

## Global Media Giants

The year 2000 saw some staggering media mergers. The results, if you believe all the hype, will be beneficial, benign and transform the way we use the media. Don't believe it. To pay for the staggering costs of the mergers, consumers are going to be bombarded with incessant cross-media promotions. These huge global media giants aren't friendly guests in our home, but hydra-headed monsters. Unless we act to create democratic and accountable media that are regulated in the public interest, their power to influence governments, culture and the way we obtain accurate information about the world will be boosted enormously.

Gerald Levin, chief executive, AOL Time Warner has a different view. In a CNN discussion on the future of the media, a few days before the AOL Time Warner merger, he predicted global media would become the dominant industry of the 21<sup>st</sup> century — so powerful that they might in fact become more powerful than governments. "So what's going to be necessary is that we're going to need to have corporations redefined as instruments of public service," he said, adding: "It's going to be forced anyhow because when you have a system that is constantly available everywhere in the world immediately, then the old-fashioned regulatory system has to give way."

In 2001, however, a more somber note was being struck, as jobs and investment were cut in online operations by global media conglomerates, television networks, newspaper groups and Web sites. The media, which a year ago had been uncritically reporting and praising global media mergers, began to point to some of the less palatable consequences.

## Media Are Different

"Antitrust is more than economics. And I do believe that if you have issues in the newspaper business, in book publishing, news generally, entertainment, I think you want to be more careful and thorough in your investigation than if the very same problems arose in cosmetics, or lumber, or coal mining.

"I mean, if someone monopolizes the cosmetics field, they're going to take money out of consumers' pockets, but the implications for democratic values are zero. On the other hand if they monopolize books, you're talking about implications that go way beyond what the wholesale price of books may be."

— Robert Pitofsky, chair, U.S. Federal Trade Commission

*International Herald Tribune*, November 30, 2000 **The Big One: AOL Time Warner**

- January 10, 2000 America Online and Time Warner announce a merger in a stock swap valued at \$350 billion.
- October 11, 2000 The European Commission clears the merger but makes Time Warner drop its plans for merger with EMI, the U.K.-based music group.
- December 14, 2000 The Federal Trade Commission approves the merger.
- January 11, 2001 The Federal Communications Commission approves the merger with conditions to maintain competition on Time Warner's high-speed cable lines. AOL's shares have fallen by 35 percent since the merger was announced, to around \$105 billion from \$160 billion.
- January 16, 2001 Allan Sloan comments in *The Washington Post*: "So this isn't a merger. It's a takeover by the incredibly prescient — or incredibly lucky — people at American Online. In return for shares that, absent this deal, would probably be trading at roughly the level of whale droppings, AOL gets to own some of the most valuable media properties on the face of the planet."

Chairman, Steve Case; CEO, Gerald Levin

Employees: 79,000

Revenues: \$31.8 billion

## Properties

### BOOKS

Time Life Books; Book of the Month Club; Warner Books; Little, Brown and Company; Little, Brown and Company (U.K.); and 19 other book brands such as History Book Club

### CABLE/DBS

HBO USA; HBO Home Video; HBO Pictures/Showcase; HBO Independent Productions HBO Downtown Productions;

HBO NYC Productions; HBO Animation; HBO Sports; Cinemax; Time Warner Sports; HBO International; HBO Asia; HBO en Espanol; HBO Olé (with Sony); HBO Poland (with Sony); HBO Brasil (with Sony); HBO Hungary; Cinemax Selecciones.

#### OTHER OPERATIONS

HBO Direct (DBS); Comedy Central (50 percent owned with Viacom); CNN Time Warner Cable (13 million customers in USA); Road Runner (high-speed cable modem to the Internet); and 16 others, including New York City Cable Group with over one million subscribers.

#### MOVIES AND TV (Production and Distribution)

Warner Bros.; Warner Bros Studios; Warner Bros. (production); The WB Television Network; Hanna-Barbera Cartoons; Warner Home Video; and nine other national and international operations, including Warner Bros. International Theaters (owns/operates multiplex cinemas in 12 countries).

