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HBO Max and Discovery+ merge to become Max, transforming the streaming and advertising landscape

Article

The news: **HBO Max** and **Discovery+** will become **Max** on May 23, **Warner Bros. Discovery** announced Wednesday.

- The rebrand aims to protect HBO's premium image while incorporating lower-cost content from Discovery, which could bring new opportunities for advertisers.
- The streaming service will offer several price tiers: $10/month with ads and $16/month ad-free. Both tiers will feature two HD concurrent streams, with the $16 plan also offering 30 downloads. A $20/month Ultimate plan includes 4K HDR, Dolby Atmos, four concurrent streams, and 100 downloads.
- Discovery+ will be available as a standalone service in the US, as we've previously covered.

WBD's streaming division **aims to break even by next year and become profitable in two years**, indicating potential growth and stability for advertisers to invest in the platform.

By the numbers: The comprehensive streamer will offer a wide range of content in a bid to grow its subscriber base to **130 million by 2025**.

- Our February forecast projects HBO Max would have amassed 89.7 million US subscribers this year—yes, we took the pending merger of the services into account—so hitting that goal is aggressive.
- That 2023 figure is only 6.8% higher than 2022; for comparison purposes, **Hulu**'s growth was only slightly lower despite being 12 years older.

Advertisers may benefit: Combining HBO Max and Discovery+ catalogs will produce a service with diverse content offerings, catering to various audience segments and providing advertisers with more targeting possibilities.

- The unique content blend may encourage advertisers to explore new creative approaches or partnerships, capitalizing on the platform's extensive library and broad audience base.
- The merger will undoubtedly drive increased industry competition, as the combined service could challenge established players like **Netflix**, **Disney+**, and **Amazon**'s **Prime Video**, creating opportunities and potential hurdles for advertisers.

Our take: The success of the new service may depend on its pricing strategy, content offerings, and user experience, which could affect its potential value for advertisers.

- As the streaming market becomes more saturated, the introduction of Max may require media planners to reassess their advertising allocations across various platforms.
- Cord-cutters are trying to get away from bundling; that is, paying more for programming they don't care for. In many ways, WBD is trying to do just that: (eventually) charging users more for a secondary library of content they *may* not consume—while simultaneously taking some content off the platform and licensing it to the likes of **Roku** and **Tubi**.
- At launch, **JB Perrette**, president and CEO of global streaming and games at WBD, highlighted the current "peak confusion" era in streaming. WBD is pitching Max as a comprehensive platform, eliminating the need for multiple services by providing everything users want. But will users buy the pitch?
- Selling HBO Max and Discovery+ users on the merged service will require marketing savvy—and when that initial price bump hits (on top of a January increase), look for potential signs of churn.