

## LEARNING CURVE:

Humble ISD has begun selling ad space on some of its school buses

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## ENTERTAINMENT

# Blockbuster getting into the act as kiosks do box-office business

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The plot thickens as Blockbuster Inc. prepares to enter the DVD kiosk market.

The Dallas-based entertainment giant signed an agreement with NCR Corp. this month to deploy Blockbuster-branded DVD vending kiosks in a pilot program that could be the first step of a national rollout of thousands of units.

Major competitor Redbox Automated Retail LLC is also on the move. After trying out DVD kiosks from the Oakbrook Terrace, Ill.-based company in selected locations since 2006, Wal-Mart Stores Inc. is planning to add Redbox to nearly all of its U.S. Stores.

Redbox also this month secured a deal with Walgreen Co. stores after a limited market testing in the Chicago and Houston areas.

While the two national heavyweights wrestle for market share, local kiosk company TNR Entertainment Corp. will use \$17 million in new capital from Dayton, Ohio-based NCR Corp. to pursue growth and upgrade the technology at company kiosks.

Tim Belton, TNR Entertainment president and CEO, sees the growing kiosk competition as a sign of the times.

Says Belton: "That Blockbuster is entering the DVD kiosk industry witnesses the fact that fewer consumers are turning toward traditional retail stores for their entertainment needs. It does more to validate the segment than offer competition. But, we're definitely watching and listening very closely to what they're planning to do."

### MOBILE SELECTION

Initial deployment of 50 Blockbuster-branded kiosks should begin in the third quarter of 2008 with all units scheduled for installation by year-end.

Markets or site locations for the first units have yet to be announced.

"We certainly have a number of stores in the Houston area and it is an important market for us," says Randy Hargrove, director of corporate communications for Blockbuster. "But in

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Tim Belton  
TNR Entertainment

terms of our deployment strategy, we haven't gotten to those details yet."

He says that Blockbuster decided to enter the DVD kiosk industry to be part of the fastest-growing segment in the entertainment industry.

"It's just one more way for us to offer our customers entertainment whatever, however and whenever they want it," says Hargrove.

Belton says TNR Entertainment has



Houston-based TNR Entertainment is in the process of converting kiosks to the Movie Cube brand.

placed an order for 400 additional kiosks to add to an existing network of 2,200 kiosks, and the company also plans to place volume orders for NCR Express Entertainment DVD vending kiosks this year and in 2009.

He says the funding from NCR and its majority owner, MCG Capital Corp., allows the company to upgrade software that will eventually enable consumers to use mobile devices in selecting movies and direct them to the closest kiosk with their selected DVD in stock. Mobile service should be available to customers by the fourth quarter of this year.

TNR Entertainment currently operates 120 kiosks primarily in H-E-B Grocery Co. and The Kroger Co. stores throughout greater Houston.

The company is in the process of converting kiosks to the Movie Cube brand.

"Our main goals are to continue to build on the Movie Cube brand, grow revenue per kiosk, supply kiosks for existing demand and identify alternative venues to locate kiosks," says Belton.

Analysts are projecting DVD vending kiosks could grow by more than 60 percent over the next three years, increasing from 9,300 units at the end of 2007 to more than 22,400 by the end of 2010.

At the same time, consumer spending on movies from vending machines is expected to grow from \$197 million to more than \$760 million.

Says Belton: "There's not a traditional brick and mortar retail store that's not looking at how kiosks may fit into their business." ■

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