Comparative Analysis of Disney+ and Netflix in Post-covid19 Era

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Abstract. This paper describes the development of Disney, including the development history of Disney, Disney's response to the epidemic, the development of Disney+, and its comparison with its competitor Netflix. The advantages and disadvantages of Disney+ and Netflix are analysed by comparative method, using the monthly price of streaming media, content library, global popularity and recent stock trend to compare with each other. The advantages and disadvantages described in the paper can help the company make appropriate adjustments, so that the company will have better development in the future. Through a series of analysis and comparison with Netflix, Disney+ has more IPs than other streaming media which includes more contents. Therefore, the future prospect of Disney+ is promising.

Keywords: Disney+ · COVID-19 · Netflix

1 Introduction

1.1 The History of Disney+

Disney is one of the most famous entertainment companies all over the world nowadays. This corporation launched a streaming service which named Disney+ for consumers on January 9, 2018, and many of Disney's IP will be available on Disney+. Under the current prospect of strong competition in the streaming media industry, even IT companies such as YouTube, Facebook, and Apple have begun to enter the self-made content market, trying to get a share of the pie. With the emergence of digital consumption, streaming media was born and quickly integrated into the lives of the public. Therefore, Disney also joined the streaming media, while making full use of its own acquisitions. The advantage of having a number of great companies, holding a large number of copyrights, having an advantage in the streaming platform, and then talking about the COVID 19 pandemic in its first year of operation, so Disney take advantage of its advantages and opportunities, Execute this major business move to mitigate its weaknesses and threats, enabling it to expand the market by demonstrating value in an industry that has not been deeply

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researched to compete successfully and enjoy a big winning entry. In recent years, this platform has become more and more popular with the effects of covid-19, because less people go to the theme parks or watch movies. As a result, due to this new exclusive online channel (Disney+), people can stay at home to watch some entertainment programs to be bored out of their minds during pandemic. Therefore, it caused Disney+, the company's streaming service, has taken advantage of the stay-at-home trend to accelerate its global reach, with the number of paying subscribers soaring from 28 million to 50 million.

1.2 Outbreak of COVID-19 and Countermeasures of Disney+

As the pandemic clouds over Disney, Disney+ may be the light behind the cloud, at least in the short term. In addition, some professors even predicted Disney+ is likely to surpass Netflix, the most famous streaming service platform nowadays. Because of the completion of Disney's own platform in 2019, with its world-class content IP reserves, it is foreseeable that it will be better than Netflix in terms of original content exclusivity. After the announcement of Disney Plus, the future of global audio-visual became a contest between Disney+ and Netflix, In North America, the average monthly revenue per Disney+ subscriber is $6.68. That compares to $14.78 for Netflix over the same period. Disney management said that prices may increase in the future as Disney+ has more and more contents. After comparing the financial statements of Disney Plus and Netflix, we can find that Netflix has a great impact on Disney Plus. The operating model and technological innovation that Netflix has inherited allows it to occupy a dominant seat in the streaming media platform, but Disney+ in the streaming media field has been winning since the moment the market and regulators could not stop it, and at the same time, Disney+ faced with a multi-party procurement strategy to maximize its advantages. But it also explains Disney's long-running battle with another American giant, Comcast-NBC-Universal, before taking ownership of the European part of Fox (Sky). What is more, originally slated for a theatrical release in 2021, Disney dropped the Broadway hit over the July 4 holiday weekend. This is a much-needed content jolt, and we can see more moves straight to streaming in the future. While the long-term impact of COVID-19 is still unclear, Disney needs to start reassuring investors that it has a strategy in place to remain a leader in entertainment and media. Disney should make every effort to create exclusive content on Netflix and want to achieve traditional content production. Furthermore, it is necessary to break the strong monopoly of the other party's business and strengthen its own entire industry chain. This is the future trend and plan of Disney+. Disney+ drove much more engagement in post likes and comments. The platform made extensive use of hashtags and entertaining content to engage audiences". Before Disney+ launched, another writer Jordan Sturgill has proposed that company does not have to worry about spending significant production money on developing vast amounts of new content for platform right away, because Disney has already owned a vast library of content [1].

