COVID-19’s IMPACT ON THE COMPETITIVENESS OF STREAMING SERVICES:
COMPARATIVE ANALYSIS OF NETFLIX, DISNEY+, AND PEACOCK

by

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Submitted in partial fulfillment of the
requirements for Departmental Honors in
the Department of Film, Television and Digital Media

Texas Christian University

Fort Worth, Texas

May 2, 2022
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Abstract

This essay outlines how the COVID-19 pandemic increased the competitive nature of the streaming service industry. Throughout the essay, statistical data is provided that outlines how COVID-19 supplemented the increasing trend for audiences to no longer look towards cable but lean towards streaming service options for content. For example, data gathered through a Pew Research Center survey that outlines how the number of U.S. adults that watch television via cable or satellite has plunged from 76% in 2015 to 56% in 2021 (Rainie). In comparison, there was a 26% increase in online video subscribers worldwide in 2020 (Adgate). This data summarizes the increasing competitiveness of streaming services, which was accelerated due to the lockdowns during the COVID-19 pandemic that gave audiences ample time to figure out the best way to experience content at home. In order to get a fuller comprehension of the rising competitiveness in the streaming service market that has occurred during the COVID-19 pandemic, I will conduct a comparative analysis of how three streaming services acted during this time. Specifically, Netflix, Disney+, and Peacock have tried to stand out during the pandemic by creating unique release windows, focusing on international and original content, or by acquiring big sporting events. Overall, the business decisions of Netflix, Disney+, and Peacock provided further insight into how streaming services evolved over the COVID-19 pandemic and showed how the pandemic increased an already competitive market, causing each major business to look towards innovative strategies to pull in new paying subscribers.
Introduction

On December 31, 2019, a new cluster of pneumonia in Wuhan was identified as the COVID-19 virus, and over the next year, the coronavirus turned from a small cluster of cases into a global pandemic that affected every major industry, corporation, and small business. One industry that was directly impacted by the situation caused by COVID-19 was the film and television industry. The majority of theaters were closed, causing a drastic decline in theatrical entertainment revenue which only accounted for 15% of total global entertainment revenue, down from 43% in 2019 (Adgate). Due to the closing of theaters, many of the major media companies looked towards streaming services as the answer for their films that could not be released in traditional theaters. Throughout 2020, there was the creation of new streaming services as well as a boom of new viewers to the established services during the pandemic. Specifically, there was a 26% increase in online video subscribers worldwide, coming to a total of 1.1 billion subscribers in 2020 (Adgate). Overall, the addition of new streaming services, as well as the surge in the quality of content in established streaming services, caused the competitiveness of online media consumption to increase.

In order to understand the increasing competitiveness of the streaming service market, there must be a general comprehension of Hollywood and the film/television industry as a whole. Hollywood businesses have always been interconnected and executives started to see the benefits of conglomeration and vertical integration beginning in the 1980’s. According to Jennifer Holt, professor of Film and Media Studies at UC Santa Barbara, vertical integration is defined as the ownership of all phases of a business from production to distribution and sale (Holt, 2). In the film/television industry, vertical integration is understood as when a large studio conglomerate controls every aspect of the production, distribution, and exhibition of their content. Recently, these larger conglomerates looked toward streaming services to garner complete control over the
process. During the pandemic, there were many production stoppages, and those stoppages directly affected distribution and exhibition strategies (Fortmueller, 3). However, the pandemic confirmed the benefits of conglomeration by showing that large media companies can benefit from controlling every aspect of content creation and distribution. This led to many legacy studios and networks launching new streaming services, thereby increasing the competitiveness of the market. Furthermore, it caused well-established streaming services, such as Netflix, to seek out specific business strategies that would give them a competitive advantage. One way Netflix circumvented a drop in subscriptions was by focusing on foreign markets. For example, in 2020, Netflix decided to pour billions of dollars into creating content in local languages in strategically significant markets such as India, Eastern Europe, Latin America, and Asia (De Silva). This strategy will allow Netflix to corner a specific target market while increasing overall subscriptions due to the expected increase in internet usage in densely populated regions such as Asia and Latin America (De Silva).

However, before there is a deep comparative analysis of the different business strategies used by streaming services during the pandemic, there must be an understanding of the increasing importance and competitiveness of streaming services overall. As streaming services become more prevalent in our society, many people have looked to cut costs of other entertainment mediums, such as cable television. Specifically, in 2020, cable providers saw a record of 1.7 million subscribers cancel their packages in the first quarter and similar losses of 1.5 million subscribers in the second quarter (Fortmueller, 41). On the other hand, in 2020, the streaming service business generated revenue of close to $26 billion, with an annual growth rate of 4.1% (“Video Streaming”). Also, it is not just viewership that streaming services are starting to dominate in the media industry. In the past 5 years, there has been an increasing number of content released on streaming services that have been nominated for prestigious awards. For
example, online video platforms accounted for more than half of the awards presented at the 2021 Emmys, which included 44 winning trophies being presented solely to Netflix (Battaglio). Not only is the general population starting to wean off their spending on cable providers, but experts are starting to recognize the prowess of the content released on streaming services. These awards are important because they will, in turn, bring more subscribers and awareness to their streaming services.

