The Global Media Giants

The nine firms that dominate the world

By Robert W. McChesney

A specter now haunts the world: a global commercial media system dominated by a small number of super-powerful, mostly U.S.-based transnational media corporations. It is a system that works to advance the cause of the global market and promote commercial values, while denigrating journalism and culture not conducive to the immediate bottom line or long-run corporate interests. It is a disaster for anything but the most superficial notion of democracy-a democracy where, to paraphrase John Jay's maxim, those who own the world ought to govern it.

The global commercial system is a very recent development. Until the 1980s, media systems were generally national in scope. While there have been imports of books, films, music and TV shows for decades, the basic broadcasting systems and newspaper industries were domestically owned and regulated. Beginning in the 1980s, pressure from the IMF, World Bank and U.S. government to deregulate and privatize media and communication systems coincided with new satellite and digital technologies, resulting in the rise of transnational media giants.

How quickly has the global media system emerged? The two largest media firms in the world, Time Warner and Disney, generated around 15 percent of their income outside of the United States in 1990. By 1997, that figure was in the 30 percent-35 percent range. Both firms expect to do a majority of their business abroad at some point in the next decade.

The global media system in now dominated by a first tier of nine giant firms. The five largest are Time Warner (1997 sales: $24 billion), Disney ($22 billion), Bertelsmann ($15 billion), Viacom ($13 billion), and Rupert Murdoch's News Corporation ($11 billion). Besides needing global scope to compete, the rules of thumb for global media giants are twofold: First, get bigger so you dominate markets and your competition can't buy you out. Firms, like Disney and Time Warner have almost tripled in size this decade.

Second, have interests in numerous media industries, such as film production, book publishing, music, TV channels and networks, retail stores, amusement parks, magazines, newspapers and the like. The profit whole for the global media giant can be vastly greater than the sum of the media parts. A film, for example, should also generate a soundtrack, a book, and merchandise, and possibly spin-off TV shows, CD-ROMs, video games and amusement park rides. Firms that do not have conglomerated media holdings simply cannot compete in this market.

The first tier is rounded out by TCI, the largest U.S. cable company that also has U.S. and global media holdings in scores of ventures too numerous to mention. The other three first-tier global media firms are all part of much larger industrial corporate powerhouses: General Electric (1997 sales: $80 billion), owner of NBC; Sony (1997 sales: $48 billion), owner of Columbia & TriStar Pictures and major recording interests; and Seagram (1997 sales: $14 billion), owner of Universal film and music interests. The media holdings of these last four firms do between $6 billion and $9 billion in business per year. While they are not as diverse as the media holdings of the first five global media giants, these four firms have global distribution and production in the areas where they compete. And firms like Sony and GE have the resources to make deals to get a lot bigger very quickly if they so desire.

Behind these firms is a second tier of some three or four dozen media firms that do between $1 billion and $8 billion per year in media-related business. These firms tend to have national or regional strongholds or to specialize in global niche markets. About one-half of them come from North America, including the likes of Westinghouse (CBS), the New York Times Co., Hearst, Comcast and Gannett. Most of the rest come from Europe, with a handful based in East Asia and Latin America.

In short, the overwhelming majority (in revenue terms) of the world's film production, TV show production, cable channel ownership, cable and satellite system ownership, book publishing, magazine publishing and music production is provided by these 50 or so firms, and the first nine firms thoroughly dominate many of these sectors. By any standard of democracy, such a concentration of media power is troubling, if not unacceptable.

But that hardly explains how concentrated and uncompetitive this global media power actually is. In addition, these firms are all actively engaged in equity joint ventures where they share ownership of concerns with their "competitors" so as to reduce competition and risk Each of the nine first-tier media giants, for example, has joint ventures with, on average, two-thirds of the other eight first-tier media giants. And the second tier is every bit as aggressive about making joint ventures. (See chart below for the extent of joint ventures between media giants.)

