Comcast NBC Merger a Bad Deal for Consumers

Comcast, the nation's largest cable provider and largest Internet service provider, is looking to get even bigger by taking over NBC. But the proposed merger would only exacerbate already skyrocketing cable rates at a time when many Americans are struggling financially. Consumers may end up paying even more in their monthly cable bills — and get less new, diverse and independent programming.

Cable rates are already too high — and are getting higher every year. Cable rates have increased at more than double the rate of inflation since 1996. And Comcast, the nation's largest cable operator, has raised its rates every year, even though the company pulls in 18 percent operating profit margins annually. These profit margins are even higher than those of big oil and pharmaceutical companies.

A Comcast Takeover of NBC Will Likely Result in Higher Prices, Fewer Choices

Comcast's acquisition of NBC would result in a single company controlling premier TV and movie content, as well as access to the outlets and platforms the public uses to watch that content – namely, cable systems, broadcast stations and the Internet. Post-takeover, Comcast would control one in every five television viewing hours. A merged Comcast/NBC can use this consolidated control to price-gouge rival video distributors (including smaller cable operators, DirecTV and FiOS) by bundling or charging more for highly desirable NBC content. Additionally, Comcast will have the incentive and means to discriminate against other channels that compete with NBC, or even shut out programming competitors altogether.

Companies that used to sit at opposite sides of the table in price negotiations will now be one company that can leverage enormous power over rival video distributors and programmers. With this kind of consolidation, the public will see higher prices and fewer choices.

- The hard bargaining between NBC and Comcast for carriage of NBC content on Comcast's systems would be eliminated. Instead, Comcast would just pay itself for its own content, while charging competitors more to access the larger bundle of Comcast-controlled content. Rural cable customers will be especially vulnerable to price hikes because they are served by smaller cable companies that wield less power in negotiations.
- Through its takeover of local NBC broadcast stations, Comcast will also gain special "retransmission consent rights," which allow stations to negotiate fees for cable carriage of broadcast signals. These rights will enable Comcast to leverage control over must-have local programming and larger bundles of cable channels to charge competing cable, telco and satellite TV providers more money for content. These extra costs will ultimately be paid by consumers.
- Cable rates nationwide would increase as competing TV and video distributors are forced to pay more for Comcast/NBC content or purchase larger bundles of channels. Comcast could then raise its own cable rates because there is already insufficient competition in the cable market to keep prices in check.

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