

Herald Sun

DVDs dying a death as internet takes over

- Greg Thom technology reporter
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Network Video owner John Ferraro in his Pascoe Vale store. Picture: Norm Oorloff

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DVD rental stores could be headed for the scrap heap as householders turn to the internet for their movie fix.

Research by industry analysts predicts music retailers selling CDs and DVDs could also be endangered species.

"If on-demand movie and music download services continue to pick up pace in Australia, CD and DVD stores may soon face the grim prospect of extinction," an analysis by IBISWorld has found.

Experts predicted rental outlets such as Blockbuster and Video Ezy were in trouble, with movie piracy, download services and pay TV eating into revenue.

The report said Blockbuster had slashed the number of stores in Australia from 900 in 2007 to 630.

"That's not the behaviour of an industry buoyant about its future," IBISWorld analyst Ed Butler said.

Mr Butler predicted the video rental industry would be one of the worst-performing in 2011, with revenue expected to fall an average 2.7 per cent a year over the next five years.

Video rental companies had tried to adapt by introducing DVD rental kiosks in areas such as shopping centres.

"Blockbuster are really starting to dive into this and they'll be successful for a while, I think, but eventually discs will become passe," Mr Butler said.

"The only real way for rental companies to survive is to be entirely online."

A recent poll of men's attitudes to technology by AskMen.com revealed 46 per cent of Australian males preferred watching downloaded episodes of TV shows rather than DVDs.

More than 29 per cent also admit to illegally downloading movies.

The arrival of the \$36 billion national broadband network with its higher network capacity and fast download speeds, would only exacerbate the trend.

Network Video managing director Keran Wicks, however, denied rental stores were close to oblivion.

Ms Wicks said while revenue was down about 5 per cent, this was more about consumers tightening belts.

But she said there was no doubt consumers would one day prefer downloading a movie to hiring it.

"Certainly there will be a point where Network Video will get into the (movie) streaming business, because consumers will be demanding it," she said.

"The technology is there, but the demand isn't."

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