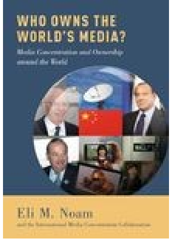

Who Owns the World's Media? Media Concentration and Ownership around the World

Eli M. Noam and The International Media Concentration Collaboration

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CHAPTER

18 Media Concentration in the United States

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Abstract

This chapter examines media ownership and concentration in the United States. Following an overview of the American media landscape, the remainder of the chapter focuses on print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, cable and satellite TV, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). By weighted average, print media are the least concentrated sector, though they have slightly consolidated over three decades. Average concentration of the audiovisual media industries is higher and growing, but it did not breach the threshold for a moderate level. Cable TV has risen considerably in concentration, with Comcast dominant. Telecom media concentration is high and trending up since the 1980s when the AT&T monopoly was broken up; even higher and faster rising are online media. The main platform companies are AT&T, Verizon, Comcast, Charter, Softbank, and Deutsche Telekom. In print media, the main firms are Bertelsmann/Pearson, Gannett, Time Inc., Dow Jones (Murdoch Group), Advance, Tribune, and Hearst, and McGraw-Hill. In the audiovisual field, major firms are the Murdoch group, the Redstone group, Disney, Comcast, Sony, and Time Warner.

Keywords: US media market, media industry, telecom media, print media, audiovisual media, telecommunications, Internet, AT&T, Comcast, Murdoch, Redstone, Time Warner, Hearst, Dow Jones, Verizon, Bertelsmann, Pearson US media market, media industry, telecom media, print media, audiovisual media, telecommunications, Internet, AT&T, Comcast, Murdoch, Redstone, Time Warner, Hearst, Dow Jones, Verizon, Bertelsmann, Pearson

Subject: Economic Sociology, Social Research and Statistics

Introduction

Recent years have witnessed the expansion of large media firms in the United States. This development has led to fears that American communications media are increasingly controlled by an ever-shrinking number of firms, with global ramifications due to the influence and size of American media firms.

To recapitulate the introduction: On one side of the debate are "media pessimists." Ben Bagdikian, formerly the dean of Journalism at Berkley and Pulitzer Prize award winner, concluded in 2004, "five global-dimension firms, operating with many of the characteristics of a cartel, own most of the newspapers, magazines, book publishers, motion picture studios, and radio and television stations in the United States."[1] These firms were identified as Time Warner, Viacom, Disney, News Corp., and Bertelsmann. Lawrence Lessig, the noted Harvard law professor, further reduced that number of firms: "Indeed, after the changes that the FCC announced in June 2003, most expect that within a few years, we will live in a world where just three companies control more than 85% of the media."[2]

On the other side is the "media optimist" view, whose most comprehensive expression is the Cato Institute's Adam Thierer, who concluded: "To the extent that there was ever a 'Golden Age' of media in America, we are living in it today. The media sky has never been brighter and is getting brighter with each passing year."

Given these diametrically opposed perspectives on the media landscape, one would expect that an empirical
p. 501 analysis would be undertaken to settle the questions. The literature, while ↳ lively, is surprisingly short of systematic and data-based analysis.[3]

The first American media mogul was Benjamin Franklin, one of the country's founders,[4] who owned seven newspapers, plus magazine and book publishing operations, at the same time that he also functioned for a while as the Postmaster General of his state and later the country. The subsequent history of media followed the pattern, with large firms such as Western Union, AT&T, William Randolph Hearst, Frank Munsey, the Edison Trust, IBM, and others. Thus, media concentration is not a new phenomenon in the United States. On the contrary, it has a long and contentious history, commented upon and fought over at each stage in the country's past. It is one of the fundamental issues of distribution of power and wealth that each generation needs to resolve.

The report that follows aims to provide the data for a reasoned and fact-based discussion based on the concentration trends for 13 media industries. It draws in part on the author's past work on US media concentration[5] and adds several major elements: updates (extending 2005 data to 2012–2014); the addition of several industries (online news and search engines); the addition of several sectoral aggregations such as for telecom, video platforms, and film/TV production; several cross-industry calculations such as the national power index and company power index figures; foreign and public ownership figures; and ownership information. We will begin with the analyses of the newspaper industry.

Print Media

Newspapers

Newspapers experienced their peak in the early 20th century. The emergence of radio and later television was a major factor in a stagnation of newspaper circulation after World War II. The number of daily newspapers dropped from 2,042 in 1920 to 1,611 in 1990, 1,533 in 1995, 1,437 in 2006, 1,397 in 2009, and 1,382 in 2011.[6] In international comparison, this is a high but declining number. Despite a national population increase of almost one-third, circulation declined from 62.8 million in 1985 to 55 million in 2003, 52 million in 2006, 46 million in 2009,[7] and 41.7 million in 2011,[8] a drop of 33.6%.

The high fixed cost of operations ("first copy cost") in editorial and advertising sales created economies of scale and became the force behind local monopolies and regional chain ownership that replaced most independently owned competitive local daily newspapers. By 2000, 77% of all daily newspapers were owned by chains, though there were 119[9] of these, not a small number. The 10 largest chains owned in 2000 18% of newspaper titles and about 40% of the market by circulation.[10] The circulation share of the 10 largest chains declined somewhat, from 39.4% of circulation in 1984 to 39.9% in 2000 and to 35.4% in 2009.

Newspapers typically operate either locally/regionally or nationally. In contrast to many other countries,
p. 502 and partly due to the size of America, national newspapers did not exist in the United ↳ States until recently. Only a few newspapers are distributed nationally, namely *USA Today* (Gannett), *Wall Street Journal* (News Corp.), and *The New York Times*, and none of these titles has a large market share overall. For the most part, the market for newspapers continues to be local and regional. In those markets, a major long-term trend has been the decline of competition. In most US cities, newspapers operate in a near-monopolistic market structure. In 2000, only 20 American cities were served by two or more separately owned, competing full-service dailies. In 2010 that number had declined to 16 (this does not include, however, free but skimpy competing newspapers handed out to commuters).

Table 18.1 provides revenue and national circulation market share figures for the largest newspaper chains. The C4 and C8 index figures reveal a relatively level trend in market concentration of the largest newspaper chains, at about one-quarter and one-third, respectively. In 2013 the national HHI was a low 304, slightly rising after 2000.

Table 18-1. Daily Newspapers (Market Shares by Circulation)

–	1984	1988	1992	1996	2000	2002	2004	2006	2007	2009	2013
Gannett	7.6	8.6	9.5	10.5	11.0	10.3	9.9	10.2	8.9	10.0	9.6
McClatchy					2.0	1.9	1.9	6.5	5.4	5.9	5.7
Knight Ridder	5.8	6.2	6.5	6.9	5.8	5.3	4.6	McClatchy			
Tribune[a]	4.3	3.6	2.9	2.2	5.5	4.8	4.2	4.3	4.4	3.5	5.9
Times Mirror	4.0	4.0	4.1	4.1	Tribune						
Advance					4.4	3.8	3.6	3.7	3.0	3.6	4.8
Dow Jones (News Corp)[b]	3.5	3.7	3.9	4.1	3.6	3.1	3.4	3.5	5.3	3.4	8.3
New York Times Co.[c]	2.8	3.2	3.6	4.0	3.6	3.1	2.9	3.0	3.0	3.0	3.5
Media News	0.0	0.8	1.7	2.5	2.7	2.2	2.6	2.6	2.5	3.8	2.7
Hearst	1.6	1.8	2.1	2.3	2.5	2.3	2.2	2.3	2.4	1.9	2.8
Cox	1.9	1.9	2.0	2.0	1.8	1.6	1.5	1.5	1.5	1.5	2.9
Washington Post	1.8	1.8	1.7	1.6	1.6	1.1	1.0	1.0	1.3	0.9	1.8
Others	66.7	66.2	63.7	59.8	55.5	60.5	62.2	61.4	62.3	62.5	49.6
US Total Revenues ($ mil)	25,170	32,280	30,639	38,075	48,670	44,100	46,700	45,690	44,289	37,848	32,109
In 2009 $ (mil)	51,972	58,540	46,851	52,062	60,036	52,591	53,038	48,622	45,826	37,848	—
US Population (mil)	235.8	244.5	255.0	265.2	281.4	290.0	294.0	300.5	303.0	310.0	313.0
C4	21.7	22.4	24.0	25.6	26.7	24.2	22.3	24.7	24.0	23.3	29.2
C8	31.7	33.0	34.6	36.6	39.1	34.9	33.4	36.1	34.9	35.1	45.1
HHI	155	176	200	230	254	208	188	215	190	202	304

N (>1%)	9	9	10	10	11	11	11	10	10	9	10
MOCDI Index	49	53[d]	58	67	76	63	57	68	60	67	96

Source: Herrick, Dennis F. *Media Management in the Age of Giants.* Ames: Iowa State Press, 2003, pp. 292–293. Data for 1984–2000. Data for 2000 to 2004 from "The state of the news media, 2006." *The Project for Excellence in Journalism.* Journalism.org. Last accessed on Jan. 8, 2008 at http://www.stateofthenewsmedia.com/2006/contact.asp . Data for 2006 are used to show the effect of the McClatchy/Knight Ridder merger in 2006, using website. http://www.mcclatchy.com/news/2006/story/7528982p-7440749c.html. 2007 revenue from IBISworld.com; circulation figures from The Audit Bureau of Circulation, 2007–8.

a In 2007, the Tribune Co. was taken private by real estate investor Sam Zell. In 2008, the company declared chapter 11 bankruptcy.

b In 2007, Dow Jones & Co. was acquired by News Corp.

c In 2013, The New York Times Co. sold the *Boston Globe*.

d 2013 market shares for McClatchy, Gannett, News Corp., The New York Times, and Tribune provided by IBIS world.

The market shares of the biggest firms are modest nationally. Gannett, by far the biggest firm, held a market share of about 9.6% in 2013. It also owns TV and radio stations. The second tier of six companies, having about 3–8% of market circulation, includes McClatchy (5.7% after it acquired 20 of the 32 Knight-Ridder papers in 2006).[11] The Tribune Company (5.9%) was for a while number three after it had bought Times-Mirror in 2000, thus combining the Chicago and Los Angeles markets. However, the company went into financial distress and bankruptcy in 2012 and was broken up. Dow Jones & Co. (8.3% with secondee *The Wall Street Journal*) was bought by Rupert Murdoch's News Corp. in 2007 for $5 billion. Moving into the newspaper business was an unusual move for one of the top media firms. Other large newspaper firms included The New York Times Co (3.5%), which bought the *Boston Globe* in 1993 for US$1.1 billion. That acquisition proved spectacularly unsuccessful, and the New York Times sold it in 2013 for a mere $70 million after losing money for years. Advance Publications (4.8%, owner of the Condé Nast magazine as well as radio and TV stations) and Media News (2.7%, part-owned by Hearst, part-owned by a hedge fund after a 2010 Chapter 11 bankruptcy) are two other large newspaper groups.

The national market share, however, is only one dimension of power. First, some newspapers, such as the *New York Times* and the *Wall Street Journal*, hold much more influence than their firms' circulation shares suggest. Second, and more significant in business terms, a firm's market share might be small nationally but very high locally. As mentioned, the US newspaper industry is mostly a series of parallel local monopolies. We thus report average local concentration too. Table 18.2 shows local concentration based on 30 markets, 10 each for large, medium, and small cities. The share of the top firm (C1) rose from an average 80.3% (60.1% in large cities) to 84.5% (65.8 in large cities and 93.7% in small cities). The HHI measure of local concentration is a huge—7,755 on average (weighted) and higher still in small and medium cities. Even in the big cities it is 5,398.

