Donovan Russo

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How Streaming Services Has Changed Entertainment Forever

At the forefront of this century's digital revolution is the evolving world of streaming. Streaming platforms like Netflix and Amazon Prime have totally changed the way consumers view content. From binge watching shows to watching critically acclaimed films, streaming services have reconfigured consumer's expectations and breached the film-distribution model.

Therefore, conglomerates like Warner Media and NBCUniversal are entering an already oversaturated market with the hopes of generating the same levels of success as streaming pioneers. In short, streaming is rapidly redesigning the very business of entertainment at the expense of 20th Century invested parties, like movie theater chains and studios who do not have the luxury of investing into new streaming platforms. With that said, I believe this evolution in entertainment is not only one of the most extraordinary transformations that continues to unfold, but one of the largest economic disruptions that the world has ever digested.

Streaming originally started with Netflix, which began as a DVD-by-mail rental service in 1997. In 2007, the company launched its streaming platform, prideful of its ability to make 1,000 movies available to its consumers (Keating). Also around this time, Youtube was purchased by Google in 2006 for $1.65 billion—the platform gained notoriety in December 2005 after *Saturday Night Live* posted one of its skits (Lamare). Accordingly, other big platforms have been founded throughout recent history as well: Amazon Prime in 2006, Hula in 2008, and Apple Plus and Disney Plus in 2019.

Furthermore, media leaders have been vocal on the impact that streaming has on the future of the entertainment industry. Disney Executive Chairman and former CEO Bob Iger has gone on record saying, “When I got my job … I saw a world where technology has enabled storytelling to proliferate much more and there is much more consumer choice… That essentially means don’t let the economy get in the way of making something great, don’t let time get in the way of making something great. Don’t be limited by the amount of time it takes or the amount of money. Greatness is a necessity and an imperative,” (Wharton University).

Netflix CEO Reed Hastings has also vocalized his enthusiasm for the increase in streaming competition, confident that this is better for the market. When sharing his viewpoint on the growth of the industry, he said, “It’s a great competition that helps build the industry, and the advantage of having something catchy like the ‘streaming wars’ is it draws more attention. And because of that, consumers shift more quickly from linear TV to streaming TV,” (Alexander).

In terms of my qualitative and theoretical evaluation, there are a few points that need to be addressed. First, in terms of box office demand, the independent film industry is largely overshadowed by big franchises like *The Avengers* and *Star Wars*. Therefore, streaming platforms are much more suitable for smaller-independent movies. When discussing the challenges that indie films endure, Professor Kia Afra of Chapman University stressed, “As Steven Soderbergh has stated, it’s now easy to make a film, but hard to get someone to see it… In other words, independent production is cheaper and more accessible than at any time, but distribution remains a significant barrier,” (Russo). With that said, platforms like Netflix are known for high quality indie content, like 2019's *Marriage Story*, and 2018's *Roma*—which both received best picture nods at the Oscars—more on this later.

Highest Grossing Films of 2019	**Worldwide Box Office Earnings**
Avengers: Endgame, The Walt Disney Co.	$2.7 billion
The Lion King, The Walt Disney Co.	$1.6 billion
Frozen Two, The Walt Disney Co.	$1.4 billion
Spider-Man: Far From Home, Sony	$1.1 billion
Captain Marvel, The Walt Disney Co.	$1.1 billion

Source: The Numbers.

Next, as mentioned in my introduction, it is important to realize that the improvements in streaming technology has put a hurting on box office earnings. When discussing the 3.6% drop in North American ticket sales in 2019, New York Post writer Richard Morgan said, "Many in the industry expect more such downturns as movie producers increasingly allow Netflix and other streaming services to release films that would have otherwise helped fatten box-office coffers," (Morgan).

Furthermore, it is also important to note that the global box office generated less in 2019 ($11.45 billion) than it did in 2018 ($11.88 billion). When discussing the decline, box office analyst Jeff Block emphasized that "Bells, whistles, red lights should all be going off right now… Look at all these huge players switching gears towards streaming… Things are only going to get harder for theaters when there's more and more streaming content out there," (Rubin and Lang).

