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Studios and Cable Unite in Support of Video on Demand

By [BROOKS BARNES](#)
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LOS ANGELES — Movie studios, battling a steep decline in DVD sales, have decided the moment has finally come to get out the megaphone for video-on-demand services.

“The Video Store Just Moved In,” a \$30 million advertising campaign backed by eight motion picture companies and eight cable providers, began Tuesday night during “[American Idol](#)” and will continue on television, print and online outlets for three months. The effort is the first time rival studios have come together to push consumers to rent more movies through their cable boxes.

The TV ads show two men in an empty video store talking about a better way to organize titles. They ultimately abandon the challenge and watch various movies on demand. “Rent new releases instantly — on cable, on demand,” a deep voice intones. The ads will feature new titles available on video like “The Blind Side” and “Precious: Based on the Novel ‘Push’ by [Sapphire](#).”

“Having a robust digital platform for the rental of movies is good for consumers and good for the industry,” Kevin Tsujihara, president of the [Warner Brothers](#) Home Entertainment Group, said in an interview.

For years, movie studios have expanded video-on-demand offerings with little fanfare. They worried that creating too much noise would anger powerful retail partners like [Wal-Mart](#) and [Best Buy](#), which had a stranglehold on DVD sales. Movie rental companies like [Blockbuster](#) had just enough life left in them to cause their own brand of trouble over video-on-demand cheerleading.

But the DVD boom is now firmly in the rearview mirror and rental companies are on life support, if they still exist at all. On Tuesday, Blockbuster warned in its annual report that competition and declining sales “raise substantial doubt about our ability to continue as a going concern.”

In contrast, on-demand usage soared 20 percent last year. On-demand rentals are also more profitable for studios than traditional rental options. Blockbuster gives studios about 25 cents of every dollar spent on movie rentals; on-demand services deliver as much as 65 cents of every dollar to the studios.

Retailers have also grown less worried about the growing practice in Hollywood of “day and date” releases — offering new titles on demand at the same time the DVD hits the stores. Mr. Tsujihara forged the practice in 2006 and research has since shown that simultaneous video on demand does not cannibalize DVD sales. Indeed, Warner will release nearly all of

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its movies in this fashion this year.

Studios largely still maintain a delay of days or weeks before traditional rental companies like Blockbuster and [Netflix](#) get access to new titles.

“Improvements in technology, the instant availability of the most recent box-office hits and thousands of library titles have fundamentally changed viewing patterns,” said Derek Harrar, [Comcast](#)’s senior vice president for video and entertainment services. He added that Comcast now processed about 350 million on-demand views a month, which includes television shows. The average on-demand view averages about 20 per home per month.

Participating studios include Warner, 20th Century Fox, Focus Features, Lionsgate, Rogue, [Sony Pictures](#), Summit Entertainment and Universal. Notably absent are Paramount and [Walt Disney](#). Cable partners include Armstrong, BendBroadband, Brighthouse, the iO digital unit of [Cablevision](#), Comcast, Cox, Insight and [Time Warner](#).

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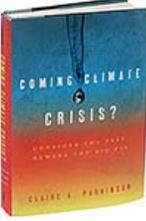
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