

# Digital killed the video store

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The livelihood of video stores and online rentals might be numbered, now that the video-download movement is underway. The dawn of convenient video downloads of movie and television shows follows in the steps of audio music and music videos, and more companies are jumping on the bandwagon, trying to tap into a chunk of this growing industry.

A number of companies have already introduced video services or new technologies that support video download.

Already, both MovieLink and CinemaNow rent videos online for Windows applications only, allowing consumers to download movies for 24-hour periods starting anywhere from \$1.99 to \$3.99. Both services also allow some movies to be bought.

Via iTunes and Apple, consumers can download select TV shows from ABC, NBC Universal, USA Network, Disney and the Sci-Fi Channel onto the new video iPod for \$1.99 per episode.

And Google just launched an online Google Video Store that would be an open "marketplace" for all videos. Content sold would include classic cartoons and CBS shows.

Not to be left out, both TiVo and DIRECT TV announced new to-go services that would allow subscribers to transfer recorded shows to a number of portable media players including iPods and P2P players with TiVo To Go and DirecTV 2Go.

"With the advent of downloading videos ... there's no worry about taking back DVDs to stores, no mail, it's instant," cable network Starz' spokesman Tom Southwick told UPI. "It's a much more convenient way to access movies than having to deal with the physical deeds."

Earlier this month Starz Entertainment Group LLC also launched its version of a video download service called Vongo, where subscribers can download or purchase videos and play them back on Windows-based PCs, laptops, portable media devices and TVs.

Unlike the pay-per-view model, subscription is the basis for Starz, which offers more than 1,000 movies as well as live streaming of the Starz TV Channel for \$9.99 a month as well as pay-per-view movies for \$3.99.

In a December 2005 study of 488 Starz subscribers, Starz reported that 70 percent of users admitted they no longer go to the video store while 72 percent said they rent fewer DVDs and 60 percent said they bought fewer DVDs.

With consumer attitudes like these, businesses like Blockbuster that have suffered a number of setbacks within the last year alone are likely to shift their business model from the conventional "video store" concept.

On Tuesday Blockbuster Chief Executive John Antioco told investors the company will try to refocus its clientele less toward retail stores and more toward the online service in 2006.

The push toward online rental comes after the success of online-based service Netflix, which dominated the online rental service gaining 4 million subscribers last year, compared to Blockbuster's only 1 million.

Netflix spokesman Steve Swasey told UPI video-rental stores are in trouble but said both the video-downloading market and technology is

still too young.

"Downloading is more a future vision than a practical reality," said Swasey, acknowledging that the service will be popular in the next five to 10 years. "And as a future vision, Netflix shares that vision. We'll be coming out with downloadable content when the right time comes."

Swasey says the problem with video-download services are their small selection of video content and that most consumers still desire DVDs -- and that the next big thing is high-definition DVDs.

"Downloading is really cool, but most Americans are happy with their DVD player," he said. "People want to watch DVDs in family rooms, not put them onto laptops or handheld devices."

In fact, the company forecasts it will continue its success, estimating 5 million members in 2006 and at least 20 million by 2010 or 2012, Swasey said.

But Jeffrey Cole, director of the Center for the Digital Future, sees the trend taking place much sooner.

The center, part of the University of Southern California's Annenberg School, released last year a study about the impact of the Internet on daily life.

"I'm one of the few people who believe consumers will want to watch longer-form content on smaller screens during downtime, as seen already with people surfing the Web and listening to music," he said.

According to Cole, teens want media that move platform to platform, and they are likely to carry on that habit for the rest of their lives.

But he notes that on the other side of the spectrum, people will watch shows on plasma, high-definition or flat-screen TVs as they become more affordable.

"It's not a good time to be in the video-rental business, but not a bad time to be in online rental, but it's a terrible time to be a station owner," Cole said.

As Cole notes, television stations might be in trouble too, losing audiences to video downloads of prime-time shows.

Despite a future of video downloads, a new wave of piracy might also be underway, according to Matthew Tinkcom.

Tinkcom, a professor with Georgetown's Communication, Culture and Technology program, says video downloads will re-enact many of the same problems the music industry had to cope with when file-sharing became possible.

"The virtues of digital cultural production are, for the manufacturer, also its shortcomings," he said. "Ease of reproduction and fidelity of the copy to the original mean that films can be quickly reproduced and distributed with no necessary attention to questions of intellectual property."

Moreover, Tinkcom sees the current trend as a "cinematic version of Apple's iMusic service, with On Demand services and Pay-Per-View brokering the deal between the viewer and the industry." However, he says the film industry would be better served if it were to find a more "effective interface with consumers such as Web-based forms of publicity."

"The larger problem of global distribution, though, remains, to the degree that these techniques don't address the problem of piracy outside

the U.S.," he said. "This will only become a bigger problem as the studios come to rely on non-U.S. box office receipts for revenue, and I think that they have their work cut out for them in that regard."

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