Entertainment Streaming Companies Hulu and iwatchonline Offer Contrasting Predictions at CES Panel

Description

SAN FRANCISCO and LOS ANGELES, /PRNewswire/ — Entertainment streaming companies Hulu and iwatchonline offered contrasting predictions about the future of the video-on-demand industry during a panel discussion Wednesday at CES, which also featured YouTube, Conde Nast, Fandango, and the Discovery Network.

Hulu, which announced yesterday that its subscriber base increased 48 percent from the prior year to 25 million overall, offers an ad-supported streaming service for $7.99/month and a commercial-free plan for $11.99/month. iwatchonline, a startup that offers free streaming of television series and on-demand videos, supports itself via advertising during commercial breaks between shows or movies.

iwatchonline CEO Farhad Massoudi said that because the U.S. average median household income is $54,000 (the U.S. Census Bureau reported that it was $61,372 in 2017), most households subscribe to an average of 1-2 streaming services. He said he doesn't see households increasing their number of streaming subscriptions in 2019, which will lead subscription video on demand (SVOD) services (such as Hulu and Netflix) struggling to remain viable.

Neal Mohan, chief product officer at YouTube, which offers both ad-based and paid subscription video-on-demand services, disagreed with Massoudi's assertion that households don't want to subscribe to both SVOD and ad-based video services.

"I don't think it's an either/or (situation) … I think there are going to be subscription services that users will sign up for, whether it be one or four, and then there's going to be a lot of advertising-supported businesses," Mohan said.

Kelly Campbell, chief marketing officer at Hulu, said that for the many companies who are in the direct-to-consumer entertainment space or intend to enter it, they are going to discover that it's very difficult to drive subscriber growth while simultaneously scaling up their business to compete with the rest of the industry.

"It's going to be really interesting to see how these different players approach this space," Campbell said. "Competition is good, competition brings innovation, it makes our lives more interesting … It's going to be increasingly about tapping into consumer expectations and getting in front of it."

One leading entertainment company that did not participate in the panel but was mentioned by some of the panelists was Disney, which ended its relationship with Netflix last year in anticipation of the launch of its own streaming platform, Disney+. The yet-to-be-announced merger between Disney and Fox, which was approved by shareholders of both companies in July 2018, would give Disney a 60-percent stake in Hulu, thus raising questions about Hulu's future and how it would fit with Disney+ and ESPN+, another streaming platform owned by Disney.

While Disney's entry into the direct-to-consumer market would only raise competition, streaming companies such as YouTube seem more focused on improving the relationship between content creators who upload and share with their audiences via YouTube. Mohan said how that relationship evolves will be a big part of the future of streaming.

"The primary expectation of our consumers is that connectivity, that two-way communication with content creators," Mohan said. "The real connection is not between audiences and the YouTube platform, it's really between the audience and the content creators who they follow passionately."

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