DISNEY’S USE OF MEDIA CONVERGENCE
IN THE STREAMING WORLD

Author:
Ryan Maurer

Faculty Sponsor:
Paul D’Angelo
Department of Communication Studies

ABSTRACT AND INTRODUCTION
Disney is woven into the fabric of societies worldwide. Visitors come from all around the globe to experience the magic that embraces inner childhood at heart. Recently, Disney has come under fire, as the current Florida governor, Ron DeSantis, has been campaigning to remove Disney’s autonomous powers over any potential tax exemptions within the Central Florida Tourism Oversight District. To combat this, Disney threatened to leave, which would abolish the district and transfer debt to the surrounding counties in the area. Embedded within this business controversy is the view among DeSantis critics that his campaign is intended to promote a conservative political agenda (Jiménez & Barnes, 2023), even encompassing his prior decision to prohibit LGBTQIA+ education in schools. Critics of that decision include Disney’s own employees. Disney’s public responses to DeSantis’s views and campaign have received widespread news coverage, creating a preconceived perception that the company is not only attacking the Florida governor, but also trying to undermine his presidential aspirations.

Amid all of the controversy, Disney proceeds as a multinational mass media and entertainment conglomerate, able to produce and distribute almost all forms of media content — movies, television, books — on various platforms, even while weathering inevitable economic slowdowns (Spangler, 2022). The focus of this paper is how and why Disney is so powerful, arguing that, from an institutional perspective, Disney is a dominant media company owing to the ways that it has been able to leverage convergence in our digital era.

According to Paul D’Angelo (2022), there are four dimensions of convergence. Each dimension of convergence lies in one of three main stages of all mass media processes, including production, distribution, and exhibition. Figure 1 illustrates these processes.

<table>
<thead>
<tr>
<th>Production</th>
<th>Distribution</th>
<th>Exhibition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media companies realize that their audiences are online, so they grow and expand in order to shift production to reach these audiences</td>
<td>Internet (WWW) + Apps provide digital platforms for content to reach audiences</td>
<td>1. Audiences “use” content (share, curate &amp; create it)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Requiring “new” devices capable of receiving digital content &amp; handling these activities</td>
</tr>
</tbody>
</table>

**Corporate Convergence** | **Content Convergence** | **1. Audience Convergence**
| 2. **Device Convergence** |

Focusing on content production, there are corporate convergences in which media companies both expand and contract to meet the needs of audiences. In distribution, content convergences occur when companies
use websites, apps, and other digital platforms to reach audiences. The final two convergences occur within exhibition, which highlights the company’s need for audience engagement, *audience convergence*, and the applied use of new technology, *device convergence*. This article will illustrate Disney’s dominant force in digital convergence by focusing on Disney+, its recent addition to the streaming world that includes a multitude of services, such as Premier Access, an incorporation of QR codes to content, and strong leverage of other services.

**DISNEY+: EARLY CONVERGENCE AND THE POWER OF MERCHANDIZING**

The Walt Disney Company has been around for many decades and has withstood the test of time. According to Runkevicius (2020), Disney “runs the world’s most successful movie studios, such as 21st Century Fox, Lucasfilm, Pixar, Walt Disney Studios, Touchstone Pictures, and Marvel Studios. [In 2019], these studios released eight of the top 10 highest-grossing films” (p. 7). Owning some of the top studios in Hollywood grants Disney an outreach to the top grossing film franchises, including *Star Wars*, *Marvel*, *Avatar*, and many more.

