The Streaming War During the Covid-19 Pandemic

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The Covid-19 pandemic has drastically disrupted all business sectors. The arts, culture, and entertainment industries have been hit exceptionally hard since the virus' first outbreak in January. In response to the crisis, businesses have taken immediate actions: transitioning to remote work, canceling and postponing live events nationwide, shutting down entertainment venues, etc., resulting in lost revenues from sales, merchandising, advertising, and promotions. Unfortunately, the Covid-19 pandemic's impacts are far more permanent for an audience-oriented industry that requires a high level of engagement. The business model might be fundamentally changed and there will certainly be a shift in how content is produced and consumed.

While lockdowns and social distancing measures to contain the pandemic have had a huge impact on the traditional movie industry, the video streaming model seems to be the greatest beneficiary in this difficult time as people are isolated at home, which is the ideal condition for binge-watching.

To understand how the pandemic is shaping the streaming industry, it is important to understand its pre-Covid and current status. The following analysis will divide the timeline into before 2020 and in 2020 based on Covid-19's first outbreak in January 2020.

The Streaming Industry's Pre-Covid State of the Major Players in the Streaming War

Early adopters and fast followers used to be the main audiences of streaming services, or in other words, streaming used to be a niche add-on to traditional TV. Now, it is transitioning to a new stage as a mainstream element in the entertainment industry. The major streaming services from before Covid are shown in the table below, except for HBO Max, Peacock, and Quibi (RIP) that just launched in 2020.

Service	*Company*	*Release Date*	*Subscribers*
HBO Max	AT&T	May 2020	4.1 million alone and 36.3 million HBO combined as of June 2020
Peacock	NBCUniversal	April 2020	10 million as of July 2020
Quibi	Quibi	April 2020	5.6 million downloads; subscribers unknown
Disney+	The Walt Disney Company	November 2019	54.5 million worldwide as of Q1 in 2020
Apple TV+	Apple	November 2019	33.6 million as of the end of 2019*

CBS All Access	CBS Interactive	2014	11 million as of the end of 2019
Amazon Prime Video	Amazon	2011	46.3 million in the U.S.; 150+ million worldwide as of January 2020
Hulu	Hulu	2010	32.1 million
Netflix	Netflix	2007	72.9 million in the U.S. as of Q2 in 2020; 192.95 million worldwide

*Including users that signed up for one-year free service from Apple

Netflix: Netflix, one of the first and biggest players in streaming industry, suffered some losses in terms of shares and subscribers in 2019. According to CNBC, shares of Netflix fell by more than 10% when the company reported a global subscriber addition of 2.7 million against the forecasted 5 million. They also lost more than 100,000 subscribers in the U.S. when 300,000 was expected (Mitra, 2019). Netflix blamed its content slate and increased prices in some regions for its loss of subscribers. However, Netflix is confident it will do better in the future for its effort in original content.

Amazon Prime Video: Prime was launched on September 7, 2006, and up to this point, it has been available in a majority of countries worldwide. It offers TV shows and movies for rent or purchase, as well as a selection of Amazon Studios originals and other licensed content. In April 2018, Amazon closed a deal with the National Football League to stream every Thursday night game for the next two years on Prime Video. Amazon also acquired a local sports streaming channel, YES Network, from Disney. Amazon has always been interested in futuristic and long-term growth. Small acquisitions, as mentioned above, currently under the umbrella of Prime Video might lead to long term control over a majority of TV streaming content. Additionally, Amazon has gained a lot of attention for its successful comedy series such as *Fleabag* and *The Marvelous Mrs. Maisel*, racking up a lot of prominent TV show awards that are usually dominated by HBO's *Game of Thrones*.

CBS All Access: CBS offers over 30,000 hours of content from Viacom, including Comedy Central, Showtime, and a great number of regional and national content. The current hit series on CBS are *Star Trek* originals and *Homeland*. The CBS streaming service supports all types of devices and is available through different platforms including Chromecast and Amazon Firestick. CBS is mainly based in the U.S. domestic market and rarely touches the international audience. Non-cable users and users outside of the U.S. are very unaware of the service and its offerings.

Major Media Companies Entering Streaming

Disney: In 2019, Disney bought 21st Century Fox for $71.3 billion, which added Fox's entire film and TV library—including National Geographic Channel, Fox Searchlight, and FX—to Disney's content library. Disney now owns an additional 30% stake in Hulu as a result of the merger apart from the previously existing 30%, bringing the total ownership to 60%. Apart from this, Disney also owns ABC television network and ESPN Plus. Its streaming platform, Disney+, includes all of Disney's blockbuster movies, Disney original content, Marvel, Lucasfilm, Pixar, National Geographic, and all 20th Century Fox content. Disney's purchase of film and TV assets held by 20th Century Fox gave it access to one of the biggest movie vaults of all time. As in the third-quarter report of 2019, Disney's stocks fell by 3.7% (Palmer, 2019). Disney attributed the losses to increased investments in its streaming services like Hulu, ESPN+, and Disney+.