Table 18-2. Newspaper Local Concentration

	1984	1988	1992	1996	2002	2006	2009
C1 CONCENTRATION							
C1 Large Cities	60.1	59.4	58.9	64.0	64.6	62.0	65.8
C1 Medium Cities	93.3	93.6	97.3	97.4	97.6	97.5	94.7
C1 Small Cities	94.8	94.9	95.0	95.2	94.4	97.3	93.7
Weighted Average	80.3	80.2	81.1	83.3	83.4	83.1	84.5
C4 CONCENTRATION							
C4 Large Cities	98.3	97.4	95.9	96.3	96.4	96.1	89.7
C4 Medium Cities	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C4 Small Cities	100.0	100.0	99.6	99.8	100.0	100.0	100.0
Weighted Average	99.3	99.0	98.2	98.4	98.6	98.4	91.7
HHI CONCENTRATION							
HHI Large Cities	5,047	5,081	4,996	5,571	5,562	5,464	5,398
HHI Medium Cities	9,064	9,083	9,588	9,602	9,629	9,622	9,679
HHI Small Cities	8,267	8,271	8,280	8,311	8,325	8,670	8,735
Weighted Average	7,219	7,239	7,367	7,612	7,621	7,676	7,755

Source: Local newspaper revenues are based on *Duncan's Radio Market Guide*, 1985, 1989, 1994, 1997, 2002, 2005, and 2008 editions, Gale Broadcasting & Publishing Directory, annual editions. 2009 data: Circulation numbers from Newspaper Association of America, http://www.naa.org/artpage.cfm?AID=1610&SID=1022 ; Audit Bureau of Circulations, http://abcas3.accessabc.com/ecirc/newstitlesearchus.asp ; BurrellesLuce, "Top 100 Daily Newspapers in the U.S. by Circulation," http://www.burrellesluce.com/top100/2005_Top_100List.pdf.

The city size needed to generally assure a single daily paper in the year 2000 was above 100,000 population, whereas in 1980 it was half of that. Multiple papers on average require a population of more than one million, whereas it was half a million in 1980.

Given the cost and revenue trends, one should expect a slow shift in the United States from local to national newspapers, as it exists in the United Kingdom, France, Italy, and Japan, for example. On the other end of the spectrum of size, there seems to be room for "hyperlocal" papers that provide community news, though p. 503 not on a daily basis. It is the in-between regional or metropolitan newspapers that are most under pressure. ↳

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Book Publishing

Most of the largest publishing companies in the United States were founded in the late 19th century. The book publishing industry evolved into a three-tier industry consisting of a small group of large publishers, a second group of medium-sized houses, and thousands of small publishers. In spite of large acquisition deals in the book industry, the market remained relatively unconcentrated. The C4 concentration level rose to 33.1% in 2009, and the HHI to 365. But these are not especially high numbers.

The number of new titles published each year is one indicator of industry performance. That number remained relatively stable between 1910 and 1950, at around 10,000 titles per year. Output of new titles began to increase enormously after 1950, reaching 51,000 by 1994, 122,000 in 2000, 275,000[12] in 2004,[13] 302,000 in 2009,[14] and 328,259 in 2011.[15]

The German firm Bertelsmann (Random House) was the largest US publisher in 2009 with 10.3% of p. 505 revenues. Its principal American imprints include Alfred A. Knopf, Anchor, ↳ Ballantine, Bantam, Crown, Delacorte, Dell, Doubleday, Fawcett, Fodor's, Pantheon, and Random House. Until 2012, when it merged its book publishing with Pearson (7.3%) in a 53:47 joint venture, Bertelsmann had no real presence in the large educational and professional book markets. Penguin Random House, the combined firm, holds 17.6% of the US book market shares. Other major firms include Scholastic (5.4%), one of the world's leading children's book publishers. Reed Elsevier (5%) serves the professional market. News Corp (Harper Collins, 7.3%) also has a strong position.

Market concentration is low, with an HHI of 511 in 2013, rising from 138 over 30 years. During that period the C4 rose from about 21% to 39% (Table 18.3).

Table 18-3. US Book Publishing (Market Shares by Revenues)

Company	1984	1988	1992	1996	2001	2004	2006/7	2009	2013
Penguin Random House (Bertelsmann, Germany, 58%; Pearson, UK, 47%)									17.6
Bertelsmann (Random House, Bantam, Doubleday) (Germany)	4.1	4.6	3.8	3.6	6.6	5.4	9.7	10.3	Bertelsmann-Pearson
Random House	4.9	5.2	4.6	4.9	Bertelsmann				
Pearson (Penguin/Addison) (UK)	3.5	3.4	5.0	9.6	6.8	5.9	4.9	7.3	Bertelsmann-Pearson
McGraw Hill	5.6	4.5	3.5	5.1	5.5	8.9	8.4	8.2	
News Corp (Harper Collins)		1.6	1.8	3.3	3.6	3.1	6.7	7.3	
Scholastic	2.5	1.6	2.0	3.4	5.1	6.0	5.0	5.4	
Grolier	0.7	Hachette			Scholastic				
Reed Elsevier (Netherlands)	1.5	0.9	0.7	0.8	1.9	4.1	3.8	5.0	
Viacom			4.4	3.0	2.5	3.0	3.3		
Simon and Schuster	6.3	5.7	5.8	Viacom					
Holtzbrinck (Macmillan) (Germany)					1.5	3.0	2.5	3.0	
Lagardère/Hachette (Little Brown) (France)		0.3	0.3	0.4	0.2	1.3	3.2	2.9	
Time Warner	0.8	0.9	0.8	1.0	1.2	Lagardere			
Reader's Digest /(Ripplewood)	2.1	1.8	1.9	1.8	1.4	1.3	1.2	1.5	
Other	68.0	69.5	69.8	61.7	63.2	58.5	51.6	45.8	

Total US Rev. ($ mil)	8,259	12,806	17,353	19,632	21,368	26,141	26,626	23,900	
C4	20.9	20.0	19.2	24.0	24.0	26.2	29.7	33.1	38.6
C8	30.5	28.4	27.2	36.1	34.0	38.9	44.7	49.8	52.7
HHI	138	123	119	202	177	224	300	365	511
N (>1%)	8	8	8	9	10	10	10	10	9
MOCDI Index	49	43	42	67	56	71	95	115	170

Source: Data for 2007 from Book Publishing news.blogspot.com, "Arbor Books Helps Authors Rejected by Top Publishers," Sept. 23, 2007. 2006/7 data estimated from 2004 figures. 2009 data: *Market Share Reporter 2011*, Gale Cengage—September 17, 2010.

There was a strong presence of foreign publishers in the top 10 (Bertelsmann, Pearson, Reed Elsevier, Holtzbrinck, and Lagardére), accounting for 28.5% of US book publishing.

While the publishing of books became global, their retailing went national. The 1960s saw the decline of small local book stores and the emergence of large national bookstore chains, which by the 1990s achieved dominance. The combined market share of the four largest retailers increased from 7% in 1963 to 26% in 1987, 26% in 2004, and 33% in 2011. The face of the bookselling market changed yet again significantly after 1995 as a result of the launch of Amazon.com, the first major electronic book retailer. Amazon became a provider for e-retailing more generally. In the online book retail market, its share was 77% in 2004 and 74% in 2009. In 2011, Barnes & Noble and Amazon were the two largest overall book retailers, with shares of 16% and 27%.[16] That year, the second largest physical bookstore chain, Borders, went bankrupt.

Magazine Publishing

The magazine industry has been traditionally competitive, with fairly low barriers for entry. In the period between 1954 and 1980, the number of periodicals doubled. The share of the top four and eight publishers also doubled. These firms publish a bouquet of magazines. Group ownership has advantages in printing, physical distribution, promotion to advertisers, and cross-promotion. There are fewer benefits on the content side. But the advantages of scale cannot be very large beyond some point, because the periodical publishing industry historically has shown relatively less concentration of ownership than most other media industries.

The 1980s and 1990s constituted a period of heavy merger-and-acquisition activity. Between 1984 and 2001, at least 18 magazine groups were acquired by their competitors, not always with success.[17]

During the 1980s, foreign firms became active in the acquisition of US magazines. The number of foreign companies with magazine operations in the United States increased from one or two in the late 1970s to 20 or more in the late 1980s. Major foreign owners of US magazines and periodicals were Lagardére/Hachette, Bertelsmann, Reed Elsevier, Holtzbrinck, and Bonnier.

Table 18.4 shows the concentration trends of the magazine industry from 1984 to 2013. Time Inc. (formerly Time Warner) had been the largest magazine company in the United States for a long time with 8.6% in 2012, down from its peak of 14.3% in 2004. In 2007, Time Warner sold 18 of its magazines (out of 130) to the large Swedish publishing firm Bonnier. In 2014, Time Warner spun off of its magazine group Time Inc., the original foundation of the company, after seeking to sell it to another magazine company. This, by itself, did not affect the size of Time Inc.'s magazine operations, but it severed its cross-ownership ties with Time Warner's other media operations. Advance Publications (Condé Nast, owned by the Newhouse family)
p. 506 became the market leader (9.2%), and Hearst third with 7.5%. ↳

p. 507 ↳

p. 508 ↳

Table 18-4. Magazine Publishers (Market Share by Revenue)

Company	1984	1988	1992	1996	2001	2004	2007	2009	2012
Time Warner[a]/Time Inc.	9.0	9.3	9.8	11.1	14.0	14.3	11.1	13.0	8.6
Advance Publications[b]		3.9	4.3	4.7	5.7	7.0	11.9	12.8	9.2
Hearst	2.2	3.2	5.2	5.2	6.1	6.0	7.2	8.0	7.5
Source Interlink							1.6	2.2	3.0
Primedia[c]			0.9	2.5	4.5	3.4	Source Interlink		
Reader's Digest/Ripplewood[d]	1.3	3.1	3.4	3.3	2.2	2.6	2.5	2.6	1.1
Meredith Corporation[e]	2.3	2.6	2.6	2.3	2.1	2.6	2.9	2.3	2.1
Bertelsmann (Gruner & Jahr) (Germany)[f]			3.0	3.0	2.7	2.5	1.2	1.6	0.7
Thomson (Canada)	3.8	3.2	3.8	3.8	2.5	2.5	2.5	2.5	2.5
International Data Group	0.9	1.7	1.8	2.9	3.8	2.4	1.3	1.1	1.0
McGraw-Hill	2.1	2.2	2.2	1.9	2.7	2.1	2.8	2.2	2.0
Reed Elsevier (Netherlands)		1.0	3.6	5.2	3.2	1.9	1.8	1.2	0.0
Ziff-Davis[g]	0.5	1.2	1.5	2.0	1.6	0.9	0.2	0.2	0.2
Lagardère/Hachette Filipacchi (France)[h, i]			1.0	1.6	1.8	1.6	1.6	2.3	Hearst
Bonnier (Sweden)							1.0	1.0	1.0
Macrovision/Gemstar TV Guide[j]					2.0	1.9	0.4	0.2	0.1
News Corp			0.7	0.9	1.2	1.4	1.3	1.4	1.3
Triangle Publications	4.0	News Corp							
Others	73.8	68.4	56.1	49.5	43.9	46.9	49.6	46.4	60.6
Total US Rev. (mil $)[k]	8,191	11,681	14,284	21,498	29,479	31,611	32,559	28,527	39,547
C4	17.3	19.7	23.1	26.3	30.2	30.7	33.1	36.4	28.3
C8	22.1	29.3	35.8	40.0	43.4	40.9	42.4	45.7	29.4
HHI	129	150	210	265	351	350	359	438	338
N (>1%)	7	10	12	13	15	14	13	13	10
MOCDI Index	46	48	58	71	91	90	99	126	107

