Streaming Wars

Increasing disruption and convergence in the media and entertainment industry is producing a whole new set of competitors for Disney. Entry into streaming service is generating cutthroat competition with established players such as Netflix and Hulu (now fully controlled by Disney), but also new entrants such as Apple TV+, AT&T's HBO MAX, NBC Universal's Peacock (owned by Comcast), YouTube Premium, as well as Disney's new streaming services Disney+ and ESPN+. Each of these companies are developing their own original programming to act as an advertisement for their streaming services to obtain subscriptions. Shows such as Netflix's *13 Reason's Why*, Amazon's *Transparent*, and Hulu's *Difficult People* have gained considerable popularity.

In 2019, the clear market leader in streaming services is Netflix with over 150 million subscribers worldwide, thereof, 61 million in the United States. The revenues for the media services provider in 2019 were $16 billion, and its market cap stood at $150 billion. Over the past decade, Netflix's stock appreciated by some 2,600 percent, while the tech-heavy NASDAQ-100 index grew by "only" 310 percent in the same period. Yet, Netflix subscriber growth in the United States has been slowing, and new entrants such as Apple TV+ are pricing their services aggressively ($4.99 a month vs. $12.99 a month for basic Netflix subscription).

Amazon offers its Instant Video service to its estimated 100 million Prime subscribers ($119 a year or roughly $10 a month), with selected titles free. In addition, Prime members receive free two-day shipping on Amazon purchases (with one-day shipping announced in 2019). Hulu Plus ($7.99 a month), a video-on-demand service, has some 25 million subscribers. One advantage Hulu Plus has over Netflix and Amazon is that it typically makes the latest episodes of popular TV shows available the day following the broadcast; the shows are often delayed by several months before being offered by Netflix or Amazon. A joint venture of Disney (67 percent ownership, but 100 percent voting rights) and NBCUniversal (33 percent), Hulu Plus uses advertisements along with its subscription fees as revenue sources. Google's YouTube with its more than 1 billion users is evolving into a TV ecosystem, benefiting not only from free content uploaded by its users but also creating original programming. Google offers its ad-free service YouTube Premium for $12 per month, which allows users to download content such as videos and music for later, off-line use (e.g., while traveling in an airplane). And Apple has over 1 billion devices worldwide such as iPhones and iPads as an installed base where users can enjoy its services such as Apple TV+ and Apple Music.