Still, Disney’s repertoire of movies accounts for only a small part of the company’s actual value. Disney is a conglomerate, monopolistic in nature, because it runs many areas of production, distribution, and exhibition. One way that Disney continues to achieve content and device convergence is by producing movies and manufacturing products for merchandising. Disney’s distribution would fall into accounts of making DVDs and sending out their products into the theaters. Disney promotes blockbusters in theaters by releasing spin-offs on cable and streaming. Selling off intellectual property enhances Disney’s access to the merchandising industry, which boosts sales by highlighting an overall added experience (Runkevicius, 2022, p. 17). By branding merchandise specifically from Disney products, the company gains a larger audience and continuing profits based on the movie. For example, one of the reasons why Disney’s *Star Wars* is so successful is because of the branding through merchandise and recurrent features that its merchandise had to offer. Most of the money that Disney earned from the beloved franchise came from lightsabers, figurines, and other toy goods. With Disney selling and offering merchandise in stores, customers become acquainted with the characters of the films, but also find toys and games that their children might like. By participating and buying merchandise, customers and their children become the key aspects of keeping Disney afloat.

Due to the film collection that Disney has amassed over the years, the company has managed to make marketing accessible to its audience and to its business. Throughout the Walt Disney Parks, the company had introduced film characters from their stories to enhance theme parks and vacation experiences. Disney has not only managed to successfully promote their films, but also their attractions. Runkevicius (2020) concluded that “before COVID-19, parks and products made up 58% of its profits. Movies and streaming amounted to just 6%” (p. 19). Disney used their own brand to find qualifying ways to sell their products and the “Disney experience” to their customers. The “Disney experience” helps the company engage with potential customers and market the company’s theme parks as an unforgettable experience.

In the past, Disney movies would be exhibited through theatrical releases that were not associated with the brand name. However, with the creation of Disney+, The Walt Disney Company, via corporate convergence, can exhibit their products from their own services. Disney broadcasts on a variety of major networks, such ESPN, ABC News, National Geographic, and History Channel. What makes Disney+ unique is that it contains the variety of channels that the conglomerate owns and can offer its customers. The use of production, distribution, and exhibition examples go to show that The Walt Disney Company is a horizontally integrated company.

**THE COVID-19 EFFECT AND THE SUCCESS OF DISNEY+**

As COVID-19 began to take speed and spread across the globe, companies went out of business and shut down production in order to reduce the risk of infecting and spreading the virus. For companies like Disney, this meant shutting down The Walt Disney Parks and losing profit from their biggest moneymaker. Runkevicius (2020) notes that in Disney’s “latest financial report, the company also reported a disruption in its supply chain, which threw a wrench in its merchandise sales” (p. 27). COVID-
19 prevented the company from interacting with consumers and limited the amount of sales from their products. Without the parks being open, Disney lacked the resources to bounce back without repercussions.

Some analysts, including Steven Cahall, had noted concerns that “the company will devote about $500 million to original programming for Disney Plus in 2019” (Littleton, 2019, p. 11). Some of the new content included remakes of original Disney classics, such as Lady and the Tramp, which released standalone on Disney+ to help push subscriptions. Although many Disney customers were excited for the expansion, many Wall Street brokers and traders expressed concern of loss in investment and money. To paraphrase Littleton (2019), research from the Royal Bank of Canada shows that Disney is the largest spender among media giants, a whopping $24 billion dollars on content alone (p. 12). Disney is easily able to cope with such high finances, due to their ever-expanding franchises and merchandising. Disney plans to become the biggest game changer in the streaming industry and has managed to compete, even before the introduction of Disney+.

Bob Iger, CEO of The Walt Disney Company from 2005-2020 and 2023-current, pushed the idea of originals that would feature as part of Disney+. Littleton (2019) reported that “Iger has been weighing in on plans for big-ticket projects such as ‘The Mandalorian,’ the first-ever live-action ‘Star Wars’ series, which is sure to be a big selling point for Disney Plus” (p. 19). While Netflix is well known for piloting original content, Disney+ hopes to carve a similar pathway regarding originals. In the context of content convergence, the idea here was to allow subscribers access to a large volume of Disney content, regardless of its previous activity in the streaming industry. The irony of the situation is that because Disney+ had managed to amass a number of subscribers within a small matter of time, that customers and brokers alike are comparing the two mass streaming platforms. Littleton (2019) states that, “insiders say the thinking is that as a strictly VOD platform, the programming management needs of Disney Plus are different from that of a traditional network with a development and greenlighting hierarchy” (p. 23). In order for Disney+ to succeed, Disney was going to have to lead the original market and production into a streaming audience, which meant complete project management and total conformity from its businesses. The executives of Marvel, Lucasfilm, and Pixar had to become aware that movies were not going to be enough to satisfy the Disney+ customers.