We are the world

In some ways, the emerging global commercial media system is not an entirely negative proposition. It occasionally promotes anti-racist, anti-sexist or anti-authoritarian messages that can be welcome in some of the more repressive comers of the world. But on balance the system has minimal interest in journalism or public affairs except for that which serves the business and upper-middle classes, and it privileges just a few lucrative genres that it can do auite well-like sports, light entertainment and action movies—over other-fare. Even at its best the entire system is saturated by a hyper-commercialism, veritable commercial carpetbombing of every aspect c human life. As the C.E.O. of Westinghouse put it (Advertising Age, 2/3/97), "We are here to serve adverbs ers. That is our *raison* d'etre."

Some once posited that the rise of the Internet would eliminate the monopoly power of the global media giants. Such talk has declined recently as the largest media telecommunication and computer firms have done everything within their immense powers to colonize the Internet, or at least neutralize its threat. The global media cartel may be evolving into a global communication cartel

But the entire global media and communication system is still in flux. While we are probably not too far from crystallization, there will likely be considerable merger and joint venture activity in the coming years, Indeed, by the time you read this, there may already be some shifts in who owns what or whom.

What is tragic is that this entire process of global media concentration has taken place with little public debate, especially in the U.S., despite the clear implications for politics and culture. After World War II, the Allies restricted media concentration in occupied Germany and Japan because they noted that such concentration promoted anti-democratic, even fascist, political cultures. It may be time for the United States and everyone else to take a dose of that medicine. But for that to happen will require concerted effort to educate and organize people around media issues. That is the task before us.

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With Friends Like These . . .

JUST HOW uncompetitive is the global media system? Consider the rampant use of equity joint ventures highlighted in the chart below. Rupert Murdoch said it best when asked how he regards direct competition with one of the other giants when entering a new market: "We can join forces now, or we can kill each other and then join forces." (Business Week, 3/25/96) Murdoch and the other giants know there is only one rational choice.

To hear TCI major-domo John Malone, this is hardly the sort of ruthlessly competitive market that Milton Friedman and Jack Kemp lecture about. "Nobody can really afford to get mad at their competitors, because they are partners in one area and competitors in another." (Financial Times, 5/28/96) And the largest media giants are also prime customers for each other.

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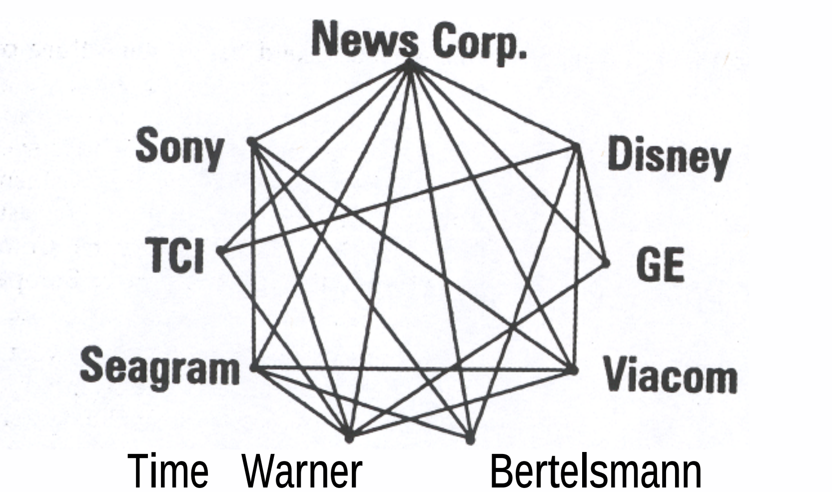

Time Warner
$25 billion
1997 sales

Time Warner, the largest media corporation in the world, was formed in 1989 through the merger of Time Inc. and Warner Communications. In 1992, Time Warner split off its entertainment group, and sold 25 percent of it to U.S. West, and 5.6 percent of it to each of the Japanese conglomerates Itochu and Toshiba. It regained from Disney its position as the world's largest media firm with the 1996 acquisition of Turner Broadcasting.

TIME WARNER

Time Warner is moving toward being a fully global company, with over 200 subsidiaries worldwide. In 1996, approximately two-thirds of Time Warner's income came from the United States, but that figure is expected to drop to three-fifths by 2000 and eventually to less than one-half. lime Warner expects globalization to provide growth tonic; it projects that its annual sales growth rate of 14 percent in the middle 1990s will climb to over 20 percent by the end of the decade.