There is not much information about the effects of covid-19, the future of Disney+, and less details about how Disney+ became well-known. The pandemic is very serious for people all over the world, and during this period after facing a big loss in the third quarter of 20 years, [2] Disney found a way to solve the epidemic and gradually restored its own profits. At the same time, lots of people stay at home during the pandemic usually watched some movies to kill the time, and they can watch Disney exclusive movies on Disney+ like some Marvel movies. Besides that, consumers are also concerned about the future of this streaming service. What is more, the process of development of Disney+ is also attractive to people, because they wonder how this streaming service became so popular in a short period. In this case, in the following essay, we will share some information about these parts to fill these research gaps in order to help readers have a more holistic view of Disney+.

2 The Development of Disney+

2.1 Introduction of Historical Development

The overall development strategy of the company is to form a closed-loop ecological industrial chain of "IP + media + theme park + content + technology" with IP creation as the core and starting point. For cultural companies, the core asset is high-quality content, which is an IP. In Disney's entire industrial chain, IP creation is the core. Disney not only has many existing IPs, but also continues to create new IP, whether the original Mickey mouse, Donald Duck, or Judy and Nick in Zootopia, Disney has created numerous classic images. Disney's strong and continuous IP creation and promotion capabilities are not possessed by its competitors in the industry, which is also its most important core competitiveness. Disney's path cannot be replicated for companies that operate only theme parks.

2.2 Measures During COVID-19

With the COVID-19, Disney is in a bad situation, as brick and mortar theatres and Disney theme parks are account for half of the revenue for Disney, but during the pandemic, it is hard to earn a substantial income. Disney estimated the impact of COVID-19 on revenue in fiscal 2020 at 7.4 billion dollars which is the first loss for Disney in past four decades [2].

However, in response to the global pandemic, Disney has launched their streaming media-Disney+. Disney+ is Disney's streaming service which includes all of Disney's IP and content, including Disney, Pixar, Marvel, Lucas, Fox etc… It provides Disney with a new and exclusive network channel to promote existing content while developing new content and products. As far as Disney is concerned, whether it is the previous Mickey Mouse or the current Zootopia, those younger children or teenagers are more preference this characters. Disney focuses on its audience on this age group, presumably not to earn from them. Teenagers do not have a certain ability to make money, and Disney's intention is on the family, when children want to watch movies, they need the support or company of their parents, so that the Disney can maximize the benefits from them. Through its own operations and understanding of the brand, Disney has well seized the business opportunities of "family". In Disney Plus, we can share the same membership account with our loved ones, which allows people to watch high-quality movies with their loved ones at home even when the COIVD-19 happened.

Because of the pandemic, many people need to stay at home, and viewers of all ages need entertainment, so streaming is more important than usual. According to Disney reports, in 2020, Disney Plus only had 26.5 million subscribers, but in 2022, the number of subscribers increased to 129.8 million, [3] and the user base have increase by 100 million in just two years. Except for the COVID-19 effect the Disney, Disney's huge database and fans' loyal love for it are indispensable. At the same time, Disney Plus has covered nearly 100 countries in 2022, providing about 7,000 TV episodes and 500 movies [4]. Disney+ has taken advantage of the COVID-19 opportunity to generate about 5 m downloads in seven new European markets and became one of the most popular streaming apps in the region. As schools begin to close, Disney+ has also been a boon for many parents with a slew of children's shows. As the North American market matures, Disney+ has expanded its market into Asia to gain more revenues. For example, Disney announced the launch of a new section called "STAR" in Disney+ in February 2021. Different from the initial positioning of Disney+, the STAR section will focus on "general public" entertainment rather than home entertainment, and will feature Hulu, FX, Freeform, Twentieth Century Pictures, Searchlight Pictures, Twentieth Television, Touchstone Pictures and Hollywood Video are mainly restricted-level film and television content [5]. Taiwan includes "Want to See You" and "Using Jiuganzi Shop", which produces by own Chinese-language programs, while the Japanese region includes Japanese high-scoring and popular animation series in recent years, such as "Attack on Titan", "Curse Return" and "Demon Slayer" [6]. Although Disney Plus cannot set up a platform in China, it has launched popular TV series and animations corresponding to its country in the face of other Asian countries. This move to focus on the Asian market has gradually increased the number of Asian audiences, thereby opening the door to the Asian market.