When COVID-19 hit, many film entertainment companies jumped into the streaming service industry. With the official introduction of Disney+, Disney’s streaming service, managed to gain “50 million subscribers in just six months” (Runkevicius, 2020, p. 21). When compared to the likeness of competing services, Disney+ planned to hit 50 million subscribers in 2024 (Runkevicius, 2020, p. 22). Essentially, Disney+ became an immediate success in the streaming business. Runkevicius (2020) compared the data of Netflix and Disney+, noting that it took Netflix seven years to gain the same amount of subscribers (p. 22). Although Disney+ has managed to gather quite a following, Wall Street brokers and traders are still concerned about where the money lies within the streaming service. Before Disney+ became prominent within its subscriber count, brokers were worried that the streaming service would continue to move profit from Disney’s limited revenue, since the parks were closed during COVID-19. Wall Street acknowledged Disney’s proposal of gaining profit by 2024 as a stretch.

The main point of streaming services is to make entertainment easily accessible and attainable for all audiences. Originally, Disney+ slated films to be the main focus of their streaming service. The service sought after modestly budgeted films to fill the empty ranks and continue to promote expansion within the company. According to Littleton (2019), Disney+ “is open to projects with a wider budget range of $20 million to $60 million.” (p. 26). Compared to Disney Channel, Disney+ promised a variety of new shows and movies, which also included the shows that were being aired on cable television. This meant that customers would be able to have a nonstop content supply for themselves and for their children.

In 2019, many brokers and analysts were skeptical of Disney’s expansion into the streaming industry. However, in 2022, Disney+ has managed to amass an amazing increase in subscribers. Adalian reported in 2022, “Disney+ has added about 45 million subscribers over the past year, as most of its rivals have seen growth slow to a trickle” (p. 6). Disney+’s early success from starting out at a lower price than most subscriptions was definitely a selling point for many subscribers. When compared to streaming
services like Netflix or HBO Max, Disney+ made it easier to cultivate a relationship between the company’s content and the audience. The increase in subscriber rate is very promising to Disney+’s business and its competition within the streaming wars. By adding new original content and favorite classics to the Disney+ franchise.

DISNEY+ CONVERGENCES WITHIN THE STREAMING INDUSTRY

Now that the pandemic has ceased, Disney has managed to bring back their biggest moneymaker. According to Spangler (2022), “Disney’s theme parks will continue to represent the majority of the company’s earnings per share” (p. 8). There is a sense of urgency with many brokers, who seek to highlight the profitability of cable cord-cutting and streaming service transitions. Analysts estimate that in the next few years, many customers will be cutting the cord on cable television and switch over to streaming. Disney+ gives audiences a chance to still be able to catch up with their favorite shows and movies without the added cost of cable television. To many customers, cable television is outdated and ad-ridden. According to Spangler (2022), “analysts interpreted that as a signal that streaming losses would be higher for the year ending September 2023 than Wall Street anticipated, and that Disney’s traditional TV business would suffer ongoing declines from cord-cutting” (p. 6). As subscriber rates continue to rise in streaming, the opposite is happening for the cable industry. Because Disney owns a cable network, the consequence of cable will soon become costly and ineffective to its programming and its brand.

