

Streaming to overtake cable in 3-5 years: Netflix

December 6 2011



Internet-streamed video will overtake cable to dominate home video viewing within three to five years, Netflix chief executive Reed Hastings, pictured in September 2011, predicted Tuesday, with stiffer competition to come.

Internet-streamed video will overtake cable to dominate home video viewing within three to five years, Netflix chief executive Reed Hastings predicted Tuesday, with stiffer competition to come.

Hastings said that the rapid growth in high-volume home internet links over [fiber optic cables](#) will boost consumer use of on-demand viewing services over traditional cable viewing.

Streaming "is all people are going to care about" in a few years. "People are in love with broadband, in terms of click and watch."

Hastings also told an audience of [investment analysts](#) that his company,

making the shift from a traditional DVD service to an online entertainment provider, expected to pay \$1-2 billion a year for new content to stay ahead of challengers.

"We have got to get as big as we can before the rest of the world catches up," Hastings said at the UBS [Global Media](#) and Communications Conference in New York.

He added that a deep battle is developing for the streaming market but that his company, which has some 24 million monthly subscribers, and HBO's HBO Go service already dominate and will be the suppliers to beat.

"The competitor we fear the most... is HBO Go," he said. "The two of us will compete for a very long time."

He did not address speculation that the dominant US cellphone provider, Verizon, will use a new \$3.6 billion purchase of [wireless spectrum](#) to push into video streaming.

But he said both [Netflix](#) and HBO are spending \$1-2 billion on new content each year, he said, a level matched by no other [competitor](#).

HBO, a well-established premium [cable channel](#), has long produced its own series and movies, and is now making it available for streaming via HBO Go.

Netflix, built on the back of its popular DVD-by-mail rental service, has spent more acquiring rights to stream the videos and only recently moved to develop its own programs.

Earlier this year the company won a bidding war with [HBO](#) for the rights to make a US version of the hit 1990s British political drama "House of

Cards".

The 26 episode production, which will star Kevin Spacey, will cost the company \$100 million, according to various media estimates.

Netflix shares have plunged 77 percent since their mid-July peak on worries that the company is not adding subscribers quickly enough to boost its bottom line and fund the content expansion.

Hastings acknowledged the loss of business after a poorly-handled price increase in September alienated customers.

But he said the company expected "substantial" subscriber growth over the next year as the company expands its offerings and pushes into foreign markets, starting with Britain and Ireland early in 2012.

(c) 2011 AFP

Citation: Streaming to overtake cable in 3-5 years: Netflix (2011, December 6) retrieved 19 April 2024 from <https://phys.org/news/2011-12-streaming-cable-years-netflix.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.