

Netflix shares soar on Blockbuster bankruptcy reports

September 22 2010



Shares in US video rental company Netflix soared on Wall Street on Wednesday on reports that rival Blockbuster was on the brink of declaring bankruptcy.

Shares in US video rental company Netflix soared on Wall Street on Wednesday on reports that rival Blockbuster was on the brink of declaring bankruptcy.

Netflix shares gained 6.61 percent to close at 156.93 dollars. [Blockbuster](#) shares have been delisted and are nearly worthless.

[Netflix](#), which streams movies to subscribers over the Internet or delivers DVDs by mail, has flourished -- expanding to Canada on Wednesday, its first venture outside the United States -- as Blockbuster has struggled.

The Wall Street Journal reported Wednesday that Blockbuster's long-awaited bankruptcy filing was imminent.

Blockbuster, whose debt totals more than 900 million dollars, could file for bankruptcy protection in the next few days, the newspaper said.

Under the bankruptcy plan, Blockbuster would drastically reduce its number of brick-and-mortar stores and focus more on digital distribution -- the strategy aggressively and successfully pursued by Netflix.

Blockbuster has already unveiled plans to close nearly 1,000 stores and between 500 and 800 additional stores would close under Blockbuster's current [bankruptcy](#) plan, the Journal said.

Netflix, which claims more than 15 million members, introduced a service in Canada on Wednesday that allows subscribers to watch unlimited movies and TV episodes streamed from Netflix to TVs and computers for 7.99 dollars a month.

"Convenience, selection and value are at the heart of the Netflix service, and it is our hope that this resonates with Canadians," Netflix co-founder and chief executive Reed Hastings said in a statement.

(c) 2010 AFP

Citation: Netflix shares soar on Blockbuster bankruptcy reports (2010, September 22) retrieved 9 April 2024 from <https://phys.org/news/2010-09-netflix-soar-blockbuster-bankruptcy.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--