The best way to satisfy the concerns of the Wall Street market is to incorporate an ad-supported tier program to the streaming service industry itself. According to Roth (2022), “on December 8th, Disney Plus is introducing its new, cheaper ad-supported tier for $7.99 per month that CEO Bob Chapek says the company has ‘secured more than 100 advertisers’ for so far” (p. 6). The ad-supported tier offers a cheaper and inexpensive way for customers to indulge in Disney+, while the company maintains its benefits of keeping the subscriber and gaining additional profit from advertisers. Disney+’s innovative ad-supported tier will promote a cheaper plan for subscribers and continue revenue growth (Picchi, 2022, p. 4). Many brokers are looking forward to the new model, finding the ad-support will become beneficial and cost-effective to the Disney brand. An ad-supported tier to its services reduces Disney’s spending and continues the widespread efforts for continued content. Some analysts are concerned about the prospective cost increase for programming and production regarding the guarantee for more streaming content. With ad-supported content, Disney+ will be able to afford projects at a lower cost and will help reduce consumer anxiety of show cancellation.

Disney+’s analytics show that bundling offers are proving to be a selling point for the company. The CFO at Disney, Christine McCarthy, has stated that bundling Hulu and ESPN+ alongside Disney+ is proving to be a gamechanger (Roth, 2022, p. 2). Bundling not only helps promote a larger scale of streaming services that Disney owns, but also increases the streaming budget. The bundle also has the option for subscribers to pick and choose whether or not they want to subscribe with ads. McCarthy has reassured skeptics that the Disney-owned streaming services will be increasingly accessible for audiences who choose ads. Roth (2022) continues “even with these price increases, Disney’s average monthly revenue per paid subscriber for Disney Plus in the US and Hulu without live TV actually decreased from $6.81 to $6.10 and $12.75 to $12.23, respectively” (p. 4). By promoting cable cord-cutting, Disney+ is actually taking advantage of the subscriber’s trust. Disney+ guarantees a more unique experience compared to cable, but still maintains to promote ads as a way of sponsorship. The reason why the streaming service industry is adding ads is to make profit more accessible and affordable for future projects. Disney had given a heads up to brokers that the ad-supported tier will not be a success, unless consumers join the basic tier with ads. The streaming services, such as Disney+ and Netflix, are hoping for customers to switch to a cheaper tier of their service. That way the services can become more competitive and stand out against their competition.

Ad-supported streaming gives customers the ability to choose whether they want ads or not, but they understand that the consequences are similar to that of cable television. The original idea of streaming was to offer customers an accessible way to watch television and movies without having to
deal with commercials. With the addition of ads, streaming services and cable television are becoming similar in nature, aside the exclusivity of content. Streaming services could soon become the new way for consumers to watch cable television and in many cases, it already has.

Disney+ competes with some of the biggest names in streaming: Netflix, HBO Max, Amazon Prime Video, Apple TV+, Peacock, and many more. In November of 2022, Disney+ reportedly overtook Netflix’s title of most subscribed streaming service. Disney’s use of convergence revolutionized the way people see the film and television industry today through ad-supported and premium featured tiers to the service, new ways to hook audiences on exclusive merchandise, and has made it difficult for other streaming services to compete.

**DISNEY’S SHOPPING EXPERIENCE HELPS BOOST THE DISNEY+ EXPERIENCE**

Disney began to offer features to the streaming service in order to get consumers to subscribe and stay connected with the service. Despite an increase in prices from the parks and streaming, Disney figured out a way to keep both prices well adjusted. According to Whitten (2022), “Disney cited higher costs and said they were only partially offset by higher ticket revenue, driven by the introduction of the Genie+ and Lightning Lane guest offerings” (p. 19). Genie+ is an additional feature that was introduced to promote the benefits of being a Disney+ subscriber. Benefits of being subscriber guarantee fast passes to Lightning Lanes, otherwise inaccessible to the general park visitor. For only a flat fee of $15, users are able to skip the lines of about two or three attractions through the Genie+ app (Ruth & Falcon, 2022, p. 3). Genie+ enables Disney+ subscribers to feel rewarded for using the streaming service, rather than cheated out of their money’s worth. Although the service offers a flat fee of $15, many guests visiting the Disney parks may feel like they are missing out on the emphasized “Disney experience” that so many guests visit the parks for. Ruth and Falcon (2022) also note the downside of Genie+ is the lack of Lightning Lanes that it offers (p. 8). Genie+ is an added feature to appeal to Disney+ customers, but may also be seen as a cash grab. While a Disney+ subscriber has access to additional services, Disney+ visitors may find themselves spending more money on additional services than necessary. Regardless, Genie+ only promotes a flat fee to about two or three rides, while having additional access to Lightning Lanes is a separate package on its own.

