

MEDIA COVERAGE

Brand relevance: The Network Group
Outlet name: The Australian Financial Review
Date: Tuesday, 1 November 2011
Circulation: 82,000

DVD stores stay in the picture

Jason Clout

Network Group managing director Keran Wicks said DVD stores would survive the threat of online movies, just as they had stared down previous challenges to their existence.

"I've been in the industry 25 years and people then were saying that video stores were finished. First it was the rebirth of cinema, then it was pay TV and now it's downloading movies," Ms Wicks said.

"But the fact is that people want to come in and select a movie in a store from someone who will tell them what's a good DVD."

Ms Wicks said making use of online movies was not yet a straight-forward process.

"It will take up to five years before there is the sort of range of movies you can get in a store. It will take that long to get the arrangements in place with the movie studios.

"But also for many customers

downloading more than a couple of movies a month blows out their data capacity. Movies aren't like music and it will take years before the NBN has an impact.

"When it does, our group will be part of that change as well."

The Network Group is different from many of the chains in the \$1 billion DVD rental industry in that it is not a franchise.

Instead, the company, which has about 30 per cent of the market,

operates as a licensee, marketing and buying group.

Ms Wicks said that meant greater flexibility, lower fees and a smaller entry outlay for store owners compared with franchise operations.

There are 337 stores within the group, of which about 60 have signed up in the past 18 months.

"It's a tough commercial environment for all retailers at the moment, but our stores are holding up well," she said.