Music accounts' for just over 20 percent of Time Warner's business, as does the news division of magazine and book publishing and cable television news. Time Warner's U.S. cable systems account for over 10 percent of income. The remainder is accounted for largely by Time Warner's extensive entertainment film, video and television holdings. Tiie Warner is a major force in virtually every medium and on every continent.

Time Warner has zeroed in on global television as the most lucrative area for growth. Unlike News Corporation, however, Time Warner has devoted itself to producing programming and channels rather than developing entire satellite systems. Tie Warner is also one of the largest movie theater owners in the world, with approximately 1,000 screens outside of the United States and further expansion projected.

The Time Warner strategy is to merge the former Turner global channels—CNN and **TNT/Cartoon Channel-with** their **HBO International** and recently launched Warner channels to make a four-pronged assault on the global market. **HBO International** has already established itself as the leading subscription TV channel in the world; it has a family of pay channels and is available in over 35 countries. HBO President Jeffrey Bewkes states that global expansion is HBO's "manifest destiny"

CNN International, a subsidiary of CNN, is also established as the premier global television news channel, beamed via ten satellites to over 200 nations and 90 million subscribers by 1994, a 27 percent increase over 1993. The long-term **goal** for **CNN International** is to operate (or participate in joint ventures to establish) CNN channels in French, Japanese, Hindi, Arabic and perhaps one or two other regional languages. CNN launched a Spanish-language service for Latin America in 1997, based in Atlanta. **CNN International will also draw on** the Time Warner journalism resources as it faces new challenges from news channels launched by News Corporation and NBC-Microsoft.

Before their 1996 merger, Turner and Time Warner were both global television powers with the **TNT/Cartoon Network** and **Warner** channels, drawing upon their respective large libraries of cartoons and motion pictures. Now these channels will be redeployed to better utilize each other's resources, with plans being drawn up to develop several more global cable channels to take advantage of the world's largest film, television and cartoon libraries.

Time Warner selected holdings

- Majority interest in WB, a U.S. television network launched in 1995 to provide a distribution platform for Time Warner films and programs. It is carried on the Tribune Company's 16 U.S. television stations, which reach 25 percent of U.S. TV households;
- Significant interests in non-U.S. broadcasting joint ventures;
- The largest cable system in the United States, controlling 22 of the largest 100 markets;
- Several U.S. and global cable television channels, including **CNN, Headline News,** CNNfn, **TBS, TNT, Turner Classic Movies,** The Cartoon Network and **CNN-SI (a** cross production with **Sports Illustrated);**
- Partial ownership of the cable channel Comedy **Central** and a controlling stake in Court TV;
- **HBO** and Cinemax pay cable channels;
- Minority stake in PrimeStar, U.S. satellite television service;
- Warner Brothers and New Line Cinema film studios;
- More than 1,000 movie screens outside of the United States;
- A library of over 6,000 films, 25,000 television programs, books, music and thousands of cartoons;
- Twenty-four magazines, including ***Time, People*** and ***Sports Illustrated;***
- Fifty percent of DC Comics, publisher of **Superman,** Batman and 60 other titles;
- The second largest book-publishing business in the world, including Tune-Life Books (42 percent of sales outside of the United States) and the Book-of-the-Month Club;
- Warner Music Group, one of the largest global music businesses with nearly 60 percent of revenues from outside the United States;
- Six Flags theme park chain;
- The Atlanta Hawks and Atlanta Braves professional sports teams;
- Retail stores, including over 150 Warner Bros. Stores and Turner Retail Group;
- Minority interests in toy companies Atari and Hasbro.

Disney
$24 billion
1997 sales

Disney is the closest challenger to Time Warner for the status of world's largest media firm. In the early 1990s, Disney successfully shifted its emphasis from its theme parks and resorts to its film and television divisions. In 1995, Disney made the move from being a dominant global content producer to being a fully integrated media giant with the purchase of Capital Cities/ABC for $19 billion, one of the biggest acquisition in business history.

Disney now generates 31 percent of its income from broadcasting, 23 percent from theme parks, and the balance from "creative content," meaning films, publishing and merchandising. The ABC deal provided Disney, already regarded as the industry leader at using cross-selling and cross-promotion to maximize revenues, with a U.S. broadcasting network and widespread global media holdings to incorporate into its activities.

