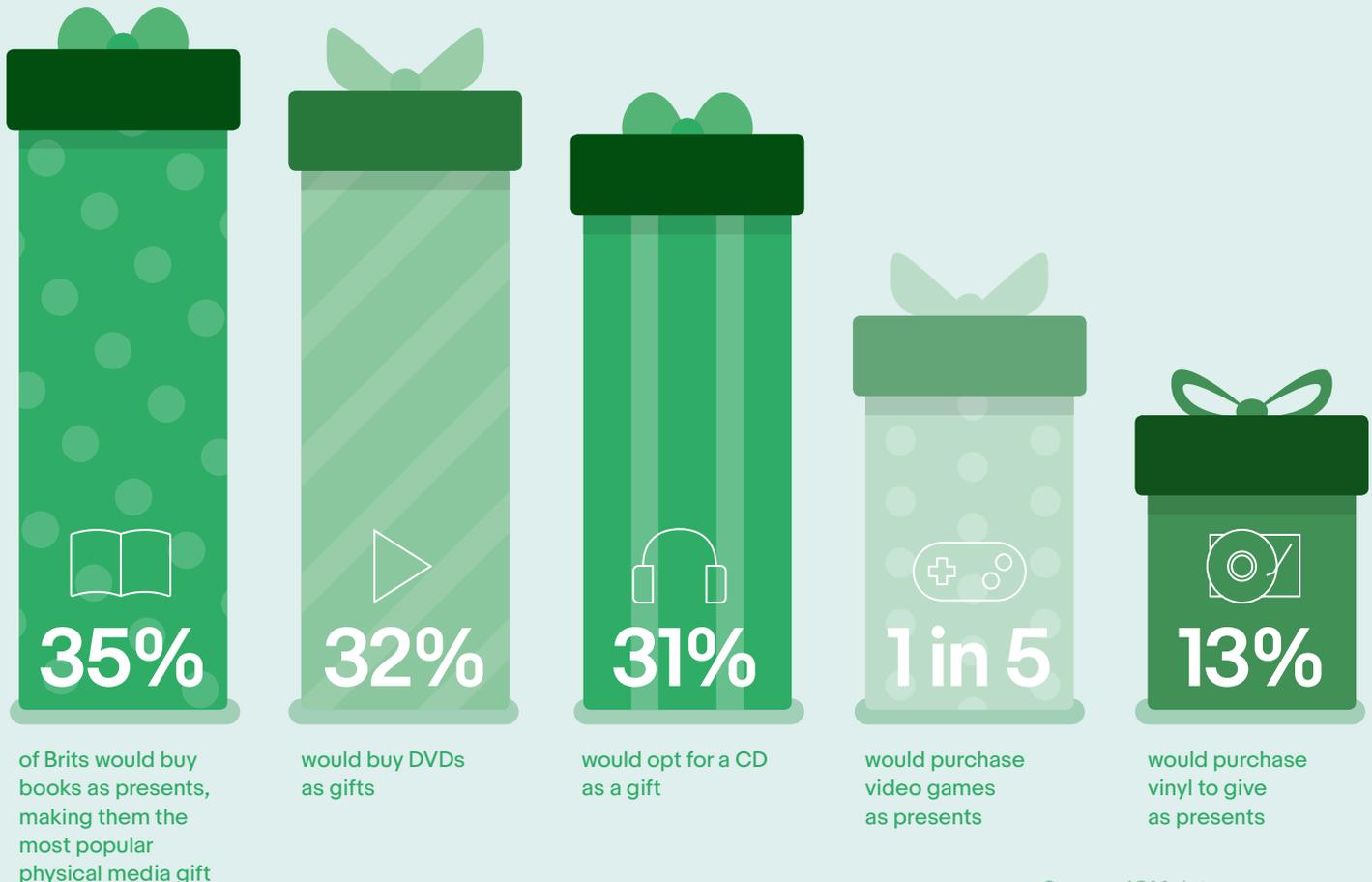
Giftable: The Emotional Transaction of Giving and Receiving

For centuries Brits have been giving books as gifts. In fact, publishers pioneered giving mass-produced goods as presents back in the 1820s when they invented an entire genre – “gift books” – for the purpose of present giving. Since then, not much has changed.

