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Beyond the mogul: From media conglomerates to portfolio media

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Abstract
The article shows that outside ownership of media moves in stages -- from media properties as the mouthpiece for personal and business interests, to a second stage of conglomerates seeking economic "synergies" of performance, to a third stage dominated by financial portfolio diversification. These phases of outside media ownership correspond to the stages of economic development in that country.The article finds that in rich countries, the ownership of media by industrial companies as a way to create political influence has been declining. The second phase, based on economic synergies, has become a less significant driver, too. On the other hand, there has been a significant growth of cross-ownership through financial intermediaries. In contrast, the media systems of emerging and developing countries are still operating in the first two phases of cross-ownership, centered on projection of influence and on conglomerate business synergies.It is quite likely that these dynamics will lead to a "capture gap" between emerging and rich societies. Media in the former would be significantly more captured through the seekers of personal influence and conglomerate synergies, while media in the latter are subject to professional investors imperatives of profitability, growth, predictability, and fit into portfolio diversification. The same financial institutions from rich countries are also likely to seek acquisitions in the emerging markets by leapfrogging the two other stages. The likely responses are restrictions on foreign ownership of media. Domestic conglomerates will step in and assume control. Media capture will then become patriotic.The article is fact-based and provides details on the media assets of non-media companies in 26 countries accounting for about 60% of the world's population and over 80% of its economy.

Keywords
Media mogul, media conglomerates, outside ownership, media capture, media ownership, institutional ownership, synergies

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For a long time, the critics of powerful private media (Bagdikian, 1983, 2004; Lessig, 2004; Wolff, 2008) focused on the classic moguls of the Murdoch and Redstone kind. More recently, observers have looked at media being controlled by large interests from outside the media sector. This article will take the discussion one step further by identifying the dynamics of such outside ownership. It is the contention of this article and the hypothesis that will be explored, that the outside ownership is moving in stages – from media properties as the mouthpiece for personal and business interests, to a second stage of conglomerates seeking economic ‘synergies’ of performance, and to a third stage dominated by financial portfolio diversification and less by content intervention. Furthermore, that these phases of outside media ownership in a country correspond to the stages of economic development in that country. As highly developed countries are transitioning to the financial portfolio model with its reduced intervention by owners, emerging countries such as the ‘BRICS’ (Brazil, Russia, India, China, and South Africa) are moving to the stage of industrial–media conglomerates or are still operating in the first model, that of media as mouthpieces. Thus, the divergence of non-media content intervention between developed societies and emerging ones will grow and we may witness what might be called a ‘capture gap’. The nature of media systems in each of these stages is influenced by such dynamics: they are politics-driven in the first stage, synergies-driven in the second stage, and investment-model driven in the third stage.

This analysis will be based on a fact-based (though not quantitative) analysis of media companies and ownerships. Such analysis needs to be wide-ranging across countries as well as time periods, or else the discussion of media capture becomes largely anecdotal.

The issue of *state* control over media has been a long-standing topic for discussion (Gehlback and Sonin, 2014) and will not be repeated here. Nor will we discuss the issue of large *media firms* controlling their markets or other media, that is, media concentration (Albarran and Dimmick, 1996; Compaine and Gomery, 2000; Downing, 2011; Doyle, 2002; Noam, 2016; Thierer, 2005), or of the impact of ownership concentration on content (for a discussion of different types of newspaper ownership, see Baker, 2007; Berry and Waldfogel, 2001; Cooper, 2003; Horwitz, 2005; Picard and Van Weezel, 2008; Soloski, 2005), or of the impact of ownership categories, such as public service versus corporate (Hallin and Mancini, 2004; Lacy, 1991; Picard and Van Weezel, 2008; Soloski, 2005). Rather, the question for our analysis is the evolution of ownership by *non-media* industrial companies that own media properties among their conglomerate holdings. We should clarify the term ‘conglomerate’, which is often used loosely. Almost all large media firms operate across multiple media activities,[1] but that does not make them into conglomerates. Vertically or horizontally ‘integrated’ media companies own other firms with which they have vertical supply relationships or where there exists a horizontal market extension into related products or markets. A television network company that also produces films and owns sports teams and music publishers is such a vertically integrated firm. But it is not a conglomerate. Although that term is often used in the sense of ‘large and diversified company’, a conglomerate is a collection of *unrelated* activities. Not TV & film & music, but TV & cheese & submarines. And the questions are the extent of such combinations of media and non-media firms; their trend over time; their rationale; and their link to economic development.

In order to come to conclusions that are not anecdotal and selective, we created a database of such combinations. It is a starting point for analysis, given the large number of countries, companies, industries, and decades that would need to be covered.[2]

We conclude that entry into media by non-media firms follows three phases, each with a different priority:

Stage 1: Seeking influence;

Stage 2: Seeking business synergies;

Stage 3: Seeking portfolio diversification.

Each of these phases is accompanied by a particular institutional and business setting. We will discuss these three phases in turn.

Stage 1: Seeking influence

In the first stage, a media involvement is an extension of the interest of rich individuals and their companies. In some cases, it gives them a prestigious and influential outlet for their talents, ambitions, and philosophies. It also provides a tool to advance the interests of their companies and industries.

One way to gauge whether such acquisitions from industry into media are motivated by business factors beyond seeking influence is to ask whether they go in both directions. If it makes pure business sense for an industrial company to buy into media in order to create synergies, the same incentives should also be true in the reverse direction. Yet such acquisitions of industrial companies by media owners are relatively rare (Swanberg, 1961).

Examples for an entry by industrial interests into media in order to gain influence are given below.

In the United States, the Hearst family's mining fortune underwrote young William Randolph Hearst's move into newspaper ownership. Hearst soon used his platform to influence policy and to seek political office as Mayor and Governor of New York and as a Presidential hopeful. Similarly, Eugene Meyer, before acquiring the *Washington Post*, was a financier and co-owner of the Allied Chemical company. He, too, used his papers to advance his political perspective (Pusey, 1974).

In the United Kingdom and Canada, Lord Beaverbrook (Max Aitken), the British-Canadian press magnate, made his money in electric utilities and cement before moving into press ownership. He became an influential political figure and cabinet member in several governments.

In Germany, the main press owners in the pre–World War I and in the subsequent Weimar years were the coal and steel magnates Alfred Hugenberg and Hugo Stinnes. They used their respective media platforms for their conservative political views and business interests. Stinnes owned more than 60 newspapers outright and controlled even more.

In Italy, the industrialist families of Agnelli (FIAT and other auto companies) and De Benedetti (Olivetti, Buitoni) acquired newspapers and other media companies. More dramatically, the construction magnate Silvio Berlusconi moved into television which he then dominated and then parlayed into electoral success to become prime minister of Italy.

In Israel, the American tycoons Sheldon Adelson (casinos) and Ronald Lauder (cosmetics) own media properties, largely to promote their perspectives on Mideast politics.

In Russia, it is hard to distinguish personal expansion by 'oligarchs' into media activities from that of a conglomerate empire building. They are probably some of both.[3] For many of these industrialists, the ownership of a media outlet provides a way to advocate their company's positions and to attack their adversaries.

In economically advanced countries, the role of media acquisitions as a way to serve as a mouthpiece – with the aim of influencing public policy in a way that favors the media owners and their companies – has declined over time. There are few examples today in the United States, Canada, United Kingdom, Germany, Sweden, Switzerland, and Japan. Exceptions exist in Italy, Ireland, and Israel. In the United States, Jeff Bezos, founder of Amazon.com, in 2013 bought the *Washington Post* and several smaller newspapers and magazines. This would seem to be a classic case for a personal expansion into media activity to advance an agenda. There are few business synergies for a global retailer to own a regional newspaper. Bezos owns the paper personally, not Amazon. However, this case also illustrates the limitations of this approach and its hazards in antagonizing customers and shareholders who hold a different view. It can also backfire and become, in purely business terms, a liability. When the *Washington Post* became critical of candidate Donald Trump,[4] this was not left unanswered. Trump responded, 'If @amazon ever had to pay fair taxes, its stock would crash and it would crumble like a paper bag. The @washingtonpost scam is saving it!' Trump claimed that Amazon has 'a huge antitrust problem' and that the *Washington Post* was merely a mouthpiece for Amazon's business interests. He threatened that he would 'open up our libel laws' specifically mentioning the newspaper. Amazon is 'getting away with murder, tax-wise', he claimed. 'He's using the Washington Post for power so that the politicians in Washington don't tax Amazon like they should be taxed'. '… he bought this paper for practically nothing and he's using that as a tool for political power against me and against people and I'll tell you what, we can't let him get away with it'.[5]

To avoid such backlash, the Bezos model of an assertive journalism is an exception. More likely is the less controversial 'good government' model in which a wealthy business owner saves a local paper from going under – as will increasingly be the case with the decline of newspapers' economic base – in a spirit of good citizenship and then leaves it alone. Such ownership may also be a prestigious toy for wealthy business tycoons, not unlike owning a local sports team. Economists, going back to Harold Demsetz (1989), concluded that the non-financial 'amenity potential' of controlling media outlets, such as fame, influence, and favorable policy, are high and therefore create incentives to acquire control. Yet as one looks at such personal expansions into media, one observes that in the highly developed countries, new examples have become relatively rare.