Consequently, according to **Advertising Age** (8/ 7/95) Disney "is uniquely positioned to fulfill virtually any marketing option, on any scale, almost anywhere in the world." It has already included the new Capital Cities/ABC brands in its exclusive global marketing deals with McDonald's and Mattel toymakers. Although Disney has traditionally preferred to operate on its own, C.E.O. Michael Eisner has announced Disney's plans to expand aggressively overseas through joint ventures with local firms or other global players, or through further acquisitions. Disney's stated goal is to expand its non-U.S. share of revenues from 23 percent in 1995 to 50 percent by 2000.

Historically Disney has been strong in entertainment and animation, two areas that do well in the global market. In 1996 Disney reorganized, putting all its global television activities into a single division, Disney/ABC International Television. Its first order of business is to expand the children- and family-oriented **Disney Channel** into a global force, capitalizing upon the enormous Disney resources. Disney is also developing an advertising-supported children's channel to complement the subscription **Disney Channel.**

For the most part, Disney's success has been restricted to English-language channels in North America, Britain and Australia. Disney's absence has permitted the children's channels of News Corporation, Time Warner and especially Viacom to dominate the lucrative global market. Disney launched a Chinese-language **Disney Channel** based in Taiwan in 1995, and plans to launch **Disney Channels** in France, Italy, Germany and the Middle East. **"The Disney Channel** should be the killer children's service throughout the world," Disney's executive in charge of international television states.

With the purchase of ABC's **ESPN,** the television sports network, Disney has possession of the unquestioned global leader. **ESPN** has three U.S. cable channels, a radio network with 420 affiliates, and the ESPN Sports-**Zone** website, one of the most heavily used locales on the Internet. One Disney executive notes that with **ESPN and** the family-oriented **Disney Channel,** Disney has "two horses to ride in foreign markets, not just one."

The Walt Disney Company

ESPN International dominates televised sport, broadcasting on a 24-hour basis in 21 languages 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 VP 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.

Disney plans to exploit the "synergies" of ESPN much as it has exploited its cartoon characters. "We know that when we lay Mickey Mouse or Goofy on top of products, we get pretty creative stuff," Eisner states. **"ESPN** has the potential to be that kind of brand." Disney's plans call for a chain of ESPN theme sports bars, ESPN product merchandising, and possibly a chain of ESPN entertainment centers based on the Club ESPN at Walt Disney World. ESPN has released five music CDs, two of which have sold over 500,000 copies. In late 1996, Disney began negotiations with Hearst and Petersen Publishing to produce ESPNSports **Weekly** magazine, to be a "branded competitor to **Sports Illustrated."**

Disney selected holdings

- The U.S. **ABC** television and radio networks.
- Ten U.S. television stations and 21 U.S. radid stations;
- U.S. and global cable television channels **Disney Channel, ESPN, ESPN2** and ESPNews; holdings in **Lifetime, A&E** and **History channels;**
- Americast, interactive TV joint venture with several telephone companies;
- Several major film, video and television production studios including Disney, Miramax and Buena Vista;
- Magazine and newspaper publishing, through its subsidiaries, Fairchild Publications and Chilton Publications;
- Book publishing, including Hyperion Books and Chilton Publications;
- Several music labels, including Hollywood Records, Mammoth Records and Walt Disney Records;
- Theme parks and resorts, including Disneyland, Disney World and stakes in major theme parks in France and Japan;
- Disney Cruise Line;
- DisneyQuest, a chain of high-tech arcade game stores;
- Controlling interests in the NHL Anaheim Mighty Ducks and major league baseball's Anaheim Angels;
- Consumer products, including more than 550 Disney retail stores worldwide.

Bertelsmann
$15 billion
1996 sales

Bertelsmann is the one European firm in the first tier of media giants.-The Bertelsmann empire was built on global networks of book and music clubs. Music and television provide 31 percent of its income, hook publishing 33 percent, magazines and newspapers 20 percent, and a. global printing business accounts for the remainder. In 1994 its income was distributed among Germany (36 percent), the rest of Europe (32 percent), the United States (24 percent) and the rest of the world (8 percent).

