

The impact of streaming services on the functioning of parent companies in the entertainment industry

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1. Introduction

The coronavirus pandemic has become a global catalyst for changes in multimedia content consumption (Gonçalves-Dosantos et al., 2025). The previous model of film distribution, in which the lion's share of revenue came from box office sales, has been largely disrupted. Restrictions imposed by authorities in many countries limited revenue-generating opportunities from cinemas by capping audience numbers or completely closing cultural venues. The forced “lockdown” of consumers at home made computer equipment a primary substitute for cinemas or theaters. Through the medium of the internet, consumers could once again visit theaters or cinemas—but in a completely different form—via streaming services or paid video-on-demand platforms.

The value of the streaming market is projected to reach nearly USD 900 billion by 2034 (Precedence Research). Additionally, the number of users across all video subscription services is expected to reach approximately 3 billion by that time. While the growth fundamentals of streaming services may appear secure, the same threats have loomed for years: revenue cannibalization from other distribution

models (optical discs, cinema tickets), growing user demands for platform content (requiring increased production budgets), and abuse of account sharing systems by users (contrary to service terms).

These threats are causing media companies to revert, in many cases, to the traditional pre-pandemic distribution model: theatrical release → video-on-demand/optical disc release → streaming platform release. This phenomenon is visible among all traditional video content providers that also operate streaming platforms, such as Walt Disney Company, Warner Bros., Comcast, and Paramount. Simultaneously, there is a noticeable trend of shortening the window between a film's theatrical release and its availability on video-on-demand services.

This article presents an analysis of the impact of two streaming platforms—Max (WarnerMedia) and Disney+ (Disney Corporation)—on the financial and stock market performance of their parent companies. The analysis refers to reports published by the organizations themselves as well as market analyses. The study aims to identify key elements that media conglomerates should consider when

formulating a corporate development strategy involving a streaming service.

The study proposes one research hypothesis: despite the increase in multimedia content consumption due to greater accessibility via streaming platforms, the market capitalization of parent companies does not increase accordingly.

This paper consists of six sections. The first section classifies streaming services as disruptive innovation, partially explaining why they have not proven to be a profitable venture. The second section describes the streaming platforms under examination. The third section presents challenges and threats related to the platforms' operations. The fourth section introduces the author's multi-criteria model for assessing the impact of a streaming service on the parent company. The fifth section applies the model to the case studies. The paper concludes with a summary and conclusions from the study.

2. Streaming platforms as disruptive innovation

Streaming platforms, such as Netflix, Spotify, and Disney+, are increasingly regarded as examples of disruptive innovations that fundamentally transform the media and entertainment sectors. Their development and market impact can be analyzed through Clayton Christensen's (1997) disruptive innovation theory, which identifies three key elements: the rate of absorption of innovations by consumers, technological progress, and the distinction between sustaining and disruptive innovations. Streaming platforms not only redefine content consumption but also influence the economic efficiency of traditional media companies (Poell, 2020).

2.1 Rate of Absorption of Innovations by Consumers

The first element of Christensen's theory is the rate at which consumers adopt innovations. Streaming platforms offer features that exceed the basic needs of average users. Modern technologies such as on-demand content, personalized recommendations, and multi-device viewing have become standard offerings from platforms like Netflix and Spotify (Turel & Serenko, 2020). However, these innovations often exceed consumers' capacity to fully utilize them, especially when features are not aligned with fundamental needs. This reflects Christensen's observation that innovations often provide more than consumers are ready or able to use (Christensen, 1997). This saturation effect may influence the further development of streaming platforms. Studies suggest that platforms still have room to adapt technology to meet real consumer needs (Poell, 2020).

2.2 Technological Progress and Consumers' Capacity for Absorption

In the context of disruptive innovation, technological progress in the streaming sector evolves faster than consumers' ability to absorb it. The introduction of advanced technologies, such as artificial intelligence and virtual reality, significantly impacts the quality and diversity of available content - a characteristic of disruptive innovations (Yu & Hang, 2010). Despite increasing availability, consumers are not always able to fully utilize these technologies, posing a challenge for content creators and providers. This results in a situation where streaming platforms, despite advanced technological solutions, cannot always effectively reach the entire audience. While consumers show interest in new technologies, their actual

adoption depends on factors such as technological literacy and device availability (Guttentag, 2015).