Main sources: Revenues include advertising, subscriptions, and newsstand sales. Source: "100 Leading Media Companies, 2000," at http://www.adage.com/page.cms?pageId=533 ; "100 Leading Media Companies, 1995," at http://www.adage.com/page.cms?pageId=871 ; company annual reports and SEC filings. Total market data are from "U.S. Industrial Outlook" for corresponding years. TV Guide was until 1988, when it was purchased by News Corp. Data for 2003 from "100 Leading Media Companies, 2003," owned by Triangle AdAge, August 2004. 2006 data from Seybold online, "Magazine Publishers," May 17, 2007. 2006 revenue from AdAge, "Top 25 Magazine Companies," 2007. 2009 data: "Combined Circulation Revenue for All ABC Magazines 1988–2009." *Magazine Publishers of America*. Last accessed July 7, 2010. http://www.magazine.org/CONSUMER_MARKETING/CIRC_TRENDS/16136.aspx

a Time Inc. sold 18 magazines to Bonnier in 2007. It was spun off as a magazine division in 2014, thus severing cross-ownership with Time Warner.

b Advance bought Condé Nast in 1959 and Fairchild (from Disney) in 1999.

c Primedia, owned by the investment firm KKR, sold most of its magazines to Source Interlink in 2007.

d The Reader's Digest Association was acquired in 2006 by Ripplewood Holdings.

e Meredith Corp acquired in 2005 Bertelsmann's US women's magazines.

f Bertelsmann sold its US magazines in 2005 to Meredith, Morningstar, and Diamandis.

g j2 Global bought Ziff-Davis in 2012 and operates it as a subsidiary under the original Ziff-Davis name.

h Lagardere has controlled Hachette since 1981 and acquired Diamandis (formerly CBS Magazines) in 1988.

i 2006 revenue for Lagardere estimated from 2004 data.

j In 1999, Mews Corp sold TV Guide to Gemstar, of which it owned 41%. Gemstar was sold in 2008 to Macrovision.

k Total revenue for 1984–2004 of the US magazine industry was estimated by adding advertising to estimated magazine sales revenues. The estimated advertising data source is Publishers Information Bureau. Sunday supplements are excluded from "magazines."

p. 509 The HHI values of market concentration were low but gradually rising, growing from 129 in 1984 to 351 in 2001, and then remaining fairly flat (338 in 2012). However, the many specialty submarkets of magazines would show a much higher concentration.

Audiovisual Media

Radio

In the United States, no media industry has changed more in its ownership structure than local radio. Until the 1990s, concentration was extremely low because of the severe ceiling on station ownership imposed by government rules. Out of over 10,000 stations, no firm could own more than seven AM and seven FM stations. This was raised to 12 each in 1985, 18 each in 1992, and 20 each in 1994. After 1996, there were no national caps left at all.

In 1984, station ownership was less concentrated nationally than just about any industry in the country and possibly the world. Around that time, consolidations began. On the business end, a major acquisition driver was a leveraged buyout firm, the Dallas-based Hicks Muse Tate and Furst. Capstar, one of its acquisition vehicles, bought about 250 stations in an 18-month period in 1996 and 1997. Several other radio companies emerged and bought a large number of stations. Clear Channel (re-branded iHeartMedia in 2014) became the industry leader. By 2004, the HHI by station ownership had risen to 98, a major increase from near-zero, but still quite unconcentrated. Even industry colossus Clear Channel, with its array of 1,184 stations in 2005, accounted for only 9.2% of stations. The next firms—Cumulus, Citadel/ABC, Viacom, and Hispanic—were in the 0.6–2.4% range.

The market was much more concentrated on a revenue basis than on a station basis. Table 18.5 shows the HHI increasing from 20 in 1984 to 600 by 2011, a large increase in relative terms but still a low number by antitrust standards. The C4 more than quintupled from 8.3% in 1984 to 37.9% in 2004 and to 45.3% in 2011. By 2004 Clear Channel and CBS Viacom had achieved market shares of 18.9% and 11.9%. But that was the peak. Many of the debt-financed acquisitions ran into trouble as the financial markets soured on large and highly leveraged radio companies. In 2007, industry leader Clear Channel agreed to be acquired for $19.5 billion by the private equity firms Bain Capital and Thomas H. Lee. To finance the deal the buyers sold off hundreds of Clear Channel stations. By 2011, the two companies' market shares had declined to 15.1% and 8.5%. Disney left the radio business. The number 3 firm, Citadel, was delisted in 2009 by the New York Stock Exchange when it went into bankruptcy, and it was acquired by Cumulus.

Table 18-5. Radio Group Market Shares, by Revenues

	1984	1988	1992	1996	2000	2001	2004	2007	2008	2011
iHeartMedia (Clear Channel)	0.3	0.5	1	2.8	12.4	18.7	18.9	17.2	16.9	15.1
Jacor		0.9	0.8	1.9	Clear Channel					
Evergreen			0.6	2.5	Clear Channel					
Chancellor (AM/FM)			0.1	2.1	Clear Channel					
Capstar				2.1	Clear Channel					
SFX			0.2	2	Clear Channel					
CBS (III)								8.7	7.5	8.5
Viacom					12.5	12	11.9	CBS III		
Westinghouse (CBS (II))	2.4	2.4	2.4	4.6	Viacom					
Infinity[a]	1.3	1.3	1.8	Westinghouse						
CBS (I)	2.1	2	2.5	Westinghouse						
American Radio Systems[b]				2.7	Viacom					
Cumulus					1.2	1.4	1.7	1.6	1.6	6.3
Citadel			0.2	0.4	1.9	1.8	4.6	3	4.4	Cumulus
Disney				3.4	2.2	2.3	Citadel			
CapCities		2.4	2.4	Disney						
ABC Radio	2.4	CapCities								
Cox	0.8	0.8	1.2	1.6	2.4	2.5	2.6	2.2	2.1	2.6
Entercom				0.4	1.9	1.9	2.6	2.3	2.3	2.3
Radio One			0.1	0.2	1.6	1.6	2	1.6	1.6	1.7
Emmis	0.9	0.9	0.9	0.8	1.6	1.5	1.6	1.6	1.7	1.9
Univision							1.8	2.1	1	2.1
Hispanic	0	0	0.2	0.6	1.3	1.4	Univision			
Sirius XM									8.5	15.4
XM							1.1	5	Sirius XM	
Sirius							0.4	4.6	Sirius XM	
Other	89.8	88.9	85.5	71.6	61	54.9	50.8	50.1	52.3	44.1
Total Revenue ($ mil)	5,596	7,511	8,378	11,947	18,819	17,450	18,932	20,154	19,478	16,029
C4	8.3	7.7	8.4	13.6	29.6	35.4	37.9	35.5	37.4	45.3

HHI	20	20	25	75	337	519	546	449	454	600
N (>1%)	4	4	6	10	10	10	10	11	10	9
MOCDI Index	10	10	10	24	107	164	173	135	144	200

Main sources: BIA Financial Network, company SEC filings, and Crain Communications. Data for 2004 are from Bear Stearns "*Radio Broadcasting: Fact Book*," April 2005.

a The remaining public float of Infinity was merged into Viacom in February 2001 subsequent to Viacom's purchase of CBS in 2000, but it is shown here as a separate entity.

b American Radio Systems was created by a three-way merger in 1995.

One can also observe a marked decline in the radio content networks. Radio content used to be dominated by a small number of radio networks run by major companies. Until the 1950s, these networks (RCA's NBC, as well as CBS, ABC, and Mutual) were content "wholesalers" to local station "retailers" that consisted of several of their own stations, but mostly of hundreds of affiliated and independently owned local stations. But by the 1960s the networks were a mere shadow of their pre-TV golden age of the 1930s and 1940s. In 2013, of these network companies, only CBS played a role.

One alternative to commercial terrestrial radio is public nonprofit broadcasting, but it has traditionally been a financially weak part of the American media landscape. On the one hand, there are many such stations; to be exact, 2,471, quite a large number. But there are no strong national station groups. Two major public media program networks exist, Public Radio International (PRI) and National Public Radio (NPR).[18]

Local station concentration is low, with an HHI of 600 in 2011 that has barely budged in a decade, after p. 510 growing in the 1990s. But should one only look at classic broadcast radio? Two ↳ alternatives to over-the-air terrestrial broadcasting, in particular, have been offshoots of video delivery media: cable radio and satellite radio. Three other options are Internet-delivered: online distribution of broadcast stations, non-broadcast music Web sites (such as Pandora, Rhapsody, or Spotify, which over 100 million Americans access per month), and "pod-casting." And then there are over-the-air alternatives: low-power FM stations (LPFM), whose weak signals are matched by weak audience counts and economics, and digital radio ("HD-Radio"), which increases the number of channels per broadcaster. Satellite radio has been significant. It is based on a pay-subscription model and offers hundreds of channels on a nationwide basis. Two providers were licensed, Sirius and XM. They competed vigorously, lost money in the process, and then decided that a merger would be more profitable. This was accomplished in 2008, after a regulatory struggle to overcome the government's normally pro-competitive policy. By 2011, this combined firm, Sirius XM had become the nation's largest radio provider by revenues, accounting for 15.4% (see Table 18.5).

The local nature of most radio advertising and news programming makes local ownership concentration a greater concern than national concentration. For that reason, the US government did not remove limits on local ownership entirely when it abolished national ceilings.

Table 18.6 shows local radio concentration trends, based on an analysis of 30 local markets (small, medium, and large). Satellite radio, being national in nature, is not included. Local concentration in 2006 was significantly higher than it was in 1984. The weighted average share of the top firm in a market (C1) grew from about 20% in 1984 to about 34% in 2006 but dropped to 31% in 2010. The top four firms' market share grew from 52.6% to 84.4% and then dropped to 78.1% in 2010 (note that these top four firms may differ in different markets). These are fairly high numbers, and it is not much of a comfort that radio is still among the least concentrated of local media and that concentration has declined after 2002.

Table 18-6. Local Radio Concentration (by Market Size)

	1984	1988	1992	1996	2002	2006	2010
Local Markets	C1 Concentration						
C1 Large Cities	14.1	14.6	14.4	32.3	34.3	29.9	24.1
C1 Medium Cities	22.3	22.2	25.0	34.8	37.8	37.5	35.0
C1 Small Cities	25.6	24.0	23.5	35.6	31.8	35.5	35.3
Weighted Average	19.9	19.7	20.3	34.0	34.7	33.8	31.0
	C4 Concentration						
C4 Large Cities	43.0	42.2	45.8	67.7	80.3	78.8	65.8
C4 Medium Cities	57.2	62.6	68.0	88.8	91.8	87.1	82.6
C4 Small Cities	61.4	60.5	64.6	77.4	82.1	87.3	85.1
Weighted Average	52.6	53.8	58.1	77.1	84.4	83.8	78.1
	HHI Concentration						
HHI Large Cities	592	756	816	1,733	2,139	1,989	1,356
HHI Medium Cities	1,094	1,298	1,572	2,457	2,798	2,569	2,471
HHI Small Cities	1,263	1,238	1,333	2,173	2,330	2,537	2,470
Weighted Average	939	1,062	1,200	2,085	2,400	2,139	1,526

Source: Local radio revenues and market shares are based on *Duncan's Radio Market Guide,* 1985, 1989, 1994, 1997, and 2002 editions, respectively. Copyright James H. Duncan, Jr. Local market concentration was established using the *Broadcasting and Cable Yearbo*ok (1984, 1988, 1992, 1996, and 2001, respectively), published by R.R. Bowker, New Providence, N.J. 2006 and 2010 data are based on Arbitron market ratings.

Broadcast Television

Although broadcast television stations have been increasing in number, their total viewership has steadily declined, whether viewed over-the-air (terrestrially), over cable and satellite platforms, or digitally as multicasts. Their audience shares fell from 87.7% of TV audi-ences in 1984 to 48.6% in 2003, 28.1% in 2007,[19] and 22.8% in 2013.[20] On top of that, the actual viewing of local TV stations by most households is not over the air but of signals retransmitted over cable or satellites. The dominance of the overall TV viewer market by the original three major broadcast networks (ABC, CBS, and NBC) declined considerably, from 64% in 1984 to 21.6% in 2011.[21] But, together with the addition of Fox, they remain by far the largest providers.

