

Netflix bolsters video library as new threat looms

February 21 2012, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Netflix's Internet video service is adding more marquee attractions as it braces for a new competitive threat from cable-TV provider Comcast Corp.

As part of an effort to offer more exclusive material, Netflix locked up the right to show "The Artist" and other movies from The Weinstein Co. before the films are released to leading pay-TV channels such as Showtime and HBO.

Just a few hours after Tuesday's announcement about that multiyear deal, Comcast unveiled plans to undercut Netflix with a less expensive version of a service that will stream old TV series and movies to devices with high-speed Internet connections.

The Comcast service, called Xfinity Streampix, will be available this week to the company's subscribers. It will cost \$5 per month, below Netflix's \$8 monthly price for its Internet-streaming service. Some Comcast customers who pay for multiple services, including high-speed Internet access and phone, will get Streampix at no additional cost.

Although it appears Netflix's library is more extensive, Streampix could be good enough for some households looking to supplement their cable-TV service with a package that has on-demand [video](#) on computers and mobile devices.

That possibility apparently unnerved some investors who have long

worried about Netflix losing its early lead in Internet video as more rivals enter the market. Netflix's stock lost \$4.45, or 3.7 percent, to close Tuesday at \$117.40.

Comcast, which is based in Philadelphia, will join two other large companies, Amazon.com Inc. and Wal-Mart Stores Inc., already offering video streaming services. Earlier this month, [Verizon Communications Inc.](#) announced that it is teaming up with Redbox's DVD rental-kiosk network to introduce an Internet video service later this year. The pricing for the Verizon-Redbox venture hasn't been disclosed.

Netflix, which is based in Los Gatos, Calif., also offers a DVD-by-mail rental service. But that has been losing millions of customers in recent months as the company has intensified its focus on the streaming service.

Netflix CEO Reed Hastings has said that he views cable TV as his company's biggest worry. So far, Hastings has identified Time Warner Inc.'s HBO channel as Netflix's toughest competition, but that could change if a cable provider such as Comcast can develop a compelling service.

By countering Netflix, Comcast hopes to hold on to customers, many of whom have been canceling their cable subscriptions to save money. Some of those former subscribers have been able to get their entertainment fixes from Netflix, whose Internet [streaming service](#) began this year with 21.7 million U.S. subscribers.

Comcast, by contrast, had 22.3 million video subscribers after losing 459,000 customers last year.

Based on the line-up included in Tuesday's announcement, Streampix will have much of the video already available on Netflix. The list of

overlapping selections includes the past seasons of popular TV series such as "The Office" and "Lost" and older movies such as "Brokeback Mountain" and "The Big Lebowski."

Recently, Netflix has been trying to differentiate itself by buying the rights to more original series - a strategy that has worked well for HBO and CBS Corp.'s Showtime.

The licensing agreement with Weinstein marks another step in Netflix's push to hone its competitive edge.

Getting the streaming rights to critically acclaimed fare such as "The Artist," which is nominated for 10 Academy Awards, also may help Netflix keep its subscribers happy as other popular selections disappear from the service's video library. Netflix will lose the rights to stream many movies from Walt Disney Co. and other studios when a three-year licensing deal with the Starz Entertainment channel expires next week.

The Weinstein agreement will give [Netflix](#) some movies within a year of their release in movie theaters. Besides "The Artist," the deal covers foreign-language movies, documentaries and other films in the Weinstein vault. Financial terms weren't disclosed.

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