To provide further context into the competitiveness of streaming services, there were two studies conducted that outlined consumer behavior in the streaming service market in comparison to traditional media pipelines. First, the Decoding the Default study by Hub Entertainment Research tracked the source that consumers turn on first when they’re ready to watch television (“Study: Streaming”). Specifically, the study found that 55% of all TV viewers say their TV default is an online streaming service (“Study: Streaming”). When looking towards the younger audiences, the study found that only one in ten 18–34-year-olds default to live broadcast channels (“Study: Streaming”). However, this is not only a theme with young audiences since the demographic proportion defaulting to live TV is lower than it was in 2019 in every age group (“Study: Streaming”). This study highlighted the importance of streaming services in today’s entertainment business since a majority of the population look towards streaming services as the default way to experience new television and film content. On the other hand, a study conducted by Whip Media explored the competitive nature across streaming services. Specifically, they found that 70% of US consumers that subscribe to multiple streaming services believe that there are too many streaming services on the market (O'Halloran). This is mainly due to the cost associated with subscribing to multiple services, as well as the overabundance of choices in content. Furthermore, based on this study, 32% canceled a service in the past year (O'Halloran). When combined, these studies show that not only are the majority
of people looking towards streaming services as their main source of video entertainment but that they are only choosing a few of the various streaming services that are now available.

Overall, the online streaming entertainment industry has not been monopolized, especially as cable continues to weaken, leaving room for multiple companies to look for unique business strategies to stand out. As the global audience’s television and film viewing habits continue to shift in favor of streaming services, each company must be constantly working on new marketing strategies in order to stay ahead of the curve (Lee). In order to get a full understanding of the competition that arose from COVID-19, I will compare the unique business strategies of three distinct streaming services: Netflix, Disney+, and Peacock. These three streaming services have tried to stand out and pull in audiences by creating unique release windows, focusing on international and original content, or by acquiring big sporting events. Overall, analyzing the similarities and differences between these three unique streaming services, will highlight the overall impact on the industry’s specific business strategies used to gain a competitive advantage during the COVID-19 pandemic.

The Impact of COVID-19 on Hollywood

To get a complete understanding on the shift of focus to streaming services, there must first be a further exploration into the COVID-19 pandemic’s impact on each aspect of Hollywood. Specifically, the production, exhibition, and distribution of content in the industry saw a drastic change due to the implications of the global pandemic. In Hollywood, the aspects of the film and television businesses have always been interconnected. For example, when there are stoppages in production, it directly affects distribution and exhibition strategies (Fortmueller, 3). The proximity and size of film crews during shoots caused many productions to be delayed or halted due to the easy spread of the COVID-19 virus. In many states, especially California where
the major Hollywood studio system resides, governments had to step in to limit the spread of the virus through high-risk activities, such as working on a film set. During this time, the Los Angeles County Department of Public Health urged the major productions to “identify and delay higher risk activities, and focus on lower-risk work for now, if at all possible” (Shafer). However, there were many instances in which productions had to be shut down because of important cast members testing positive for the virus. For example, the star of the upcoming film *The Batman*, Robert Pattinson, tested positive for COVID-19, causing the production located in London to be put on pause (Couch).

In Hollywood, many of the producers had to find a way around the major lockdowns that inhibited them from working on large sets. One of the main ways producers got around this problem was by looking to other countries with less restrictions, such as Canada. For example, Paul Bronfman, who is the chairman and Chief Executive Officer (CEO) of studio operator Comweb Corp. and chairman of Pinewood Toronto Studios, offered his insight as he saw the influx of Los Angeles producers into his soundstages. He said: "There's huge demand for studio space and the number one reason is trust. The Americans are really looking at Canada, more than they ever have. I've never seen such a frenzy. We got lineups, seven or eight deep, for two new studios in Toronto" (quoted in Vlessing, “Film Industry in Canada”). A good way to further understand the limitations and restrictions of film production during this time is by looking at guidelines developed in France for the pandemic by the CCHCST, or the Central Committee for Hygiene, Security and Working Conditions in the Production of Films, Shorts and Commercials. Although these guidelines were developed in France, and not in Hollywood, they are still vital to understand because they detail the limitations and higher budgets brought about from filming during the COVID-19 pandemic, regardless of whether the production took place in a domestic or international location. Specifically, they developed a 40-page rulebook that calls for the hiring
of additional people on set, including a caregiver, a counselor specialized in coronavirus, an assistant to clean all props, and private transportation for the cast (Keslassy). Additionally, the film sets will be limited to 50 people, and exterior shots are banned unless they are in an area that can be made fully private (Keslassy). It is estimated that all these extra additions to the staffing, transportation costs, testing, security, and cleaning protocols drive up the budget by 15% and add an extra hour each day to the filming schedule (Keslassy). These economic additions to a film budget combined with the implication of the lockdowns have caused many major film production companies to lose a significant amount of money. For example, AT&T took a write-down of $780 million in the last quarter of 2020 from the impairment of production at WarnerMedia (Goldsmith). Overall, the COVID-19 pandemic has provided several complications to film production that has caused economic detriment to many companies who had to create innovative strategies to continue their projects.