The expansion of industrialists into media as a mouthpiece is more prevalent in politically volatile countries such as Russia and Turkey where wealthy participants (in the case of Israel, from America) seek to affect politics and are willing to subsidize their views. This model of expanding industrial power into media ownership in order to expand one's influence can therefore be expected in less developed countries whose politics are often unsettled. It is less likely to be the model of the future for rich countries.

Stage 2: Seeking business synergies

The second type of cross-ownership of industrial and media properties are the classic conglomerates. These are companies who combine a series of holdings, with media properties merely one item in the collection.

What are reasons for conglomerates of non-media companies with media companies, considering that each of their parts does only little business with the others? There are several factors in which the various parts might generate 'synergies' (also known as 'economies of scope') where the efficiency of the parts is greater together than they are separately:

- The sharing of an effective management at the holding company level;
- Reduced transaction costs;
- Better access to financial markets (Hubbard and Palia, 1999);
- A rising attractiveness of the conglomerate's stock which provides currency for further expansion;
- Ability to internally cross-finance and provide collateral for acquisitions;
- A diversification of risk;
- A brand recognition that generates trust and the potential for premium pricing;
- An ability to cross-sell customers various product lines;
- Foreclosed internal markets for rival companies' products, with reciprocal dealings;
- Economies of scale in shared overhead services;
- A potential for transfers of technology and management skills;
- A side-stepping of regulatory constraints which block expansion in the company's core sector, such as ceilings to media ownership.

Economists always had an uneasy perspective on conglomerates, beyond public policy concerns with aggregate concentration in the economy: they could not be readily explained in business terms. *Horizontal mergers* and expansion fit easily into the basic economic model, with economies of scale, network effects, and pricing power being major factors. *Vertical integration* is more controversial as a company strategy but can still be rationalized as an expansion of market power held in one industry into a more competitive industry downstream or upstream (Riordan and Salop, 1995). But conglomerate mergers are harder to explain (Pautler, 2003). The advantages have been listed above. But there are also considerable disadvantages:

- Lack of managerial focus and expertise;
- Dilution of core competency;

- Conflicting internal cultures;
- Over-expansion;
- High debt load with attendant vulnerabilities;
- Complex institutional arrangements and contradictory deals;
- Lack of transparency;
- Slowness in technological innovation;
- Internal politics;
- Public pushback and unpopularity;
- Frequent competition with one's own customers;
- Slow, bureaucratized, and autocratic decision-making at the center.

In several countries, the conglomerate system has been the mainstay of the economy, and media ownership was simply part of it. Japan and South Korea are major examples. More recently, India, Turkey, Malaysia, Indonesia, and Arab oil states have moved strongly in that direction. In the United States, too, such conglomerates used to be frequent and strong, including combinations of non-media and media. The following is a review of such ownership conglomerates in countries around the world, a compendium essential to discussions of media capture. For details, see Appendix 1 of this article.[6] Most of the data for the past 20 years were brought together in a volume on global media ownership (Noam, 2016) with over 800 tables and graphs, 13 media industries, and 30 countries. The data provide a quantification of market shares of companies over time, cross-media ownerships, and a description of owners.

In the *United States*, the 1960s and 1970s witnessed a wave of conglomerates being formed, often including media properties. The strategy behind the conglomerates was to buy undervalued and undermanaged companies and provide management talent (Ravenscraft and Scherer, 1987). US examples for non-media/media conglomerates:

- Gulf + Western, a sprawling conglomerate active in many industries, owned the film studio Paramount Pictures, the publisher Simon & Schuster, music labels, and sports teams before selling off its various parts and disappearing.
- Kinney National, a conglomerate owning parking lots, funeral parlors, and dry cleaning store chains, bought Warner Bros., Warner Music, and Panasonic. But further mega-mergers that created AOL Time Warner proved disastrous, shareholders clamored for a streamlining of the business, and the company divested itself of many of its divisions. In 2017, it was in the process of being acquired by AT&T.
- GE was perhaps the most successful of the conglomerates, with technologies for electric power generation, aviation, medical imaging, consumer electronics, and financial services. GE acquired the major TV company NBC, as well as parts of the Universal film studio, but ended up selling them to Comcast after 2011 when performance and synergies proved disappointing.
- ITT was a major conglomerate company that owned many telecom equipment and operating firms around the world and diversified into insurance, rental cars, hotels, food, timber, and real estate. This did neither work out economically or politically.[7] Eventually, ITT divested itself of most of these assets.

- Loews was a conglomerate that owned Lorillard Cigarettes, Bulova watches, several energy companies, hotels, and finance companies. In media, it owned a movie theater chain and the CBS TV network, both of which were subsequently sold.

Looking at these conglomerates, one cannot identify a single large non-media/media combination in the United States that has survived into today. American media companies are big and sprawl into related online activities and technology, but industrial/media conglomerates are rare today, despite the absence of regulatory constraints.

What has been the presence and track record of non-media/media conglomerates in other countries? They can be ordered into several categories. For more details, see Appendix 1.

Limited presence of industry/media conglomerates

In *Germany*, as mentioned, the Stinnes and Hugenberg conglomerates in pre–World War II Germany combined heavy industry with numerous newspapers. At the time of Hugo Stinnes' death in 1924, he owned 4500 companies, but the empire collapsed within a year. Post–World War II, however, there were few such cross-sector instances. The steel maker Mannesmann started the number 2 mobile telecom firm but sold it to Vodafone. A similar low level of industry–media ownership exists in *Switzerland*.

In *Canada*, too, there is only limited industry–media cross-ownership, primarily the Power Corporation of Canada, and by the Bragg family (food processing, telecom, and cable) and the Irwing family (industrial assets and newspapers.)[8] More recently, the Bragg family owns food processing as well.

Formerly strong but weakening presence of industry/media conglomerates

In *Japan*, the 'keiretsu' conglomerates (succeeding the pre-war 'zaibatsu' that were partly broken up by the American occupation) have been a mainstay of the economy. They are groupings of companies of many industries, joined by small cross-ownership in each other and by interlocking board memberships. The keiretsu are typically centered around a major bank that owns shares in all of them and is in turn owned by them and a trading company. Media-oriented keiretsu include the following:

- Mitsui holds ownership stakes in Fujifilm, in Sony Corporation and its subsidiaries, as well as in Yaussa Corporation, Ibiden, Toshiba, and the Tokyo Broadcasting System.
- The Sumitomo keiretsu has investments in the electronics company NEC.
- The Dai-Ichi Kangyo keiretsu has holdings in the electronics companies Fujitsu and Hitachi.
- The Sanwa keiretsu has investments in the electronics companies Hitachi, Kyocera, and Sharp Corporation, along with the film production and theater company Toho.[9]

The keiretsu system proved to be an effective business model during Japan's rise to economic super-power. However, its static nature contributed to a decline of dynamism in the Japanese economy and led subsequently to a considerable loosening of many keiretsu alliances:

In the *United Kingdom*, Pearson PLC emerged as a classic conglomerate. Starting as the world's largest construction company in the 19th century, also active in oil exploration and production, it expanded into media in a big way and in time dropped the non-media conglomerate activities. A more recent example is the Richard Branson's Virgin Group, which is active in travel, lifestyle, entertainment, financial services, food and drink, as well as media and telecommunications. However, Virgin exited from most of its media activities, such as cable, music, and books, although the brand name sometimes remains. Another conglomerate is that of the Barclay brothers, who own retail chains, real estate, and newspapers.

In *Finland*, Nokia, the global mobile and telecom equipment company, originated as a multi-product conglomerate that produced rubber boots, toilet paper, electric power, and cables, but in time focused on communications technology, with a reduction in other parts of its industrial activities.

In *Australia*, of the media families, Murdoch has become a pure media firm after divesting control of the airline Ansett, while Packer left the media business. Stokes is the main remaining industrial/media conglomerate.

Strong presence of industry/media conglomerates

In *South Korea*, the 'chaebol' conglomerates have been the foundation of that country's emergence as an economic powerhouse. Most important companies were owned by a few major conglomerates that were controlled by their founding families. However, in the financial upheavals of 1997, many of them collapsed. Today, Samsung (63 companies), CJ (spun off from Samsung and controlled by a branch of the same family, with 224 subsidiaries), LG (46 companies), and SK (59 companies) own major parts of the economy, as well as media and communications. In contrast to the Japanese keiretsu, the chaebol are not centered around banks but were based on government support programs. Since the 1997 economic crisis, the chaebol have become a target for considerable public and governmental backlash (Kim, 2002).

In *France*, the water utility Compagnie Generale des Eaux (also active in other public services) spun off its media activities operation which was renamed Vivendi and became the country's major media and communications firm, with holdings in film and TV (Canal Plus, StudioCanal), games and video hosting, advertising, telecom (in France, Morocco, Brazil, and Italy), and music (Universal Music Group). Faced with gigantic losses, it divested many of these operations. The company is now controlled by the paper, logistics, and energy company Bolloré.

Other French conglomerates with media participations are the construction and real estate company Bouygues and the defense contractor Lagardère. The latter has become a pure media company.

In *Sweden*, Kinnevik and the Wallenberg family own companies across the economy, including in media operations and technology. In *Belgium*, Albert Frere, the country's major financier, owns various media properties. In *Ireland*, Denis O'Brien and Tony O'Reilly are rival conglomorateurs with major holdings in industry and media.