Apple TV+: Apple released its streaming service in November 2019 in the U.S. followed by an expansion to more than 100 countries. There are currently around 20 ad-free original TV series with 43 titles in development starring celebrities such as Oprah Winfrey, Steven Spielberg, J.J. Abrams, Octavia Spencer, and Reese Witherspoon, which shows that Apple is attempting to attract audiences with sterling stars and content using the same strategy as Apple products. However, it will take time for Apple to develop its audience base.

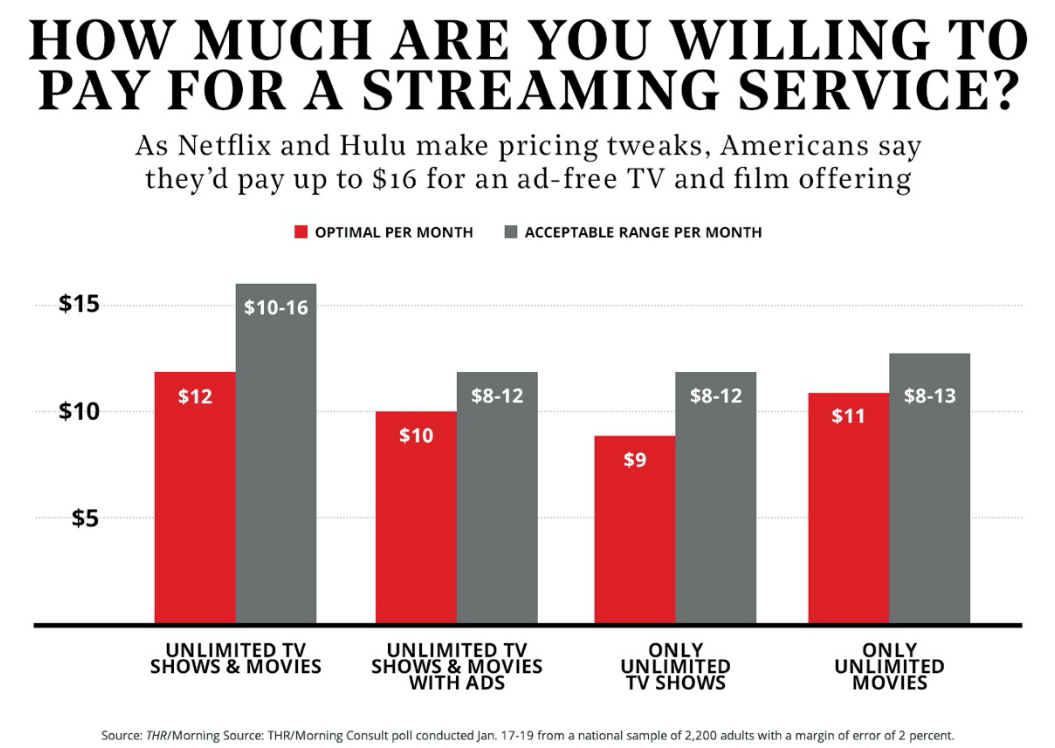
HBO Max: AT&T's WarnerMedia streaming service, HBO Max, was expected to launch in the spring of 2020 but then was delayed to May, acting as the direct competitor to Netflix and Disney+. It contains all the content spread across AT&T's streaming platforms, including *Friends,* which left Netflix in 2020. In 2018, AT&T acquired Time Warner Inc. for $85 billion, uniting all its movies and TV shows, and renamed it as WarnerMedia. This acquisition gave AT&T access to all the content produced by Warner Bros., HBO, New Line, DC Entertainment, CNN, TNT, TBS, truTV, The CW, Turner Classic Movies, Cartoon Network, Adult Swim, Crunchyroll, Rooster Teeth, and Looney Tunes. Apart from this, WarnerMedia also owns a 10% stake in Hulu which now belongs to AT&T as a result of the acquisition.