2.3 Sustaining vs. Disruptive Innovations

Traditional media business models, such as advertising or unit sales, have been challenged by modern subscription-based platforms, which introduced payment-for-access models. Platforms like Netflix and Spotify offer more affordable and accessible options to a broader consumer base, aligning with the theory of disruptive innovation that targets previously ignored market segments (Poell, 2020). These new subscription models enable consumers to access on-demand content more flexibly, leading to the marginalization of traditional media such as cable television and the music industry. The changing role of media in society means that technologies originally offering standard services are now adapting their models to shifting consumer preferences (Poell, 2020).

2.4 Impact on Competition and Market Structure

The reduction of entry barriers in the media market, enabled by internet technology, has allowed new players to emerge. Streaming platforms, leveraging internet resources, have created markets accessible to new companies that previously faced high production and distribution costs (Lotz, 2022). Consequently, the media market has become more competitive, forcing traditional companies such as cable television providers to adapt their strategies to remain profitable. The lowered barriers to entry changed competitive dynamics in the media sector. New platforms, using internet technologies, could reach wide audiences more quickly and cheaply, posing a threat to traditional media. Moreover, their innovative

business models introduced new rules to the industry, altering competition dynamics (Sundararajan, 2016).

2.5 Changes in Content Consumption Models

Shifts in consumer preferences have underpinned the success of streaming platforms. Consumers increasingly choose on-demand content, marginalizing traditional television and cinemas. Platforms such as Netflix, Hulu, and Disney+ have transformed media consumption, enabling users to access content anytime, anywhere, which has garnered significant user interest (Guttentag, 2015). These changes have revolutionized consumer expectations, where flexibility, personalization, and availability have become key elements of the user experience.

2.6 Challenges for Traditional Media Companies

Traditional television broadcasters and other media companies have had to adapt their business models to new market realities dominated by streaming platforms. Competition from Netflix, Amazon Prime, and other streaming giants forced many companies to abandon traditional revenue sources, such as cinema ticket sales or television advertising. This shifted market dynamics, with some companies facing the risk of financial instability due to the changing media landscape (Sundararajan, 2016). The introduction of subscription-based models, replacing traditional revenue sources, became a key factor in revising the operational strategies of traditional media companies (Poell, 2020).

2.7 Adaptation and Innovation in Response to Changing Consumer Expectations

Changing consumer expectations have prompted media companies to introduce innovations addressing these needs. Streaming platforms offering personalized recommendations, flexible content access, and multi-device viewing options have become industry leaders (Turel & Serenko, 2020). Such innovations met demands for flexibility, content accessibility in various formats, and user convenience, influencing customer loyalty.

2.8 The Future of Disruptive Innovation in Media

Looking ahead, the development of technologies such as artificial intelligence, virtual reality, and augmented reality suggests further growth of disruptive innovations in the media sector. These technologies are expected to increasingly influence how consumers perceive content, offering new, more interactive and individualized experiences (Yu & Hang, 2010). The potential integration of various technologies within a single platform, including VR/AR, will undoubtedly change future content consumption, enabling even more engaging experiences.

3. Characteristics of the analyzed streaming platforms

This section describes the streaming platforms Max (formerly HBO Max) and Disney+. An analysis of their histories reveals both their development dynamics and their responses to changing market conditions and competition, primarily from Netflix, the sector leader. Discussing their evolution also helps in understanding the strategies of their owners—Warner Bros.

Discovery and The Walt Disney Company, respectively.

3.1 Max Platform

The Max platform, owned by Warner Bros. Discovery, was launched on May 27, 2020, under the name HBO Max. The rebranding in May 2023, changing the name to Max, aimed to expand the audience and alter the brand’s image, previously associated mainly with adult content (Spangler, 2023). Integrating Warner Bros. and Discovery libraries enabled a richer and more diverse content offering, including documentaries, reality shows, and children’s programming. In addition to films and series from libraries such as HBO, Cartoon Network, and Discovery Channel, Max emphasizes original content, which has garnered critical and viewer acclaim. Examples include award-winning productions such as *The White Lotus* and *Hacks*. This approach aims to attract a broader user base, catering to diverse audience preferences (Jones, 2022).

