

Comcast secures rights for an eventual Peacock-Max bundle

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The news: Comcast and Warner Bros. Discovery (WBD) have reached a distribution deal allowing Comcast's Sky to distribute WBD content in the UK and Ireland—while also enabling Comcast to bundle Max with its US subscription offerings.

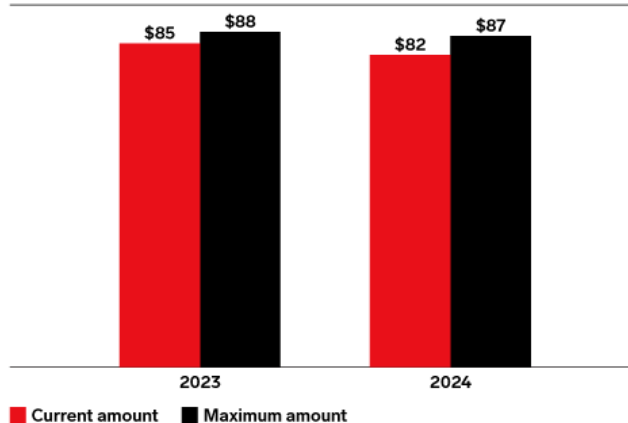
- Sky will distribute the ad-supported version of Max in the UK beginning in 2026, and its customers will be able to access WBD's original content.
- The deal also renewed Comcast subsidiary **Xfinity TV's** agreement to carry several WBD channels including **TNT, TBS, CNN, Food Network**, and others. Variety reported that Comcast paid less for the TNT and TBS renewal because of WBD's loss of NBA broadcast rights, though some of its sources disputed the claim.

Teaming up: While Comcast said it doesn't yet have plans to bundle Max with its US services, the company is unlikely to leave that opportunity untapped. **Peacock** and Max trail subscription video-on-demand (SVOD) leaders **Netflix, Disney+, and Amazon Prime Video**, and bundling allows them to add more value for financially prudent consumers.

- An eventual Max-Peacock bundle continues the industry trend of competing streaming services partnering to offer lower-cost access to premium video in an increasingly saturated US SVOD market—while also onboarding consumers to more lucrative ad-supported subscription tiers.
- US subscription over-the-top video viewers will grow just 1.9% this year, per our forecast, reflecting a market where companies will fight over inches rather than miles. At the same time, consumers report frustration with the rising cost of subscription video: A July Hub Research survey found that **US adults spend \$82 monthly on streaming subscriptions and are only willing to pay up to \$87.**
- That squeeze has given streamers an opportunity to shift consumers over to ad-supported subscription tiers, which offer cheaper access to content while providing more revenues. In May, Antenna found that US ad-supported streaming subscriptions grew 80% in just one year.

Our take: Consumers' appetite for ad-supported subscription offerings has grown along with demand for bundles. Comcast and WBD's deal shows the levers and pressure points companies can capitalize on in carriage negotiations to win ground in an increasingly tight market.

Current vs. Maximum Amount US Adults Spend/Willing to Spend Monthly on TV/Streaming Subscriptions, 2023 & 2024



Note: ages 16-74

Source: Hub Research, "Monetization of Video," July 15, 2024

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