2.3 Marvel's Acquisition

Being able to acquire Marvel, a company with a huge copyright, is arguably the best decision in Disney's history. In the case of Marvel, the reason why Marvel's films are so impressive, and have a consistency that is extremely rare in film industry is all due to the way that Marvel develops films. Marvel will plan its own movie series several years in advance, and finally these movies can be attributed to one Marvel universe, which is very rare in the entire film and television industry. And this unique point of ownership and creative control has allowed studios to produce the kind of character-rich, continuous films. Over the past few years, these movies have been deemed too expensive to make, too difficult to execute, and audiences hard to follow. It seems that the film "Captain America Civil War" released in 2016 was the third film of the Captain America series, and also the thirteenth film of the Marvel Universe, which had left a deep place in the hearts of the audience, and even got 90% "Fresh" rating on the review site Rotten Tomatoes [7]. From the years after the release of the film following benefits and impacts, it's arguably one of the best Marvel movies ever made. The balance of the truly spectacular action scenes, the ups and downs of the movie's plots, the wonderful acting skills of the major movie stars, and the professional guidance of the director, these reasons pushed the film to the highest point of the year's popularity. But Marvel's competitor DC's Batman v Superman which released in the same year, didn't quite reach that height. Following this movie, Marvel has followed up with more Avengers franchise films, showing fans the concept of the Marvel Universe. Although there have many doubts about Marvel, but judging from their achievements, these doubts have been broken one by one.

2.4 The Thinking of Future

For the future, the dominant of Disney seems inevitable, the development of Disney+ is growing so fast that catching up with Netflix may be just a matter of time. In movie market, there is no denying that Marvel is the dominant not only for US but also all around the world. In recent movie reports, nearly half of the top 10 movies of the year were from Marvel or Disney. Spider-Man, Iron Man and Captain America…etc., those characters are already have been firmly memorized by all the audiences. Undoubtedly. Everyone will be curious about marvel's next superhero movie. As for Marvel, their technology, superheroes and loyal fans will always ensure that their revenues remain substantial, if they don't make dramatic strategic mistakes. Moreover, the opening of physical theatres and theme parks would also help Disney recover from the previous two years as the pandemic rectifies. In the media business, ESPN is still the biggest sports broadcasting platform in US and even around the world.

3 Netflix

3.1 Introduction of Historical Development

The following article will introduce Netflix which is Disney's competitive rival.

Netflix is an up-One since coming DVD rental company in 1997 was created by Reed Hastings and Mark Randolph. Since its inception, Netflix has been using the Internet to create convenient DVD rental services, then developing new streaming services from scratch, and finally investing in original content creation, becoming one of the world's largest television and film studios today. It's no accident that Netflix has achieved such great success in just over two decades. Many of Netflix's big decisions over the past few years have come naturally.

With the support of numerous materials, it can be found that Netflix's success was not accidental or lucky, this success was based on Netflix's extraordinary understanding of the market and its grasp of opportunities. Between the 1980s and the 1990s, Netflix saw the opportunities on DVDs, which was a far cry from Blockbuster, the largest video rental chain in U.S. at that time. Netflix launched a movie rental service based on online ordering and mailing, switching from pay-per-view to monthly billing, cancelled the long-standing over the billing model in the rental industry. But Netflix knew very well that DVD rental service is not their goal, With the rapid development of network services, Netflix well aware that the Networking and streaming are the future.

3.2 Transformation and Characteristics of Netflix

After entering the operation of streaming media, Netflix was not all smooth sailing. In September 2011, Starz TV, which authorized Netflix to provide Disney and Sony content, announced that it would stop cooperating with Netflix,o which made things worse for Netflix [8]. With the cost and complexity of acquiring other web content increasing, Netflix has had to reinvent itself to find another way out of this predicament. So on February 1, 2013, the 13th episode of the first season of "House of Cards" was launched. Since then, Netflix has plunged into the world of original programming, which has also become a key turning point in the growth of Netflix as a company. "House of cards" episodes were distributed by Netflix simultaneously releasing every episode of the first season of the show after release, putting viewers in a "crazy-watching" mode, a time when the term "web drama" was still a thing of the past. When it didn't exist, Netflix certainly created a new experience for people to watch TV. After the success of this model, Netflix has released more sequels to popular series such as Stranger Things, Black Mirror, etc., which is benefit for Netflix, the more content is generated, Users will be attracted. This in turn leads to increased revenue, which means more funding for original content in a virtuous cycle of continued growth. It is this that drives Netflix to occupy most of the international market.

