

Disney+ officially launches in Latin America amid consumer demand for indoor entertainment

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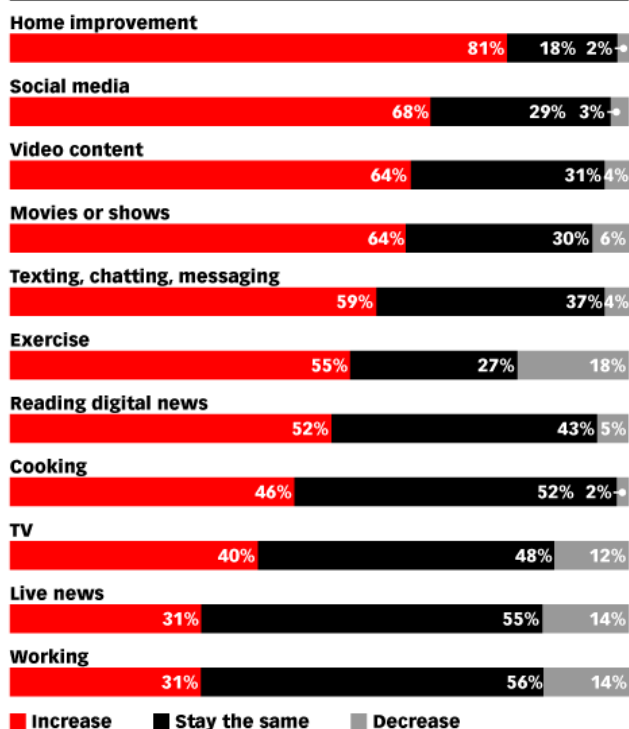
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A little over a year since its debut in the United States, Canada, and the Netherlands, Disney+ is now officially available to consumers in Latin America. Subscribers to the platform will be able to enjoy unlimited access to the company's vast array of content from Disney, Pixar, Marvel, Star Wars, National Geographic, Fox, and more.

Latin America has become a prime focus for many subscription OTT services largely because of its improving digital infrastructure and the growing need for indoor entertainment throughout the coronavirus pandemic. A May 2020 survey from [McKinsey & Company](#) revealed that nearly two-thirds (64%) of adults in Mexico reported spending more time watching video content during the pandemic than they did normally.

Change in Time Spent* Conducting Select Activities During the Coronavirus Pandemic According to Adults in Mexico, May 2020

% of respondents in each group



Note: n=1,500 ages 18+; numbers may not add up to 100% due to rounding; *in the past two weeks compared to how much time they normally spent on them

Source: McKinsey & Company, "Mexican Consumer Sentiment During the Coronavirus Crisis," June 24, 2020

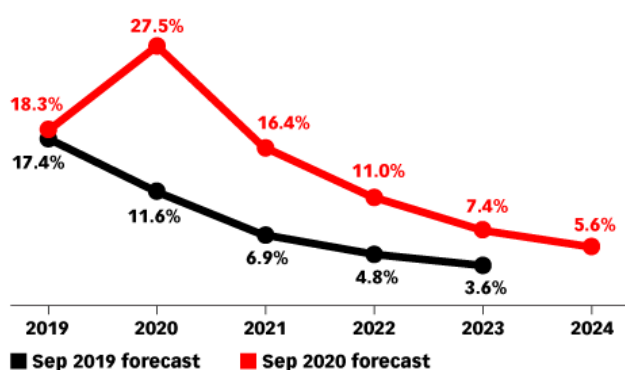
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These two factors prompted us to substantially revise our subscription OTT video viewer forecast to reflect the rapidly changing environment. We now expect the number of subscription OTT video viewers in Latin America to grow by 27.5% this year to 117.2 million. That's a roughly 16-percentage-point increase from the 11.6% growth we previously anticipated in our September 2019 forecast.

How Has the Forecast for Subscription OTT Video Viewer Growth in Latin America Changed?

% change, 2019-2024



Note: individuals of any age who watch video via any app or website at least once per month that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Video, HBO Now, Hulu, Netflix, SlingTV, and YouTube Red; OTT video services are not mutually exclusive; includes overlap between video services
Source: eMarketer, Sep 17, 2020

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Disney+ arrives in Latin America just as the region's streaming wars are beginning to intensify. Local players, such as Claro video and Globoplay, have seen positive subscriber growth but continue to face steep competition from the likes of international players, most notably Netflix. Amazon Prime Video launched in the region in late 2016 but has not been able to chip away at the streaming behemoth's dominance. What's more, HBO Max and Hulu will be rolling out in these markets in 2021.

Nevertheless, Netflix announced days after its Q3 2020 earnings release that the company will ramp up its content creation efforts in Latin America by launching 10 new original productions between 2020 and 2021. Even though Netflix has a brand advantage in the video streaming market there—especially after the release of “Roma” in 2018 which garnered nine awards and 20 nominations worldwide—few companies have Disney's historical brand recognition and proven track record of winning consumers' hearts (and wallets) for nearly a century.

In an effort to stave off competition and drive significant subscriber growth, Disney+ has implemented an aggressive go-to-market strategy by forming key partnerships in Latin America. Some notable

ones include deals with Telecom Argentina, with Vivo and Globoplay in Brazil, and with Izzi and Telmex in Mexico. Disney+ has also teamed up with ecommerce giant Mercado Libre to offer consumers a free subscription period based on their level of Mercado Puntos, or Market Points in English.

Disney+ has also taken a page out of Netflix's playbook and localized its prices in select markets as part of a broader strategy to position—and grow—its global product offering in response to the regional economic realities at play.

Although in certain countries the service is more expensive than Netflix's basic plan—which only lets subscribers stream on a single screen at a time in standard definition—Disney+ allows four concurrent streams across devices with up to 4K ultrahigh-definition, contingent on the device used to access the service. As such, these features put Disney+'s offering on par with Netflix's premium plan and make its monthly cost both significantly cheaper and more attractive to cost-conscious consumers.



Note: *allows users to stream TV shows and movies from Netflix on 4 devices at a time in ultrahigh-definition (UHD)

Source: The Walt Disney Company and Netflix as cited in company websites; eMarketer calculations, Nov 13, 2020

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Despite a highly competitive environment, Disney+ is poised for success in Latin America. According to October 2020 estimates from [Digital TV Research Limited](#), Disney+ will experience rapid growth following its November 2020 launch and reach roughly 25 million subscribers by the end of 2025. Netflix should also grow its subscriber base to 47.4 million over the same period, though its regional dominance will inevitably decline. The company also predicts that Disney+ will be the second-largest subscription OTT platform in Latin America in 2025, while HBO Max will likely be neck and neck with Amazon Prime for third place.