

Warner Bros. brings film vault into digital age

March 23 2009, By RYAN NAKASHIMA, AP Business Writer

(AP) -- Warner Bros. is reaching into its film vaults so it can sell old movies on made-to-order DVDs, in a move it hopes will goose sales of a vital product in a downturn.

Starting Monday, the studio will sell copies of 150 films from the silent era to the 1980s Brat Pack that have never been released on <u>DVD</u>. Internet downloads of the movies will cost \$14.95, while DVDs sent in the mail are \$19.95. Both can be ordered at http://www.warnerarchive.com.

The initiative, which Warner claims is the first of its kind for a major studio, is an effort by the Time Warner Inc. subsidiary to combat what could be a fundamental decline in demand for DVD purchases - a falloff that can be blamed on market saturation as much as the recession.

Walt Disney Co. CEO Bob Iger warned of this shift last month when he noted that most U.S. households own 80 DVDs already, leading people to become "more selective" about what discs they buy.

U.S. DVD spending fell 7 percent last year, to \$21.6 billion, according to The <u>Digital Entertainment Group</u>, an industry consortium. While high-definition Blu-ray disc spending nearly tripled, it represented a small slice of the market, at \$750 million.

Now retailers are cutting back shelf space for DVDs. And digital downloads have come nowhere near to making up the difference, said



Tom Adams, president of Adams Media Research, who doesn't predict overall growth in home video until 2010.

Home video revenues are a key profit driver for the studios - in some cases, accounting for 60 percent more money than what a studio collects at the box office. So the recent decline has forced studios to do everything from lay off staff to pare back movie making.

Warner's decision to open up its vault "sounds like it's a risk-free way for them to generate a little money on some very old content," Adams said. By making the DVDs only when the movies are ordered by a customer, Warner doesn't have to worry about filling up a warehouse with inventory that struggles to sell.

Many of the titles Warner is releasing in the new venture have made the rounds on another Time Warner subsidiary, the Turner Classic Movies cable channel, and on VHS. But the studio will keep mining a 6,800-feature film library, amassed when Ted Turner bought Metro-Goldwyn-Mayer's archive in 1986, which in turn was bought by Time Warner a decade later.

Twenty more films or TV shows will be added to the program of rereleases each month, with 300 expected by year's end. To put it in perspective, the studio has released only about 1,100 movies on DVD since the technology was spawned 12 years ago.

"There are still thousands of movies that we own that consumers haven't been able to get," said George Feltenstein, senior vice president of theatrical catalog marketing for Warner Home Video. "I expect that we'll be selling thousands of copies of every title over a period of time, and making a lot of people really happy."

Titles include "The Mating Game" (1959), starring Debbie Reynolds,



and a string of Cary Grant flicks from "Mr. Lucky" (1943) to "Once Upon a Honeymoon" (1942). There's also "Wisdom," a modern-day Robin Hood tale from 1986 starring Emilio Estevez and Demi Moore.

Reynolds noted that in the past, the only way to watch some old films was to have a projector at home and obtain a bootleg copy. She said fans have been asking her to get some of her films on DVD, like "The Daughter of Rosie O'Grady" (1950), which is expected in a later batch of releases.

"I was a girl that was raised with radio and I had to go to the theater to see movies," said Reynolds, 76, during an interview in a screening room on the Warner lot. "Now you get to see everything at home on a DVD. It just seems like a miracle that it can be done this way."

Robert Crawford, a 53-year-old auto worker in Saginaw, Mich., expects to use the new Warner program to add to his 5,000-disc collection, a mix of Blu-ray discs and DVDs.

He bubbled at hearing of upcoming releases such as "Beast of the City" (1932) starring Walter Huston and Jean Harlow, or "Rasputin and the Empress" (1932), which features three Barrymore siblings, including modern "Charlie's Angels" actress Drew Barrymore's grandfather, John.

"Some of these films I've been waiting on for years," said Crawford.

"Let's face it, Best Buy doesn't carry every title, neither does Wal-Mart.

They don't have the shelf room."

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Citation: Warner Bros. brings film vault into digital age (2009, March 23) retrieved 11 May 2024 from https://phys.org/news/2009-03-warner-bros-vault-digital-age.html

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