Bertelsmann's stated goal is to evolve "from a media enterprise with international activities into a truly global communications group." Bertelsmann's strengths in global expansion are its global distribution network for music, its global book and music clubs, and its facility with languages other than English. It is working to strengthen its music holdings to become the world leader, through a possible buyout of-or merger with— EMI and through establishing joint ventures with local music companies in emerging markets. Bertelsmann is considered to be the best contender of all the media giants to exploit the Eastern European markets.

Bertelsmann has two severe competitive disadvantages in the global media sweepstakes. It has no significant film or television production studios or film library and it has minimal involvement in global television, where much of the growth is taking place. The company began to address this problem in 1996 by merging its television interests (Ufa) into a joint venture with Compagnie Luxembourgeoise de Telediffusion (CLT), the Luxembourg-based European commercial broadcasting power. According to a Bertelsmann executive, the CLT deal was "a strategic step to become a major media player especially in light of the recent European and American mergers."

Bertelsmann selected holdings

- German television channels **RTL, RTL2, SuperRTL** and VOX;
- Part ownership of **Premier,** Germany's largest pay-TV channel;
- Stakes in British, French and Dutch TV channels;
- 50 percent stake in CLT-Ufa, which owns 19 European TV channels and 23 European radio stations;
- Eighteen European radio stations;
- Newspaper and magazine publishing including more than 100 magazines;
- Book publishing, with some 40 publishing houses, concentrating on German-, French- and English-language (Bantam and Doubleday Dell) titles;
- Major recording studios Arista and RCA;
- Leading book and record clubs in the world.

Viacom
$13 billion
1997 sales

C.E.O. Sumner Redstone, who controls 39 percent of Viacom's stock, orchestrated the deals that led to the acquisitions of Paramount and Blockbuster in 1994, thereby promoting the firm from' $2 billion in 1993 sales to the front ranks. Viacom generates 33 percent of its income from its film studios, 33 percent from its music, video rentals and theme parks, 18 percent from broadcasting, and 14 percent from publishing. Redstone's strategy is for Viacom to become the worlds "premier software driven growth company"

Viacom's growth strategy is twofold. First, it is implementing an aggressive policy of using company-wide cross-promotions to improve sales. It proved invaluable that **MTV** constantly plugged the film *Clueless* in 1995, and the same strategy will be applied to the Paramount television program based on the movie. Simon & Schuster is establishing a Nickelodeon book imprint and a "Beavis and Butthead" book series based on the **MTV** characters. Viacom also has plans to establish a comic-book imprint based upon Paramount characters, it is considering creating a record label to exploit its MTV brand name and it has plans to open a chain of retail stores to capitalize upon its "brands" à la Disney and Tie Warner. In 1997 Paramount will begin producing three Nickelodeon and three MTV movies annually "We're just now beginning to realize the benefits of the Paramount and Blockbuster mergers," Redstone stated in 1996.

Second, Viacom has targeted global growth, with a stated goal of earning 40 percent of its revenues outside of the United States by 2000. As one Wall Street analyst puts it, Redstone wants Viacom "playing in the same international league" with News Corporation and Tie Warner. Since 1992 Viacom has invested between $750 million and $1 billion in international expansion. "We're not taking our foot off the accelerator," one Viacom executive states.

Viacom's two main weapons are **Nickelodeon** and **MTV. Nickelodeon** has been a global powerhouse, expanding to every continent but Antarctica in 1996 and 1997 and offering programming in several languages. It is already a world leader in children's television, reaching **90** million TV households in 70 countries other than the United States-where it can be seen in 68 million households and completely dominates children's television.

MTV is the preeminent global music television channel, available in 250 million homes worldwide and in scores of nations. In 1996 Viacom announced further plans to "significantly expand" its global operations. **MTV** has used new digital technologies to make it possible to customize programming inexpensively for different regions and nations around the world.