In the 1980s, control over the networks passed from the broadcasting industry's founder-owners to more conventional corporate management. The new owners sold off many of the networks' non-TV holdings and expanded their TV-related holdings. A second wave of ownership changes began in 1995 after the FCC's removal of a rule that had limited the major networks' involvement in program production and syndication. This change allowed the networks to vertically integrate upstream into production, but also allowed major

p. 511 content producers (the Hollywood film studios) to do the ↳

p. 512 ↳

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same downstream into TV distribution networks. A new stage of merger transactions resulted, reflecting the shift of the bottleneck from distribution to the program production side. Content was becoming king.

New TV networks such as Fox gained a foothold, partly via broadcast stations on the less desirable UHF band. Other TV networks served the rapidly growing Spanish language market. Of those, Univision is the largest. In 2013, several station groups consolidated. The Tribune Co. bought the group LocalTV (formerly the TV stations of the *New York Times*) with its 19 stations, making it the number-one local TV broadcaster. Gannett bought Belo and its 20 stations, Sinclair bought 46 stations, and Media General and New Young Broadcasting combined their 30 TV stations.

There is also a public TV broadcasting system, which, like public radio, has been underfunded and over-fragmented into hundreds of individual stations. Its national distribution is through the Public Broadcasting Service (PBS), a network owned and operated by 348 public television stations. The major program producers are the five flagship stations in New York, Boston, Washington, Los Angeles, and Pittsburgh. Public TV's programming added content diversity, but its audience share has hovered around 1%.

TV station ownership is capped by regulation. These ceilings at first limited ownership to 7 stations, and then to 12 stations (14 if the extra stations were controlled by racial minorities or small businesses). Later, a cap was adopted that did not limit the number of stations but rather their total national audience "reach" (the potential audience, not the actual one). Initially the cap limited group ownership to a reach of 25% of the national audience, or 30% if two of the stations were owned by small or minority-controlled businesses.

The rationale for national ownership caps was harder to articulate in a multichannel media environment than for local caps. As cable television and satellite TV increased in penetration p. 514 ↳ and channel capacity, the distributors of video programs could bypass TV stations altogether in accessing viewers on a nationwide scale. The largest of station groups therefore lobbied to remove the caps on their ownership of local TV outlets. Smaller station groups, on the other hand, argued in favor of restrictions on national reach. They feared, in particular, the loss of bargaining power if the national TV network companies would gain local distribution to most American households without having to rely on independently owned local affiliates. This issue split the broadcast industry and reduced its lobbying effectiveness.

Table 18.7 shows concentration of the TV broadcast industry for the revenues of both stations and networks.[22]

Table 18-7. Broadcast TV Stations and Networks, 1984–2009

	1984	1988	1992	1996	2001	2005	2009	2012
21st Century Fox News Corp (Fox, MNT)		3.2	8	7.9	10.9	12.6	15.5	13.3[a]
Chris-Craft	0.3	1.1	1.5	1.3	Fox			
CBS (III)[e]							12.9	14.6
Viacom					15.7	12.5	CBS	
CBS ("I" and "II")	13.2	12.6	13.4	12	Viacom			
UPN				2.6	Viacom			
Comcast							13.0	17.6
GE/NBC, Telemundo		12.7	14.3	10.7	12	11.6	13.0[b]	Comcast
RCA (NBC)	14.3	GE						
Disney (ABC)				11	10.7	9.7	12.8	16.1
CapCities		11.2	10.9	Disney				
ABC	12	CapCities						
Univision (Televisa, Mexico)[c]		0.2	0.6	0.9	1.6	2.5	Disney	
Gannett	1.9	1.5	1.4	1.9	1.9	1.9	2.9[d]	3.2
Belo	0.9	0.7	0.8	1	1.7	1.6	Gannett	
Time Warner (CW)[e]				2	2.7	2.8	1.6	1.8
PBS Network	0.9	0.8	0.9	0.8	1	1.1	0.8	0.8
Hearst-Argyle				0.2	1.8	1.8	1.8	1.9
ION Media (Paxson)					0.8	0.4	0.4	0.4
Tribune	1.4	1.7	1.9	2.5	3.2	3.0	3.1	1.9
Graham (Washington Post)							1.3	1.3
Advance (Bright House)							0.9	0.9
Others	55.2	54.3	46.2	45	36.1	38.5	34.5	27.8
Total Revenue (mil $)	18,890	23,737	25,779	33,828	35,779	42,326	40,800	43,168
C4	41.4	39.7	46.6	41.6	49.3	46.4	54.1	61.6
HHI	530	463	577	468	654	578	753	984
N	4	7	7	10	11	11	10	8
MOCDI Index	265	175	218	148	197	174	238	348

Main sources: Station group revenues are from company SEC filings and from "Special Report: Top 25 TV Groups," *Broadcasting and Cable*, p. 48. April 8, 2002. Data for 2004 are from Bear Sterns, *Television Broadcasting: Broadcast Television Fact Book*, December, 2004 and May, 2005. Data for 2006 use 2004 numbers, with only the effect of the Saban acquisition shown. Data from 2008/9 use Bear Sterns, "Television Broadcast Factbook," January 2008. 2013 data repeat 2009 data with assignment to new owners. Market shares calculated from total day shares (Noam 2009, p. 163), ratings for prime time broadcast season (Noam 2009, p. 156), and annual advertising expenditures (Noam 2009, p. 134). Revenue for Viacom consists of combined revenue for

CBS and UPN. Total not included in overall market revenue; NBC controlled 32% of Paxson. Revenue from Galavision (Univision) estimated based on the ratio of its share compared to that of PBS and Paxson.

a In 2013, News Corp spun off its non-print divisions as 21st Century Fox.

b GE sold NBC to Comcast in two stages: 51% in 2011 and 49% in 2013.

c In 2007, this was a consortium led by Saban and including the private equity firms Madison Dearborn, Providence Equity, TPG, and T.H. Lee. However, these companies can be seen as placeholders to Mexico's TV giant Televisa, which owns 8% of Univision outright, plus substantial debt that can be converted into stock as soon as US regulations permit foreign broadcast ownership of more than 25%.

d In 2013, Gannett acquired Belo.

e CW is a joint venture of Time Warner and CBS.

In the 1990s, major TV broadcasting firms lost over half of their viewers to cable channel competition but increased their revenue via station acquisitions, made possible by the loosening of restrictions on station ownership. As shown in Table 18.7, the combined revenue share of the top four TV groups was largely flat in the 1980s, from 41.4% in 1984 until 1996, around 41%. It then increased to 61.6% in 2012. The HHI doubled from a low 530 in 1984 to a still low 578 in 2005 to 984 in 2011.

Of course, most video watching is now for cable and satellite channels and online video. However, local TV news is mostly provided by the local stations and their market concentration is hence important. On the local level, the concentration of broadcast TV (i.e., of the local TV stations) declined over 25 years, from a C4 of 90% in 1984 to 75.3% in 2009, and 74.3% in large markets (see Table 18.8). For the market leader, the share dropped on average from 33% to 25% in 2001, and then stabilized at 24.9% in 2009 and 23.7% in large markets. The HHI declined from 2,460 to 1,714, then rose to 1,895 in 2006 and 1,935 in 2009.

Table 18-8. Local TV Station Concentration (by Market Size)

	1984	1988	1992	1996	2002	2006	2009
Local Market	C1 Concentration						
C1 Large Cities	29.1	27.9	23.6	24.5	18.4	24.1	23.7
C1 Medium Cities	37.1	32.6	30	28.7	27.7	31.4	30.9
C1 Small Cities	35.9	36.3	32.9	31.3	31.2	37.6	38.7
Weighted Average	33.5	31.8	28.2	28.0	24.9	30.2	24.9
	C4 Concentration						
C4 Large Cities	84.5	80.1	72.5	73.3	61.8	62	74.3
C4 Medium Cities	95.1	90.9	87.6	88	78	77.1	71.4
C4 Small Cities	91.4	91.4	90.1	89	85.2	84.5	82.1
Weighted Average	89.8	86.7	82.2	82.4	73.5	73.1	75.3
	HHI Concentration						
HHI Large Cities	2,108	1,910	1,581	1,594	1,256	1,361	1,662
HHI Medium Cities	2,756	2,437	2,212	2,179	1,859	1,930	2,304
HHI Small Cities	2,634	2,595	2,384	2,306	2,207	2,619	3,012
Weighted Average	2,460	2,269	2,006	1,979	1,714	1,895	1,935

Source: Local television revenues are based on *Duncan's Radio Market Guide,* 1985, 1989, 1994, 1997, and 2002 editions, respectively (copyright James H. Duncan, Jr.). Subsequent concentration values C4 and HHI have been calculated via Nielsen TV Shares. Data used were for July, except in 1996 because the Olympic games held in Atlanta that year were shown during prime time, for which NBC had exclusive rights, thus increasing its market share for that period. In consequence, for 1996 the November period was chosen.

Multichannel TV Platforms

Cable TV platform companies are rarely subject to competition from other cable operators within the same franchise area.[23] For a long time, there was no effective competition by other multichannel distribution media. This changed with the entry of high-power digital direct broadcast satellites after 1994.

DBS's share gradually increased to about 27% nationally and even more in rural areas. Cable and DBS are, however, imperfect substitutes. DBS carries a limited set of local TV stations and no local public access and governmental channels. Cable's interactivity enables it also to be a platform for broadband Internet and voice telephony. On the other hand, DBS operations are normally better suited for reaching thin but nationally substantial audiences and for reaching rural, low-density areas.

Besides the two platforms of cable TV and DBS, other multichannel video platforms are:

> *Digital terrestrial broadcasting.* Digital Transmission (after 1996) enables multicasting, in which a station can simultaneously broadcast six or more programs and thus create terrestrial multichannel broadcasters. So far, this has not become a competitive factor in the multichannel market.
>
> *Online ("over the top") TV (OTT).* This transmission type enables individualized and interactive video.[24] In primetime viewing periods, online video accounted in 2014 for 67% of all broadband traffic.
>
> p. 515 *IPTV.* As telecom operators upgraded their networks with fiber, they increasingly ↳
>
> p. 516 ↳
>
> offered a menu of cable-style TV channels. Verizon with its FiOS video service had 5.3 million subscribers by 2014, and AT&T's U-verse video service had 5.7 million.[25]

Concentration for multichannel video program distribution (MVPD) has been very high but declining; the market share of cable as a whole in MVPD declined from 100% in 1992 to 96.7% in 1996, 71.8% in 2009, and 57.4% in 2012. The combined market share of the two DBS providers rose to 27.4%, and IPTV had 8.4% in 2012. OTT was growing rapidly. But the C4, as applied to revenues, increased from 20.7% in 1984 to 42.1% in 1996, 54.2% in 2005, 61.3% in 2009, and 63.2% in 2012, driven by the concentration in the cable industry.

National cable concentration rose considerably from the early days of the cable boom when numerous companies were contesting for franchises. The largest of them, TCI, accounted for only 5.4%. In 2009, in contrast, the market leader Comcast held about 28% of cable (and 22.4% of all multichannel platforms), and Time Warner Cable had about 20% of cable (and 14.3% of multichannel platforms). Three other cable firms (Charter, Cox, and Cablevision) were far behind. The national cable C4 increased from 20.7% in 1984 to 73.2% in 2009. The HHI rose from 162 to 2,011 in 2009. In 2014, Comcast sought the acquisition of Time Warner Cable, thus merging the top two firms. To reduce regulatory concerns, Comcast also entered into an agreement with the number-four cable company, Charter Communications (dominated by John Malone, a major cable magnate in the United States and Europe (Liberty). The two companies would exchange 1.6 million subscribers each, to consolidate their footprints. In addition, Comcast would sell 1.4 million subscribers to Charter, p. 517 ↳ and the shareholders of Comcast and Charter would control a new entity into which Comcast would transfer 2.5 million subscribers. Although Comcast shareholders would dominate the new entity directly and through their stake in a new firm called New Charter. At the same time, cable industry revenue rose hugely, from about $8.3 billion in 1984 to $90 billion in 2009.