When it comes to gifting, physical media is the UK’s format of choice, and more than half (54%) of us in the UK have bought a book, DVD, CD, vinyl record or video game as a gift for someone else in the last year. Two out of five (40%) video game purchasers say they buy video games to give as a Christmas gift.

Sales of vinyl hit £2.4 million to overtake digital downloads in the first week of December last year. This was the first time more vinyl than digital music was sold in the UK since the low point for vinyl records in 2006.⁶

The Gift of Entertainment

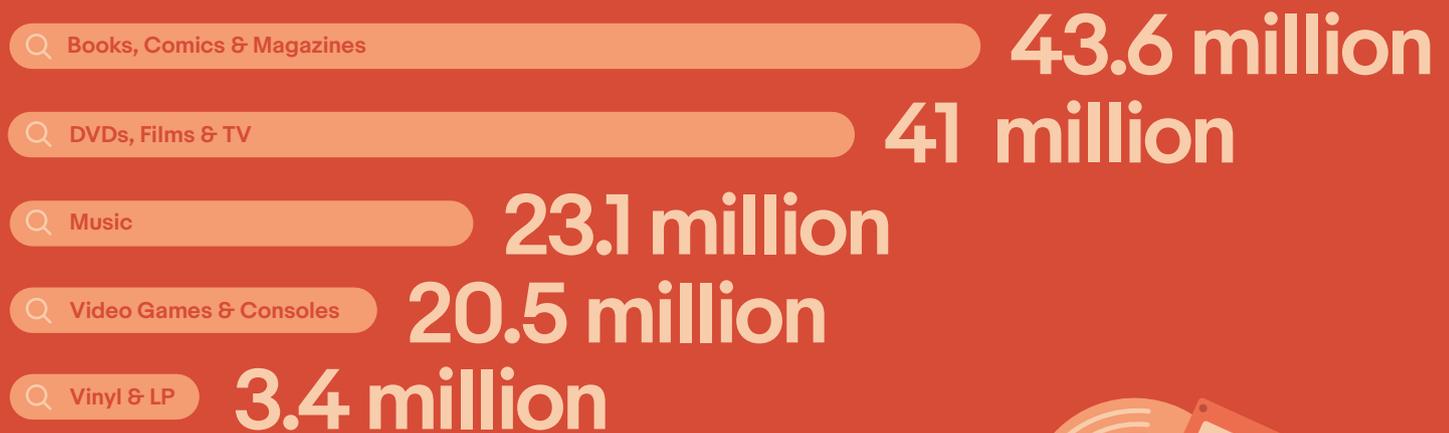


Source: ICM data

4. Christmas: The Great British Stocking Fillers

The emotional cache of physical media makes it the ultimate thoughtful gift for our loved ones. That's why searches for books, CDs, DVDs, vinyl and video games skyrocket in December.

Searches on eBay.co.uk in December 2016:



On the first Sunday of December consumers began shopping for physical media Christmas presents, making over 2.8 million searches across the physical media categories (Books; Music; DVDs, Films & TV; and Video Games & Video Game Consoles) on eBay.co.uk.

2.8 million

searches in physical media categories
on 4th December 2016 on eBay.co.uk

Source: eBay.co.uk data



Unwrapping Christmas 2017

Christmas is a time physical media fans enjoy the familiar comfort of well-loved classics and the excitement of new releases. In December 2016, on eBay.co.uk, 'Only Fools and Horses' DVDs and Charles Dickens' timeless 'A Christmas Carol' ranked amongst the top searches in their categories, alongside smash TV series 'The Walking Dead' and YouTube sensation Zoella's book 'Girl Online'.

By analysing what's been trending amongst our UK users in summer (June, July and August) this year, we've predicted what physical media items might end up under the nation's Christmas trees on the 25th December.

What's Filling Our Christmas Carts



Fantasy phenomenon **HBO's 'Game of Thrones'** remains hugely popular with Brits and is sure to be featuring on our Christmas lists. Family-friendly Disney releases such as **'Beauty and the Beast'** and **'Moana'** also rank highly in gifting choices.



