



Could Theater-to-DVD Window Shrink to Zero?

Amid Box Office Slump, Some See Answer in Simultaneous Marketing and Release in Multiple Formats

Jul. 22, 2005 - So far this year, a blockbuster about the Crusades, "Kingdom of Heaven," fell on its sword, and even "War of the Worlds" didn't quite wake up an audience that seems to be falling asleep at home.

DVDs bring in more than twice the money as theaters, but disappointing sales of some recent hits have the industry talking about changing the way the movies do business.

"One day, if 'King Kong' is going to be released on Friday, Dec. 14, it will be released theatrically around the world, DVD around the world, pay-per-view around the world," says Peter Sealey, an adjunct professor of marketing at the University of California-Berkeley's Haas School of Business. "That's where the marketplace is going."

Sealey's example may be hypothetical, but Steven Soderbergh, the Oscar-winning director of "Traffic," and Mark Cuban, the Internet billionaire who bought the Dallas Mavericks basketball team, have joined forces to do just what he describes -- release a series of films simultaneously in theaters, on DVD and on Cuban's HDNet Movies cable TV channel.

"Once you start giving the customer what they want, when they want it, how they want it, they'll pay you for it," Cuban says.

In addition, the actor Morgan Freeman and Intel Corp. are among investors in a venture called ClickStar Inc., which will distribute movies over the Internet before they become available on DVD.

It already costs a fortune to market movies for shorter and shorter runs in the theaters, the theory goes. So why not market once, and sell all at once across multiple formats all over the world?

'Serious Threat'

That doesn't play well with the theaters, where attendance is off by about 10 percent from last year.

"You're talking about a serious threat to exhibition," says Kendrick MacDowell of the National Association of Theater Owners. "And [it's] not just a threat to exhibition -- [it is] potentially a threat to the studios, and potentially to patrons."

Cuban says digital distribution and universal release will expand both the audience and the profits, while curbing piracy.

"Historically, people talked about how radio was going to kill orchestra," Cuban said, "and how TV was

going to kill film, how DVD was going to kill both. It just has never turned out that way."

He envisions a future in which you can still go to the movies. But if you want, the movies will come to you.

ABC News' Brian Rooney originally reported this story for "World News Tonight" on July 17, 2005.

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