Viacom selected holdings

- Thirteen U.S. television stations;
- A 50 percent interest in the U.S. UPN television network with Chris-Craft Industries;
- U.S. and global cable television networks, including **MTV, M2, VH1, Nickelodeon, Showtime, TVLand** and **Paramount Networks**;
- A 50 percent interest **in Comedy Central** channel (with Time Warner);
- Film, video and television production, including Paramount Pictures;
- 50 percent stake in United Cinemas International, one of the world's three largest theater companies;
- Blockbuster Video and Music stores, the world's largest video rental stores;
- Book publishing, including Simon & Schuster, Scribners and Macmillan;
- Five theme parks.

News Corporation

$10 billion

1996 sales

The News Corporation is often identified with its head, Rupert Murdoch, whose family controls some 30 percent of its stock Murdoch's goal is for News Corporation to own multiple forms of programming-news, sports, films and children's shows-and beam them via satellite or TV stations to homes in the United States, Europe, Asia and South America. Viacom CEO Sumner Redstone says of Murdoch that "he basically wants to conquer the world."

The News Corporation Limited

And he seems to be doing it. Redstone, Disney CEO Michael Eisner, and Time Warner CEO Gerald Levin have each commented that Murdoch is the one media executive they most respect and fear, and the one whose moves they study TCI's John Malone states that global media vertical integration is all about trying to catch Rupert. Tie Warner executive Ted Turner views Murdoch in a more sinister fashion, having likened him to Adolf Hitler.

After establishing News Corporation in his native Australia, Murdoch entered the British market in the 1960s and by the 1980s had become a dominant force in the U.S. market. News Corporation went heavily into debt to subsidize its purchase of Twentieth Century Fox and the formation of the **Fox** television network in the 1980s; by the mid-1990s News Corporation had eliminated much of that debt.

News Corporation operates in nine different media on six continents. Its 1995 revenues were distributed rela. tively evenly among filmed entertainment (26 percent)," newspapers (24 percent), television (21 percent), magazines (14 percent) and book publishing (12 percent) News Corporation has been masterful in utilizing its various properties for cross-promotional purposes, and at using its media power to curry influence with public officials worldwide. "Murdoch seems to have Washington in his back pocket," observed one industry analyst after News Corporation received another favorable ruling (New **York Times,** 7/26/96). The only media sector in which News Corporation lacks a major presence in music, but it has a half-interest in the Channel **V** music television channel in Asia.

Although News Corporation earned 70 percent of its 1995 income in the United States, its plan for global expansion looks to continental Europe, Asia and Latin America, areas where growth is expected to be greatest for commercial media. Until around 2005, Murdoch expects the surest profits in the developed world, especially Europe and Japan. News Corporation is putting most of its eggs in the basket of television, specifically digital satellite television. It plans to draw on its experience in establishing the most profitable satellite television system in the world, the booming **British Sky Broadcasting (BSkyB).** News Corporation can also use its U.S. **Fox** television network to provide programming for its nascent satellite ventures. News Corporation is spending billions of dollars to establish these systems around the world; although the risk is considerable, if only a few of them establish monopoly or duopoly positions the entire project should prove lucrative.

News Corporation selected holdings

- The U.S. **Fox** broadcasting network;
- Twenty-two U.S. television stations, the largest U.S. **station** group, covering over 40 percent of U.S. TV households;
- **Fox News Channel**;
- A 50 percent stake (with TCI's Liberty Media) in several U.S. and global cable networks, including **fx, fxM** and Fox **Sports Net;**
- 50 percent stake in Fox Kids Worldwide, production studio and owner of U.S. cable **Family Channel;**
- Ownership or major interests in satellite services reaching Europe, U.S., Asia, and Latin America, often under the Sky Broadcasting brand;

- Twentieth Century Fox, a major film, television and video production center, which has a library of over 2,000 films to exploit;
- Some 132 newspapers (primarily in Australia, Britain and the United States, including the **London Times** and the New York **Post), making it one of** the three largest newspaper groups in the world;
- Twenty-five magazines, most notably **TV Guide;**
- Book publishing interests, including HarperCollins;
- Los Angeles Dodgers baseball team.