Vinyl is still in hot demand, especially for the classics. **The Beatles, David Bowie** and **Pink Floyd** have proven to be the biggest artists on eBay.co.uk in recent months and are set to be a popular gift for the discerning music fan.



Dystopian fiction looks set to dominate book buying this festive season. **Margaret Atwood's 'The Handmaid's Tale'** ranked as the third most popular fiction book on eBay.co.uk over the summer, while classics of the dystopian genre, **George Orwell's 1984** and **William Golding's Lord of the Flies** were also sought after.



Newly released video games are always a firm favourite around Christmas time. However, eBay data shows that familiar franchises such as **Crash Bandicoot, Fifa** and **GTA** were highly coveted in the summer months and will be a powerful draw this gifting season.



Source: eBay.co.uk data

5. Books:

Bounds of Paper and Ink

The UK has a special attachment to the bounds of paper and ink. It seems we still want to own real books. Despite the penetration of e-books, which many believed would impact sales of traditional formats, Mintel research predicts that sales of physical books are forecast to rise by 6% this year to £1.7 billion, while sales of e-books are predicted to fall by 1% to £337 million in 2017.⁷

This also reflects what we are seeing on eBay.

£1.7
billion

sales of physical books
forecast for this year

Best Selling Authors

Searches on eBay.co.uk between January and July this year reveal 35.7 million searches in the Collections & Lots category by people looking to buy in bulk for re-selling, as well as nearly 8 million searches in the Antiquarian & Collectable category by people looking for unique finds.



Top searches between July 2016 and July 2017 on eBay.co.uk in the Books category:



“Roald Dahl” was the most searched author, with 82,073 searches



Harry Potter, the most searched book title, inspired new generations of readers, with 316,010 searches



Adult colouring books were in the top five searched items, with 90,396 searches



Horror and fantasy authors Stephen King and Terry Pratchett ranked as the 4th and 5th most searched authors



Why Spines Over Screens?

Despite the convenience of digital, 73% of shoppers still have a preference for reading physical books over e-readers, tablets, phones and computers (17%). Even amongst people who haven't bought a book in the last year, over half (57%) still prefer physical books.

70%

of so-called 'digital natives' aged 18-24 would choose a physical book

There are many reasons for shoppers choosing to buy a physical book, but we identified some common motivations, with bargain hunting and eagerness to turn the pages on new releases topping the list.



47%

of book purchasers like to buy second hand items to take advantage of lower costs

21%

of shoppers like to get their hands on new releases as soon as they come out

18%

of 18-24 year olds buy based on what their friends have and what is trending, and 24% look for vintage items