#### MAGAZINES

Time; Fortune; Life; Sports Illustrated; People; Entertainment Weekly; and 26 other magazines, including DC Comics and Mad Magazine. 120 million magazine readers

#### ONLINE SERVICES

America Online (over 22.2 million subscribers); AOL International (4.4 million subscribers in 14 countries, services in seven languages); AOL.com portal; CompuServe Interactive Services; AOL Instant Messenger; AOL Europe; AOL MovieFone; Netscape Communications; Road Runner; and @Home.

#### MUSIC

Warner Music Group: Recording labels include Atlantic Group; Atlantic Jazz; Elektra; Warner Bros. Records; Reprise; Warner/Chappell Music (publishing company); and 47 other labels, including Warner Music International.

#### RETAIL/THEME PARKS/MERCHANDISE

Warner Bros. Studio Stores (stores in over 30 countries); Warner Bros. Recreational Enterprises (owns and operates theme parks); Warner Bros. Consumer Products.

#### TURNER ENTERTAINMENT (cable, sports franchises)

Entertainment Stations: TBS Superstation; Cartoon Network; Turner Classic Movies; Cartoon Network in Europe; Cartoon Network in Latin America; TNT; and Cartoon network in Asia/Pacific.

Film Production: New Line Cinema; Fine Line Features; Turner Original Productions.

Sports: Atlanta Braves; Atlanta Hawks; Atlanta Thrashers; Turner Sports.

Other operations: Turner Learning; CNN Newsroom (daily news program for classrooms).

"The combination will be, for better or worse, the world's biggest media conglomerate (of which Time [magazine] will be a part). It's a vast empire of broadcasting, music, movies and publishing assets, complemented by AOL's dominant Internet presence, all fed to consumers, ultimately, through Time Warner's cable network. Think of it as AOL Time Warner Anywhere, Anytime, Anyhow."

— Time magazine, December 25, 2000

## **The Walt Disney Company**

- In 1995 Disney made one of the biggest acquisitions in business history with the purchase of Capital Cities/ABC for \$19 billion.
- Disney's 1999 Annual Report gave some disappointing financial results, with revenues increasing only 2 percent and operating income declining 21 percent to \$3.2 billion. Michael D Eisner's statement to shareholders is a revealing insight into the workings of a global media corporation.

Chairman and CEO: Michael D Eisner

Revenues: \$23,402 billion

## Properties

### BOOKS

Walt Disney Company Book Publishing; Hyperion Books; Miramax Books.

### CABLE

The Disney Channel; Toon Disney; ESPN Inc. (80 percent), includes ESPN; ESPN 2; ESPN News; ESPN Now; ESPN Extreme; Classic Sports Network (with AT&T); A&E Television (37.5 percent); The History Channel (with Hearst and GE); Lifetime Television (50 percent); E! Entertainment (34.4 percent).

### TELEVISION

United States: ABC TV and radio networks; 10 television stations; 29 radio stations.

International: The Disney Channel U.K.; and seven other countries, including France, Italy and Spain; ESPN Inc. International; Eurosport (33 percent); Sportsvision of Australia (25 percent); ESPN Brazil (50 percent); ESPN STAR (50 percent); and sports programming throughout Asia. Net STAR (33 percent), owners of the Sports Network of Canada. Minority stakes in Tele-Munchen Germany; RTL-2 Germany; Hamster Productions France; TV Sport of France; Tesouro of Spain; Scandinavian Broadcasting System; Eurosport England; Japan Sports Channel.

