

Monday, October 30, 2017 10:42 AM ET **Exclusive**

# Analysts: Facebook Watch faces an 'uphill battle' against YouTube

By Haseeb Ali

Facebook Inc.'s new [Watch](#) feature may be able to position itself as a serious rival to [Google Inc.](#)'s YouTube, despite facing an uphill battle, analysts have said.

The new video service, which went  live in the U.S. in August, allows users to access shows that are made up of episodes, live or recorded, which follow a particular theme or a storyline. Users can also access a Watchlist that helps them discover new productions and suggested content based on what their friends are watching.

Bob O'Donnell, president and chief analyst at TECHanalysis Research, said in an interview that Facebook has "arrived late to the game," but you can never count the company out since the reach and influence of the social networking giant is "staggering."

Facebook [reported](#) 2.01 billion monthly active users as of June 30, and 1.32 billion daily active users on average for June 2017.

Isaac Rogers, CEO of 20|20 Research, expects that Watch may be used as a replacement for YouTube.

"[Watch] definitely competes with YouTube," he said in an interview. However, since YouTube is "limitless," Facebook will fight an "uphill battle" and has to be either spot on or start ramping up their back catalog," he added.

Rogers does not think Watch will become a serious challenger to services such as [Netflix Inc.](#) and [Hulu LLC](#).

"There's no real evidence that people feel like it is a replacement or augmentation for the kind of content they get from Netflix or Hulu," he explained.

Facebook could reportedly  spend as much as \$1 billion throughout 2018 on original programming for Watch, depending on the success of the programming.

It gets much of its current content from  deals with providers such as [Scripps Networks Interactive Inc.](#) as well as [Discovery Communications Inc.](#), as well as live sports like Major League Baseball and college football  games.

Based on the content currently available on Watch, the platform is more likely to become a rival to YouTube Red rather than the larger YouTube platform, according to Brian Bacon, an analyst at Kagan, a media research group within S&P Global Market Intelligence.

The main challenge, however, may be a lack of awareness among users about Facebook Watch.

From more than 1,200 people surveyed in a U.S. nationwide panel, 20|20 Research found that 18.9% of those surveyed were aware of Facebook Watch, while 65% of people who knew it existed considered YouTube as their "go-to" video content provider.

Also, 34% of people only turned to Facebook Watch when it first came out and are no longer using it, even though the ability to personalize content was the highest-ranked feature for Watch, according to the survey.

Rogers pointed out that 18.9% was a very low number and Facebook would have to do a lot to increase brand awareness, even though the platform only launched in August.

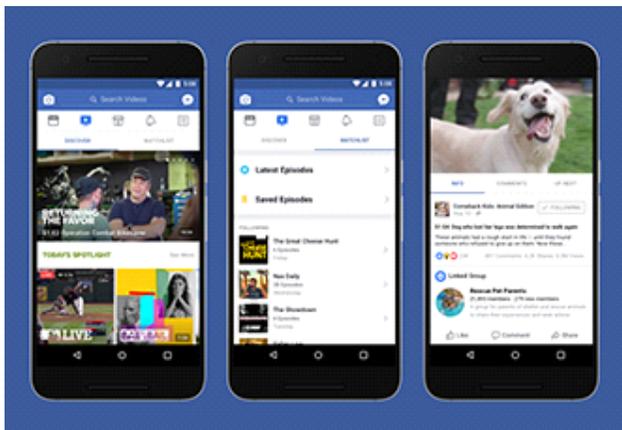
He noted YouTube is a clear winner with its depth of content and search, but the personalized content offering from Watch goes in their favor.

In order to market Watch more aggressively, Facebook could consider promoting the platform at the top of users' News Feeds on its own site.

Independent industry analyst Jeff Kagan thinks this may help the company to use

Watch as a tool to keep users active, or Facebook may, eventually, develop the video tool into an entirely new revenue source.

"It is just too early to tell," Kagan cautioned.



**Facebook Watch**

Source: Facebook