

Disney and Spectrum reach a new deal that includes Disney+ and ESPN subscriptions

Article

The news: Disney and Charter Spectrum buried the hatchet after a nearly two-week-long battle over carriage fees that saw Disney block access to **ESPN** and **ABC** for the provider's

nearly 15 million customers. Spectrum customers were able to access the channels again as of Monday morning.

- Under a new deal, **Spectrum TV Select** customers will have access to the ad-supported tier for **Disney+**, while **Spectrum TV Select Plus** customers will also gain access to **ESPN Plus**— and (eventually) the standalone ESPN streaming service that Disney has been planning.

Transitional phase: The ESPN and ABC blackout may have initially been about carriage fees, but it soon evolved into a clash over the future of TV viewership and Disney’s streaming ambitions.

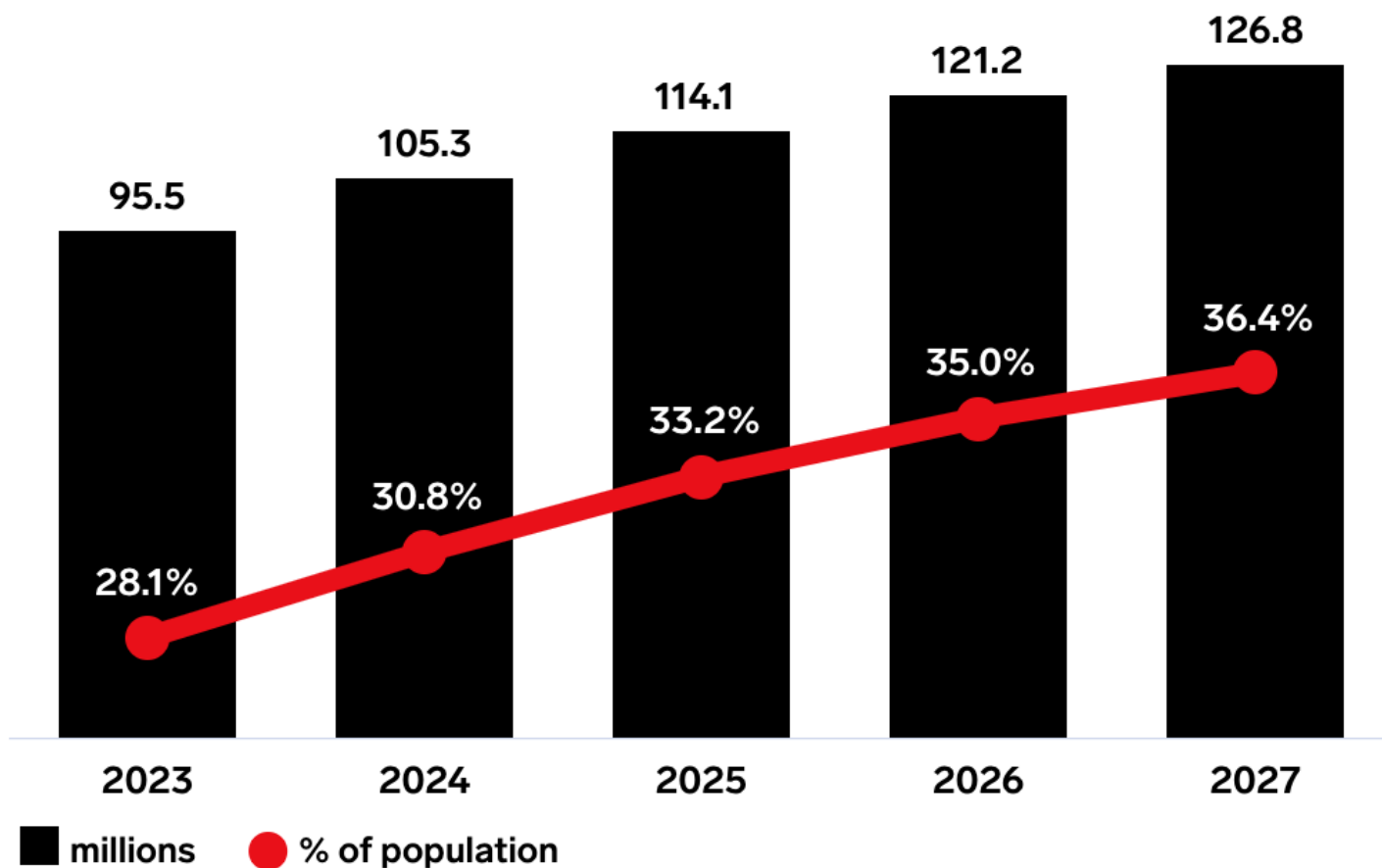
- Disney is going through an identity crisis. CEO **Bob Iger** publicly mulled selling the company’s linear TV assets to fully focus on streaming, and said it’s seeking a “strategic partner” for ESPN. The company significantly hiked prices for Disney+ and **Hulu** services over the summer, drawing ire from consumers.
- Viewership and advertising spending are gradually but inevitably moving away from linear TV and toward digital video platforms, pressuring Disney to squeeze as much out of its TV business as it can in the time it has left while it tries to onboard consumers to Disney+.
- Disney used the blackout, which took place during the **US Open** and start of the **NFL** season, to do exactly that. The company encouraged consumers to subscribe to its own paidTV service **Hulu + Live TV** days into the dispute, and even offered a 30% discount over this past weekend.

Our take: The blackout was a significant moment in the transition away from linear TV services, creating friction not just for providers like Spectrum but also for consumers who may now be thinking about which services to subscribe to in the long term.

- “The dispute still raises questions about the viability of the cable bundle and the streaming business model,” said Insider Intelligence principal analyst **Paul Verna**. “The structural problems with both of those paradigms will not only continue but accelerate.”

Digital Live Sports Viewers

US, 2023-2027



Note: individuals of any age who watch live sports content at least once per month over the course of the season of at least one sport on digital platforms such as OTT, TV Everywhere and vMVPDs; excludes highlight viewing and viewing of nonlive content; excludes esports; excludes Olympics content

Source: Insider Intelligence | eMarketer, March 2023

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