



AUSTRALIAN VIDEO RENTAL RETAILERS ASSOCIATION

## **MEDIA RELEASE**

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### **Online movie formats continue to fail investors and consumers**

The resignation of Reeltime Media CEO John Karantzis this week puts another question mark over the current business models and offerings of the fledgling online movie business in Australia.

“Let’s face it, the current digital formats are struggling to gain momentum or to live up to the overblown hype, and no one’s making any money,” says Ross Walden, executive director of AVRRA.

“The *Weekend Australian* has quoted Karantzis admitting that a big problem for the various attempts to launch and make money from online movie services is consumers’ expectations that everything on the web should be free.

“Is this now evidence that there is insufficient demand for this model of movie delivery? Or are consumers now realizing that online services only receive their movie titles a period of time after cinemas and rental?” asks Walden.

“When you have one of the biggest internet movie start-ups in the country putting question marks over the viability of the current digital business models and consumer offerings, you have to start wondering what’s really in it for investors and consumers,” he says.

Another talked-about barrier to new online formats that require consumers to download movies is Australia’s slow broadband speeds.

For example, Perth-based Steve Langford, executive director of online movie business Quickflix, has told the *Australian Financial Review* in recent months that slow broadband speeds will continue to constrain digital delivery for years to come.

“When we have yet to see any evidence of the digital movie delivery models in Australia turning a profit, it is high time to ask: ‘What’s all the hype really about?’” says Walden.

**Media:** interview opportunities available with AVRRA and other industry representatives via Debra Maynard of Hootville Communications on 0407 299 007.

### **About AVRRA**

AVRRA is the industry body for Australia’s video and DVD rental industry. It represents more than 60 per cent of all video libraries in Australia. Visit: [www.avrra.com.au](http://www.avrra.com.au)