With that said, the third point that needs to be evaluated, and it absolutely correlates to the declines at the box office, is that consumers do not feel as safe as they used to at the movies, because of the highly publicized mass shootings of recent times. When discussing their fears, an anonymous source reported in a BuzzFeed publication said, “I left a movie theater I went to early because it was a full theater and packed places like that don’t make me feel safe at all,” (Chen). Truly, this is a clear non-economic factor that sabotages box office earnings for film studios. And the only way that this specific issue can be resolved is through more gun regulation.

Lastly, if mass hysteria is not holding people back from going to the movies, then their budgets are, even with loyalty programs. Part of what makes streaming services so great, besides the luxury of watching from one’s own home, is the affordable pricing. But cinema deals like Regal Unlimited’s range from $18-$23.50 per month, and that does not even include additional taxes (Market Watch). Moreover, the numbers show that people do not want to waste their hard-earned money at the movies: 14% of consumers go one or more times a month, 40% go less than once a month, and 46% go once a year or less. Adding onto that, analysts from Statista concur with my predicted justification, writing “The reticence to go to the cinema to watch a movie could have to do with rising ticket prices in North American movie theaters… The cost of seeing a movie has almost doubled in 17 years,” (Watson).

Having said this, it is fair to argue that the largest problem that the film industry had to face was making a profit off of consumers, especially since the numbers indicate that less and less people are willing to go to the movies. And these studios’ collective resolution was the start ups of all these streaming platforms. Moreover, we learned in class that improvements in technology enable companies to lower the cost of production, and that is certainly exemplified within the streaming market: Netflix ranges from $8.99-$15.99 a month, Hulu has services that are as low as $5.99 a month, and Disney Plus ranges from $6.99-$12.99 a month (Fiorillo).

Another aspect that must be considered when examining streaming's ability to offer a lot more for a lot less is the quality of content produced. For example, Netflix led with 24 nominations at this year's Academy Awards—most notably in 2019, Netflix produced *Marriage Story, The Irishman,* and *The Two Popes* (Ha). Furthermore, Disney Plus' *The Mandalorian* was the biggest show of 2019: 31.9 times more in demand than any other show title, becoming the most popular series in the world (Ewing). So, in short, not only is streaming much more affordable than going to the movies, but the actual content is able to score big with consumers on a global scale.

Show	**Demand level compared to other titled**
The Mandalorian, Disney Plus	31.9 times more
Game of Thrones, HBO	28.3 times more
The Flash, The CW Network	21.6 times more
Stranger Things, Netflix	18.9 times more
The Crown, Netflix	15.0 times more

Source: Jeffery Ewing.

When it comes to the normative questions that need to be answered, it is first important to understand what affiliated parties have been affected because of streaming. When discussing the pressure that film studios feel because of the streaming industry, *Get Out* producer Jason Blum said back in September that, "I've never felt the nervous energy in Hollywood that I've felt over the last 12 months, and it increases every day. There's an uncertainty about the future, because the change is happening in an incredibly dramatic way," (Brown). Additionally, Alyce Brown made it a point to mention in her article that in 2019, streaming revenue was expected to reach $46 billion in 2019—further emphasizing the dent that streaming has made in the overall market of content creation.

Ironically enough, it is important to also recognize that streaming platforms like Netflix are also taking a collateral hit from the economic boom within the industry. In a publication by CNBC last January, it was reported that Netflix's Q4 subscription growth was not as stellar as the company would have hoped, due to the increase in competition: Netflix only increased in subscribers by 550,000 in the US and Canada. Last year at this time, they added 1.75 million subscribers. When discussing the company's subpar Q4 earnings, journalist Steve Kovach wrote, "... as the competitors start to light up their own streaming services, it [Netflix] has a renewed pressure to prove it can compete," (Kovach).

Besides film studios and streaming platforms, consumers are also affected, especially as more and more producers are entering the market. According to Marketing Charts, only 8% of consumers are willing to pay more than $20-$30 per month on streaming platforms. And only 4% are willing to pay more than $50-$60 per month (Marketing Charts). Plus, not to mention, more streaming options makes it more difficult for consumers to make decisions. Touching on this, Nielsen SVP of audience insights Peter Katsingris stressed, "... nobody wins when potential consumers get frustrated by the amount of choice, or simply unappealing options, and ultimately decide to just go to sleep instead," (Haynes).