During the times of the COVID-19 pandemic, Disney had released an exclusive movie watching feature on Disney+. Premier Access provided Disney+ subscribers advance access to films that were just released at theaters in the comfort of their own home. According to Laman (2022), Premier Access was a response to COVID-19, based on the decrease of viewers in theaters, and a way to peak interests for potential subscribers. Premier Access helped Disney combat the lack of money from the pandemic, but also issued financial complications. Premier Access presented itself as a cheaper way to watch newly released movies within the comfort of a viewer’s own home, but would cost the viewer a whopping $30, which in theory would include food, drink, and parking charges at the cinemas (Allen, 2022). Although $30 is expensive, Premier Access allows customers to enjoy films before it is free for all Disney+ customers to enjoy months later. Disney+ assumed that by charging a flat fee, there would be viewers who would take advantage of the exclusive access to the movie and, therefore, further the streaming service’s income. Many subscribers would get frustrated with the premium viewing option as it became expensive to pay $80 a month and pay for the additional Premier Access services. According to Laman (2022), *Jungle Cruise* and *Raya and the Last Dragon* had earned significantly low ratings due to the drop on Premier Access compared to other films being dropped on Disney+ for free. When Premier Access films like *Jungle Cruise* and *Raya and the Last Dragon* became available for free months later, the ratings remarkably increased in size. The premium video on demand (PVOD) was never going to be successful, unless the price to view the video decreased. Disney+ has since removed the Premier Access strategy.

Disney has been pushing the boundaries of what a streaming service can do to appeal to its subscribers. According to Ryan (2022), “Disney+ subscribers can visit shopDisney.com/DisneyPlusSpecialAccess or go to the details pages for select movies, series and shorts on Disney+ and scan QR codes to get access to purchase merchandise about a week ahead of the general public” (p. 2). Special access to shopping as a Disney+ subscriber is beneficial to both the user and
Disney. Users may be able to buy exclusive merchandise from the Disney+ store before it hits the Disney market. The merchandise may also feature collectibles and hard to find items from Disney. Disney has revealed that their primary focus is to incorporate their main businesses, media based entertainment content and theme park products, together (Ryan, 2022). Disney+ would become a beneficial factor in this deal by highlighting exclusive merchandise and offering deals that appealed to a variety of subscribers. By making Disney+ a lifestyle brand app, Disney is able to attract more consumers to their products and make an additional profit from its upgrade. With a Disney+ membership, subscribers will now have access to Disney items that are only sold at the Walt Disney Parks. The business strategy is progressive in nature as it offers benefits online, despite not being able to shop on the streaming platform as of right now.

The president of Disney+, Alisa Bowen, has stated anticipation of the holiday season and how it will help target audiences to the Disney+ special access merchandise. Bowen states, “‘We’re excited to collaborate with shopDisney to explore how we can potentially better serve our audiences by expanding the ways they get to interact with the stories and characters they love on Disney+’” (Perez, 2022, p. 8). The holiday season is one the best seasons for sales and merchandise to be sold. Disney+ also plans to market the special access products alongside fan favorite shows and movies, all of which are associated with that specific film franchise. Shopping is an essential market to the Disney brand and a way to increase the overreach of the company is to promote shopping on services like Disney+. According to Perez (2022), Disney may actually gain more profit by lowering “the subscription cost to $7.99 per month, instead of $10.99 for the commercial-free service” (p. 10). An added shopping experience to the streaming service encourages subscribers to filter through merchandise, while figuring out what gift ideas to get for the holiday season. The holiday season seems very promising as Disney+ plans to release their ad-support tier to their service programming and special access shopping to their consumers. By lowering the cost of Disney+ with the use of ads, customers will more likely purchase items using the special access that Disney+ offers. The lower the costs of streaming, the more likely consumers will use their remaining money, that would go towards the ad-free tier, to purchase merchandise from the Disney brand.

