

Remember DVDs? Two studios have a plan to preserve the near-dead format

January 16 2020, by Ryan Faughnder



Credit: Ian L/public domain

The market for DVD and Blu-ray discs has been on life support for years, as streaming has become the technology of choice for home video customers.

In the last decade, the U.S. market for physical discs has gone from a

more than \$10-billion business in the U.S. to roughly a third of that in terms of consumer spending, according to data from Digital Entertainment Group.

But studios aren't ready to give up on the format just yet. Two of the major studios, Universal Pictures and Warner Bros., have proposed an unusual plan to stay in the business of selling shiny physical discs.

The studios Wednesday announced a proposal to team up on a [joint venture](#) that, if approved by regulators, will handle North American distribution for DVDs, Blu-rays and 4K UHD discs for new releases, library titles and television shows. The idea is to combine resources to continue selling discs while saving money.

The joint venture is expected to operate for up to 10 years, according to a news release.

Details are sparse and the venture won't launch until the beginning of 2021. The studios did not say how many people would work for it, or what the new entity would be called, but the move is expected to coincide with an unspecified number of job cuts in their existing home video divisions.

Industry veteran Eddie Cunningham, president of Universal Pictures Home Entertainment, will oversee the new venture.

The idea is a direct response to the collapsing DVD market. Physical disc sales plummeted 18% in 2019 alone, generating \$3.3 billion in revenue in the U.S., according to DEG's latest report. Meanwhile, consumer spending on subscription streaming services surged 24% to nearly \$16 billion.

Yet physical discs remain important to some consumers, including fans

of classic cinema. Not all titles are easily available for streaming. Also, though the category is shrinking, it remains an important source of revenue for the industry.

The planned joint venture "presents a significant opportunity to continue to work with our retail partners to ensure the format's strength and sustainability for years to come," said Universal Chief Distribution Officer Peter Levinsohn in a statement.

Additionally, Warner Bros. and Universal plan to save costs by splitting up international DVD releases by country.

Los Angeles-based Universal will take on distribution of Warner Bros. discs in Germany, Austria, Switzerland and Japan, while Burbank-based Warner Bros. will handle Universal's sales in Britain, Italy, Belgium, the Netherlands and Luxembourg.

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