"ESPN International dominates televised sport, broadcasting on a 24-hour basis in 21 languages to over 165 countries. It reaches the one desirable audience that had eluded Disney in the past: young, single, middle-class men. 'Our plan is to think globally but to customize locally,' states the senior vice president of ESPN International in Latin America. The emphasis is on soccer; in Asia it is table tennis; and in India ESPN provided over 1,000 hours of cricket in 1995."  
— Robert W. McChesney, "The Global Media Giants" in Extra!, November/December, 1997

### TELEVISION PRODUCTION AND DISTRIBUTION

Buena Vista Television; Touchstone Television; Walt Disney Television; Walt Disney Television Animation (production facilities in Japan, Australia, Canada).

### FILM PRODUCTION AND DISTRIBUTION

Walt Disney Pictures; Touchstone Pictures; Hollywood Pictures; Caravan Pictures; Miramax Films; Buena Vista Home Video; Buena Vista Home Entertainment; Buena Vista International.

### MAGAZINES/NEWSPAPERS

Five magazine publishing groups: ABC Publishing Imprints; Disney Publishing Inc.; Diversified Publications Group; Miller Publishing Group. Titles include Automotive Industries; Disney Magazine; ESPN Magazine (distributed by Hearst); Institutional Investor; Kentucky Prairie Farmer.

Four daily newspapers, including St. Louis Daily Record.

### ONLINE SERVICES

Buena Vista Internet Group; ABC Internet Group; ABC.com; ABCNEWS.com; Oscar.com; Mr. Showbiz; Disney's Daily Blast; Disney.com; Family.com; ESPN Internet Group; ESPN.sportszone.com; Soccernet.com (60 percent); NFL.com; NBA.com; NASCAR.com; Go Network; Infoseek (43 percent); Toysmart.com (majority stake, educational toys).

Disney Interactive (develops and markets computer software, video/DVD games, CDs)

### MUSIC

Buena Vista Music Group; Hollywood Records; Lyric Street Records; Mammoth Records; Walt Disney Records

### THEATER

Walt Disney Theatrical Productions (stage versions of "The Lion King," "Beauty and the Beast," "King David")

### SPORTS FRANCHISES

Anaheim Sports Inc.; Mighty Ducks of Anaheim (National Hockey League); Anaheim Angels (25 percent partnership) (Major League Baseball)

### THEME PARKS and RESORTS

Disneyland: Anaheim Disney; MGM Studios; Disneyland Paris; Walt Disney World; Disney's Animal Kingdom (Orlando,

Florida); Walt Disney's World Sports Complex (golf, car racing and baseball complex)

The California Adventure Park, part of a \$1.4 billion expansion in Anaheim, opened in February, 2001. McDonalds has a restaurant on the site, part of the ten year 'alliance' between the two companies. Under the alliance Disney is licensing its classic characters, such as Mickey Mouse, for use as the toy in McDonald's Happy Meals. McDonald's and Disney are also developing a promotion based on the television game show, "Who Wants to be a Millionaire?"

27 hotels with over 36,000 rooms  
Disney Cruise Line (two cruise ships)  
The Disney Institute

#### RETAIL

The Disney Store (Disney merchandise), over 720 worldwide

#### **The Mouse Wants Our Money**

"Disney is in the ironic position of being one of the best known brands on the planet, but with too little of its income being generated outside of the United States. The United States contains only five percent of the world's population, but it accounts for 80 percent of our company's revenues. If we can drive the per capita spending levels for Disney merchandise to just 80 percent of U.S. levels in only five countries — England, Italy, Germany, France and Japan — then we would generate an additional \$2 billion in annual revenue."

— Michael D. Eisner, letter to shareholders in Disney's 1999 Annual Report

#### **Corporate Pressure On Journalism**

"Would a Kansas City Star, during its short-lived corporate affiliation with Mickey Mouse (when it was owned by the Disney company), have been less likely than under its former ownership (Capital Cities/ABC), or in its earlier incarnation as an employee-owned daily, to editorialize against the construction of a huge theme park next to a Virginian Civil War battlefield? There is no way of answering in that specific case, but such questions answer themselves as generalities. In 1998, ABC News discarded an investigative report that raised embarrassing questions about hiring and safety practices at Disney World."