Strong and rising presence of industry/media conglomerates

In *Latin America*, industry–media conglomerates are strong in several countries. In *Mexico*, the main conglomerate is Carlos Slim's Grupo Carso, which is active in manufacturing, retailing, high-technology, transportation, real estate, financial services, hospitality, TV (Ora TV), and, in particular, wireless and wireline telecommunications. Slim is also the largest individual owner of the New York Times Co. Another large conglomerate is Grupo Salinas. In *Brazil*, the Andrade Gutierrez Group, Silvio Santos, La Fonte, and Inepar are major industrial conglomerates with media holdings. Conversely, the large media company Grupo Globo/Marinho family also owns companies in the financial, real estate, and food industries. In *Chile*, COPESA, Bethia, and Almendral have media assets.

In *India*, huge conglomerates dominate across the economy, and many have media and communications properties. The major groups are Tata, Reliance, Rajan Raheja, Aditya Birla, Bharti, and Sahara India Pariwar.

In *China*, much of the entire economy, being state-owned, can be seen as a gigantic conglomerate, including ownership of most media organizations. Private conglomerates that own media assets are the China Poly Group (theaters and films), Wanda Group (film theater chains and productions), Legend Holdings (IT and consumer electronics), Alibaba/Jack Ma (investment in the largest private film company Huayi Brothers), and Tencent (portal, film investment, and search engine).

In *Hong Kong*, the conglomerate CK Hutchison is involved in media and communications. Hutchison is a huge operator and owner of ports, retailing, infrastructure, and energy. It owns mobile telecom in Austria, United Kingdom, Denmark, Italy, Ireland, Sweden, Indonesia, Australia, and others, with over 100 million subscribers worldwide. It also owns the TOM Group which has interests in TV and magazines in the China region.

In *Western Asia and the Middle East, Egypt*'s Dallah Al-Baraka Group, the Mawarid Group, KIPCO, and Salah Diab are conglomerate ownerships. In *Israel*, IDB Holding owns properties across the economy, including media. In Turkey, the conglomerate form of media ownership is the basic way for media to operate, as part of the Dogan, Calik, Dogus, Ciner, Albayrak, Demiroren, and so on industrial groups.

We can summarize today's presence of business-based conglomerates that link non-media companies with media firms in the various countries.

Limited presence: Canada, Germany, Switzerland;

Formerly strong but weakening presence: Australia, Japan, Finland, United Kingdom, United States, Argentina;

Strong presence: Belgium, France, Ireland, Israel, Korea, Sweden, Taiwan, Argentina;

Strong and rising presence: Brazil, Chile, China, Egypt, India, Indonesia, Mexico, Turkey.

What can we conclude from these observations? Conglomerates with media dimensions have not done well in highly developed countries with a relatively competitive business structure. Over the past two decades, they have receded in North America and several major European countries. Similarly, they have declined in Japan and undergone stress periods in Korea. It does not appear that in the highly industrialized countries, the ownership by industrial companies of media companies has increased. In fact, one can observe a reduction as industrial companies have divested their media properties, and vice versa. The reason lies in the general turn away from conglomerates and toward more focused companies. Conglomerates dilute management attention and confound investors who prefer ‘pure plays’. Analysts have identified a ‘conglomerate discount’ on share prices that had been estimated, in a Boston Consulting Group report, as 13.9 percent (Burch and Nanda, 2003; Graham et al., 2002; Rajan et al., 2000; *Wall Street Oasis*, 2014). In other words, instead of being valued higher as a synergistic firm, such a company as a whole is worth one-seventh less than the sum of its component parts. The reasons will vary but are generally a combination of the factors listed earlier in this section. In some cases, the maturing of media companies and their low profitability might be a reason. But that would not preclude an expansion into online media with a high growth potential. The most likely explanation is the absence of positive synergies, dilution of focus, cultural incompatibilities, and the specialized experience and talent that are required at the top

Conglomerates, however, have their place on the development ladder. For all of the positive reasons enumerated earlier, they are strong, and often getting stronger, in the emerging countries of India, Turkey, Mexico, Brazil, China, Egypt, Russia, and Indonesia. Other reasons are as follows:

- Governments have ambitious development goals but lack the bureaucratic infrastructure to implement them.
- Large industrial companies have special access to government and establish symbiotic relations with the political power structure.
- Large industrial companies have easier access to internal and external funding, in contrast to smaller firms.
- Conglomerates may provide managerial efficiency and scale in otherwise relatively inefficient economies.

Thus, it appears that the conglomerate stage of cross-ownership of media and non-media companies is an attribute of emerging economies, not of developed and competitive ones.

Could an inefficient conglomerate keep prospering, nevertheless, in a country that has moved into the stage of high development, because of the persistence of its market power? This is unlikely in the long run, although it might take a lengthy transition. In globally traded products, global competitiveness will reduce the ability to maintain domestic market power. Conglomerates then will have to focus on their core competencies in order to keep up and jettison secondary operations, including media operations. That, however, is more likely for technology and for distribution platforms than for content creation, which is often more domestic in nature. But even here, the globally oriented parts of a conglomerate will be burdened by a cross-subsidy to the media operations.

Stage 3: Seeking portfolio diversification

The decline of conglomerate and personal cross-ownerships does not mean that cross-ownerships are on their way out in rich countries. But they have changed their nature. What is emerging is a cross-ownership through investors rather than through empire-builders, moguls, and conglomerates. Investors seek a diversified portfolio for their assets, but they are not willing to let conglomerate managers do the diversification for them. Instead, they turn to professional money managers to create diversification through carefully structured portfolios whose performance could be monitored closely and which typically are more liquid (Berger and Ofek, 1995; Lang and Stulz, 1994). In that model, media properties are merely one category of assets among many others, with particular risk and return characteristics.

This ownership model has led to a huge industry of institutional investors. Institutional ownership is not a recent phenomenon, but it has increased with the growth of mutual funds and pension funds.[10] Mutual funds are companies that seek and manage the money of investors and invest it in a portfolio of stocks, bonds, and other assets. They attempt to optimize return for a given risk level or category of investment. In some countries, government rules aimed at protecting investors from imprudent risk-taking limit fund investment in any single company to no more than, for example, 5 percent of assets in any one company and to no more than 10 percent of any company's outstanding shares. This limits the capacity of any individual fund to exercise much control over a firm. But such limitations do not exist for hedge funds and private equity (PE) funds that serve larger investors such as pension and endowment funds.

Institutional owners control the shares they hold in two ways. First, they own shares outright in their own account, partly to earn a dividend return and often for the potential gain in value. In some cases, they might have been part of an investment bank consortium that created and marketed the public shares in an initial public offering (IPO) or secondary public offering (SPO), and they may have kept shares for gradual sale. Larger in volume is the second way in which institutional owners hold shares as asset managers. They manage other people's money through various forms of investment funds which they control, but which are indirectly benefiting their funds' investors. In practice, the two forms of holdings are intermingled.

The trend toward institutional ownership accelerated with the emergence of PE funds as acquirers of stock market traded 'public' media and communications firms. PE funds pool the financial resources of large investors, which are often financial institutions such as pension funds. They then buy up companies, withdraw their shares from public trading, reorganize them, and eventually may sell them back to the wider investor public.

After 2005, large US-based PE firms such as Bain, Blackstone, Carlyle, KKR, Providence, and Texas Pacific – and their equivalents elsewhere, especially in London – acquired major media and communications companies. These include, in the United States, Clear Channel, MGM, Univision, Primedia, and PanAmSat and, in The Netherlands, VNU (which owns Nielsen Media Research in the United States). Other PE-held firms include ProSiebenSat1 in Germany, TDC in Denmark, Eircom in Ireland (for two ill-fated rounds), SBS in Luxembourg, EMI in the United Kingdom, and PRISA in Spain. Goldman Sachs has major media holdings in Australia and Argentina, for example. The UK-based CVC Capital Partners control media companies in Australia and Switzerland. In Ireland, the US firm Providence; in Sweden, the UK fund BC; and in Brazil, Capital Group and Citigroup (US) control major media companies.

These institutional owners hold a great number of media stocks, with stakes valued at often many billions of dollars. An example is the Vanguard Group. Vanguard owns assets in 12 of the top 20 content companies. Vanguard, given its origin as an index fund, seems invested in almost every major media company – in the United States, the five major network and content providers, the three major traded cable TV companies, and two major search engines; in Europe, three major TV companies; in Canada, Singapore, France, and Germany, major telecoms.

Even more interesting than the components of Vanguard's portfolio is their magnitude. Hugely present is Google (US$20 billion), Comcast (US$11 billion), Disney (US$10 billion), and Time Warner and 21st Century Fox (US$5 billion each), not counting another US$3 billion for the TWC spin-off.

Vanguard's stake in Google is almost as high as those of the founders Brin and Page (though without the voting power). It holds more shares in Comcast than the Roberts family (again, without the votes). It is by far the largest shareholder in Time Warner, Liberty, and Disney (except for Steve Jobs' widow). Thus, on any objective measure, it is a huge media owner. And yet, hardly anybody has heard of its CEO, F. William McNabb III, or its headquarters location, Malvern, Pennsylvania. McNabb does not even have a Wikipedia entry. A hybrid arrangement is that of Warren Buffett–controlled Berkshire Hathaway (BH). It is technically a conglomerate, but due to its extreme decentralization and diversification it functions like an investment company. In the media field, BH owns a number of small newspapers, a Miami TV station, and parts of the major newspaper chain Gannet. It holds US$19.2 billion in Apple, US$13.8 billion in IBM, US$800 million in Verizon, US$1.1 trillion in Liberty Global and Liberty Media, and US$58 million in Graham Holdings.