However, film production was not the only aspect of the industry that was heavily impacted. Specifically, both film exhibition and distribution were heavily affected by the closing down of theaters. In Hollywood there are more than 2 million jobs and 400,000 American businesses connected to the film industry (Hall, et. al.). Since the pandemic has started the shifts in distribution have dealt a significant blow to the film industry, with over 5,400 theaters closing in 2020 (Liu). However, the large corporations, such as AMC and CineMark, were able to survive through the pandemic even with large operating deficits. Specifically, throughout 2020, Cinemark lost $5.25 a share on revenue of $686 million and AMC was down in revenue of $1.4 billion compared to the last quarter of 2019 (Moyer, 1). Although the traditional exhibition of movie theaters was not completely wiped out by the pandemic, it still caused many media companies to explore other ways to exhibit their films.
Specifically, the impact of COVID-19 on theaters has been so severe that most of the big studios are vertically integrating their productions onto their own streaming services for online releases. By becoming TV and film production studios themselves and controlling the distribution and exhibition of their content, big media conglomerates gained the competitive advantage of controlling the entertainment business during COVID-19. For example, *Black Widow* was originally scheduled to be released in theaters on May 1, 2020, (D’Alessandro, “Black Widow”). After many delays caused by theatrical closures, Disney executives decided to capitalize on the popularity of their streaming service by releasing it on both Disney+’s added premium option and in theaters in July 2021. However, this caused them to have several contract breaches since it was not a theatrical only release. In particular, the star of the film, Scarlett Johansson, sued Disney because she lost a total of $50 million due to the film being available on the streaming service simultaneously with the theatrical release (Flint). Alternatively, many other studios decided to avoid the legal drama by selling many of their large titles to streaming services during the pandemic. For example, Paramount sold several titles to streamers amid the pandemic, including selling Amazon Prime Eddie Murphy and Arsenio Hall’s *Coming 2 America*, and selling Netflix Aaron Sorkin’s courtroom drama *The Trial of the Chicago 7* (Rubin). *Coming 2 America* was a huge hit for Amazon Prime, who claimed that the film had the streamer’s best weekend of any streaming movie during the pandemic (D’Alessandro, “Amazon Claims Victory”).

Although some studios sold films to streaming services, the main trend of the pandemic’s impact in regards to film distribution is this major shift into the importance of streaming services for the media conglomerates. WarnerMedia, NBCUniversal, Disney, and many other companies have launched their own streaming services. For example, Disney+ launched in the U.S. just prior to the pandemic’s onset on November 12, 2019, for $7.99 per month, or $79.99 per year,
with an experimental Premier Access option that costs $30 (“Factbox - All about Streaming”). Alternatively, NBCUniversal launched their streaming service Peacock after the pandemic, with a $4.99 per month service fee with commercials and an ad-free version priced at $9.99 per month (“Factbox - All about Streaming”). Their plans are in contrast to Netflix, which has been around since 2007. The veteran streamer offers three tiers of subscriptions: $8.99 per month, $13.99 per month, and $17.99 per month, depending on the number of simultaneous streams allowed (“Factbox - All about Streaming”). Each of these streaming services provide unique subscription options for their audiences so they can stand out above the multitude of other streaming services. Overall, the COVID-19 pandemic heavily impacted the production, distribution, and exhibition of the film/television industry which allowed media conglomerates to focus more on controlling each facet through vertically integrated streaming services, thus increasing the competitive nature of the streaming service market.

**Comparative Analysis of Three Major Streaming Services during the COVID-19 Pandemic**

In order to get a fuller comprehension of the rising competitiveness in the streaming service market that has occurred during the COVID-19 pandemic, I will conduct a comparative analysis of how three streaming services acted during this time. First, let's start with the most well-established streaming service in the market, Netflix. As mentioned earlier Netflix’s streaming service was developed in 2007, and established itself as the number one streaming service through its substantial amount of original and foreign programming, large content library, and specifically curated recommendations for each user. Currently, Netflix has a library of over 3,600 movies and 1,800 shows (Ward). Financially, Netflix gained a total revenue of $25 billion in 2020 (Ward). In January of 2021, Netflix shares touched an all-time high after the company claimed that it added 8.5 million additional subscribers and that they would no longer need to
take on any financial debt (Bowman, “Does Netflix”). The fact that Netflix will no longer need to take on financial debt is huge, because, unlike most businesses, it focused more on achieving market validation instead of overall financial growth. According to Alex Sherman, “Netflix has proved that market validation is more important than business fundamentals in terms of growing valuation. Netflix has burned through billions in cash for years, spending borrowed money on content to grab subscribers, and investors haven’t cared” (Sherman). The ability for Netflix to focus more on the market’s needs instead of financial gain has allowed it to spend billions in cash while controlling the vertical integration of their content. In other words, Netflix has been able to control the production, distribution, and exhibition of several sought-after high-budget original television series and movies in order to bring in more subscribers to their streaming service.