— Leo Bogart's book, "Commercial Culture."

## **Bertelsmann AG**

Chief executive: Dr. Thomas Middelhof  
Employees: 64,800  
Revenues: \$16.3 billion (includes 50 percent of CLT-UFA)

#### **Properties**

##### BOOKS

"Today, Bertelsmann is the world's largest publisher. Our U.S. publishing group Random House alone ships over one million books a day."

— [www.bertelsmann.com/book](http://www.bertelsmann.com/book)

##### United States

Random House; Ballantine; Fodor's; Knopf; Modern Library

Book Clubs: Book-of-the-Month Club; Doubleday Book Club; Bookspan (50 percent)

##### Canada

Random House of Canada; Quebec Loisirs Book Club

##### U.K.

Random House; Book CLUB BCA (U.K.); European Book Clubs; Bertelsmann Media (Switzerland); Circulo de Lectores (Spain); Circulo de Leitores (Portugal); Donauland (Austria); ECI (Netherlands); France Loisirs (France); Swiat Ksiazki (Poland)

South America  
Sudamericana

Pacific  
Random House Australia; Random House New Zealand

Germany  
Berlin Verlag; C. Bertelsmann Springer Verlag; and 15 other imprints covering all aspects of book publishing; Book Club  
Der Club

Online book sales  
Barnes&Noble.com (40 percent); BOL

TELEVISION /RADIO  
CLT-UFA (merger of Audiofina, CLY-UFA and Pearson Television)

Television Stations:  
Germany  
RTL; RTL-2 (34.5 percent); SUPER RTL (50 percent, with Disney); Premiere World (5 percent, with KirchPayTV); VOX  
(joint venture with News Corporation)

England  
Channel 5

France  
FUN TV; M6; Multivision Teva

Netherlands  
RTL-4; RTL-5; RTL-9; RTL-Tele Letzebuerg

Hungary  
RTL Klub

Television Production:  
UFA Film and Television Production; Trebitsch Production; Delux Productions (Luxembourg); Cinevideo (Canada);  
Holland Media House (Netherlands); Pearson TV (U.K.); UFA Sports

Radio:  
France  
Radio RTL; RTL 2; Fun Radio

Germany  
Antenne Bayern; 104.6 RTL; Radio Hamburg; Radio NRW; RTL Radio

Belgium  
Bel RTL

Sweden  
104.7 RTL; Wow 105.5

U.K.  
Atlantic 252

"With 22 television stations and 18 radio stations in ten countries, RTL Group is Europe's biggest broadcasting  
corporation."  
— [www.bertelsmann.com/tv](http://www.bertelsmann.com/tv)

MAGAZINES  
Gruner Jahr is Bertelsmann's magazine division, publishing 80 magazines worldwide.

USA  
American Homestyle; Family Circle Inc.; McCalls; Parents

France  
Femme; National Geographic and 13 other magazines

Germany  
Stern; TV Today; Impulse Brigitte; and 17 other magazines

U.K.  
Best; Prima; Focus

## NEWSPAPERS

Gruner Jahr publishes nine dailies in Germany and Eastern Europe, including the Berliner Zeitung

## MUSIC

Bertelsmann Music Group operates in 54 countries. U.S. labels include Arista Records, RCA; RCA Victor. Total of 200 labels worldwide. Other ventures include BMG Music Service; BMG Music Publishing. (The U.K. music group EMI is in discussions about merging with BMG)

## SCIENCE AND BUSINESS

The imprint Springer specializes in books ranging over subjects such as medicine, psychology, physics, astronomy, management, economics and law. It publishes 2,000 titles a year, 60 percent written in English. In addition it publishes a range of trade and professional literature for groups such as doctors, architects, and the construction industry.