After 1993, the FCC set limits of 30% for national cable ownership and of 40% for channel occupancy by the MSO's own channels. That ceiling was raised to 36.7% in 1999. These rules were struck down in 2001, and again in 2009, by a federal court.[26]

The DBS industry consists of two providers—EchoStar and DirecTV. DirecTV was owned, in sequence, by Hughes Electronic, a satellite manufacturer and operator controlled by the car maker General Motors, then by Rupert Murdoch's News Corp, as part of the latter's attempt to create a TV footprint that covered the entire world. But in 2006, Murdoch had to swap control to cable TV pioneer John Malone and his Liberty Media, in return for Malone's share in News Corp., which had become a threat. In 2010, due to an FCC condition, Malone had to reduce his control of DirecTV from 24.3% to 3%. Malone then reentered the US cable business in 2013 by buying 27% of the number-five cable company, Charter Communications, and in effect dividing up Time Warner Cable with Comcast. Malone also controls the major European cable TV MSO, UPC, which has been owned by Liberty Global since 2005. In 2013, DirecTV had 20 million subscribers in the United States and 10 million in Latin America. In 2014, the telecom giant AT&T announced its acquisition of DirecTV for $48.5 billion, subsequent to regulatory approvals. This, too, would increase MVPD concentration measures by combining AT&T's U-verse HDTV service with DirecTV's DBS service.

The second US provider is the Dish Network, controlled by Charles Ergen, with 14 million subscribers. Dish also acquired in 2011 the largest home video rental chain, Blockbuster, after Blockbuster's decline and bankruptcy. DirecTV holds 18.9% of the multichannel platform market and Dish has 8.2%. Such concentration, however, is relevant primarily where no cable TV or telecom-based IPTV are available, that is, in low-density rural areas. For the rest of the country and most of its population, there are other choices.

The DBS industry, if seen as a separate product market (e.g., in rural areas), is a highly concentrated duopoly with an HHI of 5,092 in 2009 in revenues. This significant level of concentration is not surprising considering the high barriers to satellite entry in terms of capital and marketing investment required to launch DBS services. At one point, the two firms had signed a merger agreement in order to reduce competition but were blocked by the government. Table 18.9 shows a pooled multichannel distribution platform market (of cable MSOs, DBS, and telecom IPTV). Both the HHI and the C4 measures increased steadily, but to a level still well below the US government's threshold, to 1,233 in 2012. Overall, the industry's revenues rose enormously to over $158 billion. The two major mergers proposed in 2014 would change this number considerably. The AT&T–Comcast deal would raise AT&T's market share from 4.8% to 23.7% and raise the MVPD HHI by 183 points from 1,233 to 1,415. The triangular Comcast–Time Warner Cable–Charter deal would raise Charter's market share to 7.8% and Comcast's to 32.7%. The MVPD HHI would rise by 406 points to 1,639. Together, the two deals would raise the MVPD C4 share by 9.2% of the market to 73%, the C6 by 12.6% (to 82.2%), and the HHI by 588 points, from 1,233 to 1,821. This is an increase of 47.8%.

Table 18-9. Multichannel Video Platforms (Cable MSOs, DBS, and IPTV)

		1984	1988	1992	1996	2001	2005/6	2009	2
Cable TV Operators	Comcast	1.0	3.0	3.4	5.7	10.4	23.0	22.4	2
	Jones Intercable	0.1	0.4	0.6	1.1	Comcast			
	Lenfest Communications	0.9	0.8	0.9	1.4	Comcast			
	Storer (50% interest)		KRR	1.5	1.5	Comcast			
	AT&T Broadband					18.6	Comcast		
	MediaOne				10.0	AT&T			
	Continental Cablevision	3.1	5.8	5.3	MediaOne				
	TCI	5.4	12.7	15.7	13.1	AT&T			
	Viacom Cable	2.3	2.5	1.9	1.6	TCI			
	Storer (50% interest)		1.8	1.5	1.5	TCI			
	Heritage	1.5	TCI						
	Storer Communications	4.2	KRR	TCI/Comcast					
	Time Warner Cable[c]							14.3[a]	1
	Time Warner			9.9	13.3	9.7	14.2	TWC	
	American TV and Communications & Warner Communications	4.4	6.1	TWE					
	Westinghouse	6.0	TWE						
	Adelphia					5			
	Century	9	2	5	3	Adelphia			
	Advance (Newhouse Broadcasting/Bright House)	1.7	1.8	2.4	TWE		2.3	2.0	2
	Charter (27% Liberty)				1.3	6.9	5.9	4.0	4
	Marcus Cable			2.1	1.5	Charter			

	Bresnan		0.3	0.4	0.9	Charter			
	Falcon	0.1	0.2	0.2	0.8	Charter			
	Cox Communications	4.9	3.7	3.1	5.1	7.1	6.2	6.4	4
	Times Mirror	3.0	2.5	2.1	Cox				
	TCA Group	0.3	0.5	0.7	0.9	Cox			
	Cablevision Systems	1.4	3.7	2.7	1.0	1.4	2.9	4.4	3
	Mediacom					1.0	1.4	1.2	1
	Insight				0.2	1.2	1.3	0.8	1
	CableOne	1.4	1.1	0.8	0.8	0.7	0.7	0.6	0
	Others	57.4	50.7	41.9	32.3	18.4	24.6	17.7	1
	Cable TV Subtotal (market share %):	100	100	100	96.7	80.9	82.5	71.8	6
	Cable TV Subtotal ($ mil):	8,331	13,409	21,079	27,706	43,518	65,678	89,901	9
DBS Providers	DirecTV[b]							15.3	1
	News Corp (DirecTV/Hughes Electronics)				1.2	11.0	10.8	Liberty Media/DTV	
	TCI Satellite Entertainment/Tempo/PrimeStar				0.8	DirecTV			
	US Satellite Broadcasting Corp				1.0	DirecTV			
	Dish Network (Echostar)				0.2	7.4	7.0	9.3	8
	Rainbow (Cablevision)					0.4	Echostar		
	Others				0.1	0.3	0.3	0.3	0
	DBS Subtotal (market share%):	0.0	0.0	0.0	3.3	19.1	18.1	24.9	2
	DBS Subtotal ($ mil):	0	0	2	943	10,270	14,494	31,185	4
IPTV providers	Verizon (FiOS)							1.8	5
	AT&T (U-verse)							1.4	4
	Others								1
	IPTV Subtotal ($ mil)							4,045	1
	IPTV Subtotal (market share %)							3.2	1
	Total US Revenue ($ mil)	8,331	13,409	21,081	28,649	53,788	80,172	125,131	1
	C4	20.7	28.3	34.3	42.1	49.7	55.0	61.3	6

HHI	162	293	430	532	857	987	1,111	1
N	13	13	14	17	11	10	10	1
MOCDI Index	45	81	115	129	258	312	351	3

Main sources: Revenues from Kagan Research, LLC. Broadband Cable Financial Databook, 2004, as found on http://www.ncta.com/Docs/PageContent.cfm?pageID=309 . Starting 1996, 20% of TW's market share has been allocated to MediaOne. Data for 2005 include the Adelphia acquisition by TW and Comcast. TW maintains an ownership state in Bright House after the earlier partnership with Advance Newhouse dissolved in 2003. Also from NCTA.com and company reports of subscriber numbers. Revenues are cable TV only, excluding Internet and telephony revenues. Source: 2009 Cable MSO data, "Comcast Corp.: Financials," Standard & Poor's Net Advantage, Broadcasting and Cable. July 2010. Colony, Sandy. "Insight Announces Third Quarter Results." Insight: Press Release. July 2010. Cable Industry Revenue 1996–2009, National Cable and Telecommunications Association: http://www.ncta.com/Stats/CustomerRevenue.aspx. Last accessed 7/15/10. Amobi, Tuna N., Kolb, Erik B. "S&P 500 Industry Surveys Broadcasting, Cable & Satellite," February 18, 2010. 2009 DBS data: "Domestic Satellite DTH Numbers." SBCA: Satellite Broadcasting and Communications Association, through MediaBiz: Competitive Intelligence. http://www.sbca.com/receiver-network/industry-satellite-facts.htm. Source for system operator customer base: Amobi, Tuna N. and Kolb, Erik B., "S & P 500 Industry Surveys Broadcasting, Cable & Satellite," February 18, 2010. Total revenue figure for 2008 estimated based on DBS subscriber growth, Source: http://www.sbca.com/receiver-network/industry-satellite-facts.htm.

a Time Warner Cable was spun off from Time Warner in 2009. In 2010 Liberty reduced voting control to 3%.

b In 2008, News Corp. sold DirecTV to Liberty Media. In 2014, AT&T announced its planned acquisition of DirecTV. This would raise AT&T's market share in MVPDs 23.7%.

c In 2014 Comcast announced its intention to buy Time Warner Cable. It also entered into a deal with Charter to trade and share millions of subscribers. The deal between Comcast and Charter is complex The deal was abandoned in 2015 after public and regulatory opposition. Subsequently in 2015, Charter announced a complex deal to merge with Time Warner Cable and Bright House.

Table 18.9 presents the multichannel TV market, while Table 18.7 shows the TV broadcast industry. We now put both together as a combined *video retail distribution market*. Table 18.10 shows the shares of companies in a pooled video retail distribution market. It treats TV stations, cable MSOs, DBS, and IPTV as basically
p. 518 interchangeable program delivery systems. (Not included are broadband ISPs that are the ↳

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platforms for OTT service. These are almost always cable TV and telecom firms that are already listed.) National concentration in that video retail market increased from a miniscule HHI of 54 in 1984 to 1,385 in 2012–2013, after the full acquisition of NBC by Comcast. The four-firm concentration ratio rose strongly from 9.6% in 1984 to 54.5% in 2009 and 61.4% in 2013. The largest firms in 2013 were Comcast (29.1%), Time Warner Cable (13.4%, potentially merged with Charter and Bright House), DirecTV (12.9%, potentially acquired by AT&T), and Dish (7.6%). These are all cable MSOs or DBS operators, and they dwarfed the local distribution role of the traditional major TV station companies in 2011: CBS (2.6%), Disney/ABC (3.6%), and 21st Century Fox (4.0%).