Overall, Netflix still stands as the most widely used streaming service with the best original content. Specifically, a survey conducted in 2021 by Morgan Stanley found that 58% of respondents use Netflix, making it the most widely used streaming service, and 38% of respondents say it offers the best original programming (Spangler). Furthermore, the study found that the top reasons for subscribing to Netflix were its broad selection of content, good original programming, how it adds appealing content for a variety of audiences, and how there are no commercials (Spangler). Although Netflix has the best original programming, they have recently gone through many financial deals in order to buy the rights to stream both big-name movie franchises and popular foreign films. Since the COVID-19 pandemic upended the home-entertainment ecosystem, Netflix has focused on keeping audiences subscribed to their service by diving deep into their own pockets and financing a projected total for 2021 of $19 billion in content (Sherman). Because Netflix was already operating on a year-round production and
release schedule, Netflix had the competitive advantage early on in the pandemic because they already had many titles nearly ready or ready to release in 2020 (Fortmueller, 43).

So, when the COVID-19 pandemic caused many theaters to close, Netflix used those titles to live up to audiences’ expectations while they were stuck inside their homes. For example, the popularity of the original docuseries, *Tiger King*, helped establish Netflix as one of the main places for audiences to find quality escapist entertainment during the early part of the pandemic. Specifically, *Tiger King* was able to reach 64 million Netflix households in only a month after its release in March 2020 (Littleton). However, as the pandemic begins to quell, Netflix has planned on keeping its audiences interested by financing deals with many major franchises. For example, Netflix recently struck a $469 million deal in order to develop two sequels of *Knives Out* (Kit). Although this seems like an absurdly large investment for Netflix, it allows them to get the complete rights for two sequels in a proven franchise that grossed $311 million globally after the release of its first film (Kit). One streaming executive familiar with the deal said that “Yes, it’s overpaying but Netflix is playing chess while everyone else is playing checkers” (Kit). He explains that it is a highly important move to invest in the *Knives Out* franchise because it takes a proven theatrical commodity off the board and into Netflix’s control. Furthermore, Netflix has signed a five-year deal with Sony Pictures Entertainment that will give them the exclusive U.S. rights to Sony’s films once they leave theaters and premium video-on-demand services (Sperling). Not only does this allow Netflix to draw in fans of Sony’s film franchises, such as *Spider-Man* and *Jumanji*, but it also establishes a new source of first-run films for Netflix users. According to the 2021 film slate released by Netflix, they plan on having a total of 70 new movies to be released in 2021. This will be a combination of original movies, international films, and bought-out movie franchises that will accumulate, allowing Netflix users to watch a newly released movie every week in 2021 (Alexander).
However, as the competition began to rise due to the increasing popularity of several other streaming services, such as Disney+ and Peacock, Netflix began to look to foreign countries in order to maximize its content catalog depth. That is why Netflix is focusing on producing local language content at a faster pace than its peers because it would give them a sustainable competitive advantage in the long run (De Silva). Furthermore, foreign content has allowed Netflix to have a wider range of options for productions because of its focus on its global reach. For example, Netflix was able to resume its filming during the pandemic of the supernatural series *Kalta* by moving the production to Iceland (Fortmueller, 28). Also, Netflix has furthered its reach into foreign countries by establishing offices in those countries. For example, in 2020, Netflix opened an office in France (Fortmueller, 43). Overall, Netflix’s strategy is to work with foreign production companies around the world and then eventually establish offices as the company becomes more established in those countries (Fortmueller, 44).

They have decided to increase their competitive advantage by pouring billions of dollars into creating content in local languages in several different foreign countries. Recently, this advantage has been made clear through the success of the South Korean drama *Squid Game*. Specifically, as of October 2021, 42 million households around the world watched *Squid Game* in its first four weeks of release, making it Netflix’s biggest TV show ever (Tong).

So, one of Netflix’s big market focuses is its reach to international audiences in South Korea and Japan. In general, Netflix has been known for following the flow of money, which in this case highlighted the importance of both South Korean drama and Japanese anime to the streaming service. In 2020, Netflix found that viewing hours for Korean content in Asia quadrupled compared to 2019, and Japanese anime titles appeared on Netflix's top 10 list of most-watched series or movies in nearly 100 countries (Brzeski, “South Korea and Japan”). Netflix capitalized on this popularity by hosting a monumental event in Seoul, during which it
pledged $500 million on South Korean film and series in 2021 alone (Brzeski, “South Korea and Japan”). During this event, they released a rare public disclosure, which showed that its revenue in South Korea more than doubled to $356 million last year (Brzeski, “South Korea and Japan”). Furthermore, they stressed the importance of anime to its streaming service by hosting a similar event in Japan, in which they said that Netflix will premiere upward of 40 new original Japanese anime, which is double the number it released in 2020 (Brzeski, “South Korea and Japan”).

Jens Richter, CEO of International at Fremantle, explained the transformative nature of international streaming content when he said that “Just five to six years ago, if you had a non-English show, in Europe for example, your market was basically limited to the dubbing territories, so Germany, Italy, Spain, and Eastern Europe. Now you can sell it anywhere” (Roxborough). Netflix has seen the booming success of multiple foreign titles, such as Spain’s Money Heist, South Korea’s Kingdom, and the French hit Lupín. This has led Netflix to open several regional operations in Mexico, Europe, and Asia, and the company recently announced that they will be opening nine sound stages at two facilities in South Korea to focus on the production of Korean films and series (Roxborough). Not only does this allow Netflix to expand its reach towards foreign users, but it also allows them to expand its content diversity through developing original programming that is generally cheaper to produce. For example, if Netflix wanted to finance a major Israeli drama, it would cost them low six figures in total, while a major U.S. series would cost them around $5 million per episode (Roxborough).