## SERVICES

This division organizes the printing of Bertelsmann's books, magazines and catalogues. In the United States its printing companies include Berryville Graphics; Dynamic Graphic Finishing; Offset Paperback Manufacturing; in Germany, Elsnerdruck; maul-belser; and MOHN Media; in Spain, Printer Industria, Grafica. Bertelsmann Services Group organizes address and database management, call centers, and financial and e-commerce activity at 20 locations, mainly in the United States, Europe and South America.

## ONLINE SERVICES

Online shops for books, music, video/DVD in 16 countries Barnes & Noble.com and BOL.com

## Search Engines

Lycos Fireball (Germany); Fireball (Korea); Papertball

"We're not foreign. We're international. I'm an American with a German passport."

— Bertelsmann CEO Thomas Middelhoff

## **Viacom**

- September 7, 1999 Announcement of Viacom and CBS merger.
- May 4, 2000 Federal Communication Commission approves merger. New company to be called Viacom, worth \$90 billion.

Chair and CEO: Sumner M. Redstone

President: Mel Karmazin

Employees: 126,820

Revenues: \$12.86 billion

## **Properties**

### BOOKS

Division publishes over 2,000 titles annually under 38 trade, mass market, children's and new media imprints. These include Simon and Schuster; Scribner; The Free Press; and Nickelodeon.

### BROADCAST AND CABLE

CBS Television Network, with 200 affiliated stations; MTV Networks, reaching 342 million households worldwide;

Nickelodeon, seen in over 300 million households worldwide; VH1; TNN; MTVN (also involved in other businesses that

promote its brand, including films, books, online and consumer products); Paramount Television (six divisions supplying television programming); CBS Enterprises (distributes U.S. television programming); United Paramount Network (UPN) (200 affiliated stations); Showtime Networks Inc. (SNI) (owns the television networks); Showtime; The Movie Channel; FLIX

The CBS Television Stations Division consists of 35 television stations, 16 owned-and-operated CBS stations and 19 UPN-affiliated stations; Comedy Central (jointly owned by Viacom and HBO), an all-comedy network; and Viacom Plus, the company's integrated sales and marketing arm.

#### RADIO and OUTDOOR

Infinity Radio: 180 radio stations in 34 U.S. cities make it one of the largest radio broadcasters in the USA. Infinity Outdoor and TDI Worldwide specialize in outdoor and billboard advertising. Together they comprise the largest advertising company in the world.

#### FILM PRODUCTION AND DISTRIBUTION

Paramount Pictures; Paramount Home Entertainment (films on video and DVD); Famous Players (107 cinemas with 856 screens in Canada); United International Pictures (UIP) (33 percent interest); United Cinemas International, a joint venture between Viacom and Vivendi Universal (104 cinemas in Europe, Japan and South America); Viacom Consumer Products, merchandising from film and TV programming; Famous Music Publishing, copyrights for music over seven decades

#### ONLINE SERVICES

MTVi Group provides online music through MTV.com; VH1.com; Sonicnet.com. CBS Internet Group comprises CBSNews.com and 20 other Web sites, including CBS.SportsLine.com. Nickelodeon Online has a range of sites for children and parents.

#### VIDEO

Blockbuster is the world's largest renter of videos, DVDs and video games. 7,300 stores in the United States and 26 other countries.

#### PARKS

Paramount Parks has five North American theme parks, including Raging Waters (San Jose, California) and Star Trek: The Experience (Las Vegas, Nevada).

#### **Viacom, From The Cradle To The Grave**

"You can literally pick an advertiser's needs and market that advertiser across all the demographic profiles, from Nickelodeon with the youngest consumers to CBS with some of the oldest consumers."

— financial analyst in The New York Times, September 8, 1999

## **News Corporation**

The parent company of News Corporation's media empire is based in Australia, but to expand his media interests in the United States, Australian-born Rupert Murdoch became a naturalized U.S. citizen in 1985.

Current U.S. law limits foreign companies to owning no more than 25 percent of a U.S. television or radio station. This has created problems recently for News Corporation over the \$5.35 billion purchase of Chris-Craft Industries' 10 television stations. The Federal Communications Commission is investigating whether the purchase violates a 1995 ruling that limited News Corporation to acquiring stations only through its Fox Television Stations subsidiary, which Murdoch directly controls.