1 in 10

(13%) of book purchasers seek rare items that are collectable

59%

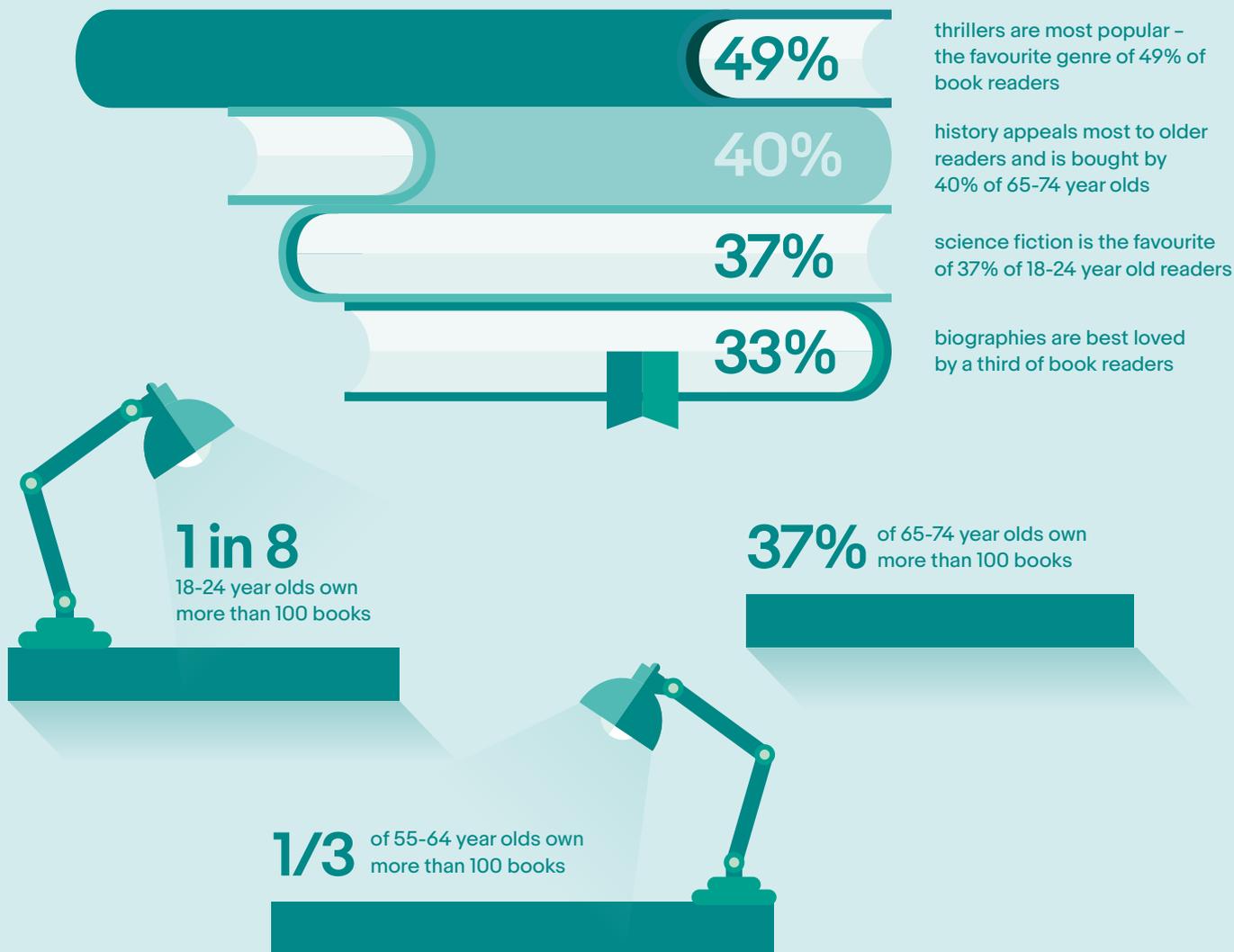
of book purchasers aged 75 and over like to buy second hand books that are cheaper than new



Genres

One of the joys of a physical book is the opportunity to re-read and enjoy favourites, as well as collect the books we love.

A new release from a high-profile author often sparks interest amongst a new generation. When Philip Pullman announced the release date for 'The Book of Dust' there was a 300% rise in searches overnight for 'Northern Lights' and 'His Dark Materials' on eBay.co.uk.



6. Music:

Traditional Formats Singing to a New Tune

Physical music formats are having a revival in the UK. Vinyl has re-emerged as a firm favourite across the generations, driven by DJ culture, record collecting and the increasing number of music labels releasing limited edition vinyl versions of new releases.

The highest-selling vinyl records of 2016 ranged from classics by David Bowie and Prince ranked alongside Radiohead's new release, 'A Moon Shaped Pool', Amy Winehouse and the soundtrack to Marvel's 'Guardians of the Galaxy'. Even Beyoncé's surprise album, Lemonade, which was exclusively launched on streaming service Tidal, was also released on vinyl.

38%

of vinyl buyers aged 18-24 buy records
at least once a month

Our research shows shoppers are actively seeking out physical music. On eBay.co.uk, there were nearly 70 million searches in the CDs category between January and July this year:



Between July 2016 and July 2017, the most searched artists in the Music category on eBay.co.uk were:



Source: eBay.co.uk data

What is Driving the Revival?

The more digitised our existence becomes, the more shoppers are craving an experience that lets them switch off from daily notifications. More music connoisseurs want to own music in both physical and digital formats, but 'digital natives' are enjoying a break from the norm.

The consumers we spoke to told us that CDs are still their favourite way to listen to music. This preference increases with age, but it's not just the older generation that prefer their music on CD. Over a third of CD buyers aged 18-24 buy a CD at least once a month.

