Blockbuster to expand its Blu-ray DVD offerings

By Dawn C. Chmielewski, Times Staff Writer
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Video rental giant Blockbuster Inc. said Monday that it would expand the availability of Blu-ray DVDs to more stores, saying the high-definition discs had proved more popular than the rival HD DVD format.

Advocates of the Blu-ray format hailed the decision by the nation's largest video rental chain as evidence of its gathering momentum. Others, however, cautioned that it was too soon to declare a winner in the war to decide the winning format for next-generation DVDs.

Matthew Smith, Blockbuster's senior vice president of merchandising, said he reached the decision after an initial test of both formats in 250 stores since November. He found that 70% of the high-definition DVD rentals had been for Blu-ray discs, especially since the introduction of Sony's PlayStation 3, a game console that also plays movies in the Blu-ray format.

"It was that clear," Smith said. "I can justify the shelf space for Blu-ray. It's difficult to justify the shelf space for HD DVD based on the rents coming from the 250 stores."

Blockbuster plans to roll out Blu-ray discs to an additional 1,450 stores by July 10. HD DVD movies will be only in the original 250 stores and online.

Blu-ray has an early statistical advantage. Consumers have 1.5 million Blu-ray DVDs to more stores, saying the high-definition discs had proved more popular for rent at Blockbuster.

"This is a war of attrition," said Van Baker, vice president and research director at Gartner Inc. "It's going to take a while."

"This is a tipping point," Bishop said. "This is the first of a series of announcements and changes in the marketplace that you'll see going forward."

Others downplayed the effect of the Blockbuster move, saying that the Dallas chain as evidence of its gathering momentum. Others, however, cautioned that it was too soon to declare a winner in the war to decide the winning format for next-generation DVDs.

"I really think this is a tipping point," Bishop said. "This is the first of a series of announcements and changes in the marketplace that you'll see going forward."

Universal Studios, the only major studio to exclusively back HD DVD, is hanging tough, especially since the introduction of Sony's PlayStation 3, a game console that also plays movies in the Blu-ray format.

"This is a war of attrition," said Van Baker, vice president and research director at Gartner Inc. "It's going to take a while."

Ken Graffeo, an executive vice president at Universal Studios Home Entertainment, said factors such as drops in the price of DVD players could influence which next-generation format consumers ultimately embraced much more than the number of titles available for rent at Blockbuster.

"Rental is so insignificant, it is really a nonevent when it comes to the high-definition format," Graffeo said.

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