



**AUSTRALIAN VIDEO RENTAL RETAILERS ASSOCIATION**

## **MEDIA RELEASE**

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### **The high cost of movie downloads**

#### **The stuff that's never in the brochure**

The Australian Video Rental Retailers Association (AVRRA) extends its condolences to the investors, staff and subscribers of failed Internet movie start-up ReelTime Media.

It may seem churlish to say, 'We told you so', but for some time now, AVRRA has been researching the process of downloading movies via legitimate Internet services. It has found serious cost, quality and content availability issues, as a result of poorly-tested service models and Australia's sub-standard Internet connection landscape, that have long pointed to commercial non-viability.

Here's a snapshot of AVRRA's research – the stuff that never gets printed in the movie download brochures:

#### **Costs**

Let's say a moderate movie consumer (with a 512Kbps/5GB monthly broadband plan) watches 4 x new release movies per month. Based on 1GB per movie, around 4GB of bandwidth is required to download the movies, which takes up about 80% of the 5GB monthly download limit of the plan. The plan costs about \$39.95 per month. On the assumption that this connection is used 80% for movie downloads and 20% for other activity (e.g. browsing, gaming, work, research) \$32 would be apportioned to the movie downloads = \$8 per movie. This is the cost of the bandwidth to download the data only. Add the cost of the movie download: about \$5.95 for a new release. That brings the total cost of a new-release movie download to \$13.95. Based on the connection speed (512Kbps) the download will take a minimum of 4 hours 21 minutes. If consumers pay more for and have access to faster broadband services, the download time will be reduced to 1 hour 28 minutes (at 1.5Mbps), and less than half an hour (at up to 8Mbps).

## 2.

Some consumers have tried streaming to circumvent long download times – that is, watching a movie as soon as enough data is received to begin. Trouble is, if the download rate isn't as fast as the replay rate, the stream will buffer, causing the movie to 'hang' until the stream can catch up.

### **Download speeds**

Australia's broadband speeds are often dubbed 'tin-can-and-a-string' by media commentators (average speeds in Australia, including business users, are around 1Mbps compared with 61Mbps in Japan, 17Mbps in France and 1.9Mbps in the US). What does this mean for the average punter? Hours to download a movie – unless you pay much more for a faster broadband plan (20Mbps in Australia costs about \$100 a month and has limited availability depending on proximity to necessary infrastructure). Even if available, actual speeds may be less owing to factors such as network configuration, line quality and length, exchange type, customer premises interference, traffic and equipment. Research suggests customers on a 20Mbps plan can often access speeds of only around 10Mbps.

To calculate your home Internet speed, go to:

<http://www.zdnet.com.au/broadband/speedtest.htm>

### **Content availability: consumers pay more for old entertainment**

Consumers who want to download new-release movies on legitimate movie portal services have to wait in line for at least six weeks and up to three months before they are available via download or pay TV – that's just how the movie distribution system works. The studios such as Universal and Paramount give exclusive periods – what's known as 'windows' in the industry – to cinemas first, then video stores; movie download portals are at the end of the line. This hasn't changed because cinemas and video stores still deliver enough revenue to the studios to guarantee their exclusive 'windows'. An example of 'new release' movies listed on Internet download services at 11 February 2008, but which hit video stores as early as 12 September through to 21 November last year, include Pirates of the Caribbean: At World's End, Hostel II, Ocean's Thirteen, Are We Done Yet?, SpiderMan 3, and The Contract.

### **Quality of download**

Your average DVD holds 4.7GB to 9.4GB of data, whereas downloaded media is compressed to just 1 GB in size. Granted, DVDs contain data to support sub-titles, language options and special features, which take up some capacity, but if the data has been compressed to enable download, a loss in quality, both audio and video resolution, is the trade-off.

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**The bottom line?**

Using current movie download portals you wait at least six weeks to get access to new-release movies at a cost of about \$13.95 per new release (combined data download and rental cost). It takes a home user (on a 512 connection) 261 minutes to download a movie at reduced resolution. You view it not very comfortably on a PC screen (unless you can network your PC to your TV screen, which involves more cost).

The struggle for movie portal services to remain viable given the severe shortcomings of current delivery models and lack of value for customers is unsurprising. AVRRA plans to release a White Paper on these issues in coming months.

**Media:** interview opportunities available with AVRRA 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)