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Rumors of Amazon
buyout send Netflix
stock soaring
Netflix

[Netflix Stock Peaks after Rumors of Amazon Acquisition](#)

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Rumors that Amazon.com may buy the mail-order movie rental service Netflix have pushed its stock value to an 11-week high. Though the sources are pretty light the activity can't be denied; however, it remains to be seen if it's just hype or someone actually knows something. The acquisition would solidify the presence of the service in the online video streaming and downloading market.

Netflix's main business comes from movie rentals through the postal service and it is the biggest player in the market, with over 10 million subscribers. The reason for its success is its business model, offering a flat rate subscription that allows customers to rent as many movies as they like. In recent years it entered the online streaming and rental market and it is pushing hard in that segment knowing that its DVD business doesn't have any real future in the long term.

Amazon on the other hand is the world's biggest online retailer, offering DVD purchases as well as online movie rentals but on an a la carte model. The company is also strongly involved in digital rentals but because the two business models don't really overlap an acquisition may not seem as far-fetched. The overall online movie rental sector is still at its beginnings but there are already a number of big players fighting in what is set to become a huge market in the coming years, with the likes of Apple with its Apple TV and Microsoft with its gaming console, the Xbox 360. Interestingly though, Netflix is also available on the Xbox 360.

There may be one problem holding Amazon back from the deal, as [reported](#) by Bloomberg, as Netflix has offices across the US and an acquisition would mean that Amazon would have to pay taxes in all of those states. The company has been very reluctant to do so and has stopped doing some business in Hawaii, Rhode Island and North Carolina to avoid paying sales taxes in those states.