

Starting up

- In what ways do you consume movies and television programmes? Online premium streaming (like Netflix)? Cable TV? On your smartphone or laptop? At the cinema? Other ways?
- Do you watch user-generated video, for example on YouTube? If so, what sorts of video?

Vocabulary 1 – metaphorical language

Choose the best ending for each sentence.

- 1 When you cry, your eyes make **tears**. If a situation **ends in tears**, it
 - a) turns from unhappy to happy
 - b) is impossible to understand
 - c) results in unhappiness
- 2 When two countries **go to war**, they fight. When businesses **go to war**, they
 - a) compete directly in the market
 - b) use illegal accounting methods
 - c) hurt consumers
- 3 A **bundle** is a package of things tied together, for example pieces of wood. If cable television or video streaming services are **bundled**, it means
 - a) consumers pay each time they watch
 - b) lots of different channels or services are sold together for one price
 - c) they aren't working properly
- 4 A **pivot** is when you quickly reverse direction. A **pivot** in business is when a company
 - a) has a big success
 - b) makes a sudden change in strategy
 - c) isn't sure what to do
- 5 A **slice** is a piece of pizza. An impressive **slice** of the world's population is
 - a) a group of people living in one region
 - b) people who love a certain food
 - c) a large number of people
- 6 When you **torch** something, you burn it. A company **torching** money is
 - a) wasting it
 - b) earning a lot of it
 - c) hiding it from the government

Reading 1

Read through the article quickly. Are the sentences true (T) or false (F)?

- 1 Apple and Disney together have created a new online video streaming brand.
- 2 Netflix has been a huge financial success.
- 3 Younger viewers are probably more interested in free content, as seen on YouTube, than in premium streaming services.
- 4 The writer of the article feels that companies trying to create premium online streaming services are wasting money.

Reading 2

Choose the best answer to each question.

- 1 How are the Apple and Disney streaming services different from Netflix and Amazon?
 - a) They're new to the market.
 - b) They're media giants.
 - c) They're investing heavily.
- 2 Which company is currently spending the most on content?
 - a) Apple
 - b) Netflix
 - c) Amazon
- 3 What has Netflix succeeded in?
 - a) Holding a lot of cash.
 - b) Growing a big audience.
 - c) Reducing costs.
- 4 How do investors feel about the huge investment in streaming video?
 - a) They're expecting big returns.
 - b) The article doesn't say.
 - c) Many are worried.
- 5 What are younger viewers the most interested in?
 - a) Online gaming.
 - b) Making their own videos.
 - c) Free content.
- 6 The author implies that Twitter made a mistake in connection with user-generated video. What was it?
 - a) Shutting down Vine.
 - b) Acquiring Vine.
 - c) Hiring Anthony Noto.

The war for the world's eyeballs will end in tears

Tech and media giants are going to war, pouring billions into competing streaming services. Apple and Disney are both about to enter the market, taking on established players such as Netflix and Amazon.

Next year will see even more new entrants. In the clamour and confusion, viewers may ¹**rue the day** their traditional television and cable packages were “unbundled”.

The spending is ²**immense**. Apple has committed more than \$6bn for original content, including movies and series such as *The Morning Show*, starring Jennifer Aniston, Reese Witherspoon and Steve Carell.

In this expensive pivot to video, the iPhone maker is racing to catch up with Netflix, which already spends \$15bn a year on content, including the \$500m it just dropped on *Seinfeld*, a 30-year-old sitcom.

Some investors are already concerned. Netflix has been playing this game for 12 years and secured an impressive slice of the world's population — but still fails to generate positive free cash flow.

Now the market leader is losing some of its best content, as new rivals such as Disney ³**hoard** it for their own services. Meanwhile, Apple can afford to outspend anyone and undercut them on price; the Apple TV Plus service is only \$4.99 a month. Everyone has the potential to lose lots of money.

The most obvious investor ⁴**backlash** in the sector is at AT&T, where Elliott Management has taken a stake in the venerable telecoms group and told it to stop wasting money on deals in a ⁵**vain** effort to ⁶**rejuvenate** itself.

