

## Holiday Price Wars and Dvd

Contributed by Bruce Frigeri  
Tuesday, 08 December 2009

The price war between Amazon and Walmart.com that began in October over best selling books has now spread to dvd and beyond. Recent articles cite price drops for items as diverse as Hasbro ovens and electronic components. Now Target has even joined in for select products as well as most dvd. Many observers believe that Walmart initiated this confrontation in an attempt to defend market share against the ever growing power of E Commerce. This is all well and good, but the enormous market share that these retail giants control, especially Walmart and Amazon, means that there is now tremendous price pressure on independent dvd titles whether they are carried by Walmart and Target or not.

This price pressure might seem like it's a good thing for consumers, and maybe in the short run it is. But the economics of independent film production and distribution simply cannot sustain itself at a retail price point that is rapidly approaching ten dollars per unit. Amazon, with its endless inventory capacity, is by far the largest retailer of independent film product. As a result it has tremendous influence on consumer expectations. If they persist in offering just about every title at these hugely discounted prices, it won't be long before they stop eating their loss leaders and simply refuse to pay the traditional wholesale price. Netflix, the other main outlet for independent and imported films, is already cutting back on the number of units they bring in and can hardly be expected to pick up the slack. So when Amazon starts squeezing suppliers, the already crippled independent film sector will be on life support. Other sell thru websites and retail outlets will be forced to match price with Amazon, Walmart and Target. Most of them will simply demand the same reduced wholesale price that Amazon, Walmart and Target will be getting, further pressuring already cash strapped independent distributors and producers.

It has become more and more difficult to raise consumer awareness for any one film in our cluttered media landscape. For independent producers and distributors, difficult means expensive. And when the math doesn't add up, people will simply do other things with their time and money. Motivated filmmakers will always make interesting and sometimes great films. It's just that we're heading towards a future where most people, even reputed independent film fans, will never hear of them because the economics of distributing these movies just don't make sense.

There is already a big drop in the number of foreign films being released domestically. English language indie titles have also been cut way back. The end game of all this seems to be a consumer landscape with cheaper prices and much less choice. I, for one, am not looking forward to a cinema culture that is almost exclusively the domain of the Hollywood Studios.

This website is one of many that tries to raise consumer awareness for worthwhile independent releases that all too often get lost in the shuffle. What retail price would film fans be willing to pay for an independent or imported title? Can independent distributors somehow find a way to make video on demand a profitable revenue stream for their product? Or will we be left hoping that the studios and mini majors make enough vaguely interesting films to sort of, kind of, meet our needs? Only time will tell.

For more on this topic The NY Times had an excellent article:

<http://www.nytimes.com/2009/11/24/business/24shop.html>