There was a tipping point for Netflix in 2020. Faced with the entry of film and television giants with their own libraries such as Disney and Warner into the streaming war of media, the pressure on Netflix to develop its own content had increased year by year. Netflix administrators believe that there will be more creative changes in the market, and the changes are likely to be the standard for measuring the success of film and television content between platforms - whether it can be renewed, serialized, and transferred from the past. Focused on other data. Of course, Netflix's success along the way is obvious to all, but it also comes with a lot of heavy costs. In 2017, Netflix spent $8.9 billion; in 2018, that number rose to $12 billion; in 2019, it rose to $15.3 billion; as of December 31, 2019, its long-term debt was $14.76 billion. In 2020, Netflix is likely to overspend agency forecasts by $17.3 billion [9]. Although Netflix is heavily indebted, it has made great progress, which is inseparable from the entire enterprise's control of the market by the entire enterprise and the own improvement and efforts. Even though during the Covid-19, Netflix is still insisting on itself and moving forward.

Set off a wave of "squid games" in 2021 and released its third-quarter financial report on October 19, 2021. The financial report shows that the company's third-quarter revenue was US$7.483 billion, an increase of 16.3% over the US$6.436 billion in the same period last year; net profit was US$1.449 billion, an increase of 83.4% over the US$790 million in the same period last year [10]. The majority of new customers are in the Asia Pacific region, accounting for 91% of the total number of new users. In my opinion, this trend is a good solution to the problem of Netflix releasing many movies in the face of strong players such as Disney. In many cases, many European and American companies pay less attention to the Asian market, and Netflix's new squid game is just the opposite. Netflix has controlled this market vacancy well and filled it in time. The Asian market is the main body of global development. At the meantime, the Netflix team is doing a great job everywhere. Content produced in local language has received very good ratings, an area that no other company has ever tried. From the current point of view, this move is undoubtedly a huge success. This is something that Disney did not achieve when it released the work "Shang Qi" with Asian elements as the mainstay in the same year.

3.3 Netflix's Revenue and Audience

In the data, it can be found that Netflix's subscribers from all over the world have increased from 118 million in 2018 to 148 million in 2019 to 182 million in 2020. Although in the COVID-19 period, it is obvious that Netflix's subscriptions are increasing every year, and by the last quarter of 2020, Netflix's subscribers had reached 221 million [11]. The growth of 100 million subscribers in just two years is the result of brilliant creative execution and the power of a large on-demand service from Netflix's team. In terms of audience, because of people's taste are very broad and coupled with cultural differences, maintaining audience retention globally is the problem Netflix needs to solve. At the same time, the data shows that subscribers come from different ethnic backgrounds—Netflix's subscriber data by ethnicity shows that Latinos and African Americans watch Netflix more than whites. Netflix believes diversity is important, with almost five times as many LGBTQ characters on its shows as Hulu in 2018–19. On top of that, Netflix employee gender data, released publicly in early 2019, shows that Netflix has done an excellent job of achieving a balanced distribution [11]. Netflix appeals to people of all ages, with a survey showing that most adults between the ages of 18 and 54 subscribe to the service. In fact, because of Netflix's TV drama program viewing mode allows people to watch continuously, it's especially loved by people of those age groups. When they come home from get off school or work, it's the broadcast time of their favourite TV drama, and Netflix catch this moment well. In Netflix statistics, in 2019, about 59% of 16–34 years old audiences considered Netflix to be the most indispensable video source, [11] it's arguably the most loyal audience, and they think Netflix is their source of joy. And only 17% of Amazon's peers consider the service essential. ESPN and Hulu are at 24% and 26%, respectively [11].

It must also be achieved under the excellent management and analysis of Netflix. The result of. On January 21, 2022, Netflix released its fourth quarter 2021 earnings report. We can see that the company's revenue for the fourth quarter of fiscal 2021 was $7.709 billion, compared to $6.644 billion in the year-ago quarter. An increase of 16% over the same period last year; net profit was US$607 million, an increase of 12% compared with US$542 million in the same period last year [12]. But while customer growth slowed in the quarter relative to other quarters, according to analysts, Netflix's management is not nervous, CFO Spencer Newman said, despite lower customer growing, due to Squid's popularity and In the finale of "House of Cards", Netflix has a very high customer retention rate and a large customer base, so if Netflix continues to create its own high-quality works and respond to the release of popular sequels, then Netflix's future road will also be smooth.

Netflix and Disney+, who will have the last laugh, time will give us the answer.

4 Comparative Analysis

Let's start with Disney+'s strengths. First, Disney Plus wins the streaming wars price competition. Its straightforward $8 per month plan includes 4K streaming, IMAX capabilities, and four simultaneous streams and has Netflix beat. There aren't multiple price tiers, but Hulu and ESPN Plus can be tacked on to your Disney Plus subscription as part of the Disney Bundle. Sign up for the package and get all three services for $14 a month.