Overall, Netflix has placed its focus on the quality and quantity of foreign and original content in order to keep audiences subscribed to their service during the pandemic and beyond. Recently, they have experimented with new release schedules for a handful of their original series, such as The Circle. Instead of the traditional all at once release, Netflix decided to capitalize on the reality format of The Circle, by rolling out each episode over several weeks
Nielsen Ratings show that even though Netflix's all-at-once releases result in big premieres, they have heavy drop-offs in ratings a couple of weeks later and weekly releases have had longer lives in the top 10 (Porter). However, this has not always been true since the popular Netflix original, Bridgerton, had a billion minutes of watch time for five weeks and 10.65 billion minutes over 10 weeks (Porter). At the time, this was Netflix’s biggest show ever, but Netflix will continue to experiment with atypical release schedules to see if it is a better way to keep audiences attracted to their service. Will these large investments in attractive foreign content and unique release schedules allow Netflix to maintain itself as a dominant streaming service? On January 19, 2021, Netflix experienced an annual net gain of 36.6 million subscribers taking its total subscriber count to around 203.7 million, the most among any streaming service (Swartz).

All in all, Netflix’s focus on an abundance of high-quality content, its ability to experiment with new release schedules, and focus on foreign markets have highlighted its overall prowess in the streaming service game.

On the other hand, not all streaming services have had the veteran knowledge of Netflix, such as Disney+, which first launched its service in 2019. Luckily, Disney+ was launched on November 12, 2019 which was months before the COVID-19 pandemic started causing businesses to shut down in March 2020. However, once the pandemic started causing production shutdowns, it had a direct effect on much of Disney+’s upcoming content. For example, Ridley Scott’s The Last Duel was originally scheduled to be released on Christmas Day in 2020, but due to the pandemic, the production was delayed, causing the release date to be pushed back until October 15, 2021 (Kroll). Additionally, films that were still in the pre-production stages, such as Peter Pan and Wendy, were also delayed, limiting the number of original releases to their new streaming service (Kroll). So, even though Disney+ was able to get their service established before the launch of the pandemic, they still ran into issues that delayed most of their major
productions. However, even with the delays in productions, Disney+ executives established creative strategies to help them stand-out above the influx of new streaming services that arrived during the pandemic.

Disney+ made a stark rise to one of the top streaming services by capitalizing on promoting their impressive library of content, as well as their new productions that are based on their popular franchises. Specifically, a recent survey conducted by Hub Entertainment Research showed that 77% of Disney+ subscribers who joined the service during the pandemic said they would renew their subscriptions, versus just 73% for Netflix (De Silva). Also, Disney+ offers more payoff in comparison to Netflix because they allow up to four viewers on one subscription, compared to Netflix allowing just one for its basic subscription (Lee). On top of that, the base Disney+ subscription includes 4K viewing, while Netflix customers have to pay extra to enjoy 4K (Lee). Furthermore, Conviva CEO Bill Demas explained the success of Disney+ saying that they are already “halfway to Netflix, and they still haven’t rolled out their geographies” (Swartz). This is a good take on the Disney+ situation, because they already have an impressive library of content, and due to their ownership in popular franchises, such as Marvel and Star Wars, they have an unlimited amount of new content to release in the future. For example, they have a hold on the Marvel fan base since they plan on releasing over 10 new high-quality Marvel television series about the audience's favorite characters, such as *Loki* and *I Am Groot*, exclusively on Disney+. Disney’s impressive catalog of prominent franchises that contain new original series, such as *The Mandalorian*, allowed them to stand out above the many recently created streaming services.

This experimental Premier Access option was used for the releases of *Mulan* on March 9, 2020, and *Raya and the Last Dragon* on March 5, 2021. However, new data found that *Raya and the Last Dragon* had 20% fewer purchases on Disney+ during its opening weekend than *Mulan*
during its release (El-Mahmoud). Additionally, the research found that there was a 30% decline in signups for the streaming service during the release of *Raya and the Last Dragon* in comparison to the first four weekends of the release of *Mulan*. However, unlike *Mulan*, *Raya and the Last Dragon* was also released in theaters, in which it made a total of $68.4 million in the worldwide box office after three weekends (El-Mahmoud). These numbers must have been substantial enough for executives at Disney+ since they released both *Cruella*, in May of 2021, and *Black Widow*, in July of 2021, in both theaters and on their streaming service for users who pay the $30 Premier Access option (El-Mahmoud). However, as mentioned earlier, these decisions to change the release format has caused several breaches in contracts, causing many lawsuits against the company to ensue.