Peacock: Comcast launched Peacock for Xfinity X1 platform subscribers on April 15, 2020, followed by a nationwide roll out on July 15, 2020. NBCUniversal has plans for an international release of the service, but no timeframe has been announced yet. As the last one to join the streaming war, Peacock was reported to only launch 7,500 hours of content and wait to release original series until 2021, which is a much lower content volume and slower release speed than its competitors. Peacock will feature content from NBC, Bravo, USA Network, SYFY, Oxygen, E!, CNBC, MSNBC, NBCSN, Golf Channel, Universal Kids, A&E, ABC, CBS, The CW, FOX, HISTORY, Nickelodeon, Showtime, Universal Pictures, DreamWorks, Focus Features, Illumination, ViacomCBS, Paramount, Lionsgate, Warner Bros., and Blumhouse.

It is pretty clear that these major media companies know they need to gain power in digital distribution channels to present their own content. Huge acquisitions by Disney and AT&T were done with the launch of streaming services in mind.
While new platforms are trying to get a portion of the booming streaming market, Netflix remains in its position with the largest number of subscribers. Research found out that 58% of subscribers with multiple streaming subscriptions considered Netflix the least expendable (L.E.K., 2020). Even though Netflix increased its price, subscribers still consider the service the best bang for the buck. It has a solid audience base even with the loss of popular TV shows such as *The Office* and *Friends*. On the other hand, Disney became the beneficiary in the streaming war during Coivd, and its growth rate tripled during Covid in March. It appears to have found a niche in the market by appealing to families with younger viewers. While Netflix and Amazon Prime are investing more in original programming, Disney+ focuses more on its library content with its mass portfolio. But, 42% of households in the U.S. with kids under 18 are already subscribed. Only around 10% of nonsubscribers were likely to sign up over the near term (L.E.K., 2020). In response to the Covid situation, Disney+ has around 100 original shows in development since releasing new content is especially critical for customer retention when they are watching more than ever. Once consumers have exhausted Disney+'s current library, they might return to Netflix or subscribe to new platforms.

Price Competition

How each service sets its pricing strategy is based on its objectives. They could be revenue, profit, or growth. For services like Apple, streaming can be a way to gain customers into their product ecosystem. Disney may be more interested in generating revenue in merchandise or parks (Bean, 2019). A study from THR/Morning Consult shows four bundles and a range of prices that involved consumers were willing to pay for streaming services, which are unlimited TV shows and movies for $10-16; unlimited TV shows and movies with ads for $8-12; only unlimited TV shows for $8-12; and only unlimited movies for $8-13 (THR/Morning Consult poll, 2019).



The current subscription price* for each platform is listed as below:

Streaming Platform	***Monthly Plan***	***Free Trial Period***
HBO Max	$14.99	7 days
Peacock	Free; Premium with ads: $4.99; Premium without ads: $9.99	7 days
Disney+	$6.99	No
Apple TV+	$4.99	1 year with product purchase
CBS All Access	Limited commercial: $5.99; Commercial-free: $9.99	7 days
Amazon Prime Video	$12.99	30 days
Hulu	Ad-supported: $5.99; Commercial-free: $11.99	30 days
Netflix	Basic: $8.99; Standard: $12.99; Premium: $15.99	30 days

*Price in U.S. dollars

HBO Max and Netflix Premium have the highest prices and Apple TV+ and CBS are on the lower end of the price range. Compared to Netflix, Disney+ is a big bargain considering Disney owns huge amount of content, and a package price of $13/month for Disney will include Disney+, Hulu, and ESPN Plus. For Apple, their low price and one-year free trial strategy could make them one of the largest streaming services within a short time. It also leaves Apple time to fill in the content bank a year from now so audiences can start paying for the services.

Removing Content

Disney+ pulled out all Marvel-related content and animated Disney movies from Netflix, except for five original series based on *The Defenders* characters made in partnership with Netflix. In addition, Netflix's two most-watched shows, *The Office* and *Friends,* were pulled off in the beginning of 2020. Netflix paid $80 million to just keep *Friends* available to the end of 2019 (Adalian, 2018). According to Netflix, however, *Friends* leaving will only free up the budget for more original content, approximately $15 billion in 2020 (Spangler, 2019).

Originals vs. Content Library

Consumers are embracing multiple streaming services and starting to understand their different value propositions. For example, Netflix achieved new subscriber growth and Disney+ gained success for the power of its brand and franchises. The difference between them can be explained as a competition between original content and a content library.