Generally, the stake of institutional investors is much larger than those of individuals. In 2013, State Street had US$65 billion invested in major media companies. Rupert Murdoch, in comparison, had 'only' US$11.6 billion. Dodge & Cox, with US$20 billion, had more money tied up in media than Berlusconi, Malone, Redstone, and Lagardère combined.[11]

The total media assets of the top 10 institutional owners add up to US$332.5 billion; the top 20 have US$423.4 billion and the top 30 have US$449 billion. US institutional owners dominate. Of the headquarters of those top 30 asset management companies, 73 percent are based in the United States (22 companies). Overall, North American firms account for 50 percent of the asset management industry's funds under management. UK firms have about 10 percent and about 5 percent each for Switzerland, Japan, Germany, and France.

The old-age pension system in the United States is based on individual investment accounts (such as '401(k)' plans) rather than on a tax-based 'pay-as-you-go' governmental pension plan prevalent in Europe. In the United States, there are many huge endowments of private universities, museums, and so on that are run by asset management firms. There exists a greater willingness and ability to invest pension funds and other forms of savings in equities (stocks) rather than bonds, which are safer in producing income but do not provide ownership rights. Given the size and expertise of the asset management firms, they also attract money to manage from investors around the world, not just the United States.

What then is the impact of such ownership on media firms? Can it be described as capture? Institutional investors are usually viewed as primarily concerned with short- or medium-term gain, gauging corporate performance solely according to stock price and earnings. This would suggest that they exercise their preferences through ‘exit’ rather than through ‘voice’, that is, that they would not actively intervene (Hirschman, 1970). But that conclusion might be too facile. Institutional investors cannot easily liquidate large stakes and often are investors for the long haul, especially if they assume full control as PE and hedge funds often do. Even mutual funds with smaller percentage of shares have the capability to intervene and to potentially batter a stock, and top management knows that. In 1997, institutional investors became dissatisfied with the composition of Walt Disney’s board of directors, which Business Week had named the ‘worst board in America’. It included individuals with close ties to CEO Michael Eisner, such as his personal attorney and his second home’s architect. Eisner was forced to make changes in response to the institutional investor criticism, but his troubles with institutional and pension funds continued, and they led eventually to his ouster.

In 2003, US mutual fund Tweedy Browne, which held 18 percent of the newspaper holding firm Hollinger International shares, initiated an investigation that uncovered misspending at the newspaper chain (*Chicago Sun-Times, Daily Telegraph*, and several other papers). The discovery led to the resignation of Lord Conrad Black from his position as CEO, the sale of the company, and Black’s criminal conviction.

In 2006, several ‘activist’ institutional shareholders, led by Carl Icahn, challenged Time Warner’s conglomerate structure, advocating a breakup of the company. They argued that the sum of the parts was more valuable than the whole. Time Warner’s management opposed the shareholder resolution and prevailed in a formal sense. But within a few years it sold or spun off these parts of the company: Warner Music Group, Time Warner Cable, AOL, TW Telecom, Time Books, and Time Inc. magazines.

When it comes to direct intervention in content issues, in theory, institutional owners might be tempted to oppose content that would negatively affect other holdings of their portfolio. If Fidelity holds large ownership positions in tobacco companies and in Disney, it is possible that Disney’s ABC TV network management might pull its punches in producing programs about the addictiveness of nicotine. However, since direct intervention by institutional owners would often not remain confidential and backfire, either such instances are rare or they are implicit and require no direct communication. In contrast, for individual ownership there is ample evidence for direct intervention into content matters by the major individual owners, including on just that tobacco issue.[12]

Generally, institutional investors will prefer safe mainstream content rather than controversial one that may make some of their investors unhappy. Similar incentives for safe mainstream content exist in many cases also for profit-maximizing corporate media management (Demers and Merskin, 2000). Where a media corporation veers off the center, it may well be a branding differentiation rather than ideology. Institutional ownership might affect content quality through greater pressures for short-term profitability. Yet it may also shield managers from control by erratic principal owners.

Public attention has centered on highly visible moguls and multi-industry conglomerates. But the reality of media ownership is that of institutional investors that hold small- to medium-sized pieces of many media companies. There are several potential issues associated with such an ownership system: too much control, not enough control, and the absence of localism. The first issue is that an institutional owner or a small group of such owners would affect media behavior. They do not normally exercise a direct role in management in the way that personal owners do, but instead do so in an indirect way. Through their setting priorities on short-term stock performance and through their buy-and-sell decisions, they set behavioral parameters for the actual managers. The second potential problem is the opposite, giving managers too much of a free hand, without the alleged vision and civic responsibilities of proprietors or their heirs. And the third and most real type of problem is that of absentee ownership – a lack of sensitivity and concern by institutional owners for distant localities.

These are serious issues of concern, yet in comparison with the earlier two stages with their direct interventions by non-business owners as part of exercising economic or political power, the portfolio diversification ownership seems the lesser evil.

Conclusion

This article has analyzed the cross-ownership of media and non-media companies. It concluded that the ownership of media by industrial companies as a way to create direct personal and corporate political influence has been declining in rich countries. The second phase for such a non-media/media cross-ownership is based on more direct business factors of economic synergies. It, too, has been declining in many rich countries.

On the other hand, there has been a significant growth of cross-ownership of an indirect type, through financial intermediaries of PE finance and institutional investment funds.

In contrast, the media systems of emerging and developing countries are still operating in the first two phases of cross-ownership: the first centered on projection of influence and the second on seeking conglomerate business synergies.

Will these divergent trends in media control lead to fundamentally divergent media systems and consequently of journalism? It is quite likely that these dynamics will lead to a 'capture gap' between emerging and rich societies. Media in the former would be significantly more captured through the seekers of personal influence and conglomerate synergies, while media in the latter are subject to professional investor imperatives of profitability, growth, predictability, and fit in portfolio diversification. The same financial institutions from rich countries are also likely to seek acquisitions in the emerging markets by leapfrogging the two other stages. If this would play itself out freely, the emergence of a global media system whose ownership is not centered on individual moguls or conglomerates but on international financial institutions based in a few financial centers might be closer than we think.

However, the responses are predictable. Countries will impose restrictions on foreign ownership of media. And domestic conglomerates that step in and assume control will wrap themselves in the flag as protectors of national sovereignty. Media capture will become patriotic.

Thus, the emerging challenges to a diverse and pluralistic media control come less from inside the media and its large media companies and more from the outside, through an ownership by non-media organizations: financial institutions in rich countries, and a combination of domestic industrial and foreign financial firms in poor and emerging countries.

As we observed in the beginning, the nature of media systems in each of these stages is influenced by its drivers: they are politics-driven in the first stage, synergies-driven in the second stage, and investment model-driven in the third stage. Which should one prefer? None is a happy choice. For a vigorous democratic discourse, the first stage is strongest, as long as media concentration is kept modest, which is a strong condition that has to rely on the very same political process. For professionally run media operations, the third stage works best, though subject to severe penny-pinching. The worst stage seems to be the second one, in which industrial empire builders increasingly control media with the rationalization of pursuing business synergies, while in reality a major driver is an incestuous relation with the government in power.

The result of these trends – to fund managers in rich countries and to crony capitalists/conglomerateurs in developing ones – may well be control of a kind that may make us nostalgic for the good old days when media moguls roamed the earth.

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Notes

1. There are, of course, focused media firms. An example is the McClatchey Company, the second largest newspaper chain in the United States. But large media firms are usually diversified.
2. The analysis focuses on rich industrialized nations, as well as on the emerging countries (the 'BRICS' – Brazil, Russia, India, China, and South Africa).
3. Oligarchs with media properties are Mikhail Prokhorov, Boris Berezovsky (until his falling out with Putin), Vagit Alekperov, Vladimir Potanin, Gregory Berezkin, Yuri Kovalchuk, Alexei Mordashov, Alisher Usmanov, Andrei Kuzyaev, Vladimir Yevtushenkov, Mikhail Fridman, and Viktor Vekselberg.
4. Bezos suggested sardonically giving Trump a free ride on his company's space rocket.
5. During the Watergate investigations, Richard Nixon's Attorney General and campaign manager, John Mitchell, declared to journalist Carl Bernstein, 'Katie Graham's gonna get her tit caught in a big fat wringer if that's published'. At the time, the Washington Post Company owned several TV and radio stations requiring periodic re-licensing by the government. This example is one of the backlash perils of a horizontally integrated media company that include a regulated part.
6. The primary sources for Appendix 1 are the country and industry chapters in (Noam, 2016)
7. An ITT offer to host the Republican National convention in its hotels during a major merger antitrust review blew up and greatly embarrassed the Nixon White House.
8. Earlier, there were participations by railroads in telecom (CNCP). The Eaton and Basset retail chains and the Molson brewery part-owned TV or cable channels.
9. Other industry groupings are those of FujiSankei, the Yomiuri Shimbun Group, the Mainichi Group, Sega Sammy, and Softbank. These are mostly media or communications focused.
10. Such funds go back to 19th century England and the Netherlands. They picked up steam in the United States in the 1960s and in the subsequent stock bull market period and accelerated with the growth in the retirement funds of the baby boom generation and in the endowment funds of nonprofit institutions. In 2014, the worldwide total of assets under fund management totaled US$74 trillion, according to a Boston Consulting Group report (https://www.bcgperspectives.com/content/articles/

financial-institutions-global-asset-management-2015-sparking-growth-through-go-to-market-strategy/). The average annual growth rate over 10 years was 10.7 percent.

