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# Wait time on DVD releases shrinks

By Claudia Eller, Times Staff Writer  
March 12, 2007

DVDs featuring new movies are coming out faster than ever.

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The average time between the premiere of a movie at the multiplex and its appearance on DVD shrank an additional 10 days last year, further unnerving theater owners who believe that the tightening window threatens their business.

The revelation from a new study is likely to further shake exhibitors when it is formally unveiled this week by the National Assn. of Theatre Owners at the industry's annual ShoWest convention in Las Vegas.

"The pace of the shrinkage is of concern to us," association President John Fithian said. "Ten days in one year is a lot."

How much time should pass before a studio sells a film on DVD continues to be one of Hollywood's hot button issues.

Despite slower growth recently, DVDs remain a lucrative gravy train for studios, which believe they must accommodate consumers demanding quicker access to films and myriad choices. In addition, studios can piggyback on the awareness their expensive marketing campaigns have built by releasing DVDs sooner.

But exhibitors fret that moviegoers will shun going to a theater if they know a movie will be available shortly on video. In four years the average period between a film's theatrical and DVD releases narrowed by an entire month, to four months and eight days.

"My concern is that once we get to a point where the windows are too short, it's too late to do anything about it," said Mike Campbell, chief executive of Regal Entertainment Group, the nation's largest chain.

Campbell said that any DVD waiting period less than four months would be "a very damaging experiment and not in the best interest of anyone."

But that's what happened in the fourth quarter. The average narrowed to three months and 25 days, a trend Fithian said was especially alarming.

One positive development in the study showed a widening of the time it took for last year's highest-grossing films to become available on video. "Blockbusters tend to have longer windows," Fithian said, because they stay in theaters longer.

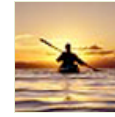
Films grossing less than \$25 million had the quickest path to the DVD shelf, which probably brought the overall industry average down.

Still another factor in the shrinkage is that movies now generally have much shorter box-office runs than they once did. That's because studio films usually open on thousands of screens to generate big opening weekend receipts, then are quickly replaced with newer releases the moment they taper off. With flops, theaters pull the plug even sooner.

Box-office sales make up about 30% of a studio's worldwide revenue pie, with DVD sales accounting for 45% and TV 25%.

The continually shrinking time frame underscores the tensions and delicate nature of the partnership between the studios and exhibitors, which split movie ticket sales. Both sides are grappling with erratic box-office returns, worried that they face growing competition for people's time from such diversions as video games, home theater systems and online entertainment.

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No major studio has yet to simultaneously release a movie in theaters and on DVD, and executives doubt they will any time soon. But some analysts have speculated that studios could significantly increase annual revenue by launching their movies all at once in theaters, on DVD and through cable TV services such as video on demand.

Universal Pictures Chairman Marc Shmuger said the studio internally had studied the issue extensively and crunched the numbers using financial models.

"Most of the research at this point is inconclusive," Shmuger said.

Rob Moore, who oversees worldwide marketing and distribution at Paramount Pictures, also said that so far there was no evidence to suggest that anything could be gained by a simultaneous release. He said studios still benefited from staggering a film's launch in theaters, on home video and on television.

It also is still in the interest of studios to protect the theatrical business because box-office success drives overall revenue. Studios usually sell more DVDs and have leverage to demand more money for TV rights on films that do well in theaters.

"We still create the biggest 'wow' factor and marketing tool they have," said Shari Redstone, head of Boston-based theater operator National Amusements. "If they give that up, they're crazy."

Historically, Sony Pictures Entertainment has been the studio releasing DVDs the quickest, although last year was an exception. Sony had a series of box-office successes with films such as "The Da Vinci Code," "Casino Royale" and "The Pursuit of Happyness" that played longer in theaters.

"You absolutely want to protect that theatrical window for any movie that's still in theaters," said Jeff Blake, Sony's head of worldwide marketing and distribution.

Studios also like to time DVD releases for the holiday season, as Sony did with "Da Vinci," and sometimes will stretch the time between the theatrical launch and the video debut.

Walt Disney Co., which has previously made noises about further squeezing the DVD window, also scored above the industry average in length of time it took. In 2005, Disney Chief Executive Bob Iger irked theater owners when he suggested to Wall Street analysts that the studio might someday release films in theaters and on video simultaneously if consumers demanded it.

"The company we thought was going to go after us has not," Fithian said. "The concept of simultaneous release is dead for now."

Despite the anxiety over when DVDs get released, the movie business is coming off a rebound year.

Worldwide box-office sales jumped 11% last year to a record \$25.8 billion, according to the Motion Picture Assn. of America, with the U.S. receipts rising 5.5% to \$9.5 billion. And, according to the MPAA, 63% of movie fans said they still preferred watching films in theaters rather than their living rooms.

This year's box office is expected to be one of the strongest in years. Some of the industry's most lucrative film franchises, including "Harry Potter," "Pirates of the Caribbean," "Shrek" and "Spider-Man," are scheduled for new releases during Hollywood's summer season.

"I do not believe in the doom and gloom of the industry," said Redstone, vice chairwoman of National Amusements' Viacom Inc. and CBS Corp. "The social experience of going to the movies is never going to go away because you're never going to be able to duplicate it."

\*

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