Media Ownership Research Paper

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Three major media mergers within the entertainment industry in the past recent years have reshaped the landscape of the media. Each merger includes its unique reasons, controversies, and ethical implications. The first merger includes AT&T Inc. and Time Warner Inc.[1] The second merger includes the Walt Disney Company (Disney) and Twenty-First Century Fox, Inc. (21st Century Fox).[2] Lastly, the third merger, Warner Media and Discovery Inc.[3] Each merger faced its own set of ethical concerns including the United States antitrust laws and monopolization within the media industry.

Looking at our first merger announced back in 2016. The merger involved two parties, AT&T Inc., a telecommunication company known for wireless, satellite television, and phone services. The second party is Time Warner Inc., a media and entertainment company with assets that include Warner Bros, HBO, and Turner Broadcasting System. AT&T's reason for the merger was they wanted to branch out from telecommunications and expand into the entertainment and media industry. By doing this they wanted to potentially offer bundles between phone and media services to their customers. Time Warner saw the merger as an opportunity to expand their distribution network to a broader consumer base. Controversy surrounds the merger with antitrust laws in the United States, regarding vertical integration. There were concerns surrounding AT&T having too much power within the market that could harm the competition and add a disadvantage to rivals. After the merger was completed both companies formed Warner Media. This merger also led to spark interest in other companies to explore similar vertical integration to their companies.[4]

[1] United States v. AT&T, Inc., No. 18-5214 (D.C. Cir. 2019).
[2] Twenty-First Century Fox Inc., The Walt Disney Company, TWC Merger Enterprises 2 Corp., & TWC Merger Enterprises 1, LLC. (2017). Agreement and Plan of Merger.
[3] Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&T Inc., Warner Media Holdings, Inc. (f/k/a Magallanes, Inc.), & Drake Subsidiary, Inc. (2022). Amendment No. 2 to Agreement and Plan of Merger.
[4] See United States v. AT&T, Inc., No. 18-5214 (D.C. Cir. 2019) for more information about this paragraph

Looking at the second merger, this one is between two companies and was officially announced on December 14, 2017. The two parties involved in the merger are Walt Disney Company (Disney) an entertainment and media company known for its theme parks, movies, and television network. The second party was Twenty-First Century Fox, Inc. (21st Century Fox) another entertainment and media company, including films, television studios, cable networks, and international TV businesses. Disney's reason for the merger was to be able to expand its content library by gaining access to popular franchises and intellectual properties that were currently owned by 21st Century Fox. The merger was also happening during the time streaming services were getting popular so this would help Disney in a competitive position within the media landscape. 21st Century Fox's reason for the merger also included a competitive position within the industry and gave 21st Century Fox a desire to focus more on their news and sports content, since their news and sports content was not a part of the deal with Disney and would stay with 21st Century Fox. There were also a few controversies surrounding this merger which included antitrust concerns, job losses, and some ethical concerns about market dominance and monopolization. The concerns about job losses resulting from the merger were mainly in areas where there was an overlap between Disney and 21st Century Fox operations. Such areas as marketing, distribution, and administrative functions between both companies. One of the primary ethical concerns was the potential for Disney to become too dominant in the entertainment industry. With the acquisition of Fox's assets from the merger, Disney would have all this control over content creation, and distribution channels. Having that much power at this level of market dominance can stifle competition, limit consumer choice, and potentially lead to monopolistic practices. After Disney acquired Fox with the merger this then helped Disney gain popular franchises like X-Men and TV networks like FX. The merger overall helped Disney make more movies and TV shows and expand their streaming service, Disney+.[5]

Looking at the third and final merger, this one is also between two companies and was officially announced on May 17, 2021. The two parties involved with the merger were Warner Media, which was previously owned by AT&T, as discussed in the first merger examined. Warner Media owns various entertainment brands including Warner Bros, HBO, and CNN. The second party in the merger is Discovery Inc., who also own various media channels including Discovery Channel, HGTV, and Animal Planet. Warner Media's reason for the merger was that AT&T was looking for ways to reduce the debt they were in. AT&T also wanted to focus more on its telecommunications business, and this merger would allow Warner Media to operate more independently under a new company. Discovery Inc.'s reason for the merger was to have access to a wider range of content, which would overall strengthen its competitive position. This also allowed Discovery Inc. to branch out into streaming. However, there were also controversies surrounding this merger. It raised antitrust laws concerns within the United States, concerns about job losses and restructuring, and content and creative control. After the merger happened they rebranded into Warner Bros. Discovery, Inc., combining their TV shows, movies, and documentaries. The merger allowed both companies to focus more on their streaming services including both HBO Max and Discovery+.[6]

In conclusion, the mergers between AT&T and Time Warner, Disney and Fox, and Warner Media and Discovery Inc. all have had profound implications within the media and entertainment industry. While each merger aimed to achieve its own different and specific

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[6] See Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&T Inc., Warner Media Holdings, Inc. (f/k/a Magallanes, Inc.), & Drake Subsidiary, Inc. (2022). Amendment No. 2 to Agreement and Plan of Merger. for more information about this paragraph

strategic objectives, all three of them also raised significant ethical concerns. These concerns include market dominance/monopolization, job losses, and potential anti-competitive practices within the United States. The outcomes of these mergers serve as important lessons for the future of media and can still be learned from today. These lessons included consolidation and regulation while also emphasizing the need for careful consideration of the broader impacts on consumers, employees, and competition.

Bibliography

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