

AUSTRALIAN FEDERATION AGAINST COPYRIGHT THEFT

The newly formed body AFACT, established in January 2004 replaces the older organisation headed up by Steve Howes, Australian Film and Video Security Office.

AFACT intends to work more closely with industry, Government and law enforcement agencies covering three main areas, Investigation, Education and Litigation.

AFACT sees the principal's threats in 2004 as:

Current and medium term:

- Local DVD burning operations
- Distribution thru markets and local networks
- Organised importation on Pirated DVD discs
- Parallel Importation

Longer term:

- Internet piracy increasing

What can individuals do to help?

- Be aware of suspicious behaviour in your neighbourhood or shop.
- Report suspected movie piracy activity to AFACT info@afact.com.au
- Store owners should get to know the local police
- Use the AFACT hotline to report matters 1800 251 996

AUSTRALIAN DVD AND VIDEO INDUSTRY AWARDS

It has finally arrived for the first time after many years of discussion about the pros and cons of joining forces in a one awards night for the Video industry, the Australian Video Retailers Association (AVRA) and the Australian Video Software Distributors Association (AVSDA) have announced the 29th October 2004 as the date of the new joint awards, The Australian DVD and Video Industry Awards.

The awards will recognise retailers and distributors who achieved excellence and set the highest professional benchmarks within the video industry. Store entry forms were included in the last AVRA newsletter, so do not delay, get your entry in before the closing date of 20th August 2004. Winners will be judged using a mystery shopper program with all entries (stores) visited twice during the month of September. The scoring / assessment sheets will be available to all stores after the awards to allow store owners the opportunity to assess their stores performance.

Remember you must be in it to win it.

AVRA WEB SITE

www.avra.com.au

If you have not logged on and checked it out you are doing yourself disfavoured. The newly launched AVRA web site has it all. Catch all the latest media releases and plenty of reading with all the back issues of the AVRA newsletter posted there.

HARD COATED DVD LOGO

Independent distributors following on from their move to hard coated DVD discs have now banded together and produced a DVD logo for hard coated discs. Lyn Shannon from Peacock Films advised the Association that all independent distributors who are releasing their rental product on Hard Coated DVD will have the logo on the artwork of the discs, which will help store owners identify the hard coated disc when assessing disc cleaning and complaints about scratching.

Look for this logo:



Queensland Video Industry 10th Annual Golf Day 2004

Gainsborough Greens Golf Club
Yawalpa Road, PIMPAMA

(Off M1 Motorway between Brisbane and Gold Coast)
WEDNESDAY 1st SEPTEMBER, 2004

VIDEO INDUSTRY CUP

4 Ball Ambrose

(Non AGU handicap players maximum handicaps 18 males 27 females)
COST: Total \$75 per person includes Golf, Motorised Cart, Lunch Pack, after match refreshments, sausage sizzle and prize presentation.
TIME: 11.00am - 11.30am registration for a 12 noon sharp Shot Gun Start

All proceeds to THE STARLIGHT FOUNDATION

For Individual or Team Entry Forms please email
bribieisland.qld@videoezy.com.au

or phone Jeff Menck 04177 29 261 or Tim Standing (07) 3808 4868

OUR MISSION

To develop, promote and represent the video industry. To provide effective service, support and direction for our members.

Australian DVD and Video Industry Awards

*Proudly Sponsored by
AAV Regency*

Friday 29th October 2004
Star City Ballroom Pyrmont Sydney

Event Sponsor
AAV Regency

Gold Sponsor
Gfk Marketing Services Australia

Silver Sponsor
ONE-Time Security System
Whats Hot on Video Magazine
Red Tag Security
T M Design Ltd

Bronze Sponsor
Peacock Films
Imagine Entertainment
APRA
Rocket Video Software
All Interactive Distribution
D E J Productions
The AV Channel
Swaine and Associates Pty Limited
Gadens Lawyers

Supporter
RevComm Australia

Tickets Sales: Contact AVRA
Ross Walden 02 9960 0046



AVRA Ltd.

Ross Walden, Executive Director

Level 1, 3 Brady Street

Mosman 2088 NSW

Postal: PO Box 420

Spit Junction 2088 NSW

Tel: (02) 9960 0046 Fax: (02) 9960 0041

Web: www.avra.com.au

Email: info@avra.com.au

ABN: 79 054 038 881

AVRA v FOXTEL

David takes on Goliath – Again!!!

As you know, FOXTEL was not happy about AVRA's Pro-Rental campaign and filed Federal Court proceedings complaining that the campaign is misleading. AVRA has now hit back with its own claims about FOXTEL's advertising.

AVRA's aim was to inform consumers of some of the aspects of FOXTEL's Digital product which FOXTEL itself has not highlighted – such as the fact that FOXTEL Box Office is a pay-per-view service with limitations on viewing times and frequency, the windows between video release and pay TV broadcast, and the fact that many movies available in video stores, including blockbusters, will not be shown on FBO at all.

AVRA was happy to fight the issues out in the court of consumer opinion, but FOXTEL would rather argue the issues in the Federal Court. So be it, AVRA has no choice but to go along with that and, while we're at it, has raised some concerns about FOXTEL's own advertising.