The $30 Premier Access option is not the only unique payment plan that Disney+ has used as a competitive advantage in the streaming service industry. Specifically, Disney+ stands out from other streaming services by having the option for consumers to purchase different tiers of the Disney+ bundle. Specifically, the Disney bundle allows audiences to have access to Disney+, ESPN+, and Hulu (Clark). The pricing depends on whether or not you want to pay for an ad-free Hulu or want access to Hulu’s live TV function. Without ads or the live TV function, consumers can get access to Disney+, ESPN+, and Hulu for $19.99 per month (Clark). These different tiers allow consumers to have multiple options of pricing depending on how much content they want access to. For example, ESPN+ gives audiences access to many different live sporting events, which allows this bundle to stand out over other streaming services, like Netflix which carries no live sporting events. Not every subscriber is going to be willing to pay the extra money to get access to these additional streaming benefits, but they still provide unique advantages over other streamers in the marketplace.
Currently, Disney+ has topped 100 million paid subscribers since its November 2019 debut and the service expects to have 260 million paid subscribers by the end of 2024 (Swartz). Not only have they taken a note out of Netflix’s playbook by focusing on high-quality original content, but they also have emphasized the importance of their global audience. For example, they have rolled out Disney+ streaming services called Star in Europe, Star+ in Latin America, and Hotstar in India in order to expand their reach and increase subscription growth. Also, out of the current American streaming services, Disney has the closest relationship with China. If the political conditions of China change in the future, there may be a strong push by Disney to control one of the biggest media markets. However, for now, Disney has decided to focus on other regions in Asia, and has recently unveiled 18 originals from the Asia-Pacific region (Brzeski, “Disney+ Unveils”). Specifically, Luke Kang, Disney’s president in Asia Pacific, said that “with over-the-top services going mainstream, emergence of world-class content from Asia Pacific and rising consumer sophistication, we believe that this is the right time for us to deepen our collaboration with the region’s best content creators to deliver unparalleled storytelling to global audiences” (Brzeski, “Disney+ Unveils”). Overall, the 18 original titles fall under both series and film, and feature multiple genres, from animation to documentaries. For example, they have 7 titles coming out of South Korea including a documentary about the K-pop super group BLACKPINK (Brzeski, “Disney+ Unveils”). Overall, this strategy will allow Disney to expand their global reach by producing original content for a constantly growing international market.

According to Magalie Grossheim, senior analyst at M Science, since its release in Europe in February 2021, Disney+ has become the most popular streaming service in the UK, Spain, and Germany based on time spent (Swartz). This reach towards a global audience is extremely important because it allows Disney+ to experiment with the abundant creation of unique original content that is aimed to reach various demographics over the world.
Consequently, Disney+ created its streaming service with a stockpile of content and plans on releasing more than 100 new titles a year. Gabriel Lewis, senior vice president of content curation and programming at Disney+, explained this strategy noting that the service launched with a huge catalog of programming, allowing them “to follow a more traditional weekly cadence for the original scripted series” (Porter). This strategy has been integral to the releases of their most anticipated shows, such as *WandaVision*, in which the audience spent 4.8 billion minutes watching the series over its eight-week run (Porter). However, executives at Disney+ wanted to expand their reach further past the American audiences that subscribe for the latest Marvel or Star Wars series. One strategy that they have focused on since the release of their streaming service was their focus on nostalgia, specifically for the Generation Z and Millennial demographics. These audience members can subscribe to take advantage of the nostalgic content that contains some of their favorite childhood television shows, such as *Kim Possible* or *Phineas and Ferb*. However, Disney+ is taking this nostalgia to the next level by remaking many popular shows and movies, such as the creation of *Proud Family 2*, a new *Home Alone* movie, and a new *Percy Jackson* series.

Disney+ wants to stay true to their family friendly brand image by creating this family-friendly nostalgic content. However, in order to stay on the top of this competitive market, they need to attract different demographics to their streaming service. That is why they did not stop at the creation of Marvel and Star Wars shows, but also looked towards international content and nostalgia to bring in many distinct subscriber groups. Michael Smith, professor of information technology and marketing at Heinz College and Tepper School of Business at Carnegie Mellon University said that “Disney is doing a really good job of leveraging their brand name” (Whitten). Recently, a research firm called Digital TV Research shared their prediction in a report, projecting that the number of subscribers to Disney+ would reach 284.2 million in 2026,
surpassing Netflix (Szalai). These projections show that Disney+’s impressive catalog of highly sought-after franchises, their reach into international countries, and traditional weekly release schedule have allowed it to rise as one of the more competitive streaming services.

However, NBCUniversal released their own streaming service, Peacock, in July 2020 and it has not seen the same type of success as Disney+ or Netflix during the streaming service boom of the COVID-19 pandemic. Specifically, Comcast Corporation’s division NBCUniversal launched the Peacock streaming service which offers two paid options and a free ad-supported option. The paid options give users access to over 20,000 hours of programming (“Factbox- All about Streaming”). As of January 2021, Peacock only had 33 million sign-ups, but a majority of those might have been the free ad-supported accounts (Bowman, “Should Peacock”). According to data from JustWatch, Peacock has around 5% of the market share in streaming services (Bowman, “Should Peacock”). In comparison, Netflix has around 30% of the market share and Disney+ has around 10% of the market share.