Included in AT&T's \$80bn takeover of TimeWarner last year was HBO, which is, inevitably, launching its own new streaming service next year.

But even the ⁷**sceptics** might not be worrying enough. The danger is not only that the competing efforts ⁸**cancel each other out**. It is that younger audiences have zero interest in the stars from the 1990s, whom executives are so keen to sign up.

Many younger viewers barely care about premium content at all. Instead they are fixated on short clips of home-made material consumed on the likes of YouTube, Snapchat and TikTok.

Netflix boasts 152m subscribers. On YouTube a single personality, PewDiePie, has 101m subscribers for his cheap and controversial content.

Some think this is ⁹**a passing fad**. Even Evan Spiegel, chief executive of Snap, a ¹⁰**beneficiary** of the boom in user-generated content, is betting on its decline.

He said this week that “some of the content that people are consuming today on social media may actually be less interesting than more premium content going forward”.

But he also thought we would all be wearing computerised glasses by now.

Equally short-sighted is Twitter, which acquired Vine, an early leader in short user-generated videos, in 2012. As then-chief financial officer Anthony Noto put it with breathless enthusiasm: “It's a great experience . . . It really hits a younger demographic. And we couldn't be more happy to have that brand, that asset and that user experience in video.”

Four years after the acquisition, Twitter shut it down in a cost drive.

This all plays into the hands of China's ByteDance, which owns TikTok, and Alphabet in the US, which owns YouTube. The two user-generated content kings can sit back and watch their premium rivals torch money in a vain effort to win the streaming wars.

Vocabulary 2 – vocabulary in context

Match each word in bold in the article with the best definition.

- a) keep
- b) regret, feel sorry about
- c) very large
- d) ineffective, useless
- e) refresh, make younger
- f) reaction
- g) remove the effect of something with an equal but opposite effect
- h) people who doubt or don't believe
- i) someone who gets an advantage from an action or change
- j) something that is popular for a short time

Grammar – perfect aspect

Choose the correct verb forms to complete the sentences.

- 1 Before I signed up for Netflix last year, I *hadn't / haven't* used an online streaming service.
- 2 The number of Netflix subscribers *had / has* grown in the past five years.
- 3 In next few months, competition in online streaming *will have / has* increased dramatically.
- 4 *They've / They'd* just joined Netflix, so they watch movies every night.
- 5 By the end of next year, HBO *will have / had* launched its streaming service.
- 6 Before Netflix was launched, premium online streaming video *hasn't / hadn't* been widely available.

Further discussion

The article says that Netflix hasn't generated positive free cash flow in 12 years. Do you think increased competition in the streaming market will be good for business, or bad? Why?

Group work

Work together to answer these questions.

- 1 Some people think the popularity of user-generated content is just a passing fad.
What do you think?
- 2 What are the typical differences between user-generated content and premium content?
- 3 What do you think online entertainment will be like five years from now?

ANSWER KEY

Starting up:

Students' own answers

Vocabulary 1

- | | |
|-----|-----|
| 1 c | 4 b |
| 2 a | 5 c |
| 3 b | 6 a |

Reading 1

- | | |
|-----|-----|
| 1 F | 3 T |
| 2 F | 4 T |

Reading 2

- | | |
|-----|-----|
| 1 a | 4 c |
| 2 b | 5 c |
| 3 b | 6 a |

Vocabulary 2

- | | |
|-----|------|
| 1 b | 6 e |
| 2 c | 7 h |
| 3 a | 8 g |
| 4 f | 9 j |
| 5 d | 10 i |

Grammar

- | | |
|-------------|-------------|
| 1 hadn't | 4 They've |
| 2 has | 5 will have |
| 3 will have | 6 hadn't |

Further discussion

Students' own ideas and answers; possible ideas: Competition may make it difficult for any one of the companies to make a profit from online streaming. However, competition may encourage competitors to innovated and develop better products that will appeal to cosumers.

Group work (possible answers)

- Students' own ideas and answers
- User-generated content tends to be instructional videos or blogs. Premium content is more often movies or TV shows with actors.
- Students' own ideas and answers

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