Chair and CEO: Rupert Murdoch

Employees: 50,000

Revenues: \$13.5 billion

#### **Properties**

##### BOOKS

HarperCollins Publishing, including HarperCollins U.K.; HarperCollins Canada; and HarperCollins Australia. U.S. imprints include Perennial; Quill; Regan Books; Amistad Press; Hearst Book Group (acquired 1997); includes William Morrow;

Avon; HarperCollins Children's Book Group; and Zondervan Publishing House (world's largest commercial Bible publisher).

## CABLE/DBS

### USA

Fox Sports Networks (21 networks covering major U.S. cities); Fox Sports Net (cable network with 60 million subscribers); Madison Square Garden Network (40 percent) with Cablevision; Speedvision (34 percent); Outdoor Life (34 percent); the Health Network (50 percent), with Liberty Media; Fox Family Worldwide; FOX News Channel

In January, 2001, reports suggested that Rupert Murdoch had ordered a clampdown on new investment and would conserve resources for the largest deal in the company's history, the \$40 billion acquisition of DirecTV, the U.S. satellite broadcaster currently controlled by General Motors.

### U.K.

BSkyB (40 percent); Vivendi, as a result of its takeover of Universal has to divest its 24.5 percent stake in BskyB; Sky Digital, 150 channels and services including Sky One Sky News; National Geographic Channel (50 percent); The History Channel (50 percent); Paramount Channel (25 percent); Nickelodeon U.K. (50 percent); Premium channels including Sky Movies; Sky Movies Gold; Sky Sports

### Germany

TM3 (66 percent); VOX 49.9 percent

Australia FOXTEL (25 percent); Sky Network Television

### China

STAR TV, satellite service reaching 300 million people in India, China and Taiwan; Phoenix Satellite Television Company Ltd. (45 percent); Tianjin Golden Mainland Development Company Ltd. (60 percent); ESPN STAR Sports (50 percent); Channel [5] Music Networks (50 percent); VIVA Cinema (50 percent)

### India

Asia Today Ltd (50 percent) ; ZEE TV; Program Asia Trading Co. Pvt. Ltd. (50 percent); ZEE Cinema; ZEE News; Siticable Network Pvt. Ltd. (50 percent)

Other interests in Japan, Indonesia, New Zealand, Latin America

## MOVIES AND TV

### USA

Fox Television Stations 22 stations (largest TV group in USA)

Fox Entertainment

Fox Kid's Network

Fox Sports

Fox Filmed Entertainment: TV and film production from Twentieth Century Fox; Fox Animation Studios; Fox 2000; and Fox Searchlight; Twentieth Century Fox Home Entertainment; Twentieth Century Fox Television; Twentieth Century Fox Licencing and Merchandising

Fox Studios Australia

Fox Studios Baja (Mexico)

## MAGAZINES

### USA

TV Guide Inc. (joint venture, 44 percent, with United Video Satellite Group); TV Guide (11.8 million circulation weekly); The Weekly Standard; News America Marketing (consumer promotions through Smartsources Magazine);

### Canada

News Canada Marketing; U.K.; The Times Education Supplement; The Times Higher Education Supplement; The Times Literary Supplement; Nursery World

## NEWSPAPERS

### USA



The New York Post

U.K.