However, the creation of Max was complex and required numerous strategic decisions. As early as 2018, WarnerMedia announced the development of a platform integrating content from all group brands (Solsman, 2019). Despite initial plans to launch in 2019, HBO Max finally premiered in May 2020, at the height of the COVID-19 pandemic. This situation positively impacted the platform’s development, quickly gaining popularity among consumers seeking home entertainment.

A significant strategic decision was the simultaneous release of *Wonder Woman 1984* in theaters and on HBO Max in late 2020. Although a response to pandemic challenges, this parallel release policy, referred to as “Project Popcorn,” sparked controversy in the film industry and drew criticism from creators such as Christopher Nolan (Fink, 2023). Warner Bros. incurred

substantial costs compensating producers and directors, estimated at over \$200 million.

Since its launch, Max has significantly increased its subscriber base. By the end of 2020, the platform reached 37.7 million activated accounts, exceeding initial plans by over 20% (Bridge, 2020). By the end of 2021, this number grew to 73.8 million, partly due to the simultaneous distribution of cinema premieres on the platform via “Project Popcorn” (Spangler, 2023). Direct-to-Consumer segment revenues in 2022 amounted to \$10.7 billion, representing 26% of Warner Bros. Discovery’s total revenue. Despite this, the streaming business remained unprofitable, recording an operating loss of \$3 billion due to high content production and technology development costs (Fortune, 2023).

3.2 Disney+ Platform

Disney+, owned by The Walt Disney Company, debuted on November 12, 2019, in the United States, Canada, and the Netherlands (Tyler, 2019). The service quickly expanded, achieving global reach within two years (Martínez-Sánchez et al., 2021). A key part of Disney+’s strategy was leveraging Disney’s rich heritage, including animated films, children’s series, and iconic franchises such as Star Wars and the Marvel Cinematic Universe (Chen, 2022).

Disney+ stands out for its content management approach, combining new productions with classic works. The platform is particularly strong in the family and

children’s segment, which has become its hallmark. To attract a wider audience, Disney+ gradually expanded its offering to include adult content, such as PG-13 films and series like *The Mandalorian* and *WandaVision* (Murphy, 2020).

The platform was a major success in its first year, surpassing 86 million subscribers by December 2020 (Gartenberg, 2021). This result significantly exceeded the company’s four-year forecast. Key elements of this success included aggressive pricing and strategic partnerships, such as bundles with ESPN+ and Hulu in the U.S. (Littleton, 2019).

However, like Max, Disney+ faced challenges. Early technical difficulties due to high user demand at launch were quickly resolved, but other issues, such as adapting older content to contemporary cultural norms, required longer-term action. Some productions, like *Song of the South* (1946), were removed entirely, while others, such as *Peter Pan* (1953) and *Dumbo* (1941), were issued warnings about outdated cultural depictions (Sommerville, 2020).

4. Problems of streaming platforms - challenges, problems, impact of competition

The streaming platforms discussed in this paper face numerous challenges. It should be noted that many of these issues apply to all streaming service providers (Spangler, 2023; Yang, 2023; Buoye et al., 2021).

Table 1 » Problems of the analyzed streaming platforms .

Challenges, problems, impact of competition – Max	Challenges, problems, impact of competition – Disney+
Censorship and content restrictions – Max must comply with local regulations that limit the availability of certain content, e.g., in China.	Limited content development directions – Disney+ must balance children’s and adult content in line with its brand image, limiting expansion possibilities.
Infrastructure performance – Max faced server infrastructure issues, requiring substantial resources to	Adapting older content – Disney+ struggled with introducing classic productions that do not meet modern social