One of the main problems NBCUniversal is experiencing is due to the transition from the traditional television format to a streaming service that has caused many of the beloved NBC shows to not be shown exclusively on Peacock. In the traditional television format, the production company that created the television show could not be directly associated with the network that would exhibit it. Specifically, this was due to a list of rules developed by the Federal Communications Commision, or FCC, that were called the Financial Interest and Syndication rules. These rules were not completely abolished until 1993, and they prevented networks from owning a share of the programming that they aired (Lotz, 270). So Cheers and Frasier and other critically acclaimed NBC shows, such as Seinfeld and ER, are not available on the service because of the rules developed by the FCC. Also, many shows that were produced by NBC Universal were licensed to other services prior to Peacock’s launch. For example, it took
several months for *The Office* to transition from Netflix, and when it did it drove more sign-ups than the initial launch of the Peacock platform (Bowman, “Should Peacock”). Once *The Office* was fully available at the start of 2021, the access to view Seasons 3-9 was restricted unless you were a subscriber of Peacock Premium (Hersko). On the other hand, NBC Universal is working on creating original programs, such as *Girls5eva* from the *30 Rock* creative team, but they do not have the same pull of the big-name franchises both Disney and Netflix have acquired. Due to the COVID-19 pandemic, Peacock experienced delays to their productions, causing many of their originals, including *Girls5Eva*, to be delayed (Middleton). So, NBCUniversal is considering licensing Netflix original shows and movies to use on their Peacock streaming service (Swartz). This is an interesting strategy since Netflix users would not need to watch these licensed shows on Peacock. Furthermore, out of all of the streaming services, Hulu and Peacock have the most overlap, sharing 21% of their TV shows (Frankel). So, for Peacock to find any success they need to focus on releasing and promoting their popular syndicated shows and obtaining more exclusive content.

Peacock was already at a disadvantage, in comparison to Disney+ and Netflix, because they launched during the early spike of the COVID-19 pandemic. The service was initially planned to launch in tandem with the 2020 Tokyo Olympics, which were postponed due to the COVID-19 pandemic (Herman). This delay caused less attention for the Peacock launch and many people did not even use Peacock to watch the Olympics once they started in August 2021. There was already a well-established NBC Sports app that offered a speedier and far more user-friendly experience than Peacock (Adalian). Furthermore, the NBC Sports app allowed cable subscribers to sign in to the app to view the Olympics with their cable login. However, Peacock did not allow cable subscribers to use their subscription for the app, which caused many consumers to use either the NBC Sports app or the traditional NBC channel on cable TV to view
the Olympics. Although, even with the postponing of the Olympics, Peacock has continued with its sports-centered strategy. They stocked up on Premier League soccer games and recently acquired the WWE Network streaming service (Herman). Geetha Ranganathan, a media analyst at Bloomberg Intelligence, said that “sports [are] kind of the last bastion of the linear television model” (Herman). However, will the pull from the Tokyo Olympic Games, Premier League soccer games, and WWE events be enough to put Peacock ahead of other streaming services? Well, Amazon Prime Video has secured exclusive rights to fifteen Thursday Night Football games in 2023 and many other streaming services are looking towards sports to become their main attraction to pull in audiences as well (Herman). So, if other streaming services are gaining exclusive rights to sporting events, it will be hard for Peacock to use sporting events as their main competitive advantage.

Currently, Peacock is not seeing the same growth as many of the other streaming services. With the average U.S. household paying for an average of just 2.5 streaming-video services, users will become more meticulous about what services they choose to pay for once theaters start to open back up (Spangler). Michael Pachter, an analyst with Wedbush Securities, said when deciding on which streaming service to choose, each of the “different services are trying to say, ‘Here’s why you should look at us” (Herman). However, Peacock needs to secure a competitive advantage for its service that causes it to stand out in the competitive market of streaming services. Without franchises or strong original content and with other streaming services looking to increase their sports presence, Peacock hardly has anything unique to offer consumers.

One of the ways that Peacock has been able to differentiate itself from the other streaming services, though, is through its unique interface. Specifically, Peacock’s interface is broken up into three different types of experience: a traditional streaming interface; a curation of
small, short-form newsy moments; and a “live TV” function (Alexander). The “live TV” function is in quotations because Peacock offers a channels section to make it look like there are several live options, but it doesn’t carry any of the live NBCUniversal broadcast or cable channels (Alexander). For example, the True Crime channel will not play any live TV, but instead play an old episode of *Forensic Files* (Alexander). The problems with the interface are significant enough to executives at NBCUniversal since they are considering a complete relaunch of Peacock in 2022, according to an internal strategy document obtained by Business Insider (Hein). A major part of this relaunch concerns the Peacock interface itself, noting that many users found the Peacock interface to be confusing (Hein). However, the problems with the interface cannot be blamed on the limited time the streaming service has had to develop, because this is not the first time that NBCUniversal has launched a streaming service. Specifically, NBCUniversal launched a streaming service called Seeso back in January 2016 that had a subscription price of $3.99 per month (McCarthy). However, Seeso only lasted until 2017 and Evan Shapiro, who ran Seeso, shared his insight into why the streaming service failed. Specifically, he said that “A company like Comcast NBCUniversal who’s addicted to quarterly profit statements is not necessarily in a mood to lose $30-40-50 million a year building a brand-new business. Especially if the entirety of their business is tied to the traditional model almost entirely” (McCarthy). So, it is interesting that just 3 years later, NBCUniversal would try its hand in the streaming service game again. However, is Peacock any different than Seeso, in terms of avoiding the $50 million loss a year?