Sony
$9 billion
1997 sales (media only)

Sony's media holdings are concentrated in music (the former CBS records) and film and television production (the former Columbia Pictures), each of which it purchased in 1989. Music accounts for about 60 percent of Sony's media income and film and television production account for the rest. Sony is a dominant entertainment producer, and its media sales are expected to surpass $9 billion in 1997. It also has major holdings in movie theaters in joint venture with Seagram. As Sony's media activities seem divorced from its other extensive activities—Sony expects $50 billion in company-wide sales in 1997—there is ongoing speculation that it will sell its valuable production studios to vertically integrated chains that can better exploit them.

Sony was foiled in its initial attempts to find synergies between hardware and software, but it anticipates that digital communication will provide the basis for new synergies. Sony hopes to capitalize upon its vast copyrighted library of films, music and TV programs to leap to the front of the digital video disc market, where it is poised to be one of the two global leaders with Matsushita. Sony also enjoys a 25 percent share of the multi-billion-dollar video games industry; with the shift to digital formats these games can now be converted into channels in digital television systems.

TCI
$7 billion
1996 sales

TCI (Tele-Communications Inc.) is smaller than the other firms in the first tier, but its unique position in the media industry has made it a central player in the global media system. TCI's foundation is its dominant position as the second biggest U.S. cable television system provider. C.E.O. John Malone, who has effective controlling interest over TCI, has been able to use the

TCI

We're taking television into tomorrow.

steady cash influx from the lucrative semi-monopolistic cable business to build an empire.

Malone understands the importance of the U.S. cable base to bankroll TCI's expansion; in 1995 and 1996 he bought several smaller cable systems to consolidate TCI's hold on the U.S. cable market. TCI faces a direct and potentially very damaging challenge to its U.S. market share from digital satellite broadcasting. It is responding by converting its cable systems to digital format so as to increase channel capacity to 200. TCI is also using its satellite spin-off to position itself in the rival satellite business and retain some of the 15 to 20 million Americans expected to switch from cable broadcasting to satellite broadcasting by 2000. In addition to owning two satellites valued at $600 million, TCI holds a 21 percent stake in Primestar, a U.S. satellite television joint venture with the other leading U.S. cable companies, News Corporation and General Electric, which already had 1.2 million subscribers in 1996.

TCI has used its control of cable systems to acquire equity stakes in many of the cable channels that need to be carried over TCI to be viable. TCI has significant interests **in Discover, QVC, Fox Sports Net, Court TV, E!, Home Shopping Network and Black Entertainment TV,** among others. In 1996, TCI negotiated the right to purchase a 20 percent stake in News Corporation's new **Fox News Channel** in return for access to TCI systems. Through its subsidiary Liberty Media, TCI has interests in 92 U.S. program services.

Nor does TCI restrict its investments to cable channels and content producers. It has a 10 percent stake in Time Warner as well as a 20 percent stake in Silver King Communications, where former **Fox** network builder Barry Diller is putting together another U.S. television network.

TCI has applied its expansionist strategy to the global as well as domestic **media** market. On the one hand, TCI develops its core cable business and has become the global leader in cable systems, with strong units in Britain, Japan and Chile. Merrill Lynch estimates that TCI International's cable base outside of the United States will increase from 3 million subscribers in 1995 to 10 million in 1999.

On the other hand, TCI uses its cable resources to invest across all global media and to engage in numerous non-cable joint ventures. "When you are the largest cable operator in the world," a TCI executive states, "people find a way to do business with you." It already has 30 media deals outside of the United States, including a venture with Sega Enterprises to launch computer game channels, a joint venture with News Corporation for a global sports channel, and a 10 percent stake in Sky Latin America.

Universal (Seagram)
$7 billion
1997 sales

Effectively controlled by the Bronfman family, the global beverage firm Seagram purchased Universal (then MCA) from Matsushita for $5.7 billion in 1995. Matsushita was unable to make a success of MCA and had refused to go along with MCA executives who had wanted to acquire CBS in the early 1990s. Universal is expected to account for approximately half of Seagram's $14 billion in sales in 1997.

Over half of Universal's income is generated by the Universal Studios' production of films and television programs. Universal is also a major music producer and book publisher and operates several theme parks. As many of the broadcast networks and cable channels vertically integrate with production companies, Universal has fewer options for sales and is less secure in its future. It owns the cable **USA Network** and the **Sci-Fi Network,** after buying out its uneasy partner Viacom.