11. Traditional media owners have often tried to stem this tidal wave of investor money by instituting different classes of stocks that protect their control. Since this reduces the attractiveness of common stock, this can be a costly proposition. In time, heirs will be less inclined to pay the price.
12. When the conglomerate Loews owned in the 1980s both CBS and the cigarette maker Lorillard, its principal owner Laurence Tisch put pressure on the reporting by the TV network about the dangers of smoking.
13. For details on these companies and their markets, see (Noam, 2016) and its 30 country chapters.
14. 'Media' = content providers, distribution platforms, and media devices.

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Appendix 1[13]

Media assets[14] of non-media companies

Developed countries

Australia

CK Hutchison Holdings (former Hutchison Whampoa) – Hong Kong–based diversified investment holding company (see discussion of China):

- JV with Vodafone (UK) in mobile telecommunications sector in Australia, 15 percent market share (MS) in 2012.

CVC Capital Partners – Industrial holdings in several countries:

- Nine Network (21% MS in broadcast TV): ACP Magazines, leading magazine publisher, 44 percent MS; 25 percent ownership of Foxtel (Pay TV provider, 63% MS); 50 percent of ninemsn search engine, 3.4 percent MS.

Rupert Murdoch – By far, the major media owner in country of his family's origin in media. No non-media interests after 2000, when he sold Ansett Airline.

Packer Family – Second largest media mogul family, used to own Channel Nine network but left media for Crown Resorts, a worldwide gambling empire.

Kerry Stokes – Active in real estate, mining, oil and gas, and construction equipment:

- 20 percent of Seven Network (26.4% MS in 2014). Pacific Magazines (second largest magazine publisher, 27% MS in 2014), Yahoo!7 (a joint venture of Yahoo search and Seven Network's content), and interests in wireless broadband and voice-over Internet telephony.

Belgium

Albert Frère – Controls Groupe Bruxelles Lambert (GBL), Europe's second largest holding company. Stakes in many companies, including bank, electric utilities, mining, building materials, oil, beverages, and parts of Adidas:

- Compagnie Luxembourgeoise de Télévision (since 1982), which controlled the large RTL Group (Radio Television Luxembourg). RTL sold to German media giant Bertelsmann in 1996. GBL then owned 25.1 percent of Bertelsmann and wanted to take that company public. In order to prevent this, the Bertelsmann (Mohn) family repurchased the shares in 2006.
- 7.1 percent of M6 Metropole Television (controlled by RTL/Bertelsmann), 10.8 percent market share in French TV broadcasting market.

Canada

Goldman Sachs – US investment bank:

- Owned two-thirds of Alliance Atlantis from 2007 to 2013 (broadcaster, film, and TV production company, 11.7% MS in PayTV in 2004).

Power Corporation of Canada – Diversified holding company, interests in financial services, insurance (Great-West, among others), energy, cement, oil, mineral, and power generation:

- Gesca: 11.7 percent MS in newspaper market in 2011.

Finland

Nokia – Company founded as a pulp mill, manufacturing paper goods, expanded into other industries, including rubber manufacturing, electric cables, and electronics:

- For a time, the world's largest mobile handset maker. Sold to Microsoft in 2014 and re-sold to Taiwanese firm Foxconn.
- The world's largest telecom infrastructure equipment maker, after acquisitions of Siemens divisions (2013) and Alcatel-Lucent (2016).

France

Bolloré – Conglomerate in logistics, shipping, cargo, paper, energy, real estate, and banking:

- Launched digital TV station Direct 8 in 2005 (sold to Vivendi in 2010), 2.3 percent market share in 2011.
- Owns 20 percent of Vivendi and 30 percent voting power, controlling interest.
- Owns Havas, a major French advertising group, and Bolloré Telecom, a WiMAX wireless operator.

Vivendi – Originated from a water company Compagnie Générale des Eaux (CGE), which also owned other public utilities:

- Canal+, pay TV group; StudioCanal, film and TV product; Universal Music Group; Activision Blizzard, videogames; Dailymotion, webhosting of video; telecommunications: mobile operator SFR; wireline operations in Morocco and Brazil (sold) as well as in France and Italy (Telecom Italia).

Bouygues – French conglomerate active in construction, real estate, public works, energy, hotels, real estate, and locomotives:

- TF1 group (43% stake): MS 23.7 percent of TV broadcasting and 5 percent of digital video market (TMC, NT1).
- Bouygues Telecom: MS 8 percent of wireline, 16 percent of wireless, and 8 percent of ISP.

Lagardère – Controlled airplane maker and defense contractor Matra and parts of carmaker Renault and duty-free shops:

- Book publishing (Hachette), magazines, radio, TV channels, audiovisual production, and digital activities.
- Talent representation (agency), venue management, and sporting events.

Orbus – Holding company owned by Credit Agricole (French bank, 19%), Axa Private Equity (PE arm of AXA insurance, 20%), and Skyrock-founder Pierre Bellanger (21%):

- Skyrock: national radio station, 4.3 percent MS.
- Chante France radio station.

Germany

Mannesmann – Major steel maker:

- Established Arcor with Deutsche Bank in 1996 as the second German wireline and wireless (D2) operator. Sold out to Vodafone.

Municipal/regional electricity providers:

- Regionally offer telecommunication and cable TV services in Munich, Cologne, Bremen, and Brandenburg.

Ireland

Denis O'Brien – Owns Actavo, a utilities support company, Topaz Energy (20% MS in Irish gasoline retailing and Aergo Aviation until 2016):

- Digicel, the largest mobile operator in the Caribbean (33 countries) and also radio stations.
- 22.5 percent of Independent News & Media Group.

Tony O'Reilly – Ireland's first billionaire; Waterford Wedgwood:

- Independent News & Media Group (MS 28.2%) (*Evening Herald, Irish Independent, Sunday Independent, The Independent* (UK, until 2010)).
- UK radio channels Newstalk and Today FM, plus 40 other stations in the European Union (EU).
- Belfast Telegraph Group.
- Partner in the second largest cable TV operator in Ireland until 2004.
- From 2000 to 2004, chairman of Valentia consortium, owner of the telecom incumbent company Eircom.

Israel

IDB Holdings – Israel's biggest holding group including Clal Insurance and Super-Sol supermarket chain, Given Imaging medical devices, Elron Electronic Industries, agrochemical products, and Hadera Paper:

- Cellcom wireless (MS 31.5%) and 013 Netvision ISP (MS 27%).
- 57 percent of Globes Group, which controls the financial daily Globes and has interests in the cable TV market and the Yediot Aharonot Newspaper Group, Israel's largest newspaper.

Eli Azur, Hachsharat Hayishuv – Hotels owned:

- Mirkaei Tikshoret, newspaper publisher
    - *Jerusalem Post, Jerusalem Report*;
    - Ma'ariv group: major newspapers owned (9% MS in 2012).
- Charlton, broadcasting company, broadcasting soccer matches from around the world and Israel.

- Cellcom: mobile provider acquired by IDB Holdings in 2006. Cellcom MS 31.5 percent in 2013.

Ronald Lauder – Estée Lauder family (US), cosmetics:

- Partner in Channel 10 TV (MS 27%) (2004–2015).

Italy

Carlo de Benedetti – Sogefi which makes automotive parts (family business); KOS health care in Italy, United Kingdom, and India:

- Gruppo Editoriale L'Espresso. Merger announced in 2016 with Agnelli controlled newspaper group. Second largest publisher of daily newspapers in Italy with MS 21.9 percent.
- Radio (MS 13.1%, second highest behind RAI). Online newspapers dominate the Italian online news media, with MS 40.8 percent.

Silvio Berlusconi – Business empire began with the company Milano Due and Edilnord, major construction companies. Active in politics, becoming one of the longest serving prime ministers in Italy. 30 percent of Banca Mediolanum, sixth largest financial service company in Italy:

- Mondadori (book publisher MS 28.4%).
- AC Milan soccer team.
- RTI, largest private TV broadcaster in Italy, with MS 38.9 percent.
- Medusa Film, film production company, with MS 16.6 percent of the Italian box office.
- Il Giornale online news service, MS 3.3 percent of the online news.

Agnelli Family – Controls Fiat automaker:

- 77 percent of the newspaper group Ideti until 2016. Ideti was merged with publishing group L'Espresso, forming the leading Italian newspaper firm (MS20%).

Japan. Japan's cross-ownerships go back to the pre–World War II (WWII) 'zaibatsu' conglomerates Sumitomo, Mitsui, Mitsubishi, and Yasuda. These and smaller conglomerates were partly broken up by the American occupation, but partly reconstituted themselves as 'keiretsus'.

Mitsui – Ownership in the electronics companies Fujifilm, Sony Corporation, Yaussa Corporation, Ibiden Company, Toshiba, and Tokyo Broadcasting System.

Sumitomo – Investments in the electronics company, NEC.

Dai-Ichi Kangyo – Holdings in the electronics companies Fujitsu and Hitachi.

Sanwa – Investments in the electronics companies Hitachi, Kyocera, and Sharp Corporation along with the film company Toho.