In contrast, Netflix is now at the top of the food chain when it comes to cost. Though there are still no advertisements on the platform, the fees for all three plans have risen. The $10 basic version nets you one stream at a time and only one device for downloads. Its most popular premium option now sits at $15.50 per month with two simultaneous screens/devices and HD. Like Disney Plus, Netflix offers four simultaneous streams and 4K, but you need the $20 premium plan for that.

Second, though, Netflix has more than 6,000 movies and TV shows, five times as many as Disney Plus' catalogue might be smaller, but it's incredibly rich. It contains stellar titles from Disney and its subsidiaries – Lucasfilm, Marvel, Pixar and National Geographic – that includes everything from The Simpsons to Star Wars, as well as childhood favourites such as The Jungle Book. Its movie selection includes seven of the ten most profitable films ever made: Avatar, Avengers: Endgame Star Wars: The Force Awakens, Avengers: infinity war, The lion king, The Avengers and Frozen II. From this list, we can see Disney's dominance of the global cinema.

Now, for the advantages of Netflix, Netflix has a wider audience than Disney. First, Disney+ does not contain R-rated movies and TV-MA, which inevitably leads to the younger audience of Disney, such as teenagers. But on Netflix, all rated movies are available on Netflix.

In addition, Since the growth rate of subscribers in the US market slowed down in 2015, Netflix began to lay out and promote its internationalization strategy. Netflix now operates in more than 190 countries compared with Disney Plus' 36 countries.

After entering the international market, Netflix took a series of localized measures according to the consumption tendency of local users, such as launching low-cost packages in India and producing Squid Game in South Korea… These localized production strategies have helped Netflix's global subscriber base grow rapidly. By comparison, Disney+ is much less dominant in other countries except America, and its globalization is still in early stages.

The stock performance of two of the world's best-known streaming entertainment giants, Netflix and Disney, seems to have taken two very different paths so far this year. Netflix has lost more than a third of its value so far this year, closing at $378.51 on March 21. Mainly because the company also reported disappointing results against a backdrop of widespread beatings for growth stocks in 2022. Disney, meanwhile, has lost about 10.4% of its market value over the same period, closing at $138.72 on March 21. In its most recent earnings numbers, the company's strong performance shows that the worst of the pandemic is over, and its parks and resorts are providing solid numbers – an influx of visitors from the United States, Europe and Asia has driven its parks business to record highs. And that momentum is expected to continue this year, as pent-up consumer demand for outside entertainment is expected to rebound sharply in the post-pandemic era as governments lift lockdowns.

What's more, Disney's biggest surprise this year came from Disney+, which continued to attract millions of new users even as many streaming companies saw their business flatten after the pandemic slowed. For the quarter ended Jan. 1, Disney said it added 11.8 million Disney+ subscribers, bringing its total to 198 million users, up from 118.1 million in the previous quarter. By comparison, Netflix told investors in January that it would likely add just 2.5 million new subscribers in the quarter.

All the clues point to the same possibility – That Disney shares might be worth more.

Bob Chapek, Disney's chief executive, has said the company will see strong growth thanks to its focus on content innovation from popular franchises such as Star Wars and Marvel, as well as its Disney+ subscription service and bundles of Hulu and ESPN+ services.

Encouraged by these factors, analysts say Disney is now a better value to own than Netflix. At 32 times forward earnings, roughly the same as Netflix, Disney is already among the high-growth stocks. That may be one reason analysts rate Disney higher than Netflix.

Disney was rated a buy by 22 of 30 analysts surveyed by U.K. Financial Intelligence.

As for Netflix, the 43 analysts surveyed in the Poll were more divided, with about half recommending against buying the stock.

5 Conclusion

In conclusion, this paper in order to help readers understand Disney+ better and answer some questions such as business model of Disney+, the effects of covid-19 on Disney+, and the comparison with its competitor. After that, we found they have their own advantages. For example, Disney has advantage of dominating the global box office, and price of Disney+ is more affordable than that of Disney. In contrast, the advantage of Netflix is that its global reach is much wider than Disney's and its audience is more than Disney+, because Disney+ does not include R-rated films, which means Disney's audience is younger.

Although people feel disappointed about both of their performance few months ago, recent data showed that the worst period has gone, and after the pandemic the demand of consumers for entertainment will rebound. Surprisingly, Disney+ continue to attract billions of consumers. However, other streaming services are not as popular as Disney+. In addition, analysts believe Disney+ is more valuable than Netflix, so the future of Disney+ is promising.

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