Netflix is starting new original productions by signing *Game of Thrones* creators David Benioff and DB Weiss for a multi-year deal of $200 million (Statt, 2019). Amazon signed an expensive deal with HBO's *Westworld* creator, Jonathan Nolan. As for HBO Max, it is expected to offer four young-adult films produced by Greg Berlanti, the producer behind many of The CW's popular superhero shows, as well as original movies produced by Reese Witherspoon's production company, Hello Sunshine. As for Disney, it is trying to develop spin-offs of its popular movies. It has released *The Mandalorian*, a TV series based on the Star Wars timeline. Disney has also scheduled four live-action series such as *The Falcon and the Winter Solider* with Sebastian Stan and Anthony Mackie, a Loki series with Tom Hiddleston, *WandaVision* with Elizabeth Olsen, and a Hawkeye series with Jeremy Renner.

While streaming services are fighting for content leadership, Apple TV+ is committed to only producing original content with high-profile artists. Apple is reported to have spent more than $5 billion in hiring well-known talent.

State of the Streaming Industry (August 2020)

Consumer Usages

In 2020, there are 49 million streaming households. The total estimated number of minutes streamed was up 85% over the first three weeks of March compared to 2019, and there was a 40% viewing session increase across ad-supported and ad-free apps (ZypMedia, 2020). Revenue in the video streaming industry is projected to reach $51,617 million in 2020 with a growth rate of 15.9%, increasing from 9.2% in 2019 (Statista, July 2020). This may imply a huge increase caused by Covid.

Pandemic's Impact On Streaming

Business Side

Business Model. The global desire for entertainment and escapism is accellarating the pace of streaming consumption. Consumer spending on streaming has increased anywhere from 20% to 50% on various platforms (Gontovnikas, 2020). Netflix doubled its projected number of new subscribers since the pandemic began, and Disney+ added 22 million subscribers as well. But the fact is that temporarily higher viewing and increased membership growth don't equal higher profits. This is especially true for companies with an international audience base whose revenues will be less than previously forecast, which are offset by higher U.S. dollar currency. Most streaming services are expecting viewing to decline and membership growth to decelerate as stay-at-home orders end. In terms of the streaming business model, an increase in individual streaming time doesn't add to more profits, which is the main reason that Netflix might not see a huge boost in profits. Another example is that *a la carte* streaming services like Amazon Prime may see a boost in revenue. Amazon Prime users can stream many shows for free but they have to rent or purchase the newest releases. However, Amazon is not seeing a surge either even with an increase in online ordering. Meanwhile, Twitch has seen a 10% growth in viewing as of March 18 due to its business model to monetize through ads, which leads to more profits.

Content And Productions. To cope with the closure of cinemas during the coronavirus crisis, film studios have to rethink the way they create and distribute content. Most of them chose to move the release date forward, skip the box office, and close productions. Film distributors are moving their new or recent titles onto streaming services ahead of schedule. NBCUniversal is making *Emma*, *The Hunt,* and *Invisible Man* available to rent. Disney+ also released *Hamilton*, *Frozen 2,* and *Onward* ahead of time. Although these actions created a large audience base, they may not contribute to higher-than-predicted streaming profits.

Product. Products have been relatively unaffected. Services temporarily reduced the number of new products while continuing to release features that are appropriate for current situations. Netflix rolled out "Top 10 Most Popular" lists to nearly 100 countries in February to help members find great TV shows and films and enable them to be part of the cultural zeitgeist in their country. They also improved parental controls to enhance the experience for family members of all ages. Netflix added a party extension for the Chrome browser, which allows viewers to watch movies in sync with friends and family stuck in their own homes while messaging back and forth in a chat window.

Consumer Side

China was the first to implement strict lockdown and mass quarantine, and it has started to see signs of economic recovery, especially in the entertainment industry. This can provide other countries insight to the new streaming behaviors. Chinese Nielsen data shows a significant rise in TV viewing, but people are also streaming less conventional content. People are getting creative in the form of entertainment they choose, including streamed concerts and virtual clubbing at home. Italy has seen a similar rise in streaming content, with an average viewing-time increase of 11% nationally with highs of 17% in the Lombardy region (Gontovnikas, 2020).

Restraints And Motivators

Infrastructure

Media companies are facing not only new opportunities but also new challenges. They need to work to develop technological solutions that help them overcome this serious situation. Consumer spending on streaming has increased hugely. Services are experiencing network slowdowns, failures, and increased traffic. Many companies suspended data caps and increased streaming to keep up with the content consumption. During the nationwide quarantine, the Italian telecoms giant Telecom Italia SpA reported a 70% overall increase in internet traffic from work-from-home traffic and daytime online gaming (Lepido& Rolander, 2020). The European Commission expressed their concern that a high volume of users streaming video in high definition could put a strain on internet bandwidth. Hulu users reported a widespread outage on March 20, one that seemed to affect multiple devices. On March 19, Netflix, Amazon, and YouTube announced that they would limit the bit rate of videos in Europe and Britain in order to reduce bandwidth, meaning that pictures would often be rendered in standard rather than high definition.

