

IN THE NEWS:

BELLS AND WHISTLES IN SEARCH OF AN AUDIENCE

Mike Musgrove, Technology Columnist

Washington Post

10/05/08

Bells And Whistles In Search Of An Audience

Mike Musgrove, Technology Columnist

Pop in a new Blu-ray version of the animated flick "Sleeping Beauty" this week, and you (or your kids) will be able to connect online while watching the movie to text-chat with friends or other Disney fans. Or you could pick your favorite scene and send it with a personalized video message to family members who also own the disc. With another new, Web-connected feature, the movie's interface will reflect the real-world weather outside your living room: If it's raining in your hometown, it'll also be raining on the castle in the title's menu screen.

Such are the latest Internet-enabled bells and whistles to try to drum up consumer interest in the format that aims to make the DVD extinct. Blu-ray won a high-definition video format war, though you wouldn't necessarily know it, yet. According to market tracker Nielsen VideoScan, Blu-ray disc sales are about 4 percent of the market for movie disc sales -- that's relatively unchanged from earlier this year.

"It's not in decline, but it's not growing very fast," said Erin Crawford, general manager at the research firm. "You see [sales] spikes in weeks when there are new titles that appeal to the Blu-ray audience."

At the Washington-based movie rental store Potomac Video, the standard DVD format is still the main offering by a wide margin, even

for guy-friendly action flicks that seem designed to appeal to early adopters. The store recently stocked its shelves with 32 rental DVD copies of the summer blockbuster flick "Iron Man," but only one copy on Blu-ray. The chain used to buy two copies of new blockbuster releases on Blu-ray but found that those second copies stayed on the shelf.

The rental chain expected customer uptake for the new format to be a little stronger by now, said Jon Francke, who does the chain's movie purchasing. Typically, a year like this could be counted as a boom year for a new format, as consumers seek fresh content to take advantage of new high-definition TV sets. Early this year, Blu-ray defeated a rival format, called HD DVD, and this is the first holiday season Blu-ray won't face competition on that front.

ad_icon

"If the economy was good, I'd say it's going to be a huge holiday season for Blu-ray," Francke said. "But the economy is so [bad], who knows?" The list price for new Blu-ray discs, by the way, is typically about \$40 -- and lower-end players for the format cost about \$280.

Disney executives who came to Washington this summer to show off the new features on the "Sleeping Beauty" disc said that the company is trying to turn watching its movies into an active

experience, to better reflect how today's children tend to connect. Other studios are dipping their toes in as well, with their own Web-powered features. In an upcoming Blu-ray release of the recent "X Files" movie, users will be able to create their own "special agent" avatars to explore some online content for the film, available only to Blu-ray users. Many movie studios see the device's Web connectivity as a way to stream new movie trailer content to Blu-ray-using living rooms.

Home theater buffs maintain that there will always be a market for physical media like Blu-ray discs, but there's no denying that consumers are seeing more options, designed to woo them away from the silver disc. A wave of services and products designed to deliver video content to users via the Web emerged this year. Last week, NBC.com announced that 25 million people visited its Web site to watch new episodes of network shows like "Heroes" or "The Office" -- a record for the site. Meanwhile, Hulu.com, a video site stocked with thousands of hours worth of commercial-sponsored movie and TV content has started to hit 100 million streams a month.

These sites are bringing in much consumer attention, but they aren't bringing in much in the way of revenue yet. According to market research firm NPD, the average consumer is spending less than one percent of his video entertainment dollar buying or renting video entertainment online.

But the gadget-loving or home theater enthusiast set might start reaching into their pockets for online video offerings, with some new offerings that are in the works. Under a recent deal with online movie rental service Netflix, Microsoft will soon be making thousands of movies in the Netflix collection available to owners of the Xbox 360 console.

My tech-snob friend Jon recently borrowed my Blu-ray player -- the one that comes built into the

PlayStation 3. He was hoping the experience would help him justify the purchase of a Blu-ray player or PS3 this year, but that plan didn't work out. As he switched between a Blu-ray and DVD copy of the latest release of "Blade Runner," he was disappointed to find that the image delivered by Blu-ray wasn't much better than the image delivered by his "upconverting" DVD player, which is designed to simulate a high-definition picture with the use of some special software.

"It's very easy for me to justify spending a lot of money for the sake of improvements in audio and video, but I was hard-pressed to see a difference," he said. "It pains me to say that."

Maybe he needs an even better TV than his 50-inch plasma set, he thinks, or maybe he needs to redo the experiment with a range of movies. Regardless, no Blu-ray for him this year; he's more interested now in checking out Netflix movies on the Xbox 360.

Other early Blu-ray customers say they love the technology -- they just want more content. "The quality of the picture and the quality of the sound is staggering, when you compare it to a DVD," said Scott Marks, a Bethesda resident who bought a player about a year ago. "But they're not getting the movies out as quick as they need to be."

And meanwhile, over on the other end of the spectrum from Blu-ray, the shaky economy might give a last burst of shelf life to those remaining copies of movies in its former rival's format.

Although movie studios aren't releasing new content on the format, leftover HD DVD movie discs now retail for about \$7, said Ryan Kugler, president of the Los Angeles-based Distribution Video & Audio, a company that buys surplus entertainment media inventory and resells it to discount retail chains.

The company sold 1 million copies of movies on the obsolete HD DVD format this year, and Kugler said he expects to sell another 2 million to 3 million this holiday season.

“When the economy is in trouble, people have less money to spend so they’re going to go out and look for a bargain,” he said. “Cheap entertainment is recession- and depression-proof.”