The Times; The Sunday Times; The Sun; The News of the World

Australia

More than 100 national, metropolitan, suburban, regional and Sunday titles. National: The Australian; The Weekend Australian

New South Wales:

The Daily Telegraph; The Sunday Telegraph Sportsman; Cumberland Newspaper Group (20 titles in the Sydney suburbs);

Victoria:

Herald Sun; Sunday Herald Sun; The Weekly Times (30 titles in the Melbourne suburbs);

Queensland:

The Courier Mail (41.7 percent); The Sunday Mail (41.7 percent); Gold Coast Bulletin (41.7 percent); The Cairns Post Group (41.7 percent); North Queensland Newspaper Group; Townsville Bulletin; Quest Community newspapers (17 titles in the Brisbane suburbs);

Northern Territory:

Northern Territory News; Sunday Territorian; Centralian Advocate; The Suburban;

Tasmania:

The Mercury; The Sunday Tasmanian; Tasmanian Country; Treasure Islander; Derwnet Valley Gazette;

Western Australia:

Sunday Times

New Zealand

Independent Newspapers Limited (49.7 percent) Nine daily, two national Sunday and more than 40 suburban and community newspapers. 14 national magazines and three regional papers in Australia. Also papers in Fiji and Papua

**NEW MEDIA**

In January, 2001, News Corporation effectively closed its News Digital Media, the company's Internet division. The news, sports and entertainment web sites will be absorbed into other divisions. Unconvinced about how to make money from the Internet, it was only in mid-1999 that the company earmarked over \$2 billion for online projects. All this has now come to an abrupt halt.

News Corporation's other assets include:

The Staples Center (Los Angeles), 40 percent stake in the sports and entertainment complex; Los Angeles Dodgers; Ansett Australia (50 percent); Ansett New Zealand; Ansett International (24 percent); Ansett Worldwide Aviation Services (50 percent); Australian National Rugby League (50 percent). Stakes of 10 percent in various U.K. football clubs, including Manchester City

### **No Accounting for Murdoch**

The Economist, March 3, 1999, attempted to answer the question how a company could make A\$5.4 billion pre tax profits in the four years to 30 June 1988 and only pay A\$325 million worldwide? The answer, or one of them, is to get your tax accounts done in Australia where, according to The Economist, "they are the most lax in the developed economies."

### **Have A Nice Day?**

"Our reach is unmatched around the world. We're reaching people from the moment they wake up until they fall asleep. We give them their morning weather and traffic reports through our television outlets around the world. We enlighten and entertain them with such newspapers as The New York Post and The Times (of London) as they have breakfast, or take the train to work. We update their stock prices and give them the world's biggest news stories every day through such news channels as Fox or Sky News ... And when they get home in the evening we're there to entertain them with compelling first-run entertainment on FOX or the day's biggest game on our broadcast, satellite and cable networks. Before going to bed, we give them the latest news, and then they crawl into bed with one of our best-selling novels from HarperCollins."

— Rupert Murdoch, News Corporation, 1999 Annual Report

**Vivendi Universal**

Chairman and CEO: Jean-Marie Messier

- June 14, 2000 Announcement that Vivendi and Seagram in merger talks. It was reported as one more global media merger, creating a \$55 billion group, Europe's version of AOL Time Warner.
- October, 2000 Mario Monti, EU Competition Commissioner, clears merger. Terms include selling Vivendi's stake in BSkyB and making Universal's library available to rival media groups on fair terms. Company to also sell 55 percent held in ISP AOL France. After Seagram and Canal Plus shareholders agreed on merger, Vivendi Universal began trading on December 11, 2000. A month later shares in the company had fallen by 12 percent.

### **Making Convergence A Reality?**

"Jean-Marie Messier's strategy is to bring together the film and music output of Universal and Canal Plus, the biggest pay-TV firm in Europe, with over 14 million subscribers; SFR, the second-largest French mobile phone operator); and Vizzavi, a new portal that is a joint venture with Europe's biggest mobile-phone operator, Vodaphone. By doing this he hopes to make convergence a reality."

— "The Great Convergence Gamble" in The Economist, December 8, 2000

### **Properties**

#### **BOOKS and PUBLISHING**

Havas is the group within Vivendi dealing with publishing and multimedia. It comprises 60 publishing houses, selling 80 million books a year.