broadcast in Full HD, 4K, and HDR quality, necessitating investments.	standards (e.g., Song of the South).
Device compatibility – Initial availability issues on popular platforms like Roku and Amazon Fire TV.	Balancing content for different audiences – Disney+ must balance children’s offerings with adult content, which can be challenging.
Common challenges and development problems	Common challenges and development problems
Content licensing and regulatory issues – Both platforms face licensing challenges that vary by region. Obtaining distribution rights for films, series, and TV shows is expensive. Additionally, local content distribution regulations (e.g., in the EU, US, China) can limit access to certain productions. Both platforms must also adapt offerings to local requirements regarding cultural sensitivity.	Content licensing and regulatory issues – Both platforms face licensing challenges that vary by region. Obtaining distribution rights for films, series, and TV shows is expensive. Additionally, local content distribution regulations (e.g., in the EU, US, China) can limit access to certain productions. Both platforms must also adapt offerings to local requirements regarding cultural sensitivity.
User data security – Personal data protection and compliance with regulations such as GDPR or CCPA are critical issues, requiring investments in data protection systems and user information management procedures.	User data security – Personal data protection and compliance with regulations such as GDPR or CCPA are critical issues, requiring investments in data protection systems and user information management procedures.
Adaptation to new technologies and devices – Both platforms must adapt applications to various devices—from Smart TVs to mobile devices. Emerging compatibility issues with popular operating systems (e.g., Roku, Amazon Fire TV, Android, iOS) necessitate rapid updates and negotiations with technology providers (Eng & Hernandez, 2006).	Adaptation to new technologies and devices – Both platforms must adapt applications to various devices—from Smart TVs to mobile devices. Emerging compatibility issues with popular operating systems (e.g., Roku, Amazon Fire TV, Android, iOS) necessitate rapid updates and negotiations with technology providers (Eng & Hernandez, 2006).
Content censorship and ethics issues – Both Max and Disney+ face a difficult balance between creative freedom and compliance with local laws and ethical regulations. Content censorship, especially in countries with restrictive regulations such as China, can lead to content removal, affecting global service availability.	Content censorship and ethics issues – Both Max and Disney+ face a difficult balance between creative freedom and compliance with local laws and ethical regulations. Content censorship, especially in countries with restrictive regulations such as China, can lead to content removal, affecting global service availability.
Competition in the streaming market – Growing competition from giants such as Netflix, Amazon Prime Video, Apple TV+, and local platforms forces Max and Disney+ to constantly adapt offerings, intensify investments in original content, and improve service quality to attract new subscribers.	Competition in the streaming market – Growing competition from giants such as Netflix, Amazon Prime Video, Apple TV+, and local platforms forces Max and Disney+ to constantly adapt offerings, intensify investments in original content, and improve service quality to attract new subscribers.
Content availability in different countries – Max and Disney+ must adapt offerings to different markets. While some productions are popular globally, many may be unavailable in specific countries due to licensing regulations, copyright laws, and local requirements such as language dubbing or subtitles.	Content availability in different countries – Max and Disney+ must adapt offerings to different markets. While some productions are popular globally, many may be unavailable in specific countries due to licensing regulations, copyright laws, and local requirements such as language dubbing or subtitles.

Source: own study based on Spangler (2023), Yang (2023), and Buoye et al. (2021).

Compared to Disney+ and Max, Netflix has long built its market position through aggressive investments in original content and diverse offerings. While Disney+ and Max rely heavily on existing brands, Netflix focuses on creating new, original productions across genres, attracting a diverse subscriber base (Sweeney, 2021). As a streaming pioneer, Netflix also benefits from a robust technological infrastructure, enabling

seamless scaling in response to growing demand.

Amazon Prime Video, like Netflix, offers a wide content range, but its business model differs from Disney+ and Max. Prime Video is part of the broader Amazon ecosystem, providing a competitive advantage through integration with other services like online shopping and delivery. Compared to Disney+ and Max, Prime Video offers greater content diversity, attracting viewers seeking movies

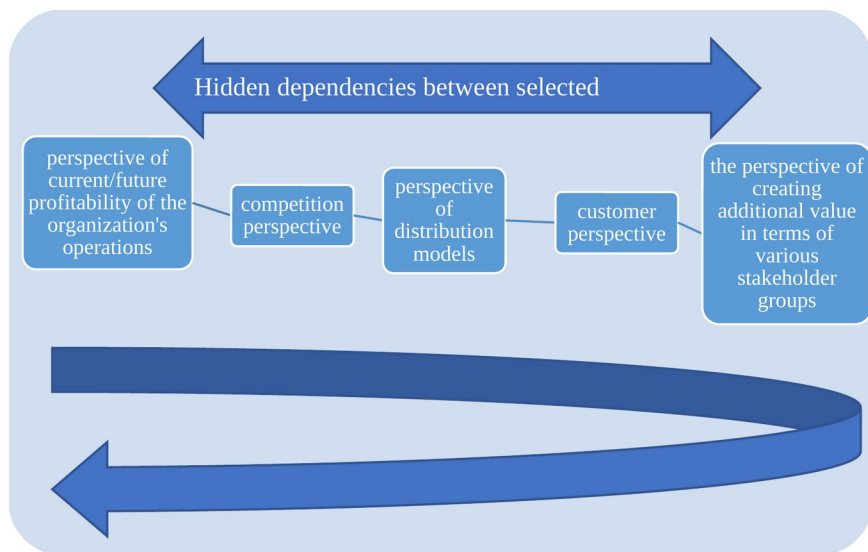
and series as well as users utilizing other Amazon services (Rahe & Schlütz, 2020).