Streaming services may need to try new network solutions to prevent any future network-crashing traffic. Services using a public cloud may want to consider other options such as private cloud service to bolster their infrastructure. Covid-19 lockdowns cause internet traffic to increase through every channel and aspect, so public cloud services are likely to be hit at increasing speed.

5G Technology

As 5G technology rapidly develops, the streaming industry will be one of the most affected areas. 5G guarantees ten times faster download speed and ten times lower latency than current 4G, so the quality of streaming media will be greatly improved and devices will be better equipped to handle 4K videos. Additionally, live streaming will be able to spread more, especially in live sports and game streaming. In this case, HBO has an advantage over other platforms since AT&T is one of the leaders in implementing 5G networks across America. Utilizing 5G technology will give advantages to any streaming services that seize the opportunity.

Projected future

For the whole streaming industry, there will certainly be hockey stick growth and change. The ongoing economic uncertainty and rising unemployment caused by Covid will challenge the industry on how to retain this influx of new customers in the short term. During Hurricane Harvey in 2017 and the New York blizzard in 2016, which caused people to stay at home, research found that total TV usage and streaming time increased by almost 50%, but it immediately dropped to its previous numbers right after the disasters ended. Once life gets back to normal, streaming platforms will surely see subscriber growth slow down. New subscribers will likely cancel their subscriptions since they won't spend as much time on streaming anymore. People who didn't subscribe to any streaming services will be unlikely to subscribe after Covid. In addition, some people might consider taking a break from streaming after having spent so much time on it during the pandemic.

CASE STUDIES

Netflix

Netflix originally started its business in 1998 by selling physical copies of movies, video games, etc., which was a huge success. Over time, it developed its business model to provide content streaming to its customers. By leveraging streaming technologies and big data, Netflix has successfully upgraded its overall business structure and profits and become the world's seventh largest internet company by revenue. There are currently 183 million paid subscribers, and 15.7 million joined in the first quarter in 2020, according to its earnings report.

Features

Netflix aims to provide the best video streaming services and customer experiences. The Netflix subscription allows multiple users to access HD viewing or HD 4K viewing, depending on the subscription packages. The higher subscription packages allow multiple users to view at ultra HD 4K quality. In addition, the most outstanding feature of Netflix is its large quantity of original series directed by and starring award-winning directors and actors, which makes a two-tiered model that is beneficial to both viewers and partners.

Pricing strategy

Netflix offers Optional Feature Pricing: Basic for $8.99 a month, which offers content that can be played on one screen in standard definition; Standard for $12.99 a month, which offers content that can be played on two screens with high definition available; and Premium for $15.99 a month, which offers content that can be played on four screens with HD and "ultra" HD available. All options support one month-long free trial for eligible customers.

Opportunities

From its financial report numbers, Netflix is doing a good job. Net additions of paid subscribers are projected at 8.22 million, which doubles expectations from early this year and is also more than Netflix's own projection of 7.5 million. The expected second quarter revenue is $6.09 billion, more than the expected $5.96 billion from the end of 2019. In terms of earnings, Netflix is expected to be $1.82 a share, up from $1.48 a share at the beginning of the year. Stock shares increased by 69.6% in 2020, most likely due to lockdown this year. Overall, Netflix's market value reached $226.5 billion, which passed Verizon and AT&T for the first time on July 1 and is also more than Disney and Comcast.

Some reasons behind its success are:
Covid Effect. The coronavirus pandemic has accelerated the pre-existing trend of the shift away from linear TV toward on-demand viewing, which definitely benefited Netflix a great deal.

Popularity and broad slate of programming. Netflix has been filming and producing content at a fast turnover speed. A lot of productions were filmed before the pandemic shut down productions. Using smaller crews and having a fast turnover rate allows Netflix to quickly capitalize their shows. For example, right after *Tiger King* became a huge hit, Netflix made a follow-up episode made from low-budget video calls.

Other reasons may be that Netflix does not need to license content to other platforms; it does not rely on sports, live events, or advertising; and it has strong customer loyalty. According to a poll by Cowen, people who are willing to pay more for Netflix increased from 47% in December 2019 to 55% in May 2020. (Owens, 2020)

Challenges During the Pandemic

At the same time, Netflix is facing a lot of challenges that the platform should seize as opportunities.