Accordingly, AVRA has lodged a cross claim against FOXTEL, alleging that certain aspects of FOXTEL's advertising of

its digital product, including TV and print advertisements and its website content, are misleading or deceptive.

AVRA's concerns relate to the same issues it was attempting to highlight in the Pro Rental campaign – windows, availability of movies, viewing times and frequency, and the price of FBO.

As far as AVRA is concerned, it was FOXTEL who decided to promote FBO as a direct competitor of video rental. That is fine, but if you're going to advertise by comparison, you have to provide the consumer with all relevant information. That, AVRA says, FOXTEL has not done. In fact it has hidden some of the most important information.

The fact is, a pay-per-view channel where you have to pay \$5.95 per movie (unless you take up the \$2,000-plus Platinum Package which gives you two free movies per month), view the movie at only fixed times, have no ability to stop, pause or rewind, and only have a limited range of choices, is not really a competitor to the thousands of movies available for rental at your leisure in a video store.

The Federal Court is likely to deal with the case in September.

AVRA BOARD CONDUCTS INDIVIDUAL INTERVIEWS WITH MANAGING DIRECTORS OF SIX MAJOR DISTRIBUTORS.

In what has become an annual event, the Board of AVRA invited Managing Directors of all major studios to individual interviews with the Board of two days 23rd and 24th June 2004.

The Board believes this type of meeting is very beneficial in helping them understand where the industry maybe heading in the future and also allowed the Board to put forward their thoughts on a range of issues they see affecting the rental channel.

The topics covered included:

- Windows
- Dealer Information kits
- Pro Rental Campaign
- Marketing Support Rental
- Returns policy damaged stock
- Security Cases
- Overseas Trends.

A complete summary comparing the answers of all Managing Directors is included as a double page spread in this newsletter.