5. Research methodology

This section outlines the research methodology, including the justification for case selection, data collection, and the design of the multi-criteria assessment model. Figure 1 shows the model discussed in the following section.

The presented model consists of 5 independently analyzed perspectives, between which there may be potential dependencies. The selected perspectives should be assessed in accordance with the adopted multi-criteria model, where the analyst will determine the optimal weights for the selected criteria and perspectives. Table 2 presents the characteristics of the perspectives presented in Figure 1.

Figure 1 >> Model for assessing the impact of streaming services on the parent company's business



Source: own study.

5.1 Case selection and research period

The study focuses on two streaming platforms: Max (owned by Warner Bros. Discovery) and Disney+ (owned by The Walt Disney Company). These companies were selected due to their prominence in the entertainment industry, their transition from traditional media to streaming, and the availability of comprehensive financial and non-financial data. Both represent media conglomerates that have heavily invested in

streaming as a strategic response to market disruption.

The research period spans from 2018 to 2024, covering the pre-pandemic era, the peak of COVID-19 disruptions, and the subsequent market adjustment phase. This timeframe allows for observing strategic shifts and financial impacts related to streaming investments.

5.2 Data sources

Data were collected from multiple sources to ensure triangulation and reliability:

- Financial reports: Annual and quarterly reports from Warner Bros. Discovery and The Walt Disney Company.
- Stock market data: Historical stock prices and financial ratios from StockAnalysis.com and Yahoo Finance.
- Non-financial reports: ESG (Environmental, Social, and Governance) reports from both companies.
- Industry reports: Analyses from Variety, Statista, and Precedence Research.
- Academic literature: Peer-reviewed articles on disruptive innovation, media economics, and streaming services.

5.3 Multi-criteria model design: theoretical grounding and perspectives

The multi-criteria model is grounded in strategic management and stakeholder theory, drawing on Carroll’s (1991) CSR pyramid and Porter’s competitive forces framework. The model evaluates the impact of streaming services on parent companies through five distinct yet interconnected perspectives. Table 2 presents the characteristics of the perspectives presented in Figure 1.

Table 2 » Characteristics of the elements of the multi-criteria model for assessing the impact of the streaming service on the parent company.

Selected perspective	Characteristic
perspective of current/future profitability of the organization’s operations	From the perspective of commonly known models used in contemporary management, e.g. Carroll’s Value Pyramid (Carroll, 1991), the economic/financial perspective cannot be ignored. In the case of organizations in the entertainment sector, one should be particularly careful when designing the future profitability of the organization. Taking for example the model of cinema distribution of a selected film, which will later be transformed into other distribution models, one should take into account the fact that in the entertainment sector there are profits/costs (fuzzy) not directly related to the production of the selected video material. In this case, a fuzzy financial profit can be considered, for example, the sale of licensed clothing, while a fuzzy financial cost can be, for example, the cost of promoting the selected material in the Internet/traditional media or promotion at industry festivals (Doyle, 2015). Thus, the information obtained on the film budget or the number of tickets/subscriptions sold does not allow for a full financial assessment of the undertaking.
competition perspective	The influence of competition is extremely important in assessing the profitability of streaming activities . This is due to the fact that the main media conglomerates compete with each other in many distribution models. The influence of competition is visible, for example, in activities related to setting pricing policy or the budget for original productions. This phenomenon is sometimes based on the priority effect, which may initially increase profits in the entire industry, but in the long term lead to a decrease in profitability - for example, a decision to increase expenditures on own productions abruptly without increasing subscription prices causes a short-term sudden increase in the number of subscriptions, which may expire over time, but selected costs incurred may imply further costs in the future (an example here would be a guarantee for the creator of a series to broadcast a specified number of seasons of the series).
perspective of distribution models	Properly shaping the relationship between selected distribution models is crucial to ensuring the stability of the