Financials. Netflix's fixed subscription price means that viewing hours are not monetized, which prevents it from capitalizing on any increased viewership during social distancing. In order to succeed financially, Netflix needs to provide a wide range of content, including niche programs. Unsurprisingly, spending on original content was $15 billion in 2019 and is expected to be $17 billion in 2020, according to *Fortune* magazine. The heavy investment in original content will surely burden Netflix's free cash flow if its revenue falls while it is committed to original content.

Broadband Penetration. Broadband is still an issue for some counties. For instance, Brazil reports a 20% annual improvement in households with 4 Mbps or more, but Netflix requires 3 Mpbs (Kindig, 2020). There is still room for growth once higher broadband rates are achieved in New Zealand, Indonesia, Thailand, India, and the Philippines.

Slowdown of Subscriber growth. The increase in new subscribers after the lockdowns end might slow down for Netflix. If a person didn't join Netflix during the confinement, then the person is unlikely to join Netflix after the confinement (Kindig, 2020).

Infrastructure. Netflix has been relying on Amazon Web Services for nearly a decade now. The public cloud service will potentially cause issues for Netflix as discussed in the previous section. However, Netflix also operates its content delivery network entirely within its own infrastructure.

Inefficient subscription model. Netflix's current business model requires it to buy and produce a wide range of content that might not interest a lot of its audience. The larger the content library is, the less efficient the service. In a competitive market, the more efficient business models tend to win. Investors will be more interested in financing content similar to what is currently trending. As a result, the genre diversity will be harmed. This will potentially lead to heavy spending on content.

Disney+

Disney+ has been an unrivaled hit ever since its debut in 2019. It streams all the family-friendly movies and animation from Disney itself and new originals and content from its acquisition of Fox. Since the coronavirus pandemic, it has successfully attracted 54.5 million subscribers, exceeding the company's prediction of 60 million to 90 million subscribers after about five years (Bursztynsky, 2020).

What made Disney+ stand out among other new streamers was its unparalleled collection of IP, unique brand, and superior content monetization capabilities.

Streaming platforms and features

Disney+ supports various devices, including phones, tablets, computers, connected TV, and streaming media boxes partnering with Apple, Google, Microsoft, Roku, Sony, Amazon, Samsung, and LG. Subscribers can add up to seven user profiles and stream up to four devices simultaneously. Viewers have the option to stream 4K Ultra HD content in Dolby Vision, HDR10, and Dolby Atmos immersive audio with closed captioning, descriptive audio, and navigation assistance available. It also offers unlimited mobile downloads for offline viewing for 10 devices.

Pricing strategy

The subscription price of Disney plus in different areas is shown in the table below:

Country/Region	***Monthly Fee***	***Annual Fee***
United States	$6.99	$69.9
Canada	C$9	C$90
United Kingdom	£6	£60
Australia	AU$9	AU$90
New Zealand	NZ$10	NZ$100
Part of the Euro Zone	7 euros	70 euros
India	299 Indian rupees	999 rupees
Japan	700 yen*	
Norway	69 Norwegian kroner	689 kroner
Sweden	69 Swedish kronor	689 kronor
Denmark	59 Danish kroner	589 kroner

* Stream through an exclusive partnership with Japanese telecom company NTT Docomo.

Compared to Netflix's most common $13 monthly plan that supports two different devices simultaneously in high definition, Disney+ undercuts its price and allows four devices with 4K access, features that are only included in Netflix's $16 Premium plan. However, the $7 plan might just be the initial plan as the price may rise as the service advances with more content added, according to Disney's Chief Financial Officer Christine M. McCarthy.

Bundle. Disney+ offers various bundles. Consumers can choose Disney+ with Hulu (with ads) and ESPN Plus for $13, which is a $5 discount compared to subscribing to all three services individually. In addition, Disney partnered with Verizon to offer a free year subscription with 4G LTE or 5G unlimited account. Subscribers who purchase a three-year discounted subscription plan can add one free year if they are Verizon customers. For European customers, Disney also partnered with Canal Plus in France and Comcast's Sky in the U.K. and Ireland.

The low price and bundle strategy have undoubtedly helped Disney reach their subscriber goals faster globally than they had expected.

Release strategy

The Covid-19 situation has hugely affected the release strategy for a major movie studio, distributor, and streaming service provider such as Disney. Disney+ played an important part in the release cycle for Disney productions during Covid. At the very first stage of the pandemic, Disney+ decided to release content earlier than planned. *Star Wars: The Rise of The Skywalker* was released three months early on May 4. *Frozen 2* was also up three months earlier and Pixar's *Onward* landed on Disney+ just weeks after it premiered in theaters. Disney released a series of brand-new titles that were initially intended for theatrical release. *Artemis Fowl*, a sci-fi fantasy film, began streaming on Disney+ in June, making it the first theatrical film that got turned into a streaming exclusive. On July 3, Disney+ released the most anticipated title, a film version of the award-winning musical *Hamilton* directed by Lin-Manuel Miranda and performed by the original Broadway cast.

