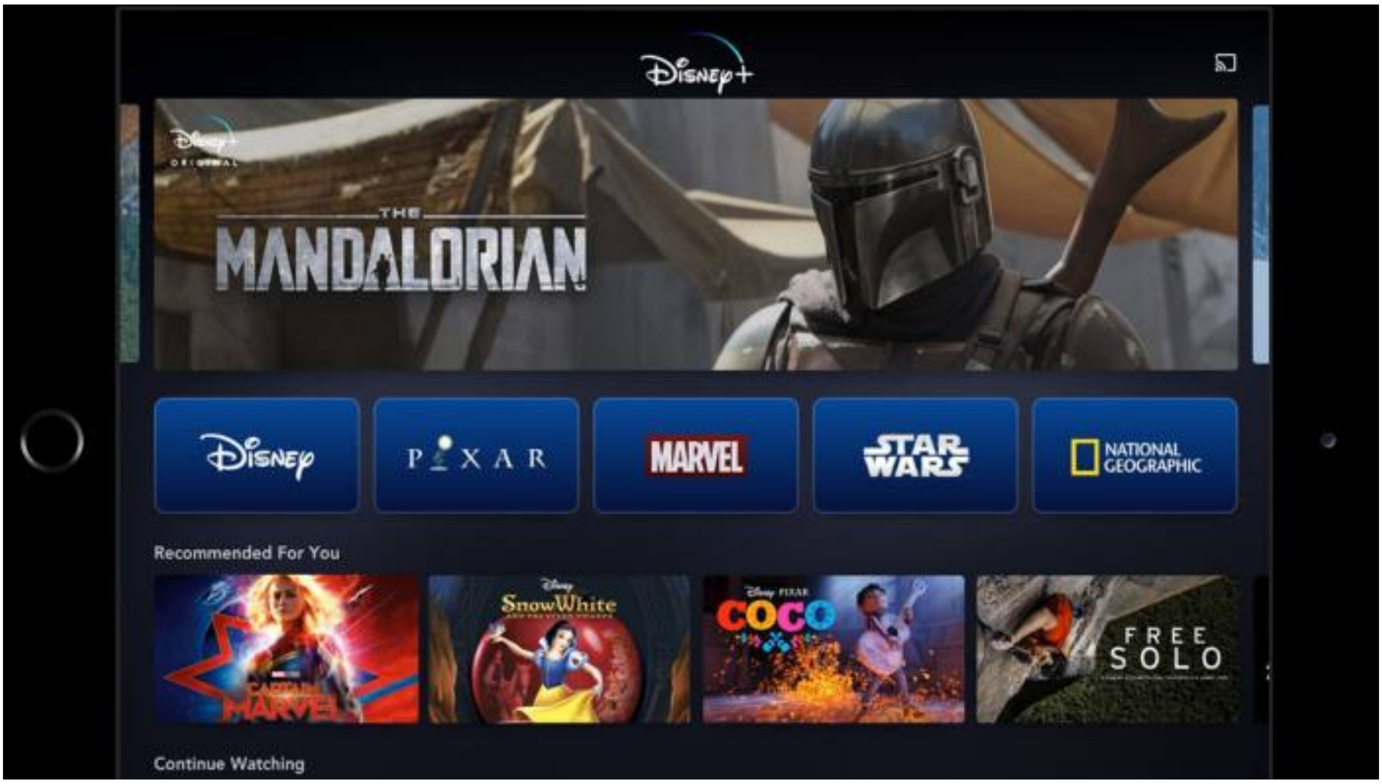
Walt Disney Co

Disney unveils streaming service aimed at undercutting Netflix

CEO Bob Iger expects five years of losses in bid to catch up with high-tech rivals



The Disney+ service, which will not show advertising, launches on November 12 in the US and globally over the next few years © AP

Anna Nicolaou in Los Angeles YESTERDAY

The Walt Disney Company has laid out ambitious plans for a streaming service that will cost about half the price of Netflix, as the world's largest traditional media company bets its future on a high-stakes battle with technology groups.

Drawing upon the company's rich history in the 70-year-old soundstage where classics such as the original *Mary Poppins* were filmed, chief executive Bob Iger made his case to investors for a new streaming business on which Disney expects to lose money for the next five years.

The streaming service, called Disney+, will feature shows and films from its popular franchises such as Star Wars and Marvel and cost $7 a month, or less than $6 a month with an annual contract — compared to $13 a month for a standard Netflix subscription.

The service, which will not show advertising, launches on November 12 in the US and globally over the next few years. Disney vowed to invest more than $1bn in fiscal 2020 to produce shows to persuade fans of its popular franchises to sign up.

Disney will offer a streaming platform that "no other content or technology company can rival", Mr Iger declared on a dark purple sound stage in front of a gargantuan screen.

60m-90m

Disney's subscriber number goal by 2024 for its streaming service

Citing a time of "extraordinary" change in entertainment, Mr Iger nodded to the legacy of Walt Disney, the group's founder, who had set a precedent to "create change, not just to sit back and watch it happen".

The company expects it will draw between 60m and 90m subscribers by fiscal 2024.

Mr Iger has bet the company, and his legacy, on a push to counter the forces of Netflix and other technology groups that have upended Hollywood. The 68-year-old delayed his retirement to steer Disney through the transition, after in 2017 announcing that Disney would create its own streaming platform and yank its shows from Netflix.

Since then, Disney has dropped hints about the service, described by Mr Iger as the "number one priority", but Thursday's investor day on Disney's studio lot offered the first real glimpse at the gamble.

Kevin Mayer, a rumoured successor to Mr Iger, walked investors through a prototype of the service, which looked similar to streaming sites such as Netflix and Amazon, with rows of movies and television shows set against a dark grey background.

Disney head Bob Iger has bet the company, and his legacy, on the streaming service © Bloomberg

Disney+ aims to appeal to fans of its popular franchise, grouping them into five buttons at the top of the screen for Disney, Pixar, Marvel, Star Wars and National Geographic.

In addition to Disney+, which aims to appeal to families, Disney is also offering ESPN+, the sports streaming service, and Hulu as a separate platform. The company is "likely" to bundle the three together at a discount, Mr Mayer said.

Disney's event comes a few weeks after Apple made a splashy presentation for its own streaming service featuring Oprah Winfrey and Steven Spielberg. Unlike Apple, Disney did not bring out the stars. Instead, Disney executives spent three hours teasing the shows that it hopes would lure fans to the service.

By 2020 Disney+ would offer more than 500 films and 75,000 television episodes, including all six original Star Wars films, 18 Pixar films and the full library of *The Simpsons*.

Disney's push into streaming comes as the traditional television business has stalled, spurring media companies to re-evaluate their strategies. Mr Mayer pointed to a chart showing that global video streaming subscribers are projected to grow to 810m in 2020, from 20m in 2010*.

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AT&T, after sealing a blockbuster acquisition of Time Warner, and Comcast's NBCUniversal are also planning to unveil streaming services later this year. Disney also faces the incumbent streaming powerhouse, Netflix, which already has 139m subscribers, as well as Apple.

"Investors essentially want to understand whether Disney can make the transition to a tech company," said Rich Greenfield, analyst at BTIG. "Or will this be yet another technology failure, not just for Disney but for the broader legacy media universe."

Disney's streaming push is expensive. In addition to the costs of investing in content and technology, Disney estimates it will lose $150m in licensing money a year by pulling its programming from Netflix.

Disney is betting that the money from subscriptions will eventually outweigh these losses, and expects Disney+ to be profitable by fiscal 2024.

**This story has been amended since original publication to state that global video streaming subscribers are projected to grow to 810m in 2020.*

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