Television titans bulk up to battle internet rivals

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Traditional television titans are bulking up in a battle with online streaming giants Netflix and Amazon as viewers take to binging on

shows when and where they want.

The latest evidence was the surprise move this week by US cable giant Comcast to outbid Rupert Murdoch's 21st Century Fox for pan-European satellite TV group Sky with an all-cash offer valued at more than $31 billion (25 billion Euros).

The twist comes after Britain's competition regulator provisionally ruled that Fox's offer was "not in the public interest".

In 2016, 21st Century Fox bid for the nearly two-thirds of Sky it does not own—but a full-takeover had been held up by UK government concerns.

Maneuvering has accelerated in the sector, which is being transformed by Silicon Valley technology that enables viewers to stream shows on-demand to a broad array of internet-linked devices.

Content is critical ammunition, with Netflix and Amazon pouring massive amounts of money into 'original' programming and licensing deals with the backing of shareholders who have seen the companies values' soar.

Meanwhile, YouTube cultivates armies of 'creators' who upload videos to the platform with the potential to share in advertising revenue.

The Google-owned online video venue also has a subscription service called YouTube Red, which also features original content.

Acquiring content makers has become a go-to tactic for traditional actors in the television and cable sector, where they are under pressure to replicate success of disruptive newcomers.

Pivotal Research Group analyst Brian Wieser was among those who expected the content market to become more consolidated, especially as large US companies bring home large amounts of spending money from overseas due to recent tax reform.

Who's courting whom?

AT&T wants to merge with Time Warner (HBO, Cartoon Network, Warner Brothers Studio, CNN) in an $85.4 billion deal.

Already the owner of DirecTV satellite group, AT&T would add significant muscle in the distribution and production of shows.

The catalog AT&T would gain from the merger would be impressive, from hit shows "Game of Thrones" and "Big Little Lies" to popular channels such as TNT, TBS, and CNN, seen as a perpetual source of global news.

The content could also be used to entice people to subscribe to AT&T mobile phone plans.

An obstacle in the path of the merger is the US Department of Justice, which opposes the deal on anti-trust grounds.

A trial in the matter is slated to begin in the middle of March.

Meanwhile, a Walt Disney Co. bid for much of the film and television assets of 21st Century Fox could help make the streaming platform Hulu a legitimate rival to Netflix.

The proposed multi-billion-dollar deal has drawn attention for potentially turning over to Disney another major Hollywood studio and key television operations in the US and overseas.

But if streaming video represents the future, Hulu could be the key.

Created in 2008, Hulu has garnered comparatively little attention as the number three streaming platform in the US market, behind Netflix and Amazon.

Hulu was created by the major broadcast operators to counter the growing influence of Netflix. But Hulu's structure has been a handicap. Disney Fox and Comcast's NBCUniversal each own 30 percent, with Time Warner holding the remaining 10 percent.

The Disney transaction would exclude popular, conservative Fox TV channel and sports stations as well as its newspapers, notably the Wall Street Journal and New York Post.

Sky and its 23 million customers represent an opportunity for Disney to strengthen its presence in Europe. It also offers a streaming service (Now TV).

Apart from its catalog of films, Disney does not offer much other content outside the US.

Ballet

Comcast already owns NBC, NBC Sports, MSNBC and CNBC, E !, Telemundo, Xfinity (cable and internet), and Universal (Dreamworks).

The company was valued just above $168 billion based on the price of shares on the Nasdaq exchange on Wednesday.

Other media firms in this ballet include Viacom and CBS. Both properties of media mogul Sumner Redstone, the two companies plan to merge.

Such a transaction would bring under one roof Paramount movie studio, CBS, MTV, Comedy Central, Nickelodeon, and BET.

The merger would reconstitute the group as it existed before Viacom became a separate entity on the stock market in 2006. Even if they are not yet in the dance, others in the sector could step in—like US telecom firm Verizon and leading social network Facebook, which has made video a priority.

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