However, due to the shutdown of film production, Disney+ was forced to postpone some of its high-profile originals. The *Avatar* sequel and the new *Star Wars* trilogy were pushed back a year from their original dates. *The Falcon and the Winter Soldier* was pulled out from its original August release plan with no further information provided on a premiere date. *WandaVision*'s December debut was delayed as well due to the shutdown of filming. The *Mulan* remake went straight to Disney+ instead of being released in theaters, but Disney+ users had to pay an extra $30 fee to stream it.

The delay of Marvel original series has greatly affected the Marvel theatrical features since the timeline of the Marvel Universe has a sophisticated design. *WandaVision*'s delay resulted in an almost one-year push back for *Doctor Strange: In The Multiverse of Madness* to March 2020 since the storyline of Scarlet Witch will be before *Doctor Strange.*

Apparently these long delays are complicating Disney's original plans and it is using its strategy to evaluate and modify the releasing plan case by case, considering the possibilities that theaters may remain closed or reopen. Disney CEO Bob Chapek said they very much still believe in the value of the theatrical experience overall to launch blockbuster movies.

International launch strategy

Disney is adopting a progressive launch strategy for releasing Disney+ worldwide. It is expecting to have a global rollout in the course of two years. Up until July 2020, Disney+ had launched in the U.S., Canada, the Netherlands, Australia, New Zealand, India, the UK, Ireland, Germany, Italy, Spain, Austria, Switzerland, France, and Japan. The service launched in eight more European countries on September 15, including Portugal, Belgium, Finland, Iceland, Luxembourg, Norway, Sweden, and Denmark.

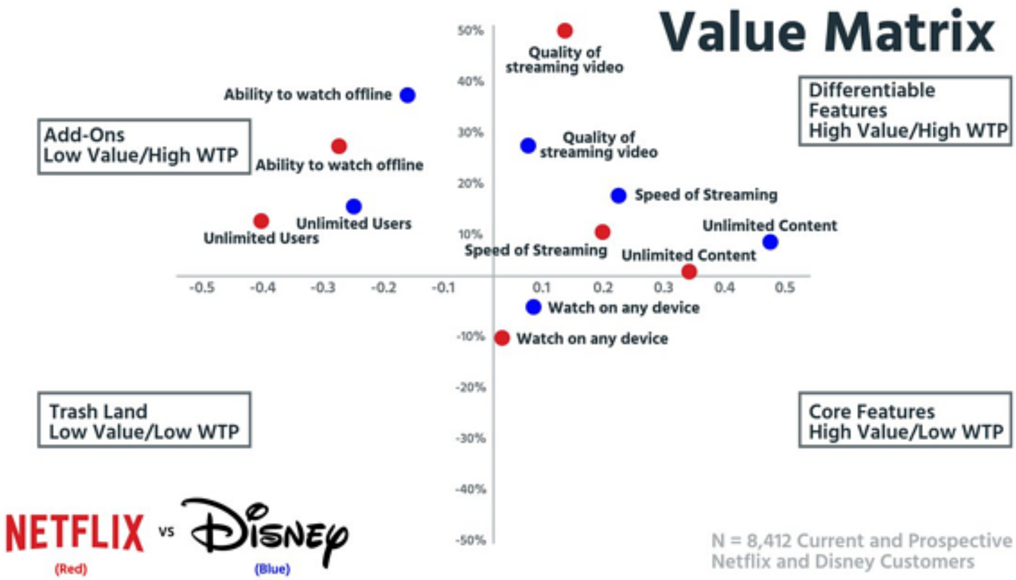
Disney's initial plan was to launch in France on March 24, along with countries including the UK, Ireland, Spain, Germany, Italy, and Switzerland. But some European officials were concerned about internet traffic, especially under the Covid lockdown, so the launch was delayed to April 7.

Disney is cooperating with a lot of international partners for the wide international launch. In the UK and Ireland, Disney+ replaced existing service Disney Life and launched on Sky and NOW TV. In France, Disney+ came to an exclusive distribution deal with Canal Plus. In Japan, Disney+ will also be streaming through an exclusive partnership with Japanese telecom company NTT Docomo.

