

# Up next: video-on-demand shakes up the television industry

August 3 2015, by Marc C-Scott

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The Telstra TV device, based on the Roku 2, and remote. Credit: Telstra

Telstra last week [announced](#) that it will launch [Telstra TV](#) in September. This could be the "all-in-one" video streaming service many Australians have craved, bundling together the three leading video-on-demand (VoD) services: Netflix, Stan and Presto.

However, it also puts Telstra in an odd position, straddling multiple services, some of which compete with other products Telstra is intimately involved in, such as Foxtel.

It also underscores how the introduction of VoD services have disrupted and fragmented the television market in Australia. Even ISPs are now starting to play a role in delivering content to the biggest screen in the house.

So what will the future of television look like in Australia?

## **All-in-one**

Telstra TV will run on the [Roku 2](#) device, which is comparable in function to [Google Chromecast](#) and [Apple TV](#). The [Roku 2](#) already runs hundreds of international apps, although it is unclear how many will be available when the device launches in Australia.

An attractive feature of the new service could be that it will launch with access to Netflix and Presto, with Stan to follow. Telstra has [said](#) it is trying to negotiate a bundled price for all three services for less than A\$30 a month.

The announcement by Telstra raises questions about where the company sees its future and involvement, not only as an ISP but also as a media distributor.

Telstra is already heavily involved in a number of areas of the Australian media, across broadcast and streaming. The company has an even share of 50% with News Corp Australia in [Foxtel](#), which has [Foxtel Play](#), arguably a competitor to Netflix, Stan and Presto. Foxtel itself is involved in a [joint venture](#) in Presto with Seven West Media.

Foxtel also [recently](#) purchased a 15% share in the Ten Network, and last year completed the joint production of Goggle Box with the network, which was broadcast on pay television with a one day delay to free-to-air (FTA).

In addition to Telstra's various media company associations, it also has services that could be argued to compete with its new Telstra TV service. Telstra's current [T-Box](#) could be seen as offering many similar digital services to Telstra TV. Despite this, there is no discussion that it will be discounted when the new service is launched.

One key reason for this could be due to the fact that T-Box provides access and recording of FTA broadcast television, similar to its competitor [Fetch TV](#), a service linked with Optus and iiNet. The Roku 2 does not allow FTA viewing or recording, therefore solely relying on internet and app entertainment.

As a Telstra spokesperson [said](#): "We will not be positioning this as a substitution for Foxtel at all. This is very much for non-pay TV customers."

Despite this claim, Damien Tampling from Deloitte [said](#) there is "potential the move would cannibalise Foxtel customers".

The Roku service does provide access to [HBO Go](#), which provided immediate access to the most recent season of [Game of Thrones](#), a series high on the piracy list for Australians. If HBO Go was to become available in Australia this would impact Foxtel, which relies heavily on exclusive programs such as Game of Thrones.

## **Shake up**

This move by Telstra also raises questions for the future of television

and VoD in Australia, such as: who will be the big media players in the future? Will the future of these services rest with the current traditional broadcasters, free-to-air and pay-TV? Or will ISPs play a larger role in this space in the future?

Telstra has the largest number of individual customers subscribed to Netflix of all Australian ISPs, but the [lowest percentage](#): only 5.2%. This is far less than the leader, iiNet, at 16.8%.

Stan and Presto are yet to have a strong uptake since their launch at the beginning of this year. Recent figures show Netflix had [three times more users](#) than Presto, Stan, Quickflix and Foxtel Play combined.

Telstra's spokesperson [said](#) live sports will be the reasons for customers to stay with Foxtel and free-to-air TV. But even sports broadcasting is changing, with new players such as YouTube, along with sporting organisations becoming their own broadcasters.

## What's next on TV?

There is no doubt that 2015 will be an interesting year for TV.

We will see how VoD might force old players to adapt to the changing media landscape. Seven and Nine are already involved with VoD services, with only Ten yet to make a move in this space, although the recent purchase by Foxtel could change the network's direction.

There will also be interest around any new players that may appear as the race continues to establish some structured approach to a changing media distribution environment. In this we might see ISPs take a greater role as media outlets.

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