FujiSankei – Real estate developer and operator, hotels, and other properties:

- Fuji TV Group (MS 17.1% of the TV broadcasting).
- Pony Canyon Group, a music distributor which held 10.2 percent of music distribution.
- Nippon Hoso Group, Nippon Broadcasting System.
- Nippon Broadcasting System, MS 10.7 percent of radio broadcasting.
- Bunka Hoso Group – Nippon Cultural Broadcasting, MS 4.3 percent of the radio market.
- Sankei Shimbun Group, group holding newspapers, advertising, and broadcasting.

Mainichi Group – Real estate management and rental properties as well as insurance businesses:

- Mainichi Shimbun with MS of 6.6 percent.
- Also active in magazines, television, and Book printing and sales.

Rakuten/Hiroshi Mikitani – Major online site. Internet shopping mall, e-commerce, travel reservation, banking, securities, credit cards related services, life insurance and electronic money, and sports team:

- Rakuten Mobile – An MVNO.
- Rakuten Communications – Telecommunications provider.
- Viber – Global mobile messaging and VoIP services.

Sega Sammy Holdings – Toys, world resorts, golf courses, real estate, hotels, entertainment facilities, commercial buildings, call centers, staffing services, cleaning management, restaurants, gaming parlors, and arcade machines:

- Sega Holdings – Home video game designer and producer.
- F4Samurai – Mobile games.
- TMS Entertainment Company – Animation studio.
- Marza Animation Planet – CGI animation studio.

Sony – Consumer electronics, financial services, advertising, semiconductors, batteries, and medical equipment:

- Film and TV: Sony has MS 16.6 percent of the world film market (3.5% in Japan).
- Video games: Largest video game console manufacturer with 22 percent of the global market.
- Sony Music is the second largest in the world. Worldwide MS 22.9 percent (Japan 21.3%).
- Photographic equipment.
- Phones: In Japan, smartphone market share is 17.5 percent, worldwide under 1 percent.

Yomiuri Shimbun Group – Printemps Ginza, department store, amusement park, golf course, and vocational schools:

- *Yomiuri Shimbun* newspaper, MS 19.7 percent; Chuokoron-Shinsha, publishing of books and magazines; Nippon Television Network, MS 19.1 percent; Yomiuri Giants, baseball team, as well as the Yomiuri Nippon Symphony.

South Korea. A Chaebol is a South Korean form of business conglomerate. The chaebol model is heavily reliant on a complex system of interlocking ownership.

CJ Group – Conglomerate active in food and food services, pharmaceuticals, biotechnology, home shopping, and logistics. Was originally part of Samsung until it separated in the 1990s and controlled by brother (Lee Maeng-Hee) of Samsung's President Lee Kun-Hee:

- CJ Hellovision, 25.6 percent MS of cable MSO market, also active in ISP business.
- CJ Entertainment & Media:
    - 35.5 percent of film production/distribution market; owns the country's largest multiplex chain (CJ CGV);
    - Also On-Media, CJ Games, CJ Internet, Mnet Media, and music publishing arm.

LG – Conglomerate based on electronics, insurance, chemicals, appliances, and telecommunications:

- LG U+, telecom provider with MS 11 percent of wireline, 18 percent of wireless, and 16 percent of ISP.
- IPTV-channel MyLG.

Lotte – Conglomerate based on construction, food, energy, hospitality, and shopping:

- Lotte Entertainment (theaters, theme parks, sports teams).

Samsung – Apparel, chemicals, heavy industries, ship building, construction, medical devices, health care services, financial services, resorts, and amusements:

- After the 1997 Asian financial crisis, the media division was spun off by Samsung controlling President Lee Kun-Hee to his brother Lee Maeng-Hee and organized as CJ company.
- Huge presence in mobile handsets and consumer electronics.
- JMnet-Samsung Group: owns *JoongAng Ilbo* daily newspaper with 22 percent MS.

SK Group – 95 subsidiary and affiliate companies. Chemicals, petroleum, energy, construction, shipping, marketing, and semiconductors:

- SK Telecom, 50 percent MS wireless telecom (through purchase of state-owned Korea Mobile Telecom in 1990s):

- SK Broadband, operating IPTV-service BTV; 8.5 percent of wireline telecom market and 23 percent of ISP market;
- SK Communications, operates popular web portal Nate.

Sweden

BC Partners – London PE firm. Investments include Migros (Swiss food retailer), Cigierre (Italian casual dining restaurants), and Pharmathen (generic drug licensing):

- Com Hem (acquired in 2011): dominant cable TV operator (MS 91%), 38 percent of multichannel video.

Kinnevik – Investment company controlled by the Stenbeck family:

- Metro International, online e-tailer Zalando (largest revenue generator in 2015), free newspaper in 19 countries, 19 percent MS.
- Millicom mobile network provider with 63 million customers in 14 markets, mostly in Africa and Latin America.
- MTG (Modern Times Group), Radio 12 percent MS, film production and distribution 3.2 percent MS.
- MTG/Viasat, 22 percent MS in TV broadcasting and satellite channels.
- Tele2, 6.6 percent MS in multichannel video, 12 percent MS in wireline telecom, 32 percent MS in wireless telecom, and 14 percent MS in ISP.

Wallenberg Family – Sweden's foremost industrialist family, through holding company Investor AB. Heavy construction machinery, power generation, financial services, pharmaceuticals, electric appliances, automobiles (Saab), health care, ball bearings, and power tools:

- Ericsson, one of the world's largest telecom infrastructure companies.

Switzerland

CVC Capital Partners – British PE firm

- Sunrise, country's second largest telecom company, 13.6 percent MS in wireline telecom, 20.8 percent MS in wireless. Taken public in 2015.

United Kingdom

Barclay –Barclay brothers with investments in real property (Ritz Hotel), retail (Littlewoods and other chains):

- Newspapers: *The European, The Scotsman, Sunday Business*; Telegraph Media Group, acquired in 2004 for £665 million (*The Daily Telegraph, The Sunday Telegraph, The Spectator, Edinburgh Evening News*).

Lord Beaverbrook (Max Aitken) – 1900s–1940s. Canadian industrialist and media owner, moved to Britain and became major political and media figure (cabinet minister in both World Wars). Ownership included financial brokerage firm, energy and electricity companies, and infrastructure projects (at one point controlled four-fifths of all cement production in Canada):

- Newspapers: *Montreal Herald, The Globe, Daily Express, Glasgow Evening Citizen*, S*cottish Daily Express, London Evening Standard*, and *Canadian Century* magazine.

CK Hutchison (discussed in section on China):

- Owns 3UK, mobile telecom operator with 9 percent MS.

Alexander Lebedev – Russian banker owns airlines, aircraft manufacturing, potato farming, construction, textiles, electrical power, chemical, and hotels worldwide. In the United Kingdom, he controls the following:

- *London Evening Standard;*
- The Independent and The Independent on Sunday.

Pearson PLC – One of the world's largest construction companies in the 19th century, also active in Oil (Mexico) and amusements. Entered the newspaper market in 1921 to form Westminster Press group:

- Pearson Education, 2.4 percent MS of book publishing.
- Penguin Group (acquired in1970, now 47% stake in Penguin Random House publishing conglomerate): Penguin and Random house together had a market share of 24.9 percent in book publishing.
- Financial Times Group, 3.3 percent MS of daily newspapers, most influential business paper in Europe and possibly the world. Sold to Nikkei (Japan) in 2015.
- The Economist Group (50% stake).

Virgin Group (Richard Branson) – Multinational branded venture capital conglomerate. Active in travel, entertainment, lifestyle, financial services, transport, health care, food and drink:

- Virgin Media, fixed and mobile telephone, television, cable TV operators, and broadband Internet: established through a licensing agreement with the Virgin Group in 2006 for 30 years. Bought out by Liberty Global in 2013 for US$23.3 billion. At the time, Multichannel TV: 12 percent MS; Wireline: 14.6 percent MS; ISP: 20.8 percent MS.

United States

Alphabet (Sergey Brin and Larry Page) – Alphabet is the parent company to X, Calico biotech company, a home automation, and sensors, and Sidewalk Labs urban systems. GV (Google Ventures), venture capital arm of Alphabet. They own investments like Uber. X is Alphabet's R&D arm, with projects like life science research:

- Google Search Engine, which has MS of 64.8 percent worldwide (68.4% in the United States).
- YouTube has over a billion users, by far the largest video site worldwide, including film production.
- Google Fiber, investments in local infrastructure in eight US cities.

Amazon (Jeff Bezos) – Online retailer, consumer electronics manufacturer, and major cloud infrastructure provider:

- Amazon Studios, film, television, and comics.
- Audible, world's largest producer of audio books.
- Bezos acquired Washington Post Co. in 2013.

Cox Family – Auto auctions, financial, and wholesale services for automobile business (2015, US$4 billion for auto dealer software firm Dealertrack Technologies Inc.); financial services for automobiles and auto trading, media, and software:

- Investments in tele-healthcare, with the Cleveland Clinic (Vivre Health broadband for hospitals, in-home and walk-in).
- Cox Communications, third-largest cable television provider in the United States.
- 15 broadcast television and 86 radio stations.
- Four metro newspapers and more than a dozen non-daily publications and more than 100 digital services.

Barry Diller IAC –Expedia, a travel company; fashion:

- IAC, media and Internet company with dating apps, video games, publishing, applications, and so on.

