

HBO unleashes streaming from cable contracts

October 15 2014, by Mae Anderson

(AP)—No cable? No problem. Viewers longing to watch "Game of Thrones", "True Detective" and "Veep" will no longer have to pay big bucks for cable and satellite contracts. Next year HBO is cutting the cord and selling its popular streaming video service HBO Go as a stand-alone product, as more Americans choose to watch the Web, not the TV.

HBO CEO Richard Plepler said Wednesday that the move is aimed at targeting the 80 million homes in the U.S. that do not have HBO but may want access to its content—and especially the nation's 10 million broadband-only homes.

"That is a large and growing opportunity that should no longer be left untapped," Plepler said at parent Time Warner Inc.'s investor meeting in New York. "It is time to remove all barriers to those who want HBO."

Will this lead to a wave of pay-TV cancellations? HBO's move is a game changer in the industry, says Forrester analyst James McQuivey.

"HBO and ESPN are the two main reasons why people have cable and satellite TV," he said. "The whole industry has eyed them for years nervous that one day they would decide to do exactly what they said they'll do in 2015. We don't know until we see pricing and packaging how rapidly this will force a change in the way pay TV operators work, but it will definitely force a change."

Cable and satellite providers have long been against the unbundling of

TV channel packages because they wouldn't be able to charge as much for an a la carte menu of stations. Pepler said HBO plans to work with current partners as well as "explore models with new partners," but did not give specifics.

Streaming services like Netflix, Hulu and Amazon Instant Video have rapidly grown in popularity. About 40 percent of online adults stream video on their television, according to Forrester, through services like Roku, Apple TV and others. And that doesn't count the number of viewers who stream TV on their computer, phone or tablet.

HBO has been offering its streaming HBO Go service to HBO subscribers as well as some Internet subscribers who pay extra for the streaming service only. It has also offered a stand-alone service in Scandinavia for several years.

No details about pricing were given, but Forrester's McQuivey expects the stand-alone HBO service could cost about \$15 a month. That's more than the lowest payment option for Netflix, which starts at \$8.99, but high enough to discourage many cable TV subscribers from cancelling their service.

Time Warner shares rose \$1.94, or nearly 3 percent, to \$72.56 in midday trading.

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