TOMORROW'S CHALLENGES

TV STREAMING TITANS ARE LOCKED INTO A REAL-LIFE GAME OF THRONES – HERE'S A WAY AROUND THIS FIGHT TO THE DEATH

VUDU, APPLE TV+, DISNEY +, NBC UNIVERSAL: THERE'S GOING TO BE A LOT OF BLOOD ON THE CARPET.

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American retail giant Walmart is becoming the latest challenger to clamber into the ring and take on the reigning TV/movie streaming heavyweights with original material.

At a press conference in New York, Walmart announced a slate of new commissions for its streaming contender, Vudu. Added to the 100,000-plus TV shows and movies already available on the service, viewers can expect the likes of Friends in Strange Places, a travel/comedy series overseen by Queen Latifah; interview documentary strand Turning Point with Randy Jackson; and a series-length reboot of 1983 Michael Keaton comedy Mr Mom.

The new offering is aimed primarily at Middle America, which Walmart feels has been undersold by streaming incumbents like Netflix and Amazon Prime Video. Vudu's shows will be a vehicle for new interactive advertising going live over the summer which will allow consumers to buy what they see without leaving their sofa. Thanks to its monster customer database, a senior Vudu manager recently described Walmart as the "sleeping giant of the digital entertainment space".

If so, it's about to wake up to a very crowded marketplace. It's only weeks since Apple announced streaming service Apple TV+, which is to combine licensed shows with original programming when it launches worldwide this autumn.

Disney, meanwhile, is following suit with Disney+ in November – initially in the US, then rolling out to other countries next year.

Other existing streamers include Hulu and HBO Now, while Discovery and NBCUniversal are both launching rivals next year as well (click on the table below to make the full details bigger). Between them, these companies are spending many billions of dollars on content. It doesn't take a seer to predict that a good few will likely fail.

Service	Flagship shows	Annual content spend	Launch date	Biz model	Owner	Where	Subscribers
Netflix	House of Cards, Stranger Things	US$15 billion	1997	Subscription	Netflix	Global	148m
Amazon Prime Video	Catastrophe, Man in the High Castle	US$7 billion	2006	Subscription	Amazon	Global	75m
Hulu	The Handmaid's Tale, Castle Rock	US$2.5 billion	2007	Subscription	Disney, AT&T, NBCUniversal	US only	28m
HBO Now	Game of Thrones, Westworld	US$2.7 billion	2015	Subscription	AT&T	US only	8m
Apple TV+	The Morning Show, Little Voice	US$2 billion	Late 2019	Subscription	Apple	Global	n/a
Disney +	Avengers spin-offs, The Mandalorian	US$500m	Late 2019	Subscription	Disney	US initially	n/a
Discovery	Blue Planet	n/a	2020	Subscription	Discovery	Global	n/a
Vudu	Friends in Strange Places, Mr Mom	n/a	2007	Free/pay	Walmart	US	n/a
NBCUniversal	The Office, 30 Rock	n/a	2020	Subscription	Comcast	US initially	n/a

Sizing them up

Among these newer announcements, Apple and Disney look the stronger contenders. Apple has the ready-made platform of a billion devices to promote and deliver its service, while Disney has the richest content portfolio across multiple categories – from video games to live sports to superheroes.

Vudu may have the heft of Walmart behind it, but the content investment is likely to be a fraction of the other two: Apple has said it will spend US$2 billion (£1.5 billion) a year at first, while Disney is spending only $500m on originals, including the likes of three Avengers spin-offs, but the group's total annual content spend is nearly 50 times bigger. Walmart has not said what Vudu is spending. On the other hand, Vudu's offering will be mostly free while Disney+ and Apple TV+ will both charge monthly subscriptions.

At any rate, all three are likely to struggle – and the same goes for the other new arrivals. We are heading for a serious case of "subscription fatigue". When consumers watch free-to-air television, broadcasters take care of the messy process of making deals with content owners, aggregating it and serving it up. As pay-TV operators like Sky or the cable networks started to emerge, consumers had to sometimes choose a package to get a particular channel or program.

But with streaming in future, this experience is going to become more and more frustrating – Where can I find Westworld? Where is Blue Planet these days? – not to mention expensive for anyone tempted by multiple offerings. By building competing services, all these media giants are playing their own Game of Thrones.

The fix

The way forward is clear, but controversial. Apple, Disney, AT&T, NBCUniversal and the other large players should collaborate to create a dominant content platform. Partnering among subscription services would take some of the burden off consumers and make the combined offering more appealing than existing options. Imagine subscribing to a single service to receive access to everything from classic TV and movies to the latest shows. The market can probably handle two or three mega platforms, but not more.

Ironically, Disney already has a ready-made option in its arsenal. Hulu was set up as a joint venture between Disney, NBCUniversal, Fox and WarnerMedia (now owned by AT&T). Yet Hulu's claim to be a cross-industry platform is getting weaker, not stronger: Fox's 30% share defaulted to Disney when it was taken over, and AT&T has announced it wants to sell its 10% holding. Hulu may have recently diversified with its recent partnership announcement with music streamer Spotify, but Disney's new dominance of the service will probably make it a less attractive option for other media companies to buy into than previously.

If media companies collaborated with their streaming services, it would certainly come with antitrust concerns. But unless they evolve into an industry platform soon, the door will open for other players to take the lead – I'm thinking digital giants like Google or Facebook, internet service providers or telecommunications companies.

Many of these players already have a subscription relationship with consumers, so it would be relatively easy for them to bundle video streaming into existing services. Amazon's shift into the media world is a textbook example of how this could play out.

It is reminiscent of the early 2000s, in which the record majors built walled gardens around their content only to watch in horror as Apple's iTunes stole the market from under them with a convenient, cheap and comprehensive option. Spotify then stole it again a few years later. Media companies should also beware the prospect of consumers being driven in larger numbers to illegal or quasi-legal video consolidation services.

There are recent precedents that they could follow of competitive partnering in other industries: BMW and Daimler recently announced they would join forces to build common platforms for ride sharing and electric vehicle charging, among other things, having realized they are stronger together than apart.

The media giants would be well advised to start exploring similar possibilities. Consumers are already baulking at both the cost of multiple subscription services and the inconvenience of having to keep track of which shows are on which services. The ultimate winner will be the first option that can provide scale and convenience at a reasonable cost. If today's streaming companies aren't careful, they will end up on the outside looking in.

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