

Disney and Amazon are in talks to strike an ESPN partnership

Article

The news: Amazon could be the partner for ESPN that Disney has been looking for. The two companies are in talks to strike a partnership for a planned revamp of ESPN for streaming, which could involve a distribution deal via Amazon Prime Video or even a minority stake in the sports network, The Information reports.

- Disney is reportedly considering charging as much as \$25 to \$35 monthly for the new service.

Finding a fit: Disney has been unsure how to fit ESPN into its growing streaming empire. Though it has a digital offering in **ESPN+**, its linear counterpart drives much higher viewership and is where the highest-profile events are broadcast.

- Before streaming became the norm, ESPN was the definitive brand for watching sports on television. But now, major sports leagues have been splintered across a variety of streaming services: Amazon hosts **Thursday Night Football**, YouTube has acquired **Sunday Ticket** rights, and that's just the **NFL**. Other leagues like **Major League Baseball** are also fractured across platforms.
- Despite still owning some competitive streaming and broadcast rights itself, ESPN's brand—and financial contribution—has been diluted. Disney's network revenues have fallen 30% in the last three quarters, and now the company once synonymous with sports broadcasting has to seek a partnership with a tech competitor newer to the video scene.
- A \$25-to-\$35 price point would make ESPN one of the most expensive streaming services on the market. That's a tough sell when consumers are already [sour about price hikes](#) and beginning to [cancel services](#). But ESPN is lining up a suite of extra features like a possible tie-in betting service that could soften the steep pricing.

Thursday Night Football: Sports streaming rights are long, expensive contracts. Amazon is paying [\\$1 billion yearly](#) for the next 11 years to keep streaming Thursday Night Football; YouTube is paying about [\\$2 billion](#) for the next seven.

- For their long-term bets on viewership growth to pay off, both companies need to **show that their costly services offer something more than simple broadcasts**. Case in point: YouTube recently announced [a suite of features](#) for Sunday Ticket like chats and multiviewing.
- Amazon is doing the same. A potential deal with Disney could make Prime more of a destination for sports content, but Amazon is also launching several AI-powered features for Thursday Night Football, including automatically generated highlight reels.

US Sports Fans Who Would Be Interested in Select Streaming Video Service Features, by Generation, March 2023

% of respondents in each group

	Gen Z (1997-2009)	Millennials (1983-1996)	Gen X (1966-1982)	Baby boomers (1947-1965)
Real-time statistics and analytics	46%	43%	35%	23%
Different camera angles	37%	35%	39%	30%
Watching from an athlete's point of view	31%	29%	25%	17%
Coviewing with friends and family	29%	28%	24%	17%
A live social feed on-screen	20%	19%	10%	4%
Integrated betting capabilities (21+ years)	7%	11%	7%	3%
Integrated shopping capabilities	7%	10%	3%	1%

Source: Deloitte, "2023 Sports fan insights: The beginning of the immersive sports era," June 27, 2023

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