SUMMARY OF INTERVIEWS WITH DISTRIBUTOR MANAGING DIRECTORS

Columbia Michele Garra	20th Century Fox Mike Edgson	MGM Don Hunton	Roadshow Chris Chard	Universal Liz Nicholson	Warner Steve Nickerson
Windows: What are your current window policies for Pay TV, Free to air, Pay per View and Retail?					
Rental windowed product 6 months to retail; 9 months Pay TV; 21 months free to Air TV. No involvement pay per view.	Rental windowed product 6 months Pay per View, 12 months Pay TV, 24 months free to Air TV, DTR 3 months Pay per view; 6 months Pay TV; 12 months free to air TV Fox believes windows are under pressure from overseas	Rental and DTR new release product 6 months Pay per View, 12 months Pay TV, 24 months free to Air TV. Retail: 3 months minimum, from the Rental release	Pay per View 6 months; Pay TV 12 months; Free to air TV 24 months; Retail advised title by title	From first release date – 3 months Pay per View; 9 months Pay TV; 21 months free to Air TV <small>Disclaimer – whilst the above details are believed to be correct at date of printing, UPA reserves the right in its discretion to vary without notice any or all of the above details, including proposed release dates, holdback windows or pricing. No representation to the contrary is made or to be implied. Note: AVRA has advised Universal that this disclaimer is strongly opposed and that Universal should sell product to AVRA members under clear terms on a title by title basis</small>	Pay Per View 90 days; Pay TV 9 months; Free to Air 21 months. Some titles may have longer window periods based on specific studio requirements
Dealer information kits: Will you publish all window periods in your Dealer kits?					
Window information is not published in dealer kits due to the everchanging nature of this industry but are available upon request.	Yes, Fox will continue to publish all windows in dealer kits monthly	Yes MGM will continue to publish all windows in dealer kits. Any known amendments/ changes after the dealer kit print date will be advised via AVRA. Cost of Dealer kits under review and may result in a change in current size.	Have published Pay TV, Free to air and Retail to date but should now consider Including Pay per View	No, Universal has not published windows for the last number of years. The windows above apply unless notified on a title by title basis	All window information will be published in dealer kits if available at time of printing. All updated information can be found on www.whvdirect.com
Pro Rental Campaign/Digital Pay TV: What Marketing support can you provide to help the rental channel with its pro rental campaign?					
Columbia would look at support when and if a proposal is put forward.	Fox is dedicated to the rental channel, Fox has reconfigured its manpower to support the Rental channel. Fox would consider any proposal put forward regarding a pro rental message and would be happy to discuss	MGM shows its support for rental with a window product. MGM would consider to include a pro rental message on VHS trailers. MGM would discuss supporting a TV campaign if the product warranted it by likely sales increases, on a title by title basis.	Our campaigns continue to focus on our direct to retail model but we have continued to promote rent or buy where appropriate	Universal would consider any proposal for Pro Rental Campaign that was tabled.	Warner will not provide any marketing / financial support for a campaign against digital TV, as it is against Warner corporate policy.
Rental Packages: Will your company continue to provide large cases for rental VHS?					
Yes. Direct to retail percentage now VHS 60% DVD 40%.	Large boxes for rental windowed product. Small boxes for direct to retail product. Slicks for triple A titles was that a possibility? Fox would consider and advise at a later date.	Large boxes for rental window product Small boxes for direct to retail product. MGM will do costings (on a title by title basis) for providing large sleeves for DTR product. Potential supply will be on a user pay basis.	No we will continue to release in the smaller sell through boxes.	Universal provides large slicks to head offices for Lead Title Direct to Retail product. Universal will evaluate rental boxes for VHS once VHS is extinct from retail outlets and volumes being achieved out of rental make commercial sense.	VHS product for rental purposes will continue to be made available in large boxes.
Marketing Support Rental: Does your company have any marketing strategy to support rental during the Olympic period August/ Sept? Will your company use a tag line "Rent Or Buy it on DVD" (VHS) with all advertising?					
Columbia will continue to use the tag line Rent or Buy on DVD in all print and media advertising.	Fox would consider Tag advertising Rent or Buy It but would need to work thru it, particularly with major titles	In relation to an industry campaign, MGM would be at the table if the industry meets to talk about it. The Rent or Buy positioning will be considered on a title by title basis for DTR products. To date the majority of positioning has been "Out Now", "Available Now" or "In Store Now".	"Academy Awards" promotion features <i>21Grams</i> and <i>House of Sand and Fog</i> ; during the Olympics we have <i>Man from Snowy River 2</i> and <i>The Castle</i> . We also have a high profile Fathers Day campaign "Australian Made DVDs for Australian Made Dads". Leading out of the Olympics we have <i>Fat Pizza Uncensored</i> with a TV advertising campaign Rent or Buy.	Rent or Buy message already included in advertising to consumer. This is not an issue with Universal when specific titles are supported well from the rental channel. Universal in principle would consider any marketing strategy that supports rental as an industry action,	A very heavy schedule of key releases throughout August and early September will be supported with electronic and print campaigns that will be sure to inform the consumer that there is alternative programming to the Olympics available at video rental stores.
Returns Policy damaged stock: What is your returns policy on damaged VHS/ DVD Rental and Retail product?					
Rental VHS Customer damage 28 days DVD manufacturing damage 3 days no customer damage.	Rental and Retail product within 28 days Manufacturing fault – Full Credit. Fox agreed to a three month trial August, Sept, October of the following returns policy: Rental and Retail product within 28 days: Full replacement for faulty VHS and DVD. Faulty product must be returned to Fox, prior to shipping replacement product Freight at customers cost	New Release/DTR product purchased for Rental purposes: 28 days full replacement. VHS and DVD: 28 days applies from date of receipt. Stock deemed wilfully damaged will not be exchanged. There is a no returns policy for Retail product, damaged by the customer.	VHS: 30 days returns policy DVD: rental purposes 3 days manufacturing damage (under review)	Rental product: must notify Universal within 7 days – faulty or damaged in transit. Retail product claims within 4 months of receipt of stock – faulty or damaged in transit. No replacement policy for customer damage	Customer damage not accepted. Manufacturing damage claim within 7 days. Damaged in transit claim within 7 days
Security cases: Do you see any change in your current supplier and if so can rental be consulted?					
No change from Red tag until market changes. Would like to know the percentage of AVRA members that use red tag.	Fox supplies Red tag compatible Amaray boxes Fox is not thinking of changing at this stage.	MGM boxes are Red tag compatible and have no plans to change but the whole issues is just all over the shop which makes all very hard to see a solution that suits all.	No change with present supplier though this is under review. Will consult thru AVSDA if there is to be change but retail security needs are our priority	No change from Red tag until better solution found. Universal would consult with rental before any change.	No current plans to change suppliers. Ongoing conversations with various suppliers with the intention of finding an all channel solution
Overseas trends: What overseas trends do you see effecting the rental channel?					
High Definition (DVD) and Blue Ray (DVD) is coming, Columbia has associated itself with the Blue Ray (DVD) format as the next generation of DVD technology	Theatrical window seems to be shortening probably moving to 3 months. Move simultaneous worldwide release dates to prevent piracy.	In the UK, two tier pricing is with all studios. Studios are trying to re-invent themselves across all the services that are available in particular store loyalty. It appears vending machines are not working overseas.	Online rental and retail growing. Retail prices are declining and windows are shortening	Retailing means diversification of your business, this strategy must be adopted across the entire rental industry.	The transition from VHS to DVD; Electronic distribution; Shortened Theatrical / DVD windows
General Comments					
	Fox strongly values its relationship with all rental industry customers.	MGM has had a good result for its first four months of trading and continues to want to work and communicate with AVRA in driving the rental channel DVD recording. MGM had no macro vision protection believes it goes back to the mastering / authoring stage. Don agreed to look into it and come back to the Association		Hardcoating DVD: Universal is still in talks with Technicolour about the process and costs involved. This process alters the DVD forum specification standard and requires a clear understanding of the best practice approach. Universal very interested in feed back from AVRA on Independent titles using hardcoating on DVDs and feedback on improved robustness. All Universal product is macrovision and copyright protected. Fostel Box Office titles: Universal have been informed by the Fostel Network that Macrovision on Fostel Box Office transmission is in place.	

Note: DTR = Direct to Retail