Retailers Still Upbeat On Sell-Thru '97 Sales Helped By Larger No. Of Titles

NEW YORK—Now that the dust has settled, what word best describes sell-through '97? "Flat," according to most industry analysts. But the view from the retail trenches is different.

Sales continued to grow last year, and the holiday quarter brought a good finish to the year with a broad range of titles appealing to all ages. Adding to generally bullish reports from major chains and independents were encouraging sales of music video, DVD, and the company's first foray into the video game business, respectively.

Certainly, duplicates churned out cassettes in volume. Industry sources indicate that a total of nearly 223.2 million sell-through units were shipped to retailers in 1997, up 3.7% from '96. Deliveries included some 50 titles with minimum preorders of 50,000 units each, up from 43 in that category last year.

Retailers were definitely keeping a tighter rein on inventory. The average direct-to-sell-through release racked up 4.65 million tapes, roughly 10% below the previous year's average. Music, though, showed a 10% gain, net of returns, to 18.6 million tapes. The leaders were "Lord Of The Dance," which shipped 800,000 tapes, and "Hanson," at 400,000.

A LOOK BACK . . . For Hollywood Entertainment, which last year nearly doubled its store count to 500, sell-through in established outlets was strong but not up to 1996 levels, according to senior VP for product Doug Gordon.

The chain compensated with expanded sell-through sections in its November and December editions of its in-store magazine, Hollywood Insider. In addition, the larger locations now carry up to 2,000 affordable titles, drawing customers looking for more than well-publicized hits like "Men In Black," "The Lost World: Jurassic Park," and "George Of The Jungle." At West Coast Entertainment, "sell-through was extremely successful last year," says corporate development VP Steven Apple. "It was basically the way we purchased, merchandised, and advertised." West Coast delivered more than 2 million sales brochures and catalogs in the fourth quarter.

Inventory and space were increased substantially, particularly in older stores. Virtually all the top holiday titles did well, with Apple noting good action in widescreen editions and boxed sets. He adds, "We've really promoting our motto as the 'movie buff's movie store.'"

John Bedard, president of Minneapolis-based Video Update, says the acquisition of the Moores chain will enhance buying opportunities in the combined two outlets in the Midwest and on the East Coast. In the second half of '96, Video Update expanded sell-through space, adding significantly to inventory. Bag-stuffers highlighted new holiday titles each week, and consumer response was encouraging, Bedard says.

Tower Records video sales VP John Thrasher reports sell-through was up approximately 15% last year at 107 locations. "Although no title came close to 'Independence Day' in 1996, we sold a much wider span of releases," he says, including 20th Century Fox Home Entertainment's "Star Wars Trilogy Special Edition" boxed set.

Two big surprises in the music category were "Lord Of The Dance" and "Riverdance," which sold "tremendously all year long," Thrasher adds. "We increased our department space for sell-through and shipped direct to the stores instead of from our central warehouse. This enabled us to keep on top of inventory much better and certainly helped our margins."

Activity scaled new heights for J&R Music World, Manhattan's largest independent music video, and computer software outlet. Advertising director Abe Brown says that 1997 "was the best year ever for sell-through action" at retail and via mail order, which offers (Continued on page 88)

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Banner Of Honor. Actor Jason Hervey, right, formerly of "The Wonder Years," and executive producer David Saitzberg received the Silver Screen Award in the educational home video programming category at the U.S. International Film and Video Festival, held in Chicago. They won for their title "A Day With Officer Pete." in a real-life Boston cop Pete Saitzberg teaches parents and children basic, everyday safety lessons. Trident Entertainment in Los Angeles distributes.

Handleman Loses Handle On Video; Hallmark Gets A Case Of Cabin Fever

DECLINE AND FALL: Handleman, the rackjobber that once controlled sell-through deliveries to many mass merchandisers to get humming by video, is dead.

Prerecorded cassette sales declined to $186 million for the third quarter ended Jan. 31, a 72% drop from the $702 million registered during the same period in fiscal 1997. A year ago, video accounted for $215 of Handleman's quarterly revenues of $330.5 million; more recently, the figure was 64%. Handleman attributed the showing to "continuing increases in direct purchases... by major customers."

At least one of those customers is adding insult to injury. Kmart, which started buying direct in the past year or so, has chosen Warner Home Video as category manager. Kmart spokesman Dennis Wight says the studio, which is "brand new to video," won the job over Universal, Disney, and Handleman.

Warner is expected to provide insights on everything from details like box-stercking and her codes to consumer purchasing trends."They represent the industry on our team," Wight says. Starting with consumables, Kmart has been marketing category manager for all its video sales.

Kmart is also enthusiastic about DVD. According to Wight, sales in the 100 superstores where the format is available "are doing really well." Player volume is modest by comparison. "They're probably close to plan, but we didn't think we were going to be selling that much," he says. Limited availability is one reason; so is the strategy of pricing units at what he calls the "enthusiastic level," i.e., near list. Wight expects a significant change in outlook if players should become cheaper.

DESERTED CABIN: Hallmark Home Entertainment has acquired the assets of Cabin Fever Entertainment, pulling the plug on the Stamford, Conn.,-based firm. "We've been sold," a Cabin Fever employee reached by phone. By the day after the announcement, the staff members—who among them president Jonathan Nelson—had cleaned out their desks and left. It isn't known whether any of the shifting to Hallmark.

The sale followed close on the heels of the announcement by Cabin Fever's corporate parent, UST, that it would unload ventures outside its core business of smokeless tobacco (Picture This, Billboard, Nov. 29, 1997). Hallmark was the logical buyer, as its president, TV producer Robert Halm Jr., had licensed Cabin Fever a bevy of programs, including "Lonesome Dove" and "The Little Rascals." The best-selling "Dove" and related titles "Dead Man's Walk" and "Streets Of Laredo" have been placed on mora-