

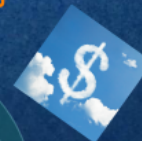
# MOVIE RENTAL BUSINESS Harvard Case Solution & Analysis

Changing Costs

Blockbuster's Costs

Blockbuster's Costs and Revenue

Aims and Objectives



Price Discrimination

Market Structures

Development of Blockbuster

The market is not oligopolistic, though the nature of it has changed the core front of movie rental. The move to online sales taking the lead the movement from competition to monopoly from as though it could shift back in the direction of back competition as the cost of starting an online rental company is far less significant than that of a store-front business.

TheCaseSolutions.com



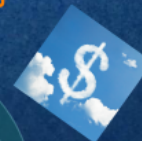
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Sales

Profit

Growth

Revenue

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# Market Structures

Netflix surpassed 1 million subscribers by 2003 and DVD rentals exceeded VHS rentals for the first time.

The market is still monopolistic, though the rents of movie rental have changed from the time sales taking movement from monopoly looks shift back

# In the beginning...

ent companies with multiple stores, but instead was formed of local rental businesses that operated in competition with each other.



Initially the movie rental industry was a competitive market, there were no large chain companies with multiple stores, but instead was formed of local rental businesses that operated in competition with each other.

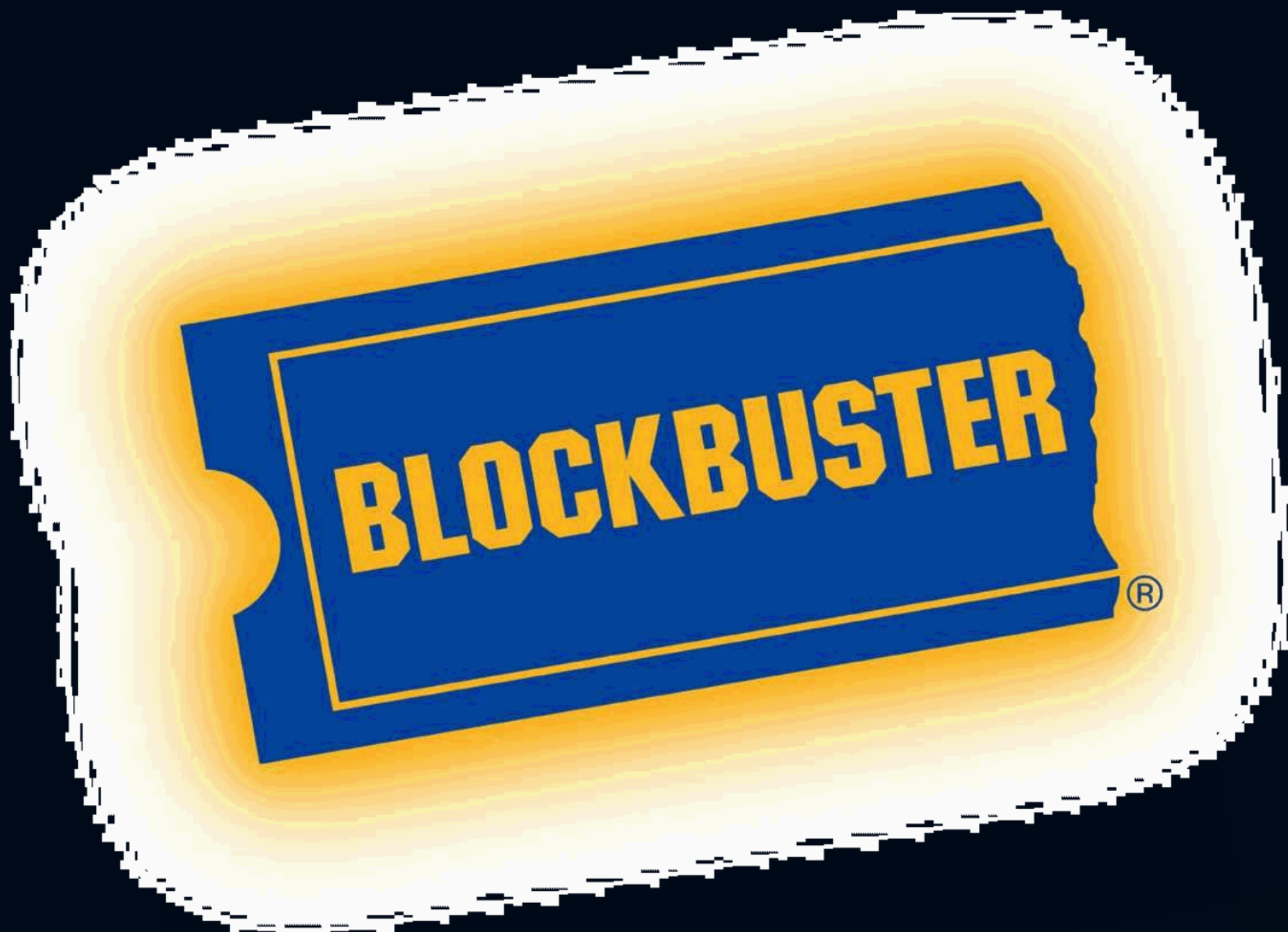
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# Development of Blockbuster

in LA, and  
companies  
was the  
with  
very close  
competitors.

Blockbuster rested on its





In 1977 the first video rental store was opened in LA, and this sparked a chain of independent start-up companies until the creation of Blockbuster in 1985. This was the beginning of an almost monopolistic market, with Blockbuster owning 1,000 stores and Movie gallery close behind with 850. There were few other real competitors.

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