

THE END OF VIDEO RENTAL SHOPS?

It seems the days of video and DVD rental stores may be numbered according to a recent report by rental chain ChoicesUK. Increased competition from the internet, freeview digital TV, and postal rental services has taken its toll – not to mention the DVD price wars in high street and supermarket. All bad news for the rental sector.

ChoicesUK is the second biggest DVD rental chain in the UK. Although part of a £330 million market, the company recently announced it missed its targets by a substantial margin following a particularly disappointing Easter. Indeed shares in the firm dropped 50% almost overnight and chief executive Anthony Skitt is not optimistic about the future survival of standalone rental stores: “standalone stores are becoming less viable” he says.

ChoicesUK plan to sell or possibly close up to 70 of its less profitable stores countrywide. The outstanding weather over Easter may have contributed to the downturn in business as potential customers opted to soak up the sun instead of hire DVDs.

Sadly the DVD and video market has gone into steep decline during the last 2 years. The UK's third largest rental chain, Apollo Video Film Hire, recently went into liquidation. Some reports claim that even market leader Blockbuster is considering closure of some outlets, although this has not been confirmed by the company.

Prices of new DVDs have been slashed and there is fierce competition between online retailers and also in the high street as the likes of Virgin and HMV fight with supermarket chains in a price war. Unlike days gone by, films on general release are available almost immediately for purchase on DVD – something which has seriously impacted the hire industry.

Fortunately for ChoicesUK, the future doesn't look too bleak. The company has diversified and now computer games account for 40% of sales. They don't plan to go down the online route, believing that in the long term it is not a sustainable business model.



www.businessinberkshire.co.uk/directorsnews