	<p>organization's revenue growth. The bold decisions from the pandemic period related to shortening the period of exclusivity for cinema distribution were ultimately canceled. It should be remembered that despite the fact that we live in an era of digital media and mobile devices, the basic model for generating income in the entertainment industry is still traditional sources of media consumption such as cinemas or live concerts. In addition, making a film available in digital distribution, whether as part of a streaming service or video on demand, limits potential profits in advance due to the occurrence of the "gray parallel distribution" model on online platforms used to provide free video content without the consent of the distributor/owner of property rights.</p>
<p>client perspective</p>	<p>Apart from the fact that the customer (content consumer) is the primary source of profit creation for the owners of the organization, attention should also be paid to how the customer perceives the organization's activities, whether they are consistent, or do they not cause the customer to decide to change the paid service? From today's perspective, we already know that the decision on a predetermined cinema distribution window may determine the customers' expectation of digital distribution without visiting the cinema. At the same time, the persistent extension of the cinema distribution window may cause the streaming service of the media conglomerate to be perceived as unattractive, which may ultimately lead to the decision to discontinue further subscription. The key issue for decision-makers is therefore the creation of such a corridor between distribution models that will maintain a balance between customer loyalty and the profitability of the organization.</p>
<p>The perspective of creating additional value in terms of various stakeholder groups</p>	<p>Activities related to streaming services within a media conglomerate have an impact on a wide range of stakeholders. Successes or failures related to the activities of a streaming service can affect the perception of the organization. In addition, it may happen that the products included in the streaming service can become a development engine for various divisions of the organization. An example here is the HBO television show <i>Game of Thrones</i>. The great popularity of the series not only influenced the number of subscriptions to channels/services where the series was available, but also contributed to the increase in revenues of other divisions responsible for, for example, licensing gadgets for fans or creating digital content in a similar theme (video games, spin-off series).</p>

Source: own study.

These perspectives were selected because they collectively capture the multifaceted impact of a strategic business unit (the streaming service) on the overall corporate entity. They move beyond pure financial metrics to include strategic, operational, and reputational dimensions critical for long-term success.

5.4 Measurement and scoring method

Each perspective is assigned a score on a normalized scale from 0 to 10, where:

- 0–3: Negative or severely underperforming impact.
- 4–6: Neutral or moderately performing impact.
- 7–10: Positive or strongly performing impact.

Scores are derived from a qualitative assessment of the data presented in Section 5, based on defined criteria for each perspective (e.g., for profitability: trend in operating income from streaming; for customer perspective: subscriber growth trend and churn rates).

5.5 Weight assignment and overall score calculation

Each perspective is assigned a weight (w_n) reflecting its relative importance in the overall assessment. The weights sum to 1 ($\sum w_n = 1$). The final aggregated score (y) is calculated as:

Equation No. 1 multi-criteria model equation.

$$y = w_1Per_1 + w_2Per_2 + w_3Per_3 + w_4Per_4 + w_5Per_5$$

where:

w_n – weights for different perspectives, $\sum w_n = 1$

Per_n – assessment of different perspectives

y – measurable result assessment, interpreted in a comparable group

6. Application of the multi-criteria model: case studies of Max and Disney+

This section applies the multi-criteria model to assess the impact of Max and Disney+ on their respective parent companies. For each perspective, a score (0–10) is assigned based on the analysis below. Weights are assigned as follows, reflecting the assumed strategic priority for large, publicly traded media conglomerates: Profitability (= 0,35), Competition (= 0,25), Distribution Models (= 0,15), Customer (= 0,15), Stakeholder Value (= 0,10). These weights prioritize financial performance and competitive necessity while acknowledging the importance of other strategic dimensions.

6.1 Profitability perspective

Definition: Measures the direct financial contribution of the streaming service to the parent company’s bottom line, including revenue growth, profitability of the streaming segment, impact on overall margins, and stock market valuation.

Analysis:

- Warner Bros. Discovery (Max): The Direct-to-Consumer segment, driven by Max, generated significant revenue (\$10.7B in 2022) but operated at a substantial loss (\$3B operating loss in 2022). High content costs and integration expenses depressed overall corporate profitability post-merger. The stock price showed high volatility, significantly underperforming the S&P 500 Media & Entertainment index over five years (-67.94% change for WBD vs. >140% for the index).
- The Walt Disney Company (Disney+): The Disney+ fueled rapid subscriber growth but its Direct-to-Consumer segment reported operating losses for several years (e.g., -\$1.5B in 2021). While contributing to revenue growth, the high investment phase pressured margins. Disney’s stock price also underperformed the sector index over five years (-22.71%), though less severely than WBD.

