

Comcast has no say as Hulu considers sale

June 27 2011, By Joe Flint

As speculation continues to swirl around Hulu, one of its corporate owners is forced to sit on the sidelines having no role in the fate of the popular online video site even though the outcome could greatly affect its own future.

That's the position [Comcast Corp.](#), the nation's largest cable and broadband operator, finds itself in with regard to [Hulu](#), which has retained investment bankers to explore a possible sale of the company. Whereas Hulu's other majority owners - [Walt Disney Co.](#) and [News Corp.](#) - have seats on the board and a say in management, Comcast is essentially a silent partner.

The latest indication that Hulu is looking to sell itself is that it has reached tentative agreements with Disney and News Corp. to renew contracts that will keep content from the two entertainment conglomerates on its site. Industry observers see these deals as window dressing for potential buyers.

Comcast, which acquired its stake in Hulu when it took control of NBCUniversal, agreed to take a hands-off approach to the online video distributor in return for [government approval](#) of the deal. At the time, there was great concern about what Comcast's acquisition of NBC would mean for the future of Hulu. Many [consumer advocates](#), lawmakers and media watchdogs feared that Comcast would view Hulu as a competitor to its own cable distribution platforms and try to squash it.

Indeed, in the consent decree approving the deal, the government said,

"Comcast has an incentive to prevent Hulu from becoming an even more attractive avenue for viewing video programming because Hulu would then exert increased competitive pressure on Comcast's cable business."

When it signed off on the deal, the government essentially told Comcast that it could retain its stake in Hulu but also had to give up its voting rights and board representation. Comcast was also made to provide programming to Hulu on the same terms as the other owners. Since Disney and News Corp. have agreed to renew their deals with Hulu, Comcast will also now do the same because of its arrangement with the government.

Since its hands are tied, Comcast will have little say in any sale of Hulu, and yet could find itself having to go along with a deal that could put the website in the possession of a potential competitor. Whereas News Corp. and Disney do not own cable systems or have broadband operations, Comcast does, and it is likely to be wary about Hulu ending up with a firm such as Google Inc. or Yahoo Inc. or another big cable distributor, especially if it has to provide content to a rival.

Whoever buys Hulu probably would insist on having long-term programming commitments from the current owners. Comcast would presumably have to sign such an accord as well.

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