Bill Gates – Co-founder of Microsoft (after divesting, owns 4% of Microsoft). More than half of Gates' fortune is held in assets outside of Microsoft, such as Cascade Investments (railroad, waste removal, disinfectant maker, soft drinks, agricultural machinery, hotels, distribution and outsourcing). Also bgC3, a think-tank company, Corbis, a digital image licensing and rights services company, and TerraPower, a nuclear fast reactors.

GE – Conglomerate in mining, aeronautics, appliances, energy generation and distribution, finance, health care, locomotives, and weapons industries:

- Until 2008 GE owned the major media company (NBCUniversal (NBC TV networks)), cable channels including USA, SYFY, Bravo, and MSNBC, Universal Studios film company, and Universal theme parks.
- GE sold its media holdings to Comcast 2011/2013.

Carlos Slim – Mexican billionaire active in many industries (see Mexico):

- Acquired 16.8 percent of the New York Times Co., making him the largest individual owner Sulzberger family, however, retains control.

Warren Buffett – Buffett-controlled conglomerate Berkshire Hathaway owns a number of small newspapers, a Miami TV station, and parts of the major newspaper chain Gannet. It holds US$19.2 billion in Apple, US$13.8 billion in IBM, $800 million in Verizon, US$1.1 trillion in Liberty Global and Liberty Media, and US$58 million in Graham Holdings.

Emerging countries

Argentina

Fintech Advisory – US hedge fund, run by David Martinez (Mexico):

- Held 40 percent of Cablevision and Multicanal (together 55.1% MS of multichannel TV) from 2007 until 2014.
- Acquired 50 percent in JV Telecom Argentina from Telecom Italia in 2013: 47.1 percent of wireline telco market in 2010, 31.1 percent in wireless telco in 2010, and 29.9 percent of ISP in 2010.

Goldman Sachs – US investment bank:

- Owned 18 percent of Grupo Clarín, Argentina's largest media group, 1999–2008, reduced to zero after 2012.

Brazil

Andrade Gutierrez Group – second largest construction company in Brazil, energy, concession sales, airports, roads, and sanitation:

- AG Telecom: 21.2 percent ownership of Telemar (later Oi) from 1998 (breakup of state-owned Telebras) until 2010; 42 percent MS in wireline, 18.6 percent MS in wireless, 30.3 percent MS in ISP, and 12.1 percent in online news media.

Capital Group – Large US private equity fund with a focus on emerging markets – fast food and farmland:

- Abril (bought 13.8% stake in 2004, now sold again): Editora Abril was Brazil's magazine industry's market leader, with over 200 publications and 26 million readers nationwide. Also owned TVA, the first pay TV service launched in Brazil, and 70 percent of MTV Brasil.

Grupo Globo/Marinho Family – Companies in the food business, real estate, and financial markets:

- Dominant in TV broadcasting (Globo TV Network, 52.4% of the broadcasting market), radio stations (Globopar, 9.8% MS), Internet service provider (Globopar, MS 25.9%), satellite television (MS 52.3%), newspapers (Infopar, MS 28.4%), magazines (Editora Globo, MS 15.1%), and music.

Inepar – Electronics manufacturer, hydromechanical equipment, heavy equipment, and oil refineries:

- 20 percent ownership of Telemar (later Oi) until 2010 (purchase by Portugal Telecom); 42 percent MS in wireline, 18.6 percent MS in wireless, 30.3 percent MS in ISP, and 12.1 percent in online news media.

*La Font*e – Tetile and metallurgy manufacturer.

- La Fonte Telecom S.A.: stake in Telemar since 1998.

Silvio Santos (Abravanel) – Hotels, shopping malls, and real estate:

- SBT, a television broadcasting network in Brazil; MS 4.2 percent.

Chile

COPESA – Highly-diversified conglomerate. Control by Álvaro Saieh Bendeck also chairman of large bank (Corpbanca), hotels, and Unimarc, large retail chain:

- Newspapers: 44 percent MS by readership and 25.5 percent by revenue.
- Magazines: 24 percent MS.
- Radio: 7.2 percent MS.
- Online news: 29.6 percent share of visitors.
- VTR (MS 20%): cable operator: 45 percent subscriber share in pay TV, 18 percent line share in wireline, and 1 percent share in fixed-line Internet.

Bethia Group – Horse breeding and racing, dairy and food, real estate, agriculture, vineyards, transportation, health. Moved into the media industry in 2012:

- Radio Candela;
- TV networks MEGA and ETC TV. MEGA: 17 percent of TV broadcasting by revenue and 17.6 percent by audience share.

Almendral – Real property, sanitation, and healthcare sectors.

- Entel (54.8% stake): 5 percent wireline share, 36 percent wireless share, 1 percent fixed-line Internet share, and 30.4 percent mobile line Internet.

China. Most media and industrial enterprises are owned by the State, including its provincial sub-units and various ministries, or by the ruling Communist Party. Thus, the cross-control of non-media and media organizations is high, even if the various enterprises are nominally independent of each other. Major *privately* owned companies with media/non-media cross ownerships are as follows:

Jack Ma/Alibaba – Largest e-commerce marketplace:

- 10 percent of Huayi Brothers: China's largest private sector film company, with a 10.2 percent MS.

Poly Group – Real property developer and manager, defense products (missiles, etc.), largest auction house.

- Poly Theatre, a major venue in China for events, especially international artistic events.
- Poly Culture – arts and cultural company with performances and theater management.

Tencent Holdings – Major e-commerce company:

- Instant messaging services (WeChat), mass media, web portals (7.8% MS), e-commerce, web browsing, and wireless.
- 5 percent of the film company Huayi Brothers.
- Search engine Soso (1.4% MS).

Wanda Group – Property development and ownership:

- Wanda Cinemas and AMC Theaters, one of the largest cinema holders in the world.
- Dick Clark Productions, a TV production studio.
- In 2016, purchased the film producer Legendary Entertainment.

CK Hutchison (Hong Kong) – Investment holding company controlled by Li Ka-shing. Largest port operator in the world, retail (Watsons retail group), infrastructure (rail, gas and power networks), and energy (Husky, Canadian energy company).

- Mobile telecommunications (Austria, Denmark, Italy, Ireland, Sweden, United Kingdom, Indonesia, Sri Lanka, Vietnam, Hong Kong, Australia). About 100 million subscribers worldwide (see Taiwan).

Egypt

Al-Sayed Al Badawi – President of the Al-Wafd Party. Founded Sigma Pharmaceutical Industries:

- Owns Al-Hayat satellite TV channel; monthly viewing audience is estimated in the tens of millions.
- Bought 2010 opposition daily newspaper *al-Dostour*, sold his shares later to Reda Edward.

Dallah Al-Baraka (Saleh Abdullah Kamel) – One of Middle East's largest conglomerates, based in Jeddah, Saudi Arabia. It is active in real estate and tourism, transportation, food industry, health care, and other investments:

- Dallah Telecom Company.
- Arab Reach Media Services (ARM), Dallah Media Production Company, Iqraa Satellite Channel.
- ART TV network, a sports channel, until it was bought by Al Jazeera.

Salah Diab – Food, textiles, energy, real estate, distribution, and finance:

- Al Masry Al Youm, first privately owned daily newspaper, reformist/liberal leaning, circulation of 250,000 in 2012.

Bahgat Group (Ahmed Baghat) – Large conglomerate with four main business units:

- Real estate, Health Care, Retailing, NanoTech, Contract Manufacturing, Entertainment (satellite channel Dream TV)

KIPCO – Investment holding company in the middle east region, with consolidated assets of US$33.2 billion in 2016. Main business sectors: financial services, real estate, manufacturing, also interest in education and medical sectors:

- Media and Technology: United Networks (ISP and media distributor) and OSN (DBS TV provider).

Mawarid Group – Operates in real estate, financial services, manufacturing, health care, trading, insurance, and hospitality sectors:

- Integrated Telecom (ISP, DSP, and cloud products).
- OSN (DBS TV provider).

Orascom Group/Sawiris Family – Construction and development, hotels, and infrastructure:

- Until 2014, Orascom was also active in media, with holdings in Djezzy GSM (a major mobile network operator in Algeria) and Orascom Telecom Holding (Egyptian mobile telecom operator), but both holdings were sold.

India

Reliance Industries – Textiles, petroleum, natural gas, petrochemicals, retailing, biotechnology, pharmaceuticals, logistics, and energy. Reliance has over 130 subsidiary companies:

- Broadcast TV, film production, publishing, and web portals. Network 18 acquired in 2014.
- Reliance Communications: fourth largest telco provider in India. MS 3.9 percent of wireline and 7.6 percent of wireless market.
- Relience Jio Infocomm, a wireless broadband Internet service provider.

Rajan Raheja Group – Construction and realty business:

- Hathway cable: cable TV provider.
- Outlook publications: leading left-wing weekly political news magazine.
- Asianet Cable Vision: Cable TV provider.

Tata Group – Steel, automotive, consultancy, power, chemicals (over US$103 billion in revenue in 2016). Includes steel, consultancy services, electric power, chemicals, beverages, hotels, and so on:

- Tata Sky: JV between Tata Group and 21st Century Fox, MS 19.1 percent in India's satellite TV market.
- Tata Communications: Tata acquired in 2002 the state-owned Videsh Sanchar Nigam Limited (VSNL) company that had a state monopoly on overseas communication. It was India's first Internet service provider in 1986.
- Tata Teleservices: broadband and telecommunications service provider.