Score Assignment: Both services have been major cost centers with negative contributions to net income in the study period. However, Disney+ shows a clearer path to future profitability with restructuring efforts. Max: 3/10; Disney+: 4/10.

6.2 Competition perspective

Definition: Evaluates how the streaming service affects the parent company’s competitive position in the media landscape, including market share defense/growth,

response to rivals (Netflix, Amazon), and strategic necessity.

Analysis: Both Max and Disney+ are defensive/offensive necessities in a market where Netflix sets the pace. Failure to have a competitive platform would cede significant market share and diminish future relevance. Both have achieved substantial subscriber bases (tens of millions), establishing them as major players. However, they operate in a fiercely competitive and saturated market with intense pressure on content spending, as highlighted by Variety reports on rising sports rights and production costs.

Score Assignment: The services are essential for competitive survival and have established a foothold, but they operate in a hyper-competitive, high-cost environment with unclear long-term profit potential. Max: 6/10; Disney+: 7/10 (due to slightly stronger brand synergy and subscriber scale).

6.3 Distribution models perspective

Definition: *Assesses the effectiveness of integrating the streaming service with traditional distribution windows (theatrical, VOD, physical media) to maximize total revenue and manage content value over time.*

Analysis: Both companies experimented with shortened theatrical windows during the pandemic but have largely reverted to longer exclusive theatrical runs for major films. This indicates that streaming has not replaced theatrical revenue but is integrated as a later window. The key challenge is balancing windows to avoid cannibalizing high-margin theatrical revenue while keeping the streaming service attractive. The persistence of piracy ("grey parallel distribution") remains a risk exacerbated by digital release.

Score Assignment: The companies are managing a complex transition but have not found an optimal, stable model. Traditional

distribution remains more profitable, and streaming integration presents challenges. Max: 5/10; Disney+: 6/10 (Disney's strong theatrical franchises give it more leverage in windowing decisions).

6.4 Customer perspective

Definition: *Measures the service's ability to attract, retain, and satisfy subscribers, reflecting in subscriber growth trends, churn rates, and brand perception among consumers.*

Analysis: Both platforms achieved rapid initial subscriber growth. However, post-pandemic, growth has slowed, and retention has become a challenge, leading to crackdowns on account sharing. Customer expectations for constant, high-quality content are high, driving up costs. The value proposition is under pressure as subscription prices rise. Disney+ has a strong family-oriented brand, while Max offers diverse content from HBO and Discovery.

Score Assignment: Strong initial acquisition but facing maturity and retention challenges in a price-sensitive market. Max: 6/10; Disney+: 7/10 (stronger brand loyalty in its core demographic).

6.5 Stakeholder value creation perspective

Definition: *Evaluates the broader value generated beyond direct subscriptions, such as brand enhancement, licensing opportunities (merchandise, games), and positive ESG impact.*

Analysis: Successful streaming content (e.g., Game of Thrones for HBO/Max, The Mandalorian for Disney+) creates significant ancillary value through licensing, merchandising, and park attractions. Streaming also serves as a platform for ESG initiatives, like promoting diversity in content (highlighted in both companies' ESG

reports). It enhances the modern, adaptive image of the parent company.

Score Assignment: Both services demonstrate clear potential for creating significant ancillary value and supporting corporate social goals. Max: 7/10; Disney+: 8/10 (Disney's ecosystem is exceptionally well-integrated for monetizing IP across divisions).

6.6 Overall multi-criteria assessment

Applying the scores and weights to the formula:

For Max (Warner Bros. Discovery):

$$y = (0,35 \times 3) + (0,25 \times 6) + (0,15 \times 5) + (0,15 \times 6) + (0,10 \times 7) = 1,05 + 1,5 + 0,75 + 0,9 + 0,7 = 4,9$$

For Disney+ (The Walt Disney Company):

$$y = (0,35 \times 4) + (0,25 \times 7) + (0,15 \times 6) + (0,15 \times 7) + (0,10 \times 8) = 1,4 + 1,75 + 0,9 + 1,05 + 0,8 = 5,9$$

Interpretation: The overall scores (Max: 4.9; Disney+: 5.9) on a 0-10 scale indicate a moderately negative to neutral net impact for Warner Bros. Discovery and a neutral to moderately positive net impact for The Walt Disney Company. The primary drag for both is the profitability perspective, which carries the highest weight. Disney+ scores higher due to better performance in competitiveness, customer loyalty, and stakeholder value creation, suggesting its streaming venture is relatively better aligned with and supportive of the parent company's overall strategy, despite current financial losses.