Havas book imprints include:

Educational: Nathan; Bordas; Anaya; Atica; Scipione. Reference: Larousse; Harrap; Chambers; Literature: Laffont; Plon; les Presses-Solar-Belfond; Havas Poche; General and trade: Dalloz Dunod; Heath; Vidal; Masson; MIMS.

Havas Press includes:

L'Express; Building; L'Expansion; Property Week; Medical Progress; Tempo Medico; Medical Observer; Le Quotidien du Medecin; Staywell; L'Usine Nouvelle

Havas Multimedia includes:

Havas Interactive: Coktel; Knowledge Adventure; Larousse Multimedia; Harrap's Multimedia; athan Multimedia; Syracuse Language; Blizzard; Sierra; Won.net Havas eContent Publishing; ePocket Havas Numerique; Atmedica; Cadres On Line; Bonjour.fr 01Net. Havas sell 40 million CD-ROMS a year.

#### **ONLINE**

VivendiNet Brings together all the group's Internet activities. Vizzavi, a European multi-access portal (in partnership with Vodaphone); Education.com, online learning portal; Flipside.com, online games portal; Viventures, venture capital fund with investments in 54 Internet companies in United States and France; @viso, 50/50 joint venture with Softbank for start-ups in continental Europe.

#### **TELEVISION and FILM**

Canal 14 million subscriptions to pay-TV in 11 European countries. Main companies include CanalSatellite; StudioCanal; Canal ; Spain Telepiu; Canal Digital.

Universal Studios; Universal Pictures; Universal Studios Home Video; Universal Television & Networks Group (4,000 film titles, 24,000 television episodes of such series as "Kojak," "Miami Vice," "Columbo"). Several theme channels, including SciFi (U.K.) Action and Suspense Channel; 13ème Rue; USA Network.

#### **Distribution**

Cineplex Odeon Corporation (42 percent)

Cinema International Corporation (49 percent)

United Cinemaa International (49 percent)

#### **MUSIC**

Universal Music Group had a 22 percent share of the global music market in 1999, and operates in 63 countries.

800,000 titles in its music publishing catalogue. Labels include MCA Records; Polygram; Motown; Decca; Universal Records; Universal Music and Video Distribution; Universal Music International; MCA Music Publishing; Interscope Music

Publishing; All Nations Catalogue; Universal Concerts (concert promotion)

#### TELECOMS

Cegetel (Private telecoms operator in France with fixed line, Le 7-4 million customers; and mobile SFR 12 million customers); Vivendi Telecom International, Operations in Spain, Hungary, Monaco, Poland and Egypt

#### THEME PARKS

Universal City (Hollywood, California); Universal's Islands of Adventure (Orlando, Florida); Port Aventura (Barcelona, Spain); Universal Studios Japan (opening spring, 2001)

#### OTHERS

Vivendi Environnement (water and utilities group)

Sources: 1999 company reports; company Web sites; Columbia Journalism Review "[Who Owns What](#)."

Note: Information is inevitably dated. Consult [http://dailynews.yahoo.com/fc/Business/Media\\_Mergers](http://dailynews.yahoo.com/fc/Business/Media_Mergers) for up-to-date information.

Research by Granville Williams Campaign for Press and Broadcasting Freedom

#### **FURTHER READING**

Leo Bogart, "Commercial Culture: The Media System and the Public Interest," Transaction Publishers, 2000; Robert W. McChesney, "Rich Media, Poor Democracy," The New Press, 2000; Andre Schiffrin, "The Business of Books," Verso, 2000.

On January 10, 2000, in one of the biggest media mergers in history, America Online Inc. announces plans to acquire Time Warner Inc. for some \$182 billion in stock and debt. The result was a \$350 billion mega-corporation, AOL Time Warner, which held dominant positions in every type of media, including music, publishing, news, entertainment, cable and the Internet. The AOL Time Warner merger came at the height of the so-called "Internet bubble," when dot-com businesses were on a meteoric rise and their future seemed limitless. The idea was to combine Time Warner's impressive book, magazine, tel