38%

of CD buyers aged 18-24 purchase CDs at least once a month

41%

of 65-74 year olds prefer to listen to music on CDs

37%

over a third of men own more than 100 CDs, compared to 23% of women

The music loving population is as diverse and vibrant as music itself and how they choose to listen to and purchase it.



34%

of 18-24 year old CD buyers like to buy new releases



29%

of CD buyers buy second hand items that are cheaper than new



23%

of vinyl buyers like to buy items that are great as gifts



42%

of vinyl buyers like to buy vintage items that have a history behind them

Vinyl Resurgence

Vinyl is experiencing a renaissance in the UK, as shoppers have a new found appreciation for the music format. Our research shows vinyl collecting is picking up pace led by fans of rock music.

21%

more than a fifth of people own more than 50 vinyl records

3 in 10

of all vinyl buyers would spend more than £16 on vinyl on a single occasion

13%

of people own more than 100 records

38%

of 18-24 year old vinyl buyers purchase vinyl at least once a month



1/3

of vinyl purchasers like to buy rare and collectable records

2 in 5

42% of vinyl purchasers opt for vintage records that have a history

48%

of vinyl purchasers are rock fans

7. Views from eBay Sellers

“The physical media market is still a very big market. Vinyl is up 35% YoY, and in music physical purchases are outperforming digital purchases YoY. The relationship between Box Office performance at the cinema and DVD sales remains in line with last year. Streaming services don’t offer everything, there are plenty of gaps in their catalogues. Physical media still offers the broadest possible catalogue of products.”

Matt Carter, General Manager, Entertainment Alliance

“Digital media development typically ends up growing the total market rather than merely replacing the physical counterpart. This has been true for books, as well as music and films. The purely digital version of a work can be easier to consume and especially sample, which then drives interest and sometimes leads to purchase of the physical media. Physical and digital media play different roles and people often want to own a tangible version of something they treasure. In particular, physical books and media make much better and meaningful gifts than their digital counterparts.”

Graham Bell, Chief Financial Officer, World of Books

8. Gaming:

Physical is the Name of the Game

Almost half of the population in the UK plays video games.⁸ Despite the rise of downloads and smartphone gaming, the market for physical games continues to thrive and is valued at £776m in the UK.⁹

