Insider Q&A: What's hard about streaming TV online

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This photo provided by Dish Network shows Sling TV CEO Roger Lynch. Lynch talked to The Associated Press about how streaming TV is going mainstream and why he couldn't do "a la carte" TV, under which customers would pay only for the channels they actually watch. (Matthew Staver/Dish Network via AP)

As more people watch TV over the internet, the entertainment industry has "to get on board with it," said Roger Lynch, the CEO of Sling TV.

Sling, which is owned by satellite TV company Dish Network, was one of the first services to offer packages of popular cable channels over the internet, threatening cable's dominance. Prices start at $20 a month for a core group of channels including ESPN and AMC; packages with other channels cost extra. By comparison, the average cable bill is $100, according to research from Leichtman Research Group.

Even as fewer households pay for traditional TV services, new internet-TV options could help major TV networks add back some lost subscribers. DirecTV is expected to launch a service this year and Hulu has one coming in 2017.

In an interview with The Associated Press, Lynch talks about how streaming TV is going mainstream and why he couldn't do "a la carte" TV—paying only for the channels you actually watch. Questions and responses have been edited for clarity and length.

Q: How has the market changed since Sling launched in February 2015?

A: There are about 21 million homes without pay TV. Of those, 16 million are cord-nevers (people who have never signed up) and 5 million are cord-cutters. We were focused on those markets. What we've seen since then is a dramatic shift. Consumers are leaving traditional pay TV at much higher rates. We see that shift as a large opportunity for us.

Q: Are TV channel companies like NBCUniversal, Disney and Fox looking at you differently?

A: When we first started talking to programmers, there was skepticism. There was concern about whether it would cause cord-cutting. What's happened since then, they've accepted it's really the future of pay TV. Consumer behavior is changing.

Q: Why can't you let viewers choose just the channels they want—an "a la carte" model—rather than creating a system of mini-bundles and add-ons?

A: That would be ideal. But that doesn't work for programmers. That undermines their business model. Truly a la carte wouldn't be enough revenue for programmers. It is a bit of a compromise.

Q: Can you do more to let people pick their own channels?

A: I don't think there's a whole lot more. We've created extremely flexible options within the bounds of what I know is achievable, given the structure of the industry. Gee, wouldn't it be nice if I can just sell individual channels? I know the economics won't work so there's no point in trying to push for that.

Q: Do you face increasing competition from channels like HBO and CBS coming out with their own services?

A: Our objective has never been to be the entire video service. We want to be a piece of that puzzle. They might take us with an antenna or Netflix. That's fine.

Q: Do consumers watch on TV or outside the house?

A: Over 40 percent of our customers watch on mobile phones. Previously we know that most of that was being watched on Wi-Fi networks.

Q: Is that changing with more phone companies promoting unlimited-data plans?

A: I expect what we'll see is an increase in mobile viewing overall.