

# Redbox pulls plug on online streaming

October 10 2014, by Paresh Dave, Los Angeles Times

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Redbox and Verizon Communications plan to shut down their unprofitable online competitor to Netflix on Tuesday night.

Launched publicly in March 2013, Redbox Instant charged \$6 a month to stream movies online or a few more dollars a month to also pick up physical DVDs from 44,000 kiosks at [convenience stores](#) and supermarkets. Redbox, founded in 2002, joined the streaming market after seeing Netflix's online service take off.

Although Redbox Instant was adding subscribers, it was falling short of thresholds needed to keep it afloat. Redbox parent company Outerwall Inc. swallowed losses on the venture as it contributed tens of millions of dollars to build out the service.

"We're not - if you look at the both Verizon and ourselves, we're not pleased with where the subscribers are to date," Outerwall Chief Executive J. Scott Di Valerio told analysts and investors in July.

He pointed out that Redbox Instant was seeing growth in online rentals of single titles. It suggested that subscriptions just weren't something people associated with Redbox in the same way they had done so for years with Netflix.

"It's further evidence that ... our consumers do look to Redbox and trust Redbox for new-release content regardless of format," he said.

Unlike Netflix, Redbox Instant didn't offer TV shows and its selection of

movies focused on recent hits and a few classics. Netflix's ability to secure exclusive deals also limited selection.

"The service was not as successful as they hoped it would be," Redbox spokeswoman Kate Brennan said in a statement. "As a top entertainment destination, Redbox will continue to find new ways to satisfy consumer demand for new release entertainment at an unrivaled value."

Verizon didn't immediately respond to a request to comment on whether it would continue a relationship with Redbox or maintain a streaming movie service.

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