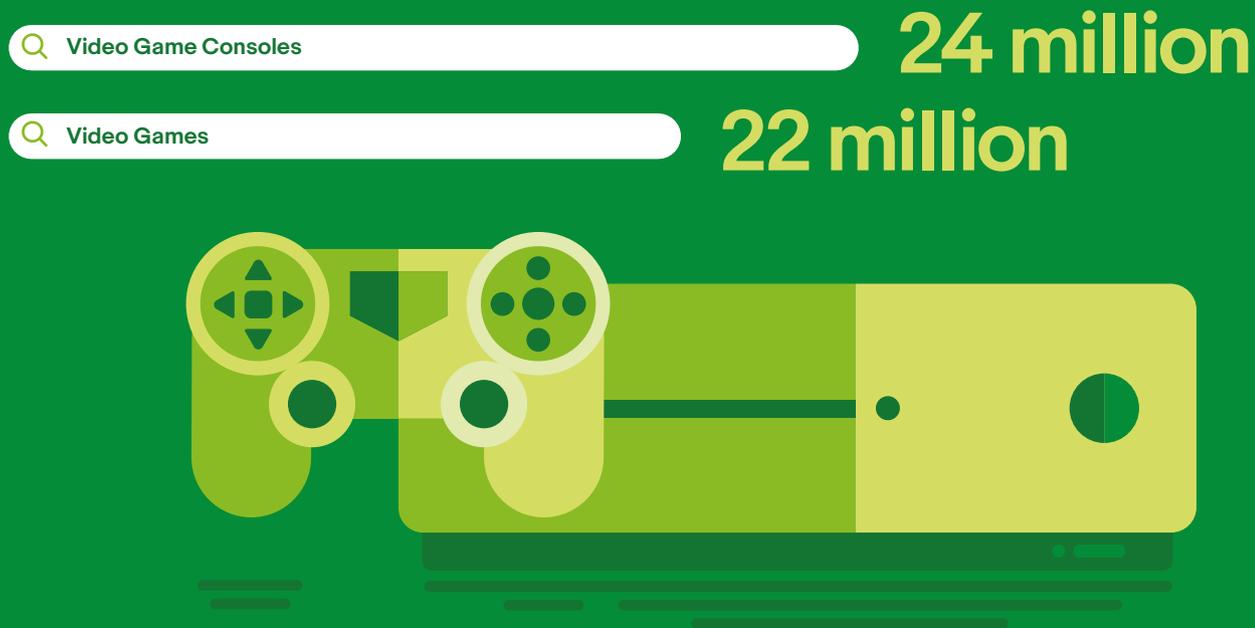
£776m

the value of the physical games market
in the UK

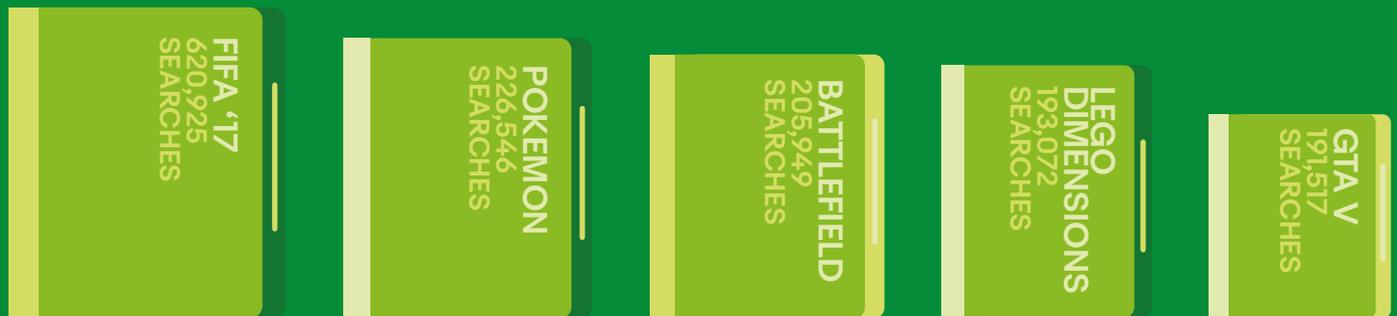


Today's gamers are a vibrant mix who enjoy different platforms and genres - and nearly half of them are women.⁹ A quarter of people prefer playing games in physical formats and the average Brit owns 18 physical video games.

Searches on eBay.co.uk, between January and July 2017:



Most searched games in the Video Games & Consoles category on eBay.co.uk, between July 2016 and July 2017:



Source: eBay.co.uk data

There are a variety of reasons gaming fans favour physical video games, but the desire for ownership and enjoying the look and feel of them is the strongest. New releases are fuelling interest in classic video games. On eBay.co.uk, there was a 76% increase in searches for Nintendo's 'Mario Kart' overnight when Nintendo Switch was released on 3rd March (2017).



The nation has an eclectic taste when it comes to game genres. It's not all about the high-octane games either. Puzzle games have emerged as the nation's favourite. The most popular genres amongst UK gamers include:

39%
puzzle games

29%
arcade/simulator games

26%
driving games

26%
platform games



9. DVDs & Blu-rays: From Convenience Viewing to a Community of Connoisseurs

In an age of Brits binging on the latest blockbusters and TV box sets, shoppers still want to own, curate and display their DVD and Blu-ray collections. Total revenue from physical and digital sales of video content grew to £2.25 billion last year.¹¹

When we look at shopper behaviour on eBay, we can see that interest in DVDs and Blu-rays is exceptionally high, and that shoppers are buying a wide range of genres.

On eBay.co.uk there were 37 million searches in the Film category between January and July 2017, highlighting a community of connoisseurs in the market for classic films in their original format.

