HBO Max is full of potential, but its biggest hurdle remains AT&T's messy execution



At launch, new streaming services prompt the same question: what can I watch? But HBO Max also elicits a different line of questioning: how is this different from HBO Now? From HBO Go? From AT&T TV Now? Do I have to pay extra for this, or is it wrapped into my HBO package?

HBO Max, which is set to launch tomorrow, May 27th, is AT&T and WarnerMedia's new crown jewel in the streaming space – a general entertainment platform that will compete with big dogs like Netflix, Amazon Prime Video, and Hulu. It's the streaming service that AT&T is using to make a name for itself in the direct-to-consumer marketplace at a truly competitive level (compared to a more niche product like HBO Now), which will also tie into AT&T's broadband and mobile businesses.

AT&T is using every distribution platform to make it as simple

as possible for people to sign up or transfer over, with the notable exception of Amazon and Roku at the time of this writing. If everything goes according to the telecom company's plans, people using AT&T's broadband and mobile services will spend more time watching HBO Max, and, in turn, HBO Max will help boost its other products.

On paper, HBO Max makes a lot of sense. For $15 a month (or $12 a month for the first year if customers signed up via AT&T's HBO Max website), subscribers get access to an impressive library of classic Warner Bros. titles, Cartoon Network shows, the Studio Ghibli films, DC Universe movies, new originals, and HBO's entire collection. That's a lot more than what HBO Now subscribers are getting for $15 a month.

And that's the point. WarnerMedia's goal is glaringly obvious: make HBO Now obsolete, and transfer everyone to HBO Max. HBO Now apps will even automatically upgrade to HBO Max apps on supported devices. Incoming AT&T CEO and former WarnerMedia CEO John Stankey referred to people's decision to upgrade from HBO Now to HBO Max as a simple "IQ test" in 2019. Stankey's message was clear: HBO Max is our future and yours.

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"We're going to be a company that has a very significant streaming opportunity," AT&T chief financial officer John Stephens said in 2019, noting that HBO Max is "the key aspect of [AT&T's] video strategy going forward."

Even with one of the largest library offerings and HBO in its pocket, HBO Max has its fair share of doubters. At $15 a month, HBO Max is the most expensive streaming option, double the price of newcomers like Disney Plus and triple the cost of Apple TV Plus. The service will also launch with fewer original shows and movies than WarnerMedia hoped for – a facet of launching in the middle of a pandemic that competitors like NBCUniversal's Peacock and Quibi are also battling. Having

customers “sheltering at home and consuming inconceivable amounts of streaming entertainment” is a pro for HBO Max, but it’s not the total answer, analyst Michael Nathanson wrote in an April note.

“Price is absolutely going to be relevant,” Stephen Beck, founder of consultancy firm cg42, echoed in an interview with *The Verge*. “Depending on what you believe about economic recovery, in the face of the pandemic, price point is going to be radically important.”

(*Disclosure: Vox Media is partnered with Quibi on two shows, and Comcast, which owns NBCUniversal, is also an investor in Vox Media,* The Verge*’s parent company.*)

In the middle of it all is a confusing, nearly comedic branding struggle that has HBO diehards concerned and WarnerMedia executives on the defense. (I cover this industry daily, and even I scratch my head over the differences between HBO Go, HBO Now, and HBO Max.)

That’s the question at the heart of HBO Max’s launch: what is it? Leveraging prestigious programming from HBO, tentpole franchise movies from the DC and *Harry Potter* universes, kids content in the form of *Sesame Street*, and new original programming, HBO Max wants to give anyone and everyone something they can watch.

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But WarnerMedia is an amalgamation of brands that makes it hard to define a definitive voice. Compare that to Disney, which touts its classic films and five major tentpoles: Disney Animation, Pixar, Lucasfilm, Marvel Studios, and Disney live-action films. In contrast, HBO is a premium network known for its mature and award-winning shows targeted at adults. In its Max iteration, it hopes to bring an abundance of originals targeted at teens and children’s shows. It’s a play at a

broader audience, but one that erodes anyone's understanding of what HBO's identity is and, more importantly, who it's for.

That might not matter in the grand scheme of things. People want to watch HBO wherever they can; Max is a great addition for HBO diehards, and HBO is a great addition for people who want to watch Adult Swim shows or DC movies.

There's a core equation to grabbing subscribers and keeping them on any streaming platform: using a tentpole show to get people to sign up for a streaming service and then offering as big and diverse a library offering as possible to retain them. Basically, focus on getting people in the door and making it pleasant enough that they stay. Every year, subscriptions to HBO Now jumped when *Game of Thrones* was on. But when the final season ended, many people canceled their subscription because, for some, there wasn't enough to justify the $15 a month.

When HBO Max launches, it will boast more than 10,000 hours of content, including 1,300 movies. What it won't have is a slew of originals people are beating down the door to watch. Executives know this; WarnerMedia chairman Bob Greenblatt and HBO Max's chief creative officer Kevin Reilly questioned whether to delay HBO Max's launch as production on several shows was affected by the pandemic.

That includes the highly anticipated *Friends* reunion special, which executives saw as *the thing* people would clamor for upon launch. A couple of titles will be there, including a spoof on late-night TV hosted by Elmo, a comedy starring Anna Kendrick called *Love Life*, the documentary *On the Record,* and a handful of reality series. The goal is to release 11 original series between mid-June and August, according to *The Wall Street Journal,* adding even more library content like all 23 seasons of *South Park* and new HBO series like *Perry Mason*.

"We are bullish on Max in the scheme of things."
HBO Max doesn't have an immediate tentpole like *The*

Mandalorian or *Stranger Things*, but it does have a seemingly endless and wide array of entertainment to satiate any subscriber's need.

"We are bullish on Max in the scheme of things," Beck said. "There's definitely headwinds, but they also have a very strong content library. I think once you ratchet down your expectation to the climate that they're launching in, we think that they're going to do very well in the context of diminished expectations based on the environment that they're launching."

Just because HBO Max won't have a *Mandalorian* at launch doesn't mean WarnerMedia isn't taking a page from Disney's playbook. Disney enticed subscribers to stay with *teases* of what's to come. That includes series from Marvel Studios, including *The Falcon and the Winter Soldier.* Disney has also announced a couple more *Star Wars* shows, series based on popular films like *The Mighty Ducks,* and more. Even though they're not here yet, Disney is leaning into its core tentpole franchises to give subscribers more of what they want. It's working: Disney has more than 55 million subscribers around the world, and it could even hit its 2024 goal by the end of the year.

HBO Max is doing the same. Just this week, WarnerMedia announced that a Snyder Cut of *Justice League* will hit the platform in 2021. It seems almost inevitable that WarnerMedia will develop at least one *Harry Potter* series for the streamer. All WarnerMedia needs is for one of those series to bring in swaths of members the way *Game of Thrones* did.

Until that happens, however, HBO Max's biggest fight is getting people to download and open the app on their televisions, tablets, and phones. Having a wealth of library offerings is good, but if no one opens the app in the first place, it doesn't really matter.

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