In order to get their consumers’ attention, Disney+ has utilized technology to get consumers interested. Notifications and alerts, regarding product sales, are helping to push online shopping through the Disney+ app. The Disney+ app is accessible on all types of mobile devices, not just cell phones, which progresses the streaming service’s outreach. Subscribers may also find the alerts useful when looking for gift ideas and new streaming content for their children to watch.

**DISNEY+ CONVERGENCES IN THE FILM INDUSTRY: THE STREAMING WARS**

Disney+ is not the only streaming service to offer shopping perks for using the service. Streaming services, such as “Amazon and Apple have bundled discounts and streaming videos and music offerings but haven’t directly linked product selling to their shows. Netflix also has products available at Walmart, Target and online, but does not link them to broadcasts” (Ryan, 2022, p. 6). Streaming services seem to be steering towards a profit-based industry through the use of sales and exclusives to merchandise. Innovations in platform technology have increased the connection of profit sales and customer use. In 2019, Comcast’s NBCUniversal (NBCU) introduced retail goods that are associated with the company’s shows through the use of QR codes on the user’s television screens (Ryan, 2022, p. 7). QR codes have become a more recent adaptation to online shopping. QR codes would appear on a consumer’s television screen with little to no information highlighted on the screen. The idea is for the curious consumer to scan the QR code and follow the link to the shoppable products that the ad is trying to sell. The advancement and use of the QR codes are making merchandise more accessible to consumers, even when it's considered exclusive in nature. QR codes are also limited in detail, which makes the consumer curious for more information, and take up less space than that of a typical ad.

Competition for the lead in streaming seems to be heating up. This competition is often referred to as “The Streaming Wars” because it deals with all of the major streaming platforms. Each platform wants to be better than the other, which they manage to do so by offering special features and offers to their products.
“The Great Reset” is one of the most well-known highlights in the “Streaming Wars,” which regards the loss of subscribers as a major impact to the streaming industry. “The Great Reset” was first noted when Netflix’s expansion and growth within the industry began to reverse and decrease in profitability, due to producing expensive shows and movies to keep audiences on their toes (Adalian, 2022, p. 3). According to Battaglio and Lee (2022), some of the causes of ‘The Great Reset’ were “inflation, subscription price increases, more competition, password sharing and the war in Ukraine” (p. 2). Investors have begun to find the streaming industry a bit more challenging to keep afloat when it comes to the ideals of new content. Before “The Great Reset”, the business plan was that the more new content a streaming platform pushes out, the more likely subscribers are going to consume its products. But after ‘The Great Reset’, many companies have been considering switching away from their subscriber count method and moving toward a baseline. The bottom line is that making money is the only thing that matters when it comes to streaming.

Disney was among the many companies to be affected by “The Great Reset” in the streaming industry. According to Adalian (2022), “Disney still lost nearly $1.5 billion on streaming during the last quarter — more than doubling its red ink from the same period a year ago” (p. 3). In order to combat the loss in profit, Disney+ and other streaming companies have been redirecting their brands to better suit the needs of their customers and the company itself.

Netflix remains confident, regardless of the change in competition and production plan. The company has stated, “We estimate they are all losing money, with combined 2022 operating losses well over $10bn, vs. Netflix’s [5bn] to $6bn annual operating profit” (Sladden, 2022, p. 4). Netflix has noted that much of the competition in streaming revolved around the amount of subscribers a streaming service had. With the loss of money, the majority of the companies would ultimately be faced with financial struggles. This outlook has kept the streaming service confident in their sense of direction for a more innovative business strategy. By comparing losses in data from their competition, Netflix is now focusing only on making money and how to reach a new record, while promoting its increasingly large subscriber base.