Table 18-10. Pooled Electronic Video Retail Distribution (TV stations, Cable MSOs, DBS, IPTV)

	1984	1988	1992	1996	2001	2005	2009	2012
Comcast[a]	0.4	1.4	2.0	3.3	8.4	22.0	25.3	29.1
Jones Intercable	0	0.2	0.3	0.6	Comcast			
Lenfest Communications	0.4	0.4	0.5	0.8	Comcast			
Storer (50% interest)		KRR	0.9	0.9	Comcast			
AT&T					15	Comcast		
MediaOne				5.7	AT&T			
Continental Cablevision	1.4	2.8	3.0	MediaOne				
TCI	2.4	6.1	9.0	7.5	AT&T			
Viacom Cable	1.0	1.2	1.1	0.9	TCI			
TCI Entertainment/Tempo/Primestar			0	0.8				
US Satellite Broadcasting Corp				0.4				
Storer (50% interest)		0.9	0.9	0.9	TCI			
Heritage	0.7	TCI						
Storer Communications	1.8	KKR	TCI/Comcast					

GE[c] NBC		2.1	1.6	2.0	1.9	2.1	2.2	
Time Warner Cable (TWC)							12.2	13.4[e]
Time Warner			5.7	7.7	7.8	13.6	TWC	
American TV & Warner Communications	1.9	2.9	TW					
Westinghouse Cable	2.6	AOL TW						
Adelphia		0.6	0.8	0.8	4.4	TW/Comcast		
Century	0.4	0.6	0.9	0.7	Adelphia			
Insight						0.7	0.6	TWC
Advance (Newhouse/Bright House)	0.7	0.9	1.4	TW		2.2	1.0	0.3
Cox Communications	2.1	1.8	1.8	3.0	5.7	6.0	5.4	5.5
Times Mirror	1.3	1.2	1.2	Cox				
TCA Group	0.1	0.2	0.4	0.5	Cox			
Charter[b]				0.7	5.6	5.7	3.3	4.3[d]
Marcus Cable			1.2	0.9	Charter			
Bresnan		0.1	0.2	0.5	Charter			
Falcon	0.4	0.1	0.1	0.4	Charter			
Cablevision Systems	0.6	1.8	1.6	0.6	1.1	2.8	3.6	4.3

DirecTV (AT&T)[f]								12.9
Liberty Media (DirecTV)					6.4	7.0	9.4	0.5
EchoStar (DISH)				3.0	4.5	5.0	7.6	7.6
21st Century Fox (News Corp)[c]			1.0	1.6	2.5	3.3	3.7	4.0
Direct TV[d]				0.7	Liberty			
Chris-Craft	0.3	0.9	1.0	0.9	Liberty			
CBS III					1.0	2.5	1.7	2.6
Viacom					2.1	CBS		
Group W (CBS II)	1.8	1.5	1.4	1.6	Viacom			
CBS I	1.9	1.4	1.4	Group W				
Tribune	1.4	1.4	1.4	1.7	1.7	1.5	0.6	0.9
Disney				2.2	1.4	1.4	0.8	3.6
CapCities		2.8	2.1	Disney				
ABC	2.5	CapCities				15.		
Mediacom						0.9	1.0	0.5
Gannett	1.9	1.3	1.0	1.3	1.0	0.9	0.4	0.5
Belo	0.9	0.6	0.5	0.7	0.9	0.5	0.4	
Hearst-Argyle		0	0.1	0.1	1.0	0.9	0.5	1.4

Netflix								2.1
Univision		0.1	0.3	0.4	0.5	0.5	0.4	1.3
CableOne	0.6	0.5	0.5	0.4	0.5	0.4	0.5	0.4
ION Media (Paxson)						0.1	0.1	0.1
Verizon							1.5	1.5
AT&T[f]							1.2	2.5
All Others	68.7	64.2	54.7	45.8	26.6	20	20.9	0.7
Total US Revenue ($ mil)	19,028	27,826	36,715	49,746	66,305	83,213	150,331	177,509
C4	9.6	14.6	19.8	24.2	37.6	48.6	54.5	61.4
HHI	54	89	158	205	525	853	855	1385
N (>1%)	14	14	18	12	17	13	14	13
MOCDI Index	14	24	37	59	127	237	229	384

a Comcast acquired NBC from GE in 2009 (51%) and 2013 (remaining 49%). Its acquisition of Time Warner Cable was blocked in 2015.

b Charter is owned 27% by Liberty after 2012. In 2015, Charter announced complex deals to merge with Bright House and Time Warner Cable.

c In 2013, News Corp spun off its non-print divisions as 21st Century Fox.

d In 2007, News Corp. sold DirecTV to Liberty Media, which in 2010 ended its control.

e Merger with Charter subject to regulatory approvals pending in 2015.

f acquisition by AT&T of DirectTV subject to regulatory approvals pending in 2015.

Cable and Satellite TV Program Channels

Unlike over-the-air commercial TV networks and stations, which are supported mostly by advertisers, cable and direct broadcast satellite channels are funded additionally by viewer subscriptions, either by direct payments in the case of pay TV or indirectly through payments to the platform providers who pass some of it to the channel providers. Increased cable and satellite penetration sharply raised cable channels' overall viewing market share, both for basic and pay cable, from 12.3% in 1984 to 36.7% in 1996, 51.4% in 2004, 55.2% in 2007, and 59.8% in 2009. However, since that market share was divided among as many as 800 national programming channels in 2011[27] (plus a variety of local access channels), the individual share of each such channel remained small.

But the major cable network companies usually own and offer several such channels, and concentration trends for programming networks must be examined by firm rather than by channel. Also, though no single cable-programming network has consistently attracted even a 2% share of the overall TV viewing audience, some cable programming networks have amassed significant shares in certain submarkets. This is particularly true for Disney's ESPN Sports channels and for Viacom's Nickelodeon children's programming, which have become competitive with the broadcast networks.

In 1984, cable TV was still in its infancy, with four firms accounting for 66.4% (62.4% by just three firms) of the cable-only programming market. As cable penetration increased, the supply for new programming grew, and vertical and horizontal concentration levels fell significantly, with the top four firms' share dropping to a still considerable 53.2% by 1992. New firms entered, such as Discovery Networks and Liberty Media, but the major traditional TV firms also launched new channels and acquired competitors and concentration rose again. Time Warner's acquisition of Turner raised the combined share of the top four firms still further to 57.1% by 1996, 62.1% in 2004, and 64.2% in 2013. The HHI of the cable TV programming industry was intermediate in size. After 1996 it declined somewhat to about 1,200 but then rose to 1,409. Several of the top cable programmers were vertically combined with integrated cable MSOs, which created a gatekeeping power and affected the market access of competitors. Time Warner disintegrated again in 2009 by spinning off Time Warner Cable while Comcast moved in the opposite direction in 2011 (Table 18.11).

Table 18-11. Cable and DBS TV Programming Channels—Market Shares by Revenues

	1984	1988	1992	1996	2000	2001	2004/5	2007	2008	2009	2013
Time Warner			5.1	33.0	28.6	26.1	23.5	18.2	18.9	23.2	23.2
TBS	26.9	25.0	23.1	TW							
Viacom	13.8	15.1	13.8	10.9	16.6	16.1	15.8	15.9	14.2	13.6	13.6
CBS[a]							Viacom		1.3	2.3	
Disney	21.8	11.1	11.1	13.2	14.8	14.3	15.7	16.4	16.1	15.3	15.3
Discovery Networks		0.2	3.0	4.3	4.3	5.3	6.4	10.3	10.4	9.9	9.9
21st Century Fox											7.7
News Corp[b]				0.2	5.3	5.4	6.3	7.5	6.9	7.7	21st Century Fox
Comcast[c]					4.3	5.3	6.4	0.8	0.8	0.7	12.1
GE[d] (NBC Universal)		2.0	2.1	2.3	2.6	2.9	7.0	15.3	15.8	11.4	Comcast
RCA (NBC)	4.0	GE									
Liberty Media			2.1	1.5	3.1	3.2	4.8	1.6	1.5	1.5	1.5
Cablevision Systems				3.3	2.0	2.2	2.8	2.8	2.7	2.5	2.5
Rainbow Media Group		Cablevision									
Others	33.6	46.6	39.7	31.3	18.4	19.1	11.2	10.2	11.4	11.8	11.8
Total US Revenue	2,466	4,261	6,504	10,906	20,205	22,917	26,879	26,421	25,761	27,100	28,509
C4	66.4	51.4	53.2	57.1	65.3	61.9	62.1	65.8	65.0	63.6	64.2
HHI	1,403	980	894	1,422	1,398	1,256	1,254	1,262	1,234	1,261	1,409
N (>1%)	4	4	7	7	9	9	9	9	9	9	8
MOCDI Index	573	400	298	474	442	397	378	365	357	380	498

Source: Company data from Company SEC filings and *Broadcasting and Cable*. Affiliate fee estimates from Veronis Suhler, Communications Industry Forecast, 2000, 1992, 1989. Cable ad revenues from Cable TV Advertising Bureau and Paul Kagan & Associates. Data for 2004 are based on Hoover's company profiles. Other data from http://www.cmcsk.com/phoenix.zhtml?c=118591&p=irol-newsArticle&ID=636294&highlight=. 2007 are data from "Television Broadcasting FactBook," Bear Stearns, Jan. 2008. "Top 10 US TV Station Companies, Ranked by Revenues," *2008 eMarketer Digital Intelligence*. October 2009. "Cable and Premium TV—Summary: 1980 to 2008," *U.S. Census 2008*. http://www.census.gov/compendia/statab/2010/tables/10s1105.pdf. Last accessed 12/15/10.

a Viacom acquired CBS and spun it off again.

b In 2013, News Corp. spun off its non-print divisions as 21st Century Fox.

c Comcast owned 51% of NBC Universal, after 2011, and 100% after 2013.

d In 2011/13, Comcast acquired GE's NBC Universal. For the other 2013 data points, 2009 figures are used.

We now summarize findings for all video channels—TV broadcast networks, cable and satellite channels, pay TV, and TV-syndicator-supplied programs to TV stations (Table 18.12).

Table 18-12. Combined Video Network Industries (Market Shares of Broadcast TV Networks, Cable Channels, Pay TV)

	1984	1988	1992	1996	2001	2005/6	2009	2013
CBS (“III”)						9.9	10.3	8.5
Viacom[a]	5.5	6.6	6.8	6.9	20.9	11.2	8.5	12.9
CBS (“I” and “II”)	20.0	13.7	12.8	8.8	Viacom			
King World	0.5	1.4	2.3	2.2	CBS			
UPN				2.9	Viacom			
Paramount			1.0	Viacom				
Spelling Entertainment	0.1	0.2	0.4	Viacom				
Republic		0.1	0.2	Viacom				
Time Warner	5.6	5.9	8.0	19.9	20.9	19.7	20.2	10.4
Turner	4.6	6.0	6.9	TW				
Lorimar Telepic		1.0	TW					
Telepictures	0.1	TW						
Lorimar	0.3	TW						
Newline Cinema	0.0	0.0	0.1	TW				
Comcast[b]				0.0	2.6	3.2	11.6	12.6
GE/Universal		16.8	11.9	11.6	8.1	10.1		
RCA/NBC	17.3	GE						
Vivendi					2.0	GE		
USA	0.7	0.9	1.2	1.6	Vivendi			
Universal/MCA	1.1	1.0	Matsushita	Vivendi				
Disney	4.0	3.0	3.7	14.8	14.5	14.4	13.8	12.3
Cap Cities		14.0	11.3	Disney				
ABC	19.2	Cap Cities						
21st Century Fox							10.4	11.1
News Corp.[c]		4.0	7.4	6.8	7.8	8.8	5.0	
Discovery Networks			0.8	1.5	2.6	3.2	3.4	4.0

Liberty Media			1.4	0.7	1.9	2.4	1.3	1.3
Cablevision				1.2	1.1	1.4	0.6	0.6
PBS	1.1	1.0	1.0	0.9	0.7	0.8	0.4	0.4
Sony			0.4	0.4	0.3	0.4		
Columbia Pictures		0.2	Sony					
Tristar	0.1	Sony					0.3	0.3
Gannett				0.5	0.3	0.3	1.7	1.9
Multimedia	0.1	0.1	0.2	Gannett			0.1	0.1
Paxson/ION					0.2	0.1	0.1	0.1
Saban						0.5		1.3
Univision (Galavision, Telefutura)			0	0.2	0.3	Saban		Saban
Others	19.8	24.0	22.1	19.7	16.5	14.4	11.3	21.2
Total	14,767	19,927	21,700	30,552	45,773	53,589	54,900	54.900
C4	62.1	51.1	44.0	55.1	64.3	55.3	61.2	48.9
Pooled HHI	1,170	812	672	941	1,231	1,025	1,063	805
N (>1%)	9	11	13	11	10	10	11	11
MOCDI Index	390	245	186	284	389	324	321	243

Source: For early data, *Gale Broadcasting & Publishing Directory*, 1990, 1996, and 2001 editions, respectively.

a Viacom spun off part of its operation to form CBS (III) in 2006. But the two firms remained under control of the same board chairman, Sumner Redstone.

b Comcast acquired 51% of NBC Universal in 2011, and 49% in 2013.

c In 2013, News Corp spun off its non-print divisions as 21st Century Fox.

