A CASE STUDY ANALYSIS

HULU

By Jennie Nguyen / [MKTG 5064]
**Value Proposition**

**To the Customer**
- Syndicate Content
- 75% of Reduction in ads
- TV at your convenience

**To the Industry**
- Syndicate Revenue → New Revenue Streams
- Online Content Options

**To the Advertisers**
- Targeted effective advertisements
- Optimizing their spending

**The Brand**
Hulu sought to become a fun, easy-to-use online premium content provider.

Focuses on bringing content and advertisement to the consumer in a way that optimizes the customer experience.
**Cutting the Cord**

### Current

Hulu relies on syndicate content rights as cable operators provide the primary distribution of network content. Users currently pay for cable and are subjected to 8 minutes of advertisement per 30 minute show. Hulu relies on CPMS generated by users viewing content tied to advertisements. Current rates range from $40 - $50.

### Cut

As users migrate away from cable to online, content creators are more keen to provide Hulu their content. Users migrating to Hulu are subjected to fewer ads and in turn will watch more. As the percentage of users consuming media online rather than via TV increases, so too will advertising spend. With content increased and viewership increasing, larger CPMs can be charged as online distributors such as Hulu become the primary source for content.

---

A La Carte: Customer selects specific networks they wish to be part of their cable package

Benefit to the Cable Company
• Retain customers that feel they are not getting a value for their subscription.
• Puts more effort on the Network to market themselves to be included in customer’s selection.

A Threat to Hulu?
• Low threat – this strategy does not directly compete with Hulu’s business model or value proposition.
• Customers who wish to utilize this option from the operators would still likely visit Hulu for syndicate, on-demand content.
Both subscription-based providers of syndicate content.
Seek to take market share from Hulu.
Seek to take procure content rights similar to Hulu’s.

• Attempting to gain premium content.
• Normally relied on user-generated content.

• Focus on providing primary distribution for Network Content.
• Growth has slowed and projected to fall.
• Will be constantly seeking ways to combat all entrants.

Competitors
Two Seekers:
- Comcast
- Time Warner Cable

The Issue
Customer's are cutting the cord to transition to online streaming services such as Hulu

Competitive Advantage!
- Whichever company acquires Hulu gains the competitive advantage over the other.
  - Provides syndicate viewing options to their customer. Can be worked into packages.

The Benefit
Hulu is a sustainable company who continues to innovate to meet the changing market. Recapture lost market share

Goodbye, Cable TV
"Competing With Hulu a Bad Move for Comcast."


How Brand Community Practices Create Value (Hope Jenson Schau, Albert M. Muniz Jr., & Eric J. Arnould.)

Sites:

