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THE STREAMING WARS
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PANEL

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By forcing everyone to stay indoors, the pandemic has turbocharged the TV streaming business. Millions more people have tuned in around the world, and this has intensified the “streaming wars” between companies such as Netflix and Amazon and traditional TV providers.

Introducing the event, James Fontenella-Khan, the FT’s US corporate finance and deals editor, said the clearest sign that a battle is raging is the number of mergers and acquisitions. These include Disney’s $71bn acquisition of 21st Century Fox and AT&T’s $80bn purchase of Time Warner, both in 2019.

Who will win the streaming wars? The Financial Times invited Jean-Briac Perrette, Kate Ward and James Moore to discuss the question.

This report is a summary of the key take-outs from the event.

**THE SUCCESS OF DISCOVERY PLUS SHOWS THE APPETITE FOR STREAMING**

In January, Discovery, the company behind the Oprah Winfrey Network and Eurosport, launched Discovery Plus. It began with 5m subscribers from a previous service but proved to be so popular that it added 7m in two months. More than 90 per cent of its 55,000 episodes of content has already been viewed.

Mr Perrette said his company benefits from how Netflix, Disney and Amazon have shaped watching habits. He said Discovery Plus gained popularity quickly because, strictly speaking, it is not a rival but “the perfect companion” to the others. Discovery had “unscripted, real-life entertainment” while competitors focused on scripted films and series.

**STREAMING CHANGES THE BUSINESS FOR HOLLYWOOD’S BACKERS**

Cinemas are shut and Hollywood studios are holding on to billions of pounds’ worth of unreleased films – the movie business is in crisis like never before. Luckily streaming offers a solution: studios can realise at least some return on investment by releasing films via streaming companies. This means that the yardstick of box-office success is dead – today success is gauged by the number of subscriptions.

Is this change permanent? Mr Moore, whose company Vine Alternative Investments backs Hollywood groups such as the Village Roadshow Entertainment Group, said once lockdowns are lifted “event-driven and socially orientated pictures” will be reserved for cinemas. By contrast “historical, comedy and drama movies” will be streamed from the start. This change in film fans’ habits had been happening before the pandemic, he said.

Mr Moore said streaming was having another effect: Vine used to concentrate on investing in new content but now looks to “mine existing content” for creative opportunities. “Our strategy is to base content creation around iconic intellectual property,” he said. This means, for example, “giving [people] new, creative interpretations of things they’ve seen in the past”.

**SCALE MATTERS, AS DO CONTENT, TECHNOLOGY AND BRAND**

The dominance of companies such as Netflix, Amazon, Disney and Discovery suggests that scale matters.

Mr Perrette said that the world’s best content creators – producers, actors and storytellers – wanted a global audience and it was natural for them to be drawn to the biggest streamers. Similarly with technology: only the biggest companies could afford the investment needed.

Given the wealth of content available, he said reputation was increasingly important as consumers look to the biggest brands to help them to choose what to watch.
THE STREAMERS’ HOLY GRAIL: CONTENT THAT TRAVELS

Mr Perrette said Discovery looked for “universal stories” that would appeal in as many countries as possible. He pointed to 90 Day Fiancé, the American franchise screened on Discovery’s TLC channel. This follows couples who hold a type of US visa that allows a citizen to bring a foreign fiancé to the country. They have to marry within 90 days or the fiancé has to return home. Non-US programmes were crossing borders too, he said. He cited Estonia, a documentary series about the Estonia ferry disaster in the Baltic Sea in 1994 in which 852 people died. This had been viewed widely across Europe.

Ms Ward said there was “a voracious appetite for unscripted content”. She said: “We are in the hits business: we want the show that everyone is talking about.” She picked out Fyre: The Greatest Party That Never Happened, a documentary about the failed Fyre Festival that was co-produced by Vice Studios. Another hit was Flee, an animated documentary that won a grand jury prize at the Sundance Film Festival in the US. What does a hit need? Ms Ward said the vital ingredients are “character and high narrative”.

NEW TECHNOLOGY LEADS TO GREATER LEISURE TIME AND MORE CONSUMER SPENDING

Mr Perrette said new technology in the TV business had often been presented as an “either/or”, for instance TV or VCR, home recording or moviegoing. He noted that there is still a significant number of “linear viewers”, people who watch programmes on TV at the scheduled time. In other words, not all consumers buy into “either/or”.

He said the lesson from new technology is that people are giving more time to watching TV and spending more money on subscription and other services.

WILL SPORT STREAMERS CHALLENGE TRADITIONAL NETWORKS?

Sport remains important to traditional networks such as Fox in the US and Sky in Europe. So far Netflix, Disney and Apple have held back from bidding for sports rights. Some streamers are testing the water. Eurosport, the Discovery sport network, paid €1.3bn for exclusive rights to broadcast the Tokyo Olympics in Europe. The Eurosport channels will be the only place that fans will be able to see every event.

Sport-only streaming options may still be some way off. Sport will remain an important part of the bundle of services offered by streamers, Mr Perrette said, but no one has developed a business model that works.

Sports viewers switch off at the end of an event, tournament or season. If sport is to become a streaming staple, then consumers will have to be persuaded to take a subscription for a whole year, not just a few months.

WILL STREAMING SERVICES BE REBUNDLED?

Mr Moore said: “Ultimately, there will be some bundling. I think people will invent new and better ways for customers to experience their offerings.”

Mr Perrette said the bundling of rival services is unlikely in the near-term because streaming is still in a growth phase. Bundling may happen eventually because there will be an effort by streamers to “simplify the subscription management process”. Bundling would be less about cost and more about ease of access.

WILL THE INDUSTRY CONSOLIDATE IN THE LONG-TERM?

Mr Moore said: “There has been a lot of consolidation already. There are not many media players left [to buy]. There will still be consolidation at the margin but I think the big consolidation has occurred.”

Mr Perrette said further consolidation was likely because “the streaming beast is a hungry one”. He said it needed a high volume of quality content on a consistent basis to serve and retain customers.