The original three TV networks' share of all TV viewing was only 24.9% in 2002, or about one-third of what it used to be; with Fox added, the top four networks' share becomes 35.4%.[28] But this may be a bit simplistic. First, Comcast (NBC) and Viacom/CBS also have interests in other small terrestrial broadcast networks, such as CW and Telemundo. This adds another 3% overall. Second, the four major TV network firms also own many of the cable channels. ↳ p. 525

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If we look at the latter, the data show that the top four traditional broadcasting companies have 44.8% of the cable channel market in 2005 and 50.3% by 2009. Time Warner grew and has a market share of 23% of the cable channel market in 2013. In overall concentration in the overall TV channel program market, the share (by revenues) of the original Big Three network firms (ABC, CBS, NBC), which used to be 56.5% in 1984, declined to about 34.5% in 2013. If we add a fourth firm—21st Century Fox, with its fourth TV network, Fox, which did not exist in 1984—this number rises to 44.9% in 2013. If we add a fifth firm, Time Warner, which has a strong position in cable networks, and ignore the split-up of Viacom/CBS, the share in video content channel of the top five rises to 73.6%. This is a high number. But it does not show much growth. In 2001, the five-firm share in overall networking in its various forms had been 72.2%. Nor does it yet incorporate the emerging challenge from OTT content providers such as Netflix, Amazon, and Google.

Film

Six Hollywood studio companies historically have dominated the production, financing, distribution, and exhibition of motion pictures. This handful of firms, all located in the Los Angeles area, has exercised an extraordinary dominance over the film medium of the United States and the entire world. But while this market structure has persisted for an extraordinary 90 years or so, it has been far from placid. In 1949, the US government forced the major firms to divest their theater chains. In the 1950s and 1960s, weakened by the emergence of television and rapidly shrinking theater attendance, most studios were acquired by general business conglomerates. Later, they became holdings in the portfolio of communications companies, both American and foreign. Vertical integration increased again as these companies diversified their distribution into TV network ownerships. The major film studio companies themselves became primarily distribution and financing firms that supported and bundled the production of independent production companies.

The firms' market shares fluctuated with box office success. Twentieth Century Fox seesawed from a high of 19.5% in 1970 to a low of 9.4% in 1994 to 13.2% in 2009 and 9.7% in 2013. Disney dropped to a 4.8% market share in 1978 but grew to 21% in 1996, dropped again to 11.6% in 2009, and rose to 15.7% in 2013.

Table 18.13 shows the concentration trend of film distribution. This market has been fairly steady in the aggregate, with six studios accounting for 75% to 85% of the market for decades. "Mini-majors" such as MGM, DreamWorks SKG, Miramax, and Pixar have been absorbed into the six-firm structure. But since no firm accounts for more than 20%, the HHI concentration is flat and in the 1,100–1,300 range, well inside the "moderate" level of US governmental antitrust standards (Table 18.13).

Table 18-13. Film Production/Distribution (Market Share by Box Office %)

	1970	1978	1982	1984	1988	1990	1992	1994	1996	2000	2001	2004	2006	2009	2013
Time Warner (Warner Bros/Warner Comm.)	5.3	13.2	10.0	11.0	12.7	13.1	14.7	16.2	15.7	11.9	21.4	17.5	14.3	19.9	17.1
NewLine					2.7	4.4	5.4	6.4	5.3	6.3	TW				
Disney (incl. Miramax and Pixar)	9.1	4.8	7.0	9.8	14.5	15.5	17.5	19.5	21.0	19.1	17.8	16.3	16.2	11.6	15.7
Sony (Japan)						13.9	11.7	9.5	10.6	8.8	10.3	16.4	20.4	13.7	10.5
Columbia / Tristar	19.4	11.6	10.0	10.3	11.8	Sony									
Tristar					Columbia										
MGM / UA / Pathe	3.4	N/A	11.0	8.3	3.7	2.8	2.8	2.8	5.1	1.3	5.3	Sony			
Orion / Metromedia					8.8	5.6	MGM								
21st Century Fox (ex-News Corp[a])						13.1	11.3	9.4	12.6	9.7	10.2	9.9	15.2	13.2	9.7
Fox	19.5	13.4	14.0	11.9	10.2	News Corp									
Viacom/Paramount								14.2	12.7	11.7	10.6	6.7	10.3	13.9	8.9
Paramount[b]	11.8	15.8	14.0	16.3	18.1	14.9	14.6	Viacom							
DreamWorks SKG										10.3	4.8	10.0	Viacom		1.8
Comcast[c]															13.1
GE												9.5	8.9	8.4	Comcast

Vivendi Universal										14.5	11.4	GE			
Seagrams									8.4	Vivendi					
Matsushita							12.9	12.6	Seagrams						
Universal / MCA	13.1	16.8	19.9	16.4	11.8	13.1	Matsushita								
Lionsgate												3.2	3.6	3.8	9.8
Summit Entertainment														4.6	Lionsgate
Overture Films														1.5	
Weinstein Company													2.5	1.9	4.5
Others	18.4	24.4	14.1	16.1	5.7	3.6	9.3	9.4	8.6	6.5	8.2	10.5	8.6	7.7	8.3
US Market Revenue ($ mil)	1,430	2,644	3,453	4,031	4,458	5,022	4,871	5,396	5,912	7,661	8,413	9,406	9,407	9,817	9,480
C4	63.8	67.2	69.0	60.7	57.4	57.5	59.5	59.4	62.0	57.2	61.2	60.1	66.1	60.7	56.4
C6	78.2	83.6	89.0	80.8	78.7	83.6	82.5	81.4	81.0	77.2	81.7	79.6	85.3	80.7	75.9
HHI	1,190	1,043	1,158	1,067	1,179	1,229	1,198	1,231	1,245	1,171	1,278	1,184	1,319	1,265	1,182
N (>1%)	7	6	7	7	9	9	8	8	8	9	8	8	8	11	9
MOCDI Index	450	426	438	403	393	410	424	435	440	390	452	419	466	381	394

Main sources: Entertainment Data Inc. as listed in Screen Digest, Feb. 1, 1997; Wasko, Janet, Movies and Money: Financing the American Film Industry, Ablex Publishing Corporation, 1982, p. 152. Domestic market shares (percentage of US and Canadian rentals) compiled from Variety, Jan. 15, 1975; Feb. 11, 1977; and Jan.

18, 1979. Leisure Time, Standard and Poor Industry Surveys, 1983, 1992, 1996, 2001, 2004, 2013.

a In 2013, News Corp spun off its non-publishing divisions as 21st Century Fox.

b Viacom's Paramount bought DreamWorks SKG for $1.6 billion in 2006, then sold the DreamWorks film library to private investors for $900 million. DreamWorks Animation remains a separate independent production company, distributed by Paramount. Dreamworks studios was re-created after 2009 with the Reliance conglomerate of India.

c GE sold Universal to Comcast (51% in 2011, 49% in 2013).

Films are not the only product of film studios. Another major line of business is TV shows. Table 18.14 shows the concentration trends in the production of prime time TV shows. In the 1970s and 1980s, small firms, because of the regulations in place, produced more programs for the major networks. With changes in regulation in the mid-1990s, the Big Three networks soon began to produce more of the shows they broadcasted. More significantly, the Hollywood studios bought two of the three major networks, started a fourth, and added two minor networks. Thus, the major Hollywood studios remained the largest TV show producers. Time Warner, Viacom, Disney, and News Corp. all increased their shares through acquisitions in the 1990s. The C4 increased from 37.0% to 62.7% between 1984 and 2013. The remainder of the market was divided among a handful of relatively small companies. The overall US-only revenue in this industry grew from $2.2 billion in 1984 to $6.8 billion in 2004–2005 to 7.6 million in 2013.

Table 18-14. TV Show Production (Market Shares Based on Network Prime Time Program Hours)[a]

Producer	1970	1975	1980	1984	1988	1992	1996	2001	2004/5	2010	2013
21st Century Fox News Corp.						2.7	4.4	11.6	18.7	13.6	17.4
20th Century Fox	9.2	2.5	3.8	8.0	4.6	NewsCorp					
Stephen J. Cannell			0.6	7.0	4.9	NewsCorp					
New World					5.2	NewsCorp					
Disney	1.9	2.5	2.9	3.0	4.3	9.8	9.5	14.1	18.7	12.6	11.8
ABC					1.8	4.1	Disney				
Viacom (Paramount)			0.3	1.3	5.4	3.8	8.9	14.7	CBS		
Spelling	2.3	4.2	8.4	8.4	2.7	0.6	Viacom				
Quinn Martin		10.3	2.8	Spelling							
Paramount	6.4	6.9	7.4	7.0	5.4	6.3	Viacom				
CBS (I, II, & III)	1.9	2.5	1.1	1.0	1.0	7.8	12.2	Viacom	14.6	18.8	16.9
Time Warner (Warner Bros.)	1.9	4.5	5.4	8.9	10.0	22.3	23.3	16.9	10.4	18.4	16.6
Lorimar		3.6	8.3	7.6	9.8	TW					
Comcast (Universal)										6.2	9.4
GE	1.8	2.5	5.2	0.5	0.7	1.5	6.1	8.3	10.4	Comcast	
Vivendi (Universal/MCA)	14.4	22.4	14.8	8.6	12.8	13.5	10.0	5.5	GE		
Endemol (Netherlands)								4.0	7.5	4.4	News Corp.
Sony (Japan) (Columbia)					8.1	4.7	7.8	6.2	4.2	2.6	4.2
Columbia	6.0	7.3	6.2	11.1	Sony						
Embassy			2.5	4.8	Sony						
Tandem (Norman Lear)		5.2	3.2	Embassy							
MGM	4.5	2.4	2.9	2.0	2.4	2.5	2.4	2.4	Sony		
MTM		5.0	6.8	8.0	2.8						
Alan Landsburg			1.6	3.8	2.0						
Witt-Thomas			1.8	1.1	2.3	2.5	3.3	3.0	2.0		
Filmways/Orion	4.4	N/A	1.3	2.2	1.8						

Bochco						2.8	4.4				
Carsey/Werner				0.6	2.3	5.3	2.2	2.0	2.0		
WGBH (PBS)										2.0	2.0
Others	45.3	18.2	12.7	6.1	9.7	9.8	5.5	11.4	11.5	23.4	20
Total Revenue ($mil)	696	1,056	1,602	2,236	3,122	4,358	6,083	6,400	6,776	7,249	7,559
C4	36.0	46.9	38.9	37.0	40.7	53.4	55.0	57.2	62.4	63.4	62.7
C6	44.9	57.1	51.9	53.0	51.5	65.0	71.7	71.7	80.3	78.6	76.3
C8	49.1	65.8	62.5	67.6	61.6	73.8	82.2	81.2	86.5	85.6	80.1
HHI	428	842	619	681	618	988	1,119	1,005	1,211	1,181	1,116
N (>1%)	11	14	18	16	19	14	12	11	9	8	8
MOCDI Index	129	225	146	170	142	264	323	303	404	418	395

a In 2013, News Corp spun off its non-print divisions as 21st Century Fox. 2013 figures repeat 2012 and add structural changes. Viacom acquired Paramount in 1994, Spelling Entertainment in 1995, and CBS in 1999; Sony bought Columbia and Embassy in 1989; Time Warner acquired Lorimar in 1989; Vivendi acquired Seagram (Universal's parent company) in 2004; film and TV operations were sold to an entity that is 80% owned by GE's NBC; News Corp acquired 20th Century Fox in 1985; Fox acquired New World and Stephen Cannell Productions in 1994; Disney acquired ABC in 1995. TV production revenues were estimated using $1.9 million for ½ hr of programming a prime-time show for 30 weeks of the year and $0.95 million for the remaining 22 weeks with 56 hours of prime time television per week, for all major networks, with 8% increase in cost per year after 1996. 2009 data: TV Guide: www.tvguide.com for shows' shares. 2010 revenue data are based on growth rates from 1996 to 2005 and company 10-K reports.

