

Blockbuster Video and the Art of Forecasting

If you haven't already seen the Netflix documentary "The Last Blockbuster", I highly recommend you do. The movie introduces us to the employees of the Blockbuster Video store in Bend, Oregon, which happens to be the last Blockbuster Video store in the world. The director also recaps some of the highs and lows of the chain's past.

Be Kind – Rewind

I learned some facts about Blockbuster's history that I hadn't known before, but the main reason I liked the movie so much was discovering how seeing something so small like a "Be Kind – Rewind" sticker could trigger so many large memories. These ranged from fun ones like when my family would scatter down the various aisles grabbing the videos they wanted to watch and coming together as a family (usually in whatever aisle my wife was in) to choose what movie we were going to rent that night...to savory memories like smelling the popcorn as we proceeded down the checkout line...to frustrating memories like desperately waiting by the drop box to see if anyone returned a copy of the sold out movie you wanted to watch that night.

The Movie Rental Chain Is Dead...Long Live the Movie Rental Business

When it comes to forecasting, some people prefer to focus on "What will change?".

Blockbuster went from being in the VHS rental business to being in the DVD rental business to being in the streaming business. The movie did a great job of showing commentators of the day trying to forecast how the latest change in technology and competition would impact the company. As you can imagine, some of these predictions were right, but many turned out to be very wrong since Blockbuster went from over 9,000 stores worldwide at its peak in 2004 to just 1 store today.

Interestingly, many of the same TV programs and magazines that provided forecasts about Blockbuster back then continue to publish forecasts today about specific companies and industries. How many of their past predictions have been correct? Will their current forecasts ring true? I don't know and no one seems to be keeping score. What I do know is it almost doesn't matter. People just want answers and media companies are more than willing to provide their audience a variety of answers all day, every day.

When it comes to forecasting, I prefer to focus on "What will remain the same?"

For example, the Blockbuster store down the street is gone, but my family and I still spend Friday nights watching movies together. Record prices paid for assets today will feel like bargain prices years from now after the effects of time and inflation.

When it comes to investing, the companies in the news and the forecasts of the day may change, but the pull of fear and greed remain the same - as do their antidotes: preparation and planning.

If you feel it is time to revisit your investment plan, please give me a call.
Sincerely,

Mark Delp, CFP
Branch Manager