Difference in Value Proposition

Disney+'s offerings range from family-friendly content to PG-13-rated content. Hulu, on the other hand, has more adult-oriented material. As a competitor, Disney has been trying to pull out content from Netflix. The top two movies of 2017 and the top three movies of 2016 and 2018 were all from Disney, which means that Netflix will no longer be the place to watch these blockbusters. An important thing for Disney to consider is licensing, which is one of the most complicated factors for streaming services. Content pulled out from Netflix might be returned to Netflix six years from the Disney+ launch, including movies from January 2016 to December 2018 like *Captain America: Civil War, Thor: Ragnarok, Black Panther*, *Avengers: Infinity War*; *Rogue One: A Star Wars Story*, *The Last Jedi*, *Finding Dory, Coco*, *The Incredibles 2*, *Moana,* and *Beauty and the Beast*. However, the six-year period leaves enough time for Disney to fill more of their originals to the library, which will make up to the loss of some movies.

See the value proposition difference visualized on the next page:



Data sharing and infrastructure

In 2017, Disney bought a stake in BAMTech, which was the streaming video service spun off from Major League Baseball. Disney understands that an essential part in streaming services is the streaming engineering and infrastructure. In the past, BAMTech has powered MLB, WWE, HBO Now, Hulu Live TV, ESPN+ and more. Owning BAMTech to support Disney+, Hulu, and ESPN+ is clearly the long-term strategy for Disney, which saves investment and time to build the backend infrastructure that unifies three platforms. In addition to its cost-effectiveness, this move also provides Disney with a tremendous amount of data that offers consumer insight, an important advantage given the fact that Netflix has achieved great successes by using data.

HBO Max

HBO Max Launch

HBO Max was officially launched on May 27, 2020 (for more details, see section 1). It is set at $14.99 per month, which is definitely a challenge during economic hardship. Consumers may not want to consider subscribing to a new service during a pandemic that has caused high unemployment rates. AT&T CFO John Stephens argues that it's at the right price point and that they try do things differently with regards to bundling as they roll out, making adjustments and adding things or subtracting things out. AT&T expects HBO Max to have 50 million domestic subscribers and 75-90 million premium subscribers by year-end in 2025 across the U.S., Latin America, and Europe (Munson, 2020)

Disadvantages

Price. The monthly subscription fee is $14.99, which is on the higher end of the streaming services price spectrum and might cause a high barrier to entry for many consumers. It also does not offer a subscription tier option.

Reach. HBO Max currently does not support as many devices and platforms as HBO Go or HBO Now does. For example, Roku TV, casting devices, and Amazon Firestick are not compatible. It is expected that HBO will launch more platform access in the near future.

Value proposition. There is no clear difference between HBO Max and the older platforms, which makes it confusing for some viewers, especially in its content.

Productions delay. As a newcomer in the streaming industry, most of HBO Max's original productions are still in progress and were greatly affected by the shutdown of productions. The *Friends*' reunion special was supposed to be released on HBO Max launch day but failed to film in time due to the coronavirus pandemic, which is sad news for many fans that have long waited for this to happen.

Advantages

Content. HBO is famous for its high-quality content and offers a strong lineup in its streaming service, including Warner Media productions and some exclusive content such as Studio Ghibli, for which HBO Max holds the North American streaming rights. Warner Media pulled out some of the shows from Netflix, Amazon, and Hulu, which consumers can obviously notice and might follow to HBO Max.

Conclusion

The pandemic has utterly reshaped the patterns of consumer habits and associated media consumption. Even though it will eventually revert to pre-crisis patterns, consumer expectations have changed considerably causing previous media habits to lose their practicality and relevance. Reduced working and commuting time creates more spare time, which leads to expanded in-home media usage. This, in turn, reduces outside media consumption and causes a growth in demand for more remote engaging experiences. Moreover, there is more to consider when determining what content is appropriate to show in a society changed by the coronavirus. Businesses need to better understand their users and evolve their digital experiences to meet new challenges and expectations, better operationalize current technology, and provide targeted, relevant, and supportive messages without sacrificing consumer connection and profits.

As a result, the entertainment streaming ecosystem is evolving for the new normal emerging from the crisis. We are in a historical transformation from an industrial to digital economy. This digital experiment triggered by the global pandemic is a rare opportunity for streaming. Whether or not these platforms have seized this opportunity will determine their long-term sustainable development and ensure a greater competitiveness in the digital future. For audiences, this ongoing streaming war is not a zero-sum game. Most importantly, for businesses, they need to build their own content to suit consumers' appetite. After all, content is everything: streaming services not only need to offer consistently high-quality and a sufficient volume of programming, but also understand and stick to their own unique value propositions.

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