“The Great Reset” has reinvigorated the streaming industry’s priorities regarding subscriptions and pricing plans. According to Frankel (2022), Warner Bros. Discovery CEO David Zaslav stated, “I believe that the grand experiment of chasing subscribers at any cost is over” (p. 1). Many businesses are starting to notice that subscriptions are not going to cut it down to profit. Streaming services are not going to last, unless profits are made for the businesses. Many brokers have made it clear that money must be the bottom line as subscriber counts won’t be able to pay for future projects. Traditional television, AKA cable television, has lasted so long in the industry, due to its package deals with “advertising and the sale of programs to other broadcast and cable outlets” (Battaglio & Lee, 2022, p. 5). Companies that own more than one type of media are now revisiting their previous marketing templates from broadcast cable television. As streaming services prepare to make an additional marginalized profit, consumers must consider the likelihood of streaming services becoming the new cable service with its advertisements. Ads seem to be the best way for streaming platforms to access profit, while focusing on subscription rates. Subscription rates promise more profit, but lack of subscribers will lead to a negative default and lead to a decrease in potential earnings.

Disney+’s idea to go on an ad-support campaign with their streaming originated from Netflix’s idea to take advantage of ads as another form of profit. According to Picchi (2022), “Disney and Netflix are locked in a battle for viewers, with both working on lower-priced ad-supported tiers to compete for cost-conscious consumers” (p. 3). Netflix and Disney+ are entering a limbo state of ad-support because the brands originally promised a service without ads. By incorporating ads, there might be a backlash in subscriber count, but there might also be an increase. The increase will most likely be due to the fact that the streaming services are going to be more affordable and accessible moving forward in the future. According to Adalian (2022), “Anyone who’s sensitive to shelling out another $36 per year for the streamer can simply downgrade to the new ‘Basic’ tier and just accept a few minutes of commercials for no change in fee” (p. 11). Streaming services like Disney+ are hoping that the new ad-support tier will help persuade consumers to subscribe to their service. Not only will the streaming services make an
annual profit off the subscriber, but it will also maintain a profit from promoting ads. If many people do not move toward an ad-supported tier, Disney+ and Netflix will continue to lose money and risk losing their place in “The Streaming Wars.” Though the Netflix ad-supported tier is very promising, it lacks in comparison to Disney+’s plan for ads in the future. Unlike Netflix, Disney is able to offer a bundle of three streaming services: Disney+, Hulu, and ESPN. The bundle offers an affordable price for all three platforms, meanwhile Netflix may be priced similarly, despite being a singular platform.

Many analysts speculate that Netflix is going to follow in Disney+’s footsteps of adding QR codes to their platform to get consumers more involved in their products. Unlike Disney, Netflix does not have a merchandising brand that the company owns to back itself up on. Netflix has decided to make deals with retailers, such as “Walmart to expand its ‘Netflix Hub’ concept featuring its merch to all 2,400 Walmart stores” (Perez, 2022, p. 11). By partnering with Walmart, Netflix is enabling outreach to fans of their franchises and potential customers, who may purchase the merchandise. Many streaming companies seem to be heading into interactive based media. By adding QR codes to streaming services, customers naturally want to know where the code leads. QR codes promise exclusive merchandise and deals, which will definitely keep the consumer enticed and the companies satisfied with the consumer interest.

**CONCLUSION**

The Walt Disney Company has successfully become a game changer in the entertainment and streaming industry. Disney’s take of a streaming platform, Disney+, has managed to stay at the forefront of the streaming industry. Within months of its release, Disney+ has amassed a base of 50 million subscribers, while competing services fail to reach those numbers. Though the lack of revenue is leading to a new way of streaming through use of ads, Disney+ reassures its consumers that prices will reduce as a result. Though many may believe that the reality of streaming is becoming the new cable, many consumers may find the tactic appealing due to the affordability that the subscription offers. If ads were to remain prevalent within the future and take hold on the streaming platforms, what will become of the cable industry and how will the lack of cable affect future growth in the streaming industry?
REFERENCES


Sherman, A. (2022, November 8). Disney wants you to focus on revenue and profit instead of streaming subscribers — just not this quarter. *CNBC*. Retrieved November 17, 2022, from


