

DOW JONES, A NEWS CORP COMPANY

DJIA ▲ 24585.43 0.33%

S&amp;P 500 ▼ 2662.85 -0.05%

Nasdaq ▲ 6875.80 0.20%

U.S. 10 Yr ▼ -4/32 Yield 2.358%

Crude Oil ▲ 56.81 0.37%

# THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/redbox-to-offer-digital-movie-downloads-1513198800>

## BUSINESS

# Redbox to Offer Digital Movie Downloads

The prices start at about \$3.99 for rentals and \$9.99 for purchases



Redbox has its kiosks, but now it's also bringing its movie online. PHOTO: ASSOCIATED PRESS

By Ben Fritz

Dec. 13, 2017 4:00 p.m. ET

After disrupting the DVD rental business with its ubiquitous kiosks and low prices, Redbox is getting into the digital game with an offering that includes every Hollywood studio except Walt Disney Co., which it's currently battling in court.

Privately held Redbox will allow consumers to rent or purchase movies from its apps on mobile and TV-connected devices beginning Wednesday. The prices and offerings, starting at about \$3.99 for rentals and \$9.99 for purchases, are similar to other stores like Apple Inc.'s iTunes.

Competing against established players in digital is likely to be challenging for Redbox, as its success in physical media has been driven in large part by its low prices: \$1.50 a night to rent a DVD. But because studios have greater control over the digital rights to their movies, Redbox isn't able to undercut its online competitors.

---

Redbox Chief Executive Galen Smith said he hopes to use his company's extensive data on what its users previously rented to suggest films they might like. And he hopes to complement their viewing of DVDs, since many movies are available for download before they are on DVD. In addition, because the company's kiosks only stock between 150 and 200 titles, it can't offer many older films that can be streamed.

"This is an opportunity to keep people in our ecosystem," Mr. Smith said.

The company has 45 million email subscribers, 27 million members of its loyalty program, and its apps have been downloaded 35 million times.

Redbox in October launched a different, unsanctioned program to offer digital downloads of movies from Disney, the only studio with which it doesn't have a distribution deal for DVDs. It bought retail copies of Disney movies like "Cars 3," took the download codes off the disc packaging, and offered the codes for sale at its kiosks. Disney two weeks ago sued Redbox, claiming it doesn't have the right to sell the codes.

Redbox said it "feels confident in our pro-consumer position." Mr. Smith declined to comment on the litigation, but confirmed that Redbox is continuing to sell Disney digital download codes.

Redbox was taken private last year by private equity firm Apollo Global Management in a deal that valued it and smaller sibling companies at \$1.6 billion. Since then, Redbox has shut down some underperforming kiosks but added new ones in locations where it is seeing growth, such as dollar stores. It is installing between 1,700 and 1,800 new kiosks this year, bringing its total to about 42,000 in the U.S.

Though the DVD rental market has been slowing for several years, Mr. Galen said Redbox remains profitable.

**Write to Ben Fritz at [ben.fritz@wsj.com](mailto:ben.fritz@wsj.com)**

Copyright &copy;2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.