NBC (GE)
$5 billion
1996 sales

General Electric is one of the leading electronics and manufacturing firms in the world with nearly $80 billion in sales in 1996. Its operations have become increasingly global, with non-U.S. revenues increasing from 20 percent of the total in 1985 to 38 percent in 1995, and an expected 50 percent in 2000. Although NBC currently constitutes only a small portion of GE's total activity, after years of rapid growth it is considered to be the core of GE's strategy for long-term global growth.

NBC owns U.S. television and radio networks and 11 television stations. It has been aggressive in expanding into cable, where it now owns several cable channels outright, like **CNBC**, as well as shares in some 20 other channels, including the **A&E** network. The most dramatic expression of GE's media-centered strategy is its 1996 alliance and joint investment with Microsoft to produce the cable news channel **MSNBC**, along with a complementary on-line service. From this initial $500 million investment, NBC and Microsoft plan to expand **MSNBC** quickly into a global news channel, followed perhaps by a global entertainment and sports channel. NBC and Microsoft are also developing a series of TV channels in Europe aimed at computer users.

The Second Tier

Below the global giants in the media food chain is a second tier of corporations that fill regional or niche markets. Some of these firms are as large as the smaller global companies, but lack their world-wide reach. A few second-tier companies may attempt, through aggressive mergers and acquisitions of like-sized firms, to become full-blown first-tier global media giants; others will likely be swallowed by larger companies amassing ever greater empires.

U.S.
- Westinghouse $5 billion
- Advance Publications $4.9 billion
- Gannett $4.0 billion
- Cox Enterprises $3.8 billion
- Times-Mirror $3.5 billion
- Comcast $3.4 billion
- McGraw-Hill $3 billion
- Reader's Digest $3 billion
- Knight Ridder $2.9 billion
- Dow Jones $2.5 billion
- New York Times Co. $2.5 billion
- Tribune Co. $2.2 billion
- Hearst $2 billion
- Washington Post Co. $1.8 billion
- Cablevision $1.1 billion
- DirecTV (Owned by General Motors)
- DreamWorks

Canada
- Thomson $7.3 billion
- Rogers Communications $2 billion
- Hollinger

Latin America
- Cisneros Group (Venezuela) $3.2 billion
- Globo (Brazil) $2.2 billion
- Clarin (Argentina) $1.2 billion
- Televisa (Mexico) $1.2 billion

Europe
- Havas (France) $8.8 billion
- Reed Elsevier (Britain/Netherlands) $5.5 billion
- EMI (Britain) $5.4 billion
- Hachette (France) $5.3 billion
- Reuters (Britain) $4.1 billion
- Kirch Group (Germany) $4 billion
- Granada Group (Britain) $3.6 billion

BBC (Britain) $3.5 billion
Axel Springer (Germany) $3 billion
Canal Plus (France) $3 billion
CLT (Luxembourg) $3 billion
Pearson PLC (Britain) $2.9 billion
United News & Media (Britain) $2.9 billion
Carlton Communications (Britain) $2.5 billion
Mediaset (Italy) $2 billion
Kinnevik (Sweden) $1.8 billion
Television Francais 1 (France) $1.8 billion
Verlagsgruppe Bauer (Germany) $1.7 billion
Wolters Kluwer (Netherlands) $1.7 billion
RCS Editori Spa (Italy) $1.6 billion
VNU (Netherlands) $1.4 billion
Prisa Group (Spain)
Antena 3 (Spain)
CEP Communications (France)

Asia/Pacific

NHK (Japan $5.6 billion
Fuji Television (Japan) $2.6 billion
Nippon Television Network (Japan) $2.2 billion
Cheil Jedang (Korea) $2.1 billion
Tokyo Broadcasting System (Japan) $2.1 billion
Modi (India) $2 billion
Asahi National Broadcasting Co. (Japan) $1.6 billion
Toho Company (Japan) $1.6 billion
PBL (Australia) $750 'million
TVB International (China)
Chinese Entertainment Television (China)
Asia Broadcasting and Communications Network (Thailand)
ABS-CBN (Philippines)
Doordarshan (India)
Chinese Central Television (China)

Most sales figures are for 1996, but some are as early as 1993.