

Hollywood flubs movie system launch, miffs users

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Warner Bros. is learning a hard lesson about launching an ill-conceived product in the age of social media.

When the studio introduced its first movies on the new "UltraViolet" format in October, consumers were led to believe they could buy a DVD or Blu-ray, register their ownership of the movie on the UltraViolet website and then receive— at no extra cost — a digital version that could play on their computer, tablet or mobile phone.

The studio's aim was to encourage people to purchase movies rather than rent them or subscribe to a streaming service. But UltraViolet didn't work as advertised.

Some users were confused because the process required them to register on the UltraViolet website as well as on another website called Flixster, a movie site owned by Warner Bros. Users had to install special software before they could view movies on their computers. To make matters worse, it didn't work as advertised for owners of Apple's iPhones and iPads.

Within days, befuddled consumers took to Twitter and the Internet to complain. Jarren Wood, an art student from Atlanta, tweeted that he felt "conned" and called UltraViolet "a horrible hoax." Blogger Bryan Darrow tweeted, "Flixster sucks. I want my digital copy."

Among thousands of posts about UltraViolet on social-media sites in the weeks following the Oct. 11 launch, only 3 percent of comments were positive, according to Fizzology, a company that tracks buzz related to Hollywood movie releases. Some 17 percent were negative and the rest were neutral. That's on par with the worst product receptions the firm has ever seen.

The message from Warner Bros. "seems to be as complicated as the sign-up process. Both would benefit from simplification," says Beth Monaghan, co-founder of public relations firm InkHouse. "If we've learned anything from Apple, it's that a simple message wins almost every time."

Warner's UltraViolet fiasco showcases the stark differences between Hollywood and Silicon Valley when it comes to innovation. To lure consumers, technology companies strive to make their products and services easy to use. Hollywood tends to sacrifice user convenience to maintain existing cash cows.

One recent dud was an attempt to sell cards for \$15 at Wal-Mart that gave consumers permanent access to the Sony Pictures movie "Battle: Los Angeles" at Wal-Mart's Vudu streaming site. With movies available for rental at \$4 and up, few jumped at the offer. Another misfire: For most of a decade, the studios couldn't

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agree on a high-definition format before they finally settled on Blu-ray a few years ago.

As more people flock to digital movie streaming, online rentals and subscription services, Hollywood is trying to persuade consumers to buy and collect movies. The push comes as U.S. sales of DVDs and Blu-ray discs have fallen by a third — from \$10.3 billion to roughly \$7 billion — in the past seven years. At the same time, Apple, Amazon, Hulu, Netflix and others have lured customers by offering cheaper alternatives to movie ownership.

UltraViolet, the industry's latest scheme to promote movie ownership, attempts to make DVDs and Blu-rays more attractive by offering consumers the option of receiving a digital copy of a movie they buy on disc. Those digital versions, of course, are more versatile than discs, and — in theory at least — can be placed on mobile phones and tablet devices.

But it took two weeks for Heath Parks, a 43-year-old technology buff in Cincinnati, to get UltraViolet to work, even after exchanging emails with Flixster CEO Joe Greenstein.

Parks says it would have been easier to use unlicensed software to copy "Green Lantern" from the discs himself.

"I could have ripped it. I could have done any of this stuff. The point is I didn't want to do that," he says in an interview. "My personal feeling is they rushed the service out. I don't think it's ready."

Warner Bros. declined comment to the AP.

Greenstein, the Flixster CEO, later sent Parks an email, saying he was "incredibly sorry for the awful initial experience" and gave Parks free copies of two other movies.

UltraViolet is backed by Warner Bros. and four other major studios. It was supposed to allow a consumer to buy a movie once and almost magically have it be available on their TV, smartphone, tablet computer or any other device. This would all happen simply because the consumer's ownership of the movie had been recorded online. Consumers would be able to share viewing privileges with family members in other locations, without having to buy a new copy.

But when Warner Bros. released home movies including "Horrible Bosses" and "Green Lantern," UltraViolet didn't work that way.

Warner Bros., a unit of Time Warner Inc., hadn't completed deals with retailers such as Wal-Mart or with pay TV distributors including Comcast Corp. Such deals would have given consumers more places to access digital copies and streamed versions of their movies. Instead, users who wanted to watch movies had to go to Flixster.

Warner Bros. also didn't have the backing of two heavyweights in the business,

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Apple Inc. and Amazon.com Inc., whose own systems for delivering digital movies aren't compatible with UltraViolet, so the process wasn't as seamless as intended.

The key issue is that the companies that would have to provide movie access, such as cable TV company Comcast, would bear the cost of online streaming in the way of increased traffic on its network, but wouldn't collect money on the sale.

Some Hollywood executives are proposing that movie studios share about 3 percent of UltraViolet movie revenue to entice retail partners to participate.

Most studios appear committed to proceeding with UltraViolet. Sony launched its first UltraViolet-ready movies, "The Smurfs" and "Friends with Benefits," last week. Universal released its first movie, "Cowboys & Aliens," on UltraViolet on Tuesday. Both studios also offered streaming from websites they own along with access through Flixster. Viacom Inc.'s Paramount hasn't yet committed to a date. (The Walt Disney Co. is pushing its own system of online ownership.)

Warner Bros. made downloads available for Apple and Android devices a month after launch, but the movies still require viewing within the Flixster app.

Comcast is expected to allow UltraViolet viewing through its Xfinity online service in the near future. Viewing through Comcast set-top boxes is not expected until 2013.

"We're going to continue to learn over time," says Mitch Singer, president of the Digital Entertainment Content Ecosystem, the movie industry and consumer electronics company consortium that created UltraViolet. "The experience will get better and better."

Launching the system before the important winter holiday sales period was "the right thing to do," says InkHouse's Monaghan. But the studio should have let consumers know that improvements are on the way, she says.

Michael Solomon, a professor of marketing at Saint Joseph's University, says Warner Bros. might have avoided the backlash if it dubbed its launch a "beta." Then consumers would expect glitches while the company irons out the kinks.

"If they come out with the next version . they'll have to work that much more to convince these people who have been burned once."

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