7. Discussion

The application of the multi-criteria model confirms the research hypothesis: despite increasing content consumption, streaming services have not yet translated into a clear increase in shareholder value, as evidenced

by the underperformance of WBD and DIS stocks relative to the sector index. The model quantifies that the significant negative weight of current profitability overshadows positive impacts in other areas like competition and stakeholder value.

7.1 Theoretical implications

This study extends the application of disruptive innovation theory by showing that the disruption phase for streaming is characterized by heavy investment and financial losses for incumbent media conglomerates, consistent with Christensen's framework where disruptors initially underperform on traditional profit metrics. The multi-perspective model itself contributes to strategic management literature by providing a structured framework to evaluate a disruptive strategic business unit beyond purely financial metrics.

7.2 Practical implications

For managers of media conglomerates, the findings underscore that launching a streaming service is a strategic imperative for competitive survival, not a short-term profit center. The key challenge is managing the transition period where streaming losses are offset by profits from traditional divisions. Strategic focus should be on:

- Path to profitability: Rigorous cost control, optimal content investment, and pricing strategies.
- Window management: Carefully calibrating theatrical exclusivity to protect high-margin revenue while feeding the streaming pipeline.
- Ecosystem leverage: Maximizing cross-divisional value from successful streaming IP (e.g., merchandise, games, parks).

7.3 Limitations and future research

This study has several limitations. First, it is based on two case studies, limiting generalizability. Second, the scoring in the model involves a degree of subjective judgment, though it is grounded in presented data. Third, the study period ends in 2024, and the streaming market continues to evolve rapidly.

Future research could:

- Apply the model to a larger sample of media companies.
- Use quantitative methods (e.g., regression analysis) to statistically determine the weights for each perspective.
- Extend the time horizon to assess whether streaming services eventually transition into profitable, value-creating divisions as the market consolidates.

8. Summary and conclusions

This paper analyzed the impact of streaming services on their parent companies through a multi-criteria assessment of Max and Disney+. The study concludes that, to

date, streaming services operate as costly strategic necessities driven by competitive pressures rather than as standalone profit engines. The primary impact has been increased operating costs and pressure on margins, which is negatively perceived by the stock market. Traditional theatrical distribution remains a more significant and profitable revenue source.

The proposed model highlights that a holistic assessment must balance this financial burden against other critical factors: maintaining competitive relevance, securing customer relationships, and creating long-term brand and stakeholder value. For Disney, this balance appears more favorable than for Warner Bros. Discovery.

Ultimately, the development of streaming is a double-edged sword: from a consumer perspective, it offers unprecedented access and convenience, but from a shareholder perspective, its value is contingent on the parent company's ability to navigate the high-cost transition phase and eventually integrate it into a profitable, synergistic business model. The journey of streaming from a disruptive, loss-leading innovation to a sustainable profit center remains the central challenge for entertainment conglomerates.

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The impact of streaming services on the functioning of parent companies in the entertainment industry

ABSTRACT

The aim of this article is to present, from multiple perspectives, how disruptive innovation represented by streaming services affects the functioning of parent companies. For this purpose, a multi-criteria model was designed to assess two streaming services: Max and Disney+. The study concludes that, to date, streaming services have primarily been a source of increasing operating costs due to rising expenditures on original productions. However, abandoning the development of a streaming offering may lead to a negative perception of the entire corporation as an outdated organization unable to adapt to changing conditions (Heim et al., 2024). This study is based on the financial and non-financial reports of the analyzed organizations, industry articles and reports, as well as selected scientific publications. The work presents an original application of a multi-perspective model to assess the impact of streaming services on the condition of the parent company.

KEYWORDS

streaming platforms, film industry, entertainment companies, media consumption, social trends

JEL CLASSIFICATION

G10, L82, L86