

Businesses and technology offer many options for watching videos

By Bruce A. Love

*F*rench classical author, François de la Rochefoucauld once declared, “the only thing constant is change.” Ironically, this statement remains unchanged, and valid, more than three centuries after his death. In business, change is expected. Businesses are conceived and die as a result of change. We see the effects of technological change on businesses and industries every day with ever increasing frequency. One industry in a perpetual state of flux is the home entertainment industry.

Video rental stores emerged in the 1980s. In the early days, there were two competing video formats – VHS and Sony Betamax. At first, both were equally popular, so stores had to carry movies in both formats. Video stores were divided. One side held VHS tapes, and the other Betamax. VHS eventually won the battle for video dominance, and has remained the movie format of choice until the recent introduction of DVDs. The gradual shift to DVDs has not affected video store operations, but the emergence of competing rental options has.

Today, consumers have several options available for movie viewing. Video (and DVD) rental stores still do well in most communities. Some, like Iggie Video, benefit from being located within supermarkets. This is no accident. Video rentals are quite convenient in this setting, and profit from many point-of-purchase (POP) sales as a result. Price of rentals at Iggie Video range from \$1.99 for older flicks, to \$3.59 for first runs. All videos and DVDs can be kept for up to 7 days without penalty.

While cable companies in this area do not offer “Video on Demand,” they do offer pay-per-view, which runs about \$4 per movie. On the downside, pay-per-view viewing is limited to specific times the cable company runs the movie (unless you decide to record or TiVo the program). However, if you are satisfied with the limited selection offered by your cable company (mostly first runs), and find it inconvenient to browse the shelves of your local video store, this option may be right for you.

Scheduling movie rentals online, and getting them through the mail, has revolutionized the movie rental industry. Netflix, the world's largest online DVD movie rental service, offers more than three million members

access to more than 40,000 titles. THAT is quite a selection! For a fixed monthly fee, Netflix delivers DVDs to your home – postage paid! When you are through with the videos, return them in prepaid mailing envelopes provided. This option is surprisingly cost effective, and great if you can plan ahead for the movies you want to view.

I tend to be a bit spontaneous in video viewing decisions. As a result, I have not yet tried this alternative to video stores. I called St. Francis University, and sought the expertise of CERMUSA Senior Information Technology Adviser, Mike Shanafelt, for an insider's perspective on movies by mail operations (Ok, this was overkill for this subject, but I've known Mike for several years and I've learned that, among other things, Mike knows movie rentals!)

According to Shanafelt, with Netflix's most popular plan (\$17.99 per month), members set up a queue online (a prioritized list) to schedule rentals they want delivered, and rent as many DVDs as they want during the month (up to three movies out at any one time). Members can keep the movies as long as they want - No time limits and NO LATE FEES! If your top choice is unavailable at the time of a mailing, your next highest item on your list is sent. “I am very happy with Netflix,” said Shanafelt. “I enjoy being able to add movies to my queue from anywhere, and I don't have to waste gas driving back and forth to the movie store, as well as not having to worry about late fees.”

For free trials of these movie-by-mail options visit netflix.com or blockbuster.com.

It is nice to have options when considering entertainment of any kind. Netflix already has plans to shift its focus away from mail deliveries to Internet downloads when the technology supports faster, more secure, cost effective means to do so. In the meantime, you can make spontaneous movie rental decisions at your local Video Rental store, or you can “be like Mike” Shanafelt, and sign up for movies by mail.

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