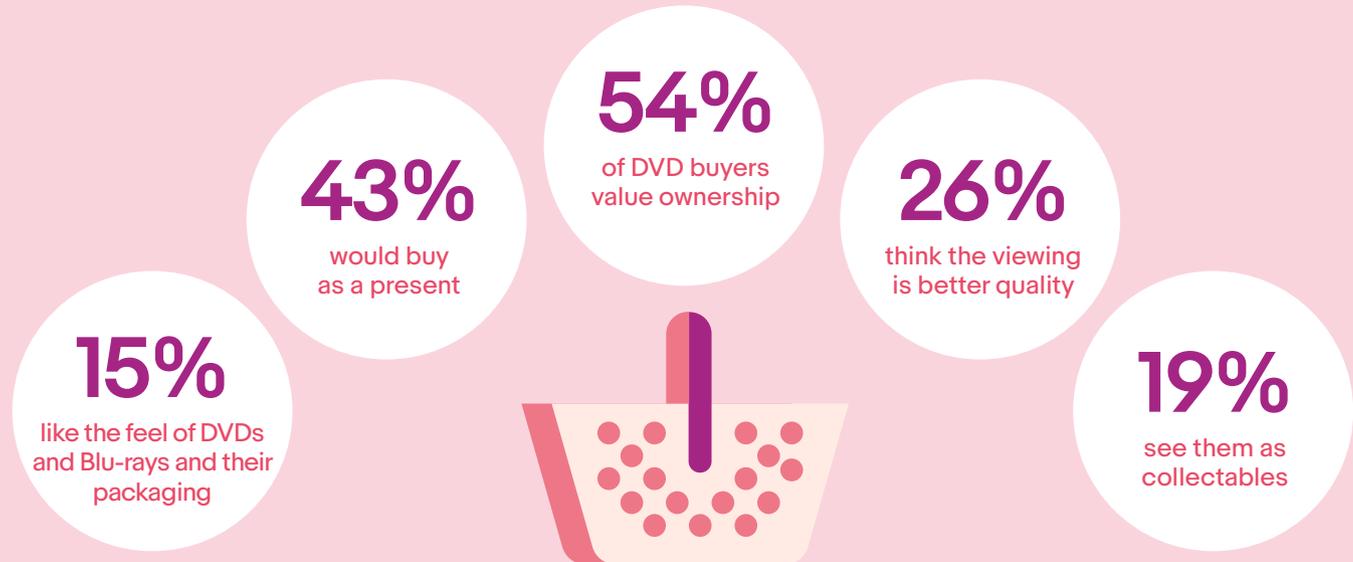
£2.25
billion

total revenue from physical and digital sales of video content last year

What's Driving Regular Purchases?

Shoppers are motivated by the value they place in owning their DVD and Blu-ray collections and believe that they offer a better viewing experience. High-end, collectable DVD products are in high demand. Steelbooks – limited run, specially packaged Blu-rays – were the tenth most searched for item across the DVD, Film & TV category on eBay.co.uk between July 2016 and July 2017. '4K Blu-rays' came in at number 11 over the same timeframe, driven by consumers seeking a premium, ultra HD viewing experience.

The reasons shoppers opt for DVDs and Blu-rays:



Brits love a wide range of film and TV shows, but drama and thrillers are the most popular genres amongst viewers.

Drama

is the most popular genre (52%)

Thrillers

are the nation's second favourite (49%)



Action

comes in third place (39%)

25-34

year olds are biggest fans of comedy (62%)

Source: ICM data

Research Methodology

On 18th-20th August 2017 ICM Unlimited interviewed a representative sample of 2,009 GB adults aged 18+ online, including 176 18-24 years olds, 263 65-74 years olds, 897 men, 1112 women, 1826 readers, 1895 music listeners, 1870 who watch movies at home, 951 video games players. Figures have been weighted to be representative of adults in the UK. ICM is a member of the British Polling Council and abides by its rules. 'Buyers' throughout the report refers to all consumers who say they do or would buy each of the product types, and there are the following numbers in each group - 1575 book buyers or potential buyers, 1302 CD buyers or potential buyers, 652 vinyl buyers or potential buyers, 1286 DVD/Blu-ray buyers or potential buyers, 1286 video game buyers or potential buyers.

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Explore eBay's vibrant selection of books, music,
film, TV and games on The Entertainment Shop:
www.ebay.co.uk/entertainmentshop

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