According to an analysis by LightShed Partners media analyst Richard Greenfield, NBCUniversal reported that its new Peacock streaming service lost $520 million in adjusted revenue during its third quarter of 2020 (Lukovitz). Specifically, they spent $750 million during its third quarter to only generate $230 million of revenue (Lukovitz). Furthermore, the Peacock
streaming service needs $7 to $8 of average monthly revenue to reach its projection of breaking even by 2024, but the service is losing around $8 on each of its approximately 21.5 million monthly active users (Lukovitz). Even more damning is that 84% of the users of Peacock’s Premium and Premium Plus tiers are getting the service for free as part of their Comcast and Cox cable subscriptions. A third of monthly active accounts are using the free tier (Lukovitz). These statistics highlight that Comcast NBCUniversal is no longer worried about avoiding the $50 million loss a year seen with Seeso, since they are still looking towards the Peacock streaming service in a positive light. Specifically, the CEO of NBCUniversal, Jeff Shell, assured his investors that “everything on Peacock is heading in the right direction, and there is really nothing from a trajectory perspective that is any different from what it was last quarter... All metrics are pointed up: our usage continues to be great, our mix of users” (Lukovitz). His confidence comes from the fact that many streaming services showed similar losses during the early development of their service. For example, HBO Max costs drove a $1.2-billion revenue loss at WarnerMedia in the 4th quarter of 2019 (Lukovitz). Additionally, Matt Strauss, chairman of Peacock and NBCU Digital Enterprises, said “We are viewing 2020 as our runway to 2021, which is the year Peacock takes center stage. With The Office debuting along with our original slate in early 2021, followed by the Olympics next summer – Peacock will be unstoppable” (Middleton). However, media analyst Richard Greenfield believes that, in order for Peacock to survive, executives at Comcast NBCUniversal need to take many steps to secure the service as one of the “must have” streaming services. Currently, executives at Comcast NBCUniversal are claiming that the pull from The Office and the Olympics will secure them at one of those top slots. However, Richard Greenfield suggests that Comcast should release all Universal movies on Peacock simultaneously with theaters, instead of the traditional theatrical release schedule to gain more subscribers (Lukovitz). Furthermore, he believes that Peacock does not have enough paying subs
to survive, and it must be prepared to invest heavily in developing more content than it is currently offering (Lukovitz). These strategies will give Peacock a bigger safety net to fall back on if their predictions about the pull from *The Office* and the Olympics do not end up being accurate. Overall, Peacock needs to invest more money into developing a solid brand, backed by captivating shows or sporting events, for its streaming service to give audiences a sound reason to choose their streaming service over others.

**Conclusion**

Overall, the COVID-19 pandemic caused people to stay home and seek entertainment through streaming services, with subscriptions worldwide rising 26% to 1.1 billion total subscriptions in 2020 (Swartz). At the same time, media executives expect subscriptions to cable and satellite TV bundle programming to drastically decline, projecting it will drop in 25 million subscribers over the next five years (Swartz). According to a Pew Research Center survey, the number of U.S. adults that watch television via cable or satellite has plunged from 76% in 2015 to 56% in 2021 (Rainie). Furthermore, only 34% of Americans aged 18 to 29 get TV through cable or satellite. Interestingly, 91% of those in that age group who do not have cable subscriptions claim that the reason they do not subscribe is due to the fact that they can access the content they want online (Rainie). This statistical data outlines the increasing trend for audiences to no longer look towards cable, but lean towards streaming service options for content. As people continue the cord-cutting trends, streaming services will become increasingly competitive to attract these consumers. Specifically, research conducted during the summer of 2021 showed that 55% of U.S. households have two or more streaming services (Rainie). Overall, this data outlines the increasing competitiveness of streaming services, which was
accelerated due to the lockdowns during the COVID-19 pandemic that gave audiences ample
time to figure out the best way to experience content at home.

The increasing number of audience members to streaming services during the COVID-19
pandemic caused media corporations to expand their business plans and use unique strategies to
differentiate themselves from the other streaming services. For example, Hayao Miyazaki's
legendary Studio Ghibli cut a deal with HBO Max and GEM Partners' Umezu said that "Two or
three years ago, I would have told you Ghibli movies would never go to a foreign streamer in
Japan, but right now, it feels like anything could happen" (Brzeski “South Korea and Japan”).
This quote summarizes the impact of COVID-19 on streaming services that what seemed like an
impossible idea two or three years ago was jump-started into motion due to the competitive
nature of streaming services developed during the lockdown. Netflix has shown its skill in
navigating the streaming service market, by making several heavy investments in original
movies, international films, and buying out other movie franchises. This will allow them to
establish many sought-after franchises as Netflix exclusives as well as expanding their reach into
the global market. Similarly, Disney+ has quickly risen to the top of the streaming service
landscape by focusing on its global reach as well as creating a weekly release schedule for its
many new original series in their highly anticipated franchises. On the other hand, Peacock has
not demonstrated as strong a growth in the streaming service game but has decided to focus on
the traditionally viewed sporting events as the main pull into their streaming service. Overall, the
business decisions of Netflix, Disney+, and Peacock provided further insight into how streaming
services evolved over the COVID-19 pandemic and showed how the pandemic increased an
already competitive market, causing each major business to look towards innovative and unique
strategies to pull in new paying subscribers.
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