Name:
Read the passage and select the best answer for each question.

WHAT HAPPENED TO BLOCKBUSTER?

Blockbuster Video was founded by David Cook. He was studying the model of a video-store business and realized its potential. He figured that a well-managed franchised chain could easily grow to 1,500 retailers. He was precise on this thought, and the first Blockbuster Video store was opened in Dallas, Texas, on October 19, 1985.

In 1987, Blockbuster obtained $18.5 million from three different investors. One of these investors was Wayne Huizenga. Due to the monumental investment, Huizenga took over for Cook and planned a significant expansion of the company.

Even though music and video game rentals came to Blockbuster in the early 1990s, Huizenga was concerned about how cable and the phenomenal growth of technology would affect his business. After careful consideration of his options, Huizenga sold Blockbuster to the Viacom company for $8 billion in 1994.

It was in 1997 that Netflix, a service that rented DVDs by mail, was founded by Reed Hastings and was considered a threat to Blockbuster. At the time, Blockbuster was imposing a $40 late fee on its customers, while its competition, Netflix, did not have any late fees for their customers. In 1999 Blockbuster had the opportunity to acquire Netflix for $50 million but decided not to buy the company. At this time, Blockbuster started working with the Enron company to bring themselves into the 21st century of what would become streaming services today. Unfortunately, Blockbuster was extremely committed to building the brick-and-mortar store while Enron worked on the video-on-demand portion of the business. It soon became apparent to Enron that Blockbuster was more interested in their profitable stores, and they were not willing to spend the time needed to build the video-on-demand portion of their business with Enron. In 2001, Blockbuster and Enron split ways, and Blockbuster gave up their opportunity to build their future streaming services.

Many people think that Netflix is the reason why Blockbuster went bankrupt in 2010. In actuality, that isn't the case. It was the fact that Blockbuster wasn't willing to step down from their profitable brick-and-mortar stores in order to spend their time and efforts on building their streaming services.

To this day, Blockbuster isn't completely gone from society. There is one Blockbuster Video store still standing in Bend, Oregon. It was initially called Pacific Video Store and purchased the Blockbuster franchise back in 2000.

1.What is the meaning of the word *potential* as it is used in the text?

a. current popularity
b. guaranteed to be successful
c. ability to be successful
d. likeliness to fail

2.Which detail BEST supports your answer to #1?

a. "He was studying the model…"
b. "…could easily grow to 1,500 retailers."
c. "He was precise on this thought…"
d. "...the first Blockbuster Video store was opened in Dallas, Texas on October 19, 1985."

3.What does the word *acquire* mean as used in the text?

a. give away
b. inherit
c. sell
d. purchase

4.Which detail BEST supports your answer to number 3?

a. "…did not have any late fees"
b. "started working with the Enron company to bring themselves into the 21st century"
c. "...decided not to buy the company."
d. "gave up their opportunity"

5. Read the following sentence from the passage: *"Unfortunately, Blockbuster was extremely committed to building the brick-and-mortar store while Enron worked on the video-on-demand portion of the business."* What does the author's use of the word "<u>unfortunately</u>" suggest about her opinion on Blockbuster's decision to focus on brick-and-mortar stores?

a. She thinks this was a wise decision.
b. She thinks this was a good decision that did not work out.
c. She thinks that this was not a smart decision.
d. She thinks that Blockbuster was just unlucky.

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KEY

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