



AUSTRALIAN VIDEO RENTAL RETAILERS ASSOCIATION

MEDIA RELEASE

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Survey confirms movie downloads are tough sell

A new US report on broadband users reveals that the market for downloading feature-length movies is nearly non-existent. Fewer than 9.5% of broadband users surveyed regularly downloaded movies.*

“The reality is that Internet technology is just not offering quality of movie content, let alone delivering movies to the TV – that’s why consumers remain indifferent and services are not making economic sense,” says AVRRA Executive Director Ross Walden.

“AVRRA’s own research into movie download services in Australia has identified several barriers to consumer take-up, including high costs, slow broadband speeds, poor movie quality and lack of access to the latest entertainment,” says Walden.

The cost of downloading a movie in Australia is as high as \$13.95 per movie when you combine the cost of bandwidth to download the data with the movie download cost. It takes 1 to 4 hours to download a movie using average Internet connection speeds in Australia of 512Kbps to 1.5Mbps. The quality of downloaded data – which is compressed – is far inferior to a DVD in both audio and video resolution. Consumers also have to wait in line for at least six weeks and up to three months after new movies are available in video stores to access them via legitimate download services.

Earlier this year Australia’s biggest movie download player, ReelTime Media, collapsed – adding fuel to growing evidence that current movie download services are unviable. ReelTime’s failure followed in the wake of closures in the US, including Wal-Mart’s movie download service, Movie Gallery’s Moviebeam service, and a scaling down of Google Inc and AOL’s video download services.

“The struggle for movie download services to remain viable given the shortcomings of current delivery models and the lack of value for customers is unsurprising,” says Walden.

* *Diffusion Group survey of 1,975 broadband users, reported in Home Media Magazine, 5 March 2008*

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