Disney in Plan to Beam Films to TV Viewers

By THE ASSOCIATED PRESS

The Walt Disney Company is betting that demand by consumers for movies in their homes is strong enough to support a new technology that beams films through the air to boxes atop their television sets.

This fall, Disney will start a service called MovieBeam in Salt Lake City and two other markets yet to be determined. It will require viewers to rent set-top boxes available at electronics stores that plug into a television like a DVD player.

The prices will be similar to a rental at a video store. Viewers will be able to watch a rented film as many times as they wish in a 24-hour period.

MovieBeam uses a technology called datacasting that sends a stream of data over the same broadcast signal used to transmit television programs. The data stream can be received only through the MovieBeam box.

It is intended to offer another alternative for movie fans who can now get video-on-demand from cable companies and over the Internet. But with so many households already wired with cable or satellite boxes, VCR's and DVD players, Disney could have a tough time convincing consumers to try its new service.

"It's very hard to see how consumers will make room for that
alongside what they've already got," said Josh Bernoff, an analyst at Forrester Research.

Disney will not rely entirely on MovieBeam. It intends to keep distributing its films through a number of platforms, including the Internet, cable and video rental stores.

MovieBeam could increase Disney's bottom line because it would cut out the intermediary. "Unlike cable video-on-demand, where the customer gets V.O.D. from his or her cable operator and the studios get paid a wholesale fee, this is a direct-to-consumer retail service where the consumer builds a relationship with us," said Peter E. Murphy, Disney's chief strategic officer.

MovieBeam could allow Disney to reach nearly every home in the country with its signal, giving it an advantage over Web-based systems that work only with high-speed Internet access and cable that works only on digital systems.