



DAZN's Failure Highlights Why Cord Cutting Is Not a Serious Threat to Cable Companies

Description

Earlier this year, U.K.-based DAZN was awarded exclusive digital broadcasting rights for every National Football League (NFL) game this season. What this meant for many NFL fans was that the regular Sunday Ticket package offered by cable companies would no longer be available, and DAZN's online service would be the only way to watch every game.

Consumers were unimpressed with the service from the start

In a world where **Netflix, Inc.** ([NASDAQ:NFLX](#)) and other online streaming services are taking many subscribers away from conventional cable subscriptions, an online service touted as the "Netflix of sports" should have been a welcome option for cord cutters, especially at a price of just \$20 a month.

However, quality issues have plagued the service from the start, and many users have also complained about connectivity issues, audio problems, and buffering often taking place during playback.

Problems lead many back to cable

Many took to social media to voice their concerns as well as contact the company's support; however, users only grew more frustrated when this did not yield any improvement. Although the company states that it has seen fewer complaints over the past few weeks, many users on social media claim to have just given up, while some have stopped using the service altogether.

In fairness to DAZN, quality issues can come about if a user has inadequate internet speeds at home that cannot keep up with what is necessary to stream online content. However, given how widespread the issues have been, and with many claiming to have high internet speeds and still are experiencing playback issues, the problem is likely not a result of inadequate internet service, at least not in all cases.

The situation has gotten so bad that DAZN has made agreements with **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)), so those cable

companies could go back to offering consumers the Sunday Ticket package.

Live content remains a big challenge for online streaming services

The biggest reason you'll often hear as to why people keep cable subscriptions and don't opt for cord cutting is because of sports and other live content that isn't available through streaming options. Live content produces many challenges for online services like DAZN because of how intensive the demands are and how little time a company can have to respond to issues.

Even **Dish Network Corp.'s** ([NASDAQ:DISH](#)) online service Sling TV has run into problems in the past when users experienced playback issues for certain high-demand programs.

What does this mean for investors?

We have seen cable companies lose many subscribers, but Shaw has seen that trend decline [in its latest earnings report](#). Although it may perk the interest of many consumers looking to save money, [cord cutting is not a viable or long-term solution for many users](#), and it shouldn't present a big concern to investors.

A niche market that is only looking for on-demand content may be lost, but, by and large, cable companies still have a strong hold on many consumers, and with minimal competition, there is not much incentive for providers to make content available online without a regular cable subscription.

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