What Canadian Stockholders Need to Know About the Streaming Wars

Description

Walt Disney (NYSE:DIS) stock wobbled last week after initially gaining 10% on news that its Disney+ content streaming platform debut had captured 10 million subscribers — a figure that analysts had been expecting. Whether Disney+ can keep those subscribers is another question, though, and the battle for market share is likely to heat up as new players enter the field.

Indeed, **Netflix** (NASDAQ:NFLX) has been doing well to have the sector largely to itself — until now. A combined **ViacomCBS** could potentially steal market share from both Netflix and Disney, with its own impressive catalog of IP and a content budget in the billions of dollars. With Disney aiming at capturing 60-90 million subscribers by 2024, though, the streaming space is about to get aggressive.

The threat to home-grown media outfits is real

Netflix has essentially become a film studio, winning Oscars and doing deals with the likes of Martin Scorsese and Paramount. Emulating Disney, its closest competitor for the time being, Netflix envisions a future where revenue is generated by original content, rather than via an outsourced back catalogue. And with a $13 billion annual production budget, Netflix could potentially achieve this.

However, while Netflix currently has the edge in terms of breadth of content, Disney rules a diversified spread of assets that comprises theme parks, stores and merchandise. It also has decades of business under its belt and the ability to cross-promote. So, while Netflix may be a top contender with its Oscar-winning drive and some solid flagship titles, the combination of assets held by its competitors is considerable.

Canadian media investors should know what they hold

What does all of this mean for Canadian investors? Long-term shareholders may want to ditch stock in any media company that is likely to be in the firing line from an intensifying steaming war. This means potentially moving out of smaller outfits and betting on wide-moat telcos such as **Rogers Communications** and **BCE**, both of which have carved out defensive niches, such as sports media and Francophone offerings, respectively.

With a possible 10% of Netflix's subscriber base potentially up for grabs, Disney and other players on the content streaming scene have everything to play for and will be looking to poach subscribers wherever they can. Investors in Canadian media companies may want to bear this in mind, therefore, with only the very biggest of our wide-moat actors looking like safe bets today.

On the TSX, Canadian media is somewhat thin on the ground and cannot go toe to toe with the likes of Netflix and Disney. Neither is it performing strongly. For instance, last month **Corus Entertainment** shed almost 12% when its fourth-quarter results revealed strong cash generation let down by flat revenue. In short, it's a prime example of a potential casualty of the streaming wars.

The bottom line

Know what you hold is the order of the day. While no Canadian company competes directly with the American heavyweights, our home-grown media outfits nevertheless could lose market share to them. Though Rogers and BCE look like the safest plays and are fairly well insulated with their wide-moat telecom offerings, even they could face headwinds in the content streaming war.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NFLX (Netflix, Inc.)
2. NYSE:DIS (The Walt Disney Company)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

Date
2025/06/28
Date Created
2019/11/18

Author
vhetherington