

You can now get Spotify and Hulu for less if you get them together

By Steven Zeitchik

After watching Netflix widen the gap and Apple close in, Hulu and Spotify are fighting back.

The digital subscription companies announced Wednesday that they are significantly expanding a partnership to allow consumers to bundle their services at a lower price — and, the firms hope, bring safety in numbers to their businesses.

The streaming services will offer a combined version of their Spotify Premium and basic ad-supported Hulu services for a total of \$12.99 a month. The bundle offers a \$5 savings on their stand-alone services, which cost \$9.99 for Spotify Premium and \$7.99 for basic Hulu. It expands on a comparable \$4.99 bundle for students, available since the fall.



The Washington Post hosts a live discussion with stars and producers of the Hulu original series, “The Looming Tower.” (Washington Post Live)

“Hulu and Spotify are brands that are defining how fans connect with entertainment in the future,” Tim Connolly, who runs distribution and partnerships at Hulu, said in a statement. “It’s clear that consumers love to combine their music and television experiences.”

The Spotify-Hulu package will be immediately available

to current Spotify Premium customers and to everyone else this summer. Neither Hulu nor Spotify executives would comment for this story.

Analysts saw in the move a recognition by the two companies that they couldn’t fight their main rivals alone.

Spotify, a 10-year-old Sweden-based music service, offers more than 30 million songs ad-

free to listeners who pay its monthly fee. Hulu, a joint venture between Fox, Disney and Comcast, makes available 70,000 library shows and movies, as well as a slate of Hulu original productions such as “The Handmaid’s Tale” and “The Looming Tower,” to its paying subscribers.

But despite a first-mover advantage, Spotify has seen Apple Music close the subscriber gap in the United States; the competitor could pass Spotify’s total number of subscribers domestically — as of late last year, it topped 18 million — by the summer. (Globally, Spotify has a significant advantage — 140 million active users, according to the company, nearly twice Apple’s tally as of earlier this year.)

And Hulu, despite a content pipeline from the world’s largest content firms, still has a company-reported total of just 17 million subscribers, most of them in the United States. That pales compared with Netflix’s 118 million global subscribers reported in January.

By offering a joint package, Spotify and Hulu hope to win over each other’s fans while also attracting new subscribers intrigued by a music-video combination.

“It’s one of those ‘united we stand, divided we fall’ strate-

gies,” said Lloyd Greif, a Los Angeles-based investment banker who has followed the streaming space closely. “For Spotify, it gives them a raison d’être against Apple of ‘We’re not just music.’ And the flip side is true for Hulu — they can say, ‘We’ve got music now.’ Call it a Netflix-Apple hybrid.”

The move essentially creates a streaming “bundle,” a strategy that streaming services have historically been loath to pursue as they seek to woo cable and satellite TV customers who are tired of paying for channels they don’t watch (though unlike many of those bundles, this one is optional).

The Spotify deal also allows anyone who currently subscribes to Spotify Premium to sample Hulu for 99 cents a month for three months, providing they have not been Hulu subscribers within the past year.

But whether that or the larger partnership will attract enough new subscribers to Spotify and Hulu to make the price slash worthwhile remains to be seen. The companies did not offer a breakdown of how they will shoulder the lost \$5 in revenue per subscriber.

Meanwhile, the companies face other challenges. Spotify remains far less funded than

Apple. It began trading shares earlier this month on the New York Stock Exchange to raise capital so it can compete with the Cupertino, Calif., giant. (Wall Street did not appear to see the Hulu pact as a panacea; investors sent Spotify’s shares down just over 3 percent on Wednesday.)

Hulu faces uncertainty because of the planned Disney-Fox merger. If approved, the combination would put two-thirds of the company, and thus control, under the roof of Disney, which could in turn buy out Comcast’s share and then jettison Hulu for its own service.

“It’s still David vs. Goliath,” Greif said of Spotify and Hulu’s battles against Apple and Netflix. “But David now has a bigger slingshot.”