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Porn Industry Again at the Tech Forefront

Downloads for TV will be offered. Hollywood may be looking at its own digital future.

By Dawn C. Chmielewski and Claire Hoffman, Times Staff Writers
April 19, 2006

A top producer of hard-core porn will start selling downloadable movies that customers can burn to DVD and watch on their TVs, illustrating how Southern California's multibillion-dollar adult entertainment industry may again set the technological pace for Hollywood.

Letting people burn downloaded movies is considered key to the growth of online distribution. Despite the proliferation of fast Internet connections, most people still want to watch movies on television but lack an easy way to get them off the computer. Plus, hard drives can store only so many space-hogging movies.

Hollywood has resisted burnable discs that can be watched on televisions because they fear piracy. It also doesn't want to alienate retailers, which sell most of its DVDs. But if history is any guide, the online experiment by adult entertainment giant Vivid Entertainment Group will be watched closely by mainstream studio chiefs.

"The simple fact is porn is an early adopter of new media," said Paul Saffo, director of the Institute for the Future in Palo Alto. "If you're trying to get something established ... you're going to privately and secretly hope and pray that the

porn industry likes your medium."

Los Angeles-based Vivid will start selling burnable movies May 8 through online movie service CinemaNow. Marina del Rey-based CinemaNow last fall launched an adult service that it uses to experiment with features that might eventually become mainstream — such as pay-per-minute movie rentals and the ability to save favorite scenes.

Vivid, producer of such titles as "Bad Wives" and "Generation Sex," will offer 30 downloadable videos for about \$19.95 apiece that include everything that is on a standard DVD — cover art, scene navigation, bonus material and deleted scenes. The finished disc will be copy-protected to deter piracy.

Despite their obvious differences, adult and mainstream entertainment companies face similar pressures in the Internet age. Both are grappling with how to deliver content securely and reliably to devices in a variety of ways, whether it's prepackaged on DVD for TVs or sent wirelessly to cellphones.

Both also want to capitalize on digital delivery methods but can't afford to undercut their retail partners: big-box stores such as Wal-Mart Stores Inc. for the major studios and mom-and-pop video shops for the porn producers. They also fear online piracy, which the music industry partly blames for its lackluster sales.

Historically, the porn industry has adopted new technologies more nimbly than Hollywood. It embraced home video in the late 1970s, allowing people to bypass seedy theaters and watch the movies in their living rooms. Mainstream studios, by contrast, fought home video all the way to the Supreme Court before making it one of the most profitable pieces of their business.

In the same way, porn producers were among the first to recognize the potential of the



Distribution (Ken Hively / LAT)
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Internet, offering streaming video long before high-speed Internet connections made it practical. This month, several major Hollywood studios agreed to sell movies online through CinemaNow and rival service Movielink. Although consumers can download and keep a copy of "King Kong," "Brokeback Mountain" and "Good Night, and Good Luck," the DVDs they make play only on computers.

The ability to deliver content over the Internet that can play in any DVD player is "the holy grail," said Richard Doherty of market research firm Envisioneering Group.

"Everybody wants to find something that sticks," he said. "We've got a billion devices ready to play these. Making it compatible with that, and the convenience of electronic delivery, is a proven, desired business model which should stick and grow."

All the major Hollywood studios contacted for this story declined to comment.

In addition to Vivid, other porn companies including Chatsworth-based Red Light District plan similar services. Michael H. Klien, president of LFP Internet Group, the online distribution arm for the publisher of Hustler magazine, said the company was interested but still evaluating the new DVD technology.

CinemaNow Chief Executive Curt Marvis declined to identify the makers of the technology used by the company, which is partly owned by Microsoft Corp. A spokesman for Microsoft, which powers many online video efforts, said that although the company marketed similar DVD-burning software, it was not involved in the Vivid deal.

"In a perfect world, it is a technology that could be accepted by traditional content providers," Marvis said. "They might be a bit slower to adopt it because they always are."

The Internet solves two of the porn industry's biggest challenges: distribution and privacy. Wal-Mart and Blockbuster Inc. won't sell porn. Nor do most customers relish the embarrassment of browsing in the back room of their local video store for porn.

"Those are the two reasons we'll always be in the forefront," Vivid Co-Chairman Bill Asher said. "We have to."

Sex is big business. The porn industry's main trade publication, Adult Video News, estimated global 2005 sales at \$12.6 billion. But that figure is difficult to verify because porn companies are private and closely held. As with Hollywood, DVDs account for the largest piece of the porn industry's revenue — 34%; for mainstream studios, they account for nearly 50%.

Porn producers say changes in zoning laws around the U.S. have forced adult movie stores to the margins of commerce — usually in industrial or commercial zones — pushing more consumers online for their flesh fix. The Web offers a cornucopia of content without the stigma.

"Three years ago, DVDs were responsible for 90% of our income," said Vivid's Steven Hirsch, who founded the company in 1985 with David James. "This year, it will account for 30% of our sales. With the Internet there is no distributor between you and the consumer, so you can keep a larger part of the revenue stream."

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