Lastly, it is also important to realize that the artists who star in all this content are affected by streaming. For example, veteran actor Al Pacino has praised the streaming industry for its ability to further allow him to prepare for roles; Pacino recently starred in Netflix's *The Irishman* and is now in Amazon Prime's *The Hunters*. Most notably, when speaking on his collaboration with Amazon Prime, he said, "They were really open to us, about what we had to say and our thoughts, which is a really good experience," (Pearson-Jones). Other big time actors who have committed to projectes on streaming platforms include Henry Cavill on Netflix's *The Witcher,* Jennifer Aniston on Apple Plus' *The Morning Show*, and Anthony Mackie on Disney Plus' *The Falcon & The Winter Soldier*—among many others.

Moving on, and as mentioned earlier, while the industry has responded to declines at the box office with streaming platforms, the market is greatly oversaturated—which is now the biggest issue that Hollywood executives are trying to resolve. According to a survey released last November, 70% of consumers believe the streaming market is oversaturated. Additionally, 70% of consumers claimed to likely drop a streaming platform in favor of Disney Plus, while only 42% of consumers intend to add an additional platform (Donnelly). In short, it is fair to infer that it will not only be challenging for streaming platforms to compete in this crowded market, but when making their respective decisions, consumers prioritize intellectual property.

Having said this, my solution is that existing platforms like Netflix, and up and coming platforms like Peacock and Quibi invest in some of the on-air talent that has made Youtube so profitable. Accordingly, close to 5 billion videos are watched daily from 30 million visitors per day on Youtube (Video Nitch). With that said, would it not be smart for big platforms to invest in some of these personalities? Yes, I know that Youtubers are not known for scripted television or film, but I am not saying that they should be converted into actors. What I am suggesting is that a place like Netflix, or especially Quibi (which focuses on creating content that is 10 minutes or less) invest their resources into Youtubers, allowing them to create vlogs, Q&A's, among many other ideas for these platforms.

Furthermore, the ideas are endless. Aaron Marino, for example, has 5.83 million subscribers on Youtube—he discusses men's grooming and fashion. Jeff Cavaliere has over 9 million subscribers on Youtube and close to 2 million followers on Instagram—he is a fitness trainer that teaches proper form to his subscribers, while also training some of the world's most famous athletes, including David Wright and Antonio Brown. And Jeremy Jahns is a popular film critic on Youtube who has close to 2 million subscribers. Each of these gentlemen (and many others) have generated cult followings, brand leverage through sponsorships, and easy pathways to direct to consumer marketing—as one of the best strategies of marketing for each of them is simply hopping on social media to inform their followers when they have something new to share.

Notable Media Influencers	**Numbers to back up their followings**
Jeff Cavaliere, fitness	9.34 million subscribers on Youtube
Aaron Marino, lifestyle	5.84 million subscribers on Youtube
Jeremy Jahns, pop culture	1.69 million subscribers on Youtube
David Laid, fitness	1.4 million followers on Instagram
Greg O'Gallagher, fitness	579, 000 followers on Instagram
Jeremy Conrad, pop culture	92.8, 000 followers on Twitter
Daniel Richtman, pop culture	83,000 followers on Twitter

Now, I am sure one of your concerns is how well Youtubers' content would translate on platforms like Netflix or Peacock. Although there are several ways I can answer this question, I am going to dial in on podcasts: 82.4% of consumers listen to podcasts for more than 7 hours a week, 59% of consumers spend more time listening to podcasts than they do on social media, and 55.6% of consumers say they have purchased an item after it was advertised on a podcast, according to a survey that accumulated responses from 1,203 consumers (Goldberg). Hence, creating podcasts for popular Youtubers would be a unique way of integrating them onto streaming platforms. Doing so would also allow platforms like Netflix to introduce advertising—something they have been stubborn about—in a way that does not affect the consumer-viewing experience.

In short, the world of streaming has changed the way consumers digest media. And with this evolving revolution comes a lot of questions, like whether or not all these streaming platforms can withstand the tense competition. If one aspect is for certain, producers need to start thinking outside the box if they are going to lure consumers away from competing platforms. All in all, this evolution is not only one of the most extraordinary transformations that continues to unfold within our world, but one of the largest economic disruptions that society has ever witnessed.

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