

300 Blockbuster video stores to close in US

November 6 2013, by Michael Liedtke



This March 17, 2010, file photo, shows a closing Blockbuster stores in Racine, Wis. Dish Network announced Wednesday, Nov. 6, 2013, it will close the remaining 300 Blockbuster locations scattered across the United States. Dish Network expects the stores to be closed by early January. Dish Network says about 2,800 people will lose their jobs. (AP Photo/Journal Times, Scott Anderson, File)

The final curtain is falling on about 300 Blockbuster locations scattered around the United States, meaning the once dominant video-rental store chain will have just 50 franchised stores remaining open in the U.S.

The remaining Blockbuster video-rental stores that Dish Network Corp. runs in the U.S. will be closed by early January. As part of Dish Network's retreat, Blockbuster's DVD-by-mail service is also shutting down next month.

The cost-cutting measures culminate a Blockbuster downfall that began a decade ago with the rise of Netflix's DVD-by-mail service, followed by the introduction of a subscription service that streams video over high-speed Internet connections.

The chain's near extinction serves as another stark reminder of how quickly technology can reshape industries. Just a decade ago, Blockbuster reigned as one of America's most ubiquitous retailers with 9,100 stores in the U.S.

Blockbuster also operates in other countries like the United Kingdom, Australia, Brazil and Mexico.

About 2,800 people who work in Blockbuster's stores and DVD distribution centers will lose their jobs, according to Dish Network.

"This is not an easy decision, yet consumer demand is clearly moving to digital distribution of video entertainment," Dish Network CEO Joseph Clayton said in a statement Wednesday.

The shift has been a boon for Netflix Inc., which now boasts 31 million subscribers to its Internet video service and another 7.1 million DVD-by-mail customers. The company's success has minted Netflix with a market value of \$20 billion.

But Blockbuster absorbed huge losses. It closed thousands of its stores before landing in bankruptcy court three years ago. Dish Network bought Blockbuster's remnants for about \$234 million in 2011 and then

tried to mount a challenge to Netflix.

But the Colorado satellite-TV provider couldn't wring a profit from Blockbuster either, prompting even more store closures.

Dish Network is trying to keep the Blockbuster brand alive through an Internet video-streaming service that rents movies and TV shows by title, for a set viewing time.

Blockbuster suffered an operating loss of \$35 million on revenue of \$1.1 billion last year and posted an operating loss of \$4 million during the first half of this year, according to regulatory filings.

© 2013 The Associated Press. All rights reserved.

Citation: 300 Blockbuster video stores to close in US (2013, November 6) retrieved 16 June 2024 from <https://phys.org/news/2013-11-blockbuster-video-rental.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>
--