Bharti Enterprises – Mittal family. Agricultural, financial, and manufacturing:

- Mobile operator Airtel present in 19 countries, mostly in southeast Asia and Africa. Third largest mobile operator in the world by subscribers (325 million in 2015).

Aditya Birla Group – Third largest conglomerate, behind Tata and Reliance. Aluminum, textiles, and petrochemicals:

- Idea Cellular started as a JV between Tata, AT&T and ABG, third largest mobile operator in India by subscriber base.
- 27.5 percent stake in Living Media India, a subsidiary of the India Today Group.

Sahara India Pariwar – Construction and real estate, hotels (including Plaza Hotel in New York and Grosvenor House in London). Life insurance, banking, retail stores:

- News channel Samay and other regional news channels, newspapers, and magazines.
- Entertainment channels, including Sahara One and Filmy, a movie channel.

Indonesia

Hary Tanoesboijo/MNC – Hary was a candidate for Vice President in the country's 2014 election. Financial services, energy, natural resources, and resorts:

- MNC Sky Vision – satellite-based pay TV.
- MNC Play – fiber to the home provider offering Internet, cable TV, and VoIP.
- Media Nusantara Citra – four national broadcast TV stations and MNC channels.
- MNC Shop – Online and interactive TV-based shopping; Okezone.com web portal; mobile games.

Mahaka Group – Property holdings, electronics retailing, marketing, and advertising:

- Radio, TV, magazines, and film production.

Kompas Gramedia Group (Ojong and Oetam) – Hotels, real estate development, paper products, and travel:

- Magazines (43 magazines), books and educational materials, and newspapers.
- Radio and television (owned TV7 but sold to Trans Corporation; started new network, Kompas TV, in 2011).

Mexico

Carlos Slim/Grupo Carso – Mexican multi-billionaire with holdings in education, health care, industrial manufacturing, transportation, real estate, energy, hospitality, high-technology, retail, sports, and financial services. Slim's companies, at one point, accounted for about 40 percent of the value of the Mexican stock exchange. Until 2010, Slim also owned 50 percent of the number 2 airline Volaris:

- Telmex: acquired in the 1990s after privatization of the state-owned telecom company, now a quasi-monopoly in many areas; 85 percent MS in wireline and 77 percent in ISP service through Prodigy.
- Telcel/América Móvil: Slim entered mobile market in the early 1990s, focusing on low- and medium-income customers, now 70 percent MS (2012) of Mexico. A major player in several countries (US (TracFone), Mexico, Central America, Caribbean, South America, Austria, several Balkan countries). Globally, 289 million wireless customers in 2014.
- Cablecom: 8 percent of multichannel video market in 2010. Ora TV:
  - New York Times Co. Carlos Slim is the largest individual shareholder

Grupo Salinas – Retail stores, financial services:

- TV Azteca: acquired 1993, 28.2 percent MS by viewership and 30 percent by revenue.
- Iusacell: mobile telephone operator, JV with Grupo Televisa (major TV broadcaster); 23 percent MS in 1997, but only 5.7 percent in 2012. Sold to AT&T in 2014.

Russia. In early 1990s, influential conglomerates such as Onexim, LogoVAZ, Lukoi, and Gazprom established a 'media-industrial complex'. Between 1996 and 2000, the process of media conglomeration was particularly active. Twenty media companies and terrestrial TV broadcasters were created or benefited by 'oligarchs'.

Onexim (Mikhail Prokhorov) – Precious metal sector:

- TV network RBK-TV (51% stake since 2010): 8.7 percent MS of combined video networks.

LUKoil/Vagit Alekperov – One of Russia's largest oil companies. Controls IFD Kapital, one of Russia's largest financial holdings.

- Russia Media Group (RMG): 12.3 percent MS in radio.

Gazprom/Viktor Chernomyrdin – Russia's largest natural gas company; also finance and aviation:

- Gazprom Media: Russia's largest media group. Five TV channels, radio stations, and a publishing company.
- ProfMedia: 18.2 percent in radio, 27.4 percent of film production/distribution, 4 percent of search engine market, film exhibition (Cinema Park), and Book publishing (Afisha, B2B-Media).
- NTV: 33.5 percent of TV broadcasting and 23.1 percent of multichannel TV.

Interros – Vladimir Potanin, mining, metals, energy, finance, retail, real estate and other sectors:

- ProfMedia (1997–2013 co-ownership with Gazprom Media): 18.2 percent in Radio 2010, 27.4 percent of film production/distribution in 2010, 4 percent of search engine market in 2010, film exhibition (Cinema Park), and Book publishing (Afisha, B2B-Media).

Gregory Berezkin (ESN Group) – TGK-14, an energy facility in Russia:

- *Komsomolskaya Pravda* (controls 60%+1 since 2007): 39.6 percent MS in daily newspaper market.

Yury Valentinovich Kovalchuk – Vladimir Putin's personal banker:

- Controls the 'National Media Group', one of the largest private media holdings in Russia, 4.5 percent of newspaper market, 0.6 percent of broadcast TV, 26.5 percent of multichannel TV, 31.9 percent of ISP, 25 percent ownership of Channel One, which has 20.5 percent of broadcast TV market (all 2010), and a 'large indirect' holding in Gazprom Media.

Alexei Mordashov – Severstal, steel and mining company:

- Had media holdings which were incorporated into the National Media Group. Controls NMG, 4.5 percent MS.

Alisher Usmanov – Russia's richest man (Forbes 2015), metal and mining operations:

- Business newspaper *Kommersant*, 17.8 percent of daily newspaper market.
- MegaFon: 30.7 percent of wireless telco, 3.6 percent of wireline telco, and 4.5 percent of ISP.
- Mail.ru (17.9% stake): 34.8 percent of search engine market.
- 7TV (50% stake since 2006): sports TV channel.
- UTH (co-owner): media company holding 51 percent of Disney Russia and 100 percent of Muz TV (music TV channel) and U television channels.

Andrei Kuzyaev/Perm Financial and Industrial Group – Fuel and energy, real estate, insurance and banking:

- ER Telekom: 19 percent of multichannel TV and 20.1 percent of ISP.

Sistema/Vladimir Yevtushenkov – Banking, real estate, retail, media, tourism, space technology, medical services, and biotechnology:

- Early shareholder in VimpelCom (first Russian mobile telco). Controls 50.44 percent of MTS, Russia's largest mobile telco: 35 percent MS of mobile telco market and 1.1 percent of multichannel video.

Mikhail Fridman/LetterOne – Co-founded Alfa-Bank, the largest private bank in Russia:

- VimpelCom mobile phone company: 47.9 percent ownership: 30.7 percent MS in mobile telco. Mobile operations also in two dozen countries, including Canada and Italy.

Renova Group/Viktor Vekselberg – Aluminum, oil, energy, and so on:

- In telecom, Akado (67% ownership) provides TV, Internet, and telephony services – 31.2 percent of ISP market.

Taiwan

Want Want Holdings (Tsai Eng-Meng) – Largest rice cake manufacturer and flavored drink maker in Taiwan:

- In 2008, acquired China Times Group which owns free-to-air China television (CTV) channel and satellite channel provider Chung T'ien Television (CTi TV). CTi's MS was 17 percent. CTi's market share of Satellite TV Channels was 7.1 percent.

CK Hutchison Holdings – A Hong Kong–based investment holding company (details in China chapter). Hutchison has retail, finance, and energy businesses in Taiwan:

- TOM Group is media conglomerate in Greater China, with diverse business interest in e-commerce, mobile Internet, publishing, outdoor media, and TV. Owns Cité, a publisher of 40 magazines in Taiwan.

Turkey

Calik/Ralyon Group – Textiles, mining, and real estate, acquired the Sabah newspaper group and nationwide a TV television channel from a state-owned enterprise in 2008, after the paper had been seized by the government the year before. The transaction was highly criticized due to the strong personal ties between Calik and Prime Minister Erdogan. Calik sold the holdings to the Kalyon group (construction conglomerate, also strong ties to the Turkish government) in 2013:

- Sabah/Turkuvaz Media Group which has 11.2 percent of newspapers, 26.6 percent of magazines, 6.0 percent of the online news, and 2.3 percent of radio.
- ATV has 11.4 percent of the TV broadcasting market.

Dogan – Automotive, electric production and distribution, retail stores, real estate, financial, and tourism:

- Newspapers *Hurriyet, Posta*, and *Fanatik* (MS 23.7%); Online news (52%). Dogan Burda 43.9 percent MS of magazines.
- TV broadcasting (21.8%) and radio (11%); D-Smart multichannel TV with MS of 23.2 percent.

Dogus Holding – Construction, finance, automotive, real estate, tourism, energy, and retailing.

- NTV TV station. Star TV station. Controls more than 25 TV, radio, print, and Internet outlets.

Albayrak Group – Construction and waste management:

- Acquired *YeniSafak* newspaper in 1997 and established TV NET in 2005.

Koza Ipek Holding – Former Turkish conglomerate active in mining and print:

- Had over 20 media outlets, which were seized by the Turkish government in 2015 for ties with Turkish opposition leaders.

Ciner Group – Energy, mining, and chemicals:

- Created the nationwide TV station Habertürk TV in 2001 and the *Habertürk* newspaper in 2009

Vatan & Milliyet/Demirören Group – Construction companies, gas and electric, gas stations:

- It purchased the newspapers *Vatan* and *Milliyet*, 6.4 percent of newspaper market.