The smaller TV production firms are fragmented and dependent on the graces of the major networks, their own competitors in production. On the other hand, the major production companies also provide programs for rival ↳

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networks for whose business they compete. These figures should therefore be interpreted cautiously. What the numbers show is that after 1996, the six major Hollywood studios have collectively dominated television production. The major change was vertical integration. By 2004, five of the six major producers, with the exception of Sony, owned TV broadcast networks the traditional three networks plus two to three new ones. This reduced market access for independents as well as for rival network companies. In 2010, ABC chose 9 Disney programs out of 13 regular series, while Fox picked 7 of its own series out of 10. CBS was less vertically integrated, with 3 series.

Combining Tables 18.13 and 18.14 gives us Table 8.15, which shows the aggregated TV and Film production market. The overall concentration in this market went up steadily, peaking around 2001 at a moderately concentrated level of 1,142, before dropping to 956 by 2013. Time Warner has been the top firm throughout the past two decades, with Disney trailing closely, and 21st Century Fox (formerly News Corp.) slowly catching up since 2000. But these numbers must be used with caution. The six "majors" distribute many films produced by other, often by independent producers. Also, cable TV show producers are not included in this table.

Table 18-15. Pooled Film and Network TV Production

	1984	1988	1992	1996	2001	2004/5	2009	2013
Time Warner (Warner Brothers/Warner Comm.)	10.4	11.6	18.3	19.6	19.8	15.0	18.7	16.9
NewLine		1.6	2.9	2.6	TW			
Lorimar	2.8	4.0	TW					
Disney (incl. Miramax)	7.5	10.3	13.9	15.2	16.5	17.9	11.7	13.8
ABC		0.7	1.9	Disney				
Sony (Japan)		3.3	8.4	9.2	8.7	11.7	8.7	7.8
MGM/UA/Pathe	6.1	3.2	2.7	3.7	4.1	Sony		
Columbia	10.8	6.9	Sony					
21st Century Fox			7.2	8.4	11.0	14.0	13.0	13.0
News Corp[a]								
Fox	10.7	7.9	News Corp					
Stephen J. Cannell	2.5	2.0	News Corp					
New World		2.1	News Corp					
Viacom/Paramount	0.5	2.2	1.8	10.8	12.6	4.0	7.8	5.1
Paramount	13.2	12.9	10.7	Viacom				
DreamWorks SKG					2.8	6.0		1.0
Spelling	3.0	1.1	0.3	Viacom				
CBS (I, II, & III)		0.4	3.7	6.2	Viacom	6.3	7.7	7.3
Comcast							4.6	11.5
GE	0.2	0.3	0.7	3.1	3.6	10.2	Comcast	Comcast
Vivendi Universal	3.1	5.3	6.4	5.1	9.0	GE		
Seagrams				4.1	Vivendi			
Matsushita			6.8	Seagrams				
Universal/MCA	10.7	7.0	Matsushita					
Lionsgate						1.9	2.1	5.6
Summit Entertainment							2.6	Lionsgate
Overture Films							0.8	

Weinstein Company						1.5	1.1	2.5
Endemol (Netherlands)					1.7	3.1	1.9	
MTM	2.9	1.2						
Alan Landsburg	1.4	0.8						
Witt-Thomas	0.4	0.9	1.2	1.7	1.3	0.9		
Filmways/Orion	0.8	5.9						
Bochco			1.3	2.2				
Carsey/Werner	0.2	0.9	2.5	1.1	0.9	0.9		
Others	12.7	7.4	9.5	7.0	8.0	6.7	19.4	14.7
Total Revenue	6,160	7,580	9,229	11,995	14,813	16,417	16,616	17,030
C4	45.4	42.6	51.2	54.7	59.8	58.5	52.0	55.2
C6	63.3	56.6	65.3	69.4	77.6	75.1	67.6	70.3
HHI	767	687	894	1,004	1,142	1,090	901	956
N (>1%)	13	17	15	14	11	11	12	10
MOCDI Index	213	167	231	268	344	329	260	302

a In 2013, spun off from News Corp as 21st Century Fox.

Will the Internet change film industry concentration? In the past, improvements in distribution methods have not threatened the production sector in the long term, only the retail distribution. Although the Hollywood production and distribution industry has historically opposed almost any new delivery technology—broadcast television, pay TV, VCRs—it ended up benefiting from them. The Internet, despite its "long tail" of narrowly focused low-budget content production, is not likely to reduce the importance of exquisitely produced, high-budget, popular entertainment with special effects and famous stars.

Telecommunications Media

Consumers and organizations use telecommunications services—two-way individualized electronic communication—more than ever before: at home, in the office, on the road, at the beach, when web surfing, chatting with friends, e-mailing, downloading music and video clips, holding a meeting, running a company. The US telecommunications industries generated revenues of $391 billion in 2011 for services and $63 billion for equipment.

Wireline Telecommunications

The overall concentration trend of the telecom industry has been strongly S-shaped: a huge decline in 1983 with the split-up of AT&T; a gradual decline from 1984 to 1996, a pronounced reconcentration thereafter; and a second decline as cable and online Internet telephony emerged as competitors (Table 18.16).

Table 18-16. Wireline Telecom

	1983	1984	1988	1992	1996	2002	2006	2009	2012
Telecom Providers (share of overall wireline)									
AT&T “II” (SBC)		5.8	5.7	5.2	5.8	15.8	37.7	29.6	23.1
AT&T “I”	87.5	35.3	30.1	25.8	24.2	21.0	SBC		
Ameritech		7.9	7.0	6.4	4.8	SBC			
Pacific Telesis		5.7	6.3	5.5	4.3	SBC			
BellSouth		8.7	8.5	8.0	7.1	6.9	SBC		
Verizon						18.2	26.4	21.3	18.6
Worldcom			0.1	0.5	2.8	12.9	Verizon		
MCI	1.9	1.8	4.3	7.0	10.1	Worldcom			
Bell Atlantic		8.7	7.2	7.0	11.0				
NYNEX		6.6	8.4	7.2	6.6	Bell Atl			
GTE (incl. Contel)	5.0	5.0	7.5	6.8	7.2	Verizon			
CenturyLink								11.4	11.5
Embarq[f]							2.0	CenturyLink	
Qwest			0.1	0.3	0.8	4.8	4.5		CenturyLink
LCI			0.2	0.6	1.9	Qwest			
US West	0.3	5.7	6.0	5.7	5.0	Qwest			
Sprint (United)/Softbank (Japan)		0.1	0.2	4.2	4.9	4.3	3.6	1.8	1.7
Frontier (Citizens Telecom)						1.7	2.7	3.3	2.6
Level 3							0.7	1.9	9.5
Global Crossing				0.3	1.0	1.2	1.9	2.6	Level 3
Time Warner Telecom						0.1	0.1	0.2	Level 3
Other LECs	5.7	8.7	8.4	9.5	8.5	8.1	9.2	9.0	3.8
Total Telecom	100.0	100.0	100.0	100.0	100.0	95.0	88.7	78.7	74.4
Cable Providers (share in overall wireline)									
Comcast						0.7	3.2	5.6	8.0
Time Warner Cable						1.5	3.0	5.1	4.1
Cablevision						1.5	2.5	3.0	3.3
Cox Communication						1.0	1.3	2.2	2.8

Charter						0.2	0.4	1.3	1.6
Other Cable Providers:						0.1	0.4	2.4	2.7
Total Cable						*5.0*	*10.8*	*19.6*	*22.5*
VoIP (share of overall wireline–based service)									
Vonage							0.4	1.2	1.2
Skype							0.1	0.4	0.4
Other non- cable VoIP Providers:							0.0	0.0	0.0
Total non-cable VoIP							*0.5*	*1.7*	*1.7*
Overall Wireline Revenue ($ mil)	92,548	104,020	122,992	150,487	186,308	247,831	243,437	214,103	174,731
C4	94.7	60.6	54.4	48.1	52.5	67.9	72.2	64.9	66.3
HHI	7,685	1,633	1,331	1,075	1,049	1,290	2,191	1,697	1,395
N (>1%)	3	10	10	11	12	12	11	14	12
MOCDI Index	4,437	516	421	324	303	372	661	454	403

Main sources: Revenue data from annual reports, industry surveys. FCC, Statistics of Common Carriers, 1986, 1990, 1995, 1996, 1997, 1998, 1999, 2000/2001. FCC. Bell Operating Companies aggregated to post-divestiture model for comparability. Figures include Network Access Revenues, mobile backhaul and ISP backbones. Market shares for 1988 and 1992 extrapolated based on adjacent years; revenue from “Acquisition of Teleport Communications” in: CLEC Report 2000, New Paradigm Resources Group, INC. Figures for 2000 for McLead USA, Time Warner Telecom, and NextLink are based on “CLEC Revenue” as listed in CLEC Report 2000, New Paradigm Resources Group. Global Crossing bought Frontier in 1999. Citizens Communications changed its name to Frontier Communications in 2008. Sprint spun off its local wireline business to form Embarq, keeping only its long distance operations. 2006 includes the mergers between AT&T/SBC and Verizon/MCI, assigning 50% of AT&T local share in 2004 to SBC in 2006. Assigned 33% of overall VoIP revenue to local service. 2013 data for Cablevision, Cox, Charter assumed growth of 10%. In 2015, a merger of Charter and Time Warner Cable was pending.

Before its 1984 divestiture, AT&T accounted for nearly 77% of local telephone revenues nationally. The divestiture decree separated AT&T’s 22 local operating companies and reorganized them into seven independent companies. In addition, well over 1,500 independent LECs existed at the time, of which GTE and United Telecommunications were the largest. Before the AT&T divestiture, the national wireline (i.e., overall telecom) HHI was at almost 8,000. The divestiture radically dropped that number to 1,633. The subsequent trend was first greater entry, then a reconsolidation. The major regional Bell companies began to merge into two major groupings, SBC (which was renamed as the new AT&T) and Verizon. Mergers caused the national market share of the top four firms to grow from 48.1% in 1992 to 66.3% in 2012. By the HHI measure, concentration in the national wireline market doubled from moderate (after 1984) to high again after 2009. It then declined again.

In the 2000s, cable companies gained considerable ground in the consumer landline market with the introduction of triple play services. Their collective share increased steadily from 5% in 2002 to almost 20% by 2010. VoIP providers, including Vonage and Skype, also played a role in the wireline market, providing a
p. 534 low-cost alternative to telecom and cable telephony. But their share was below 2%. ↳

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p. 538 Perhaps the major alternative to the incumbent local telephone companies (ILECs) emerged in the form of cellular mobile wireless. As penetration zoomed and prices dropped, many users opted for wireless service as a substitute for wireline and dropped the latter altogether.

Mobile Telecommunications

Mobile services, after the sharp decline in concentration level due to the breakup of the original AT&T in 1984, grew tremendously while also consolidating. The concentration trend is shown in Table 18.17. The industry merged after 1984 and again 1995, when it was licensed in a purposefully decentralized fashion on a national level. This led to a second wave of consolidations, in which the telecom firms sought to create national "footprints." The number of such national firms declined after 1996 to six and then four national footprints. A few regional companies still exist, often as partners of the national firms. Deals between SBC (with Ameritech) and Bell South created Cingular, to which AT&T and its name were added in 2004–2005. Verizon Wireless was created out of the cellular operations of Bell Atlantic, NYNEX, GTE, US West, and PacTel (Airtouch), the latter owned by the United Kingdom's mobile phone giant Vodafone. In 1999, Vodafone agreed to merge its considerable US wireless segment into Verizon Wireless, of which it owned 45%. But in 2013, the two companies agreed to end their partnership and Verizon bought out Vodafone. In 2002, Deutsche Telekom acquired Voice-stream and renamed it T-Mobile. In 2004, Sprint acquired the bankrupt Nextel to form Sprint Nextel, which was the third biggest player in the market. By 2005, four companies, all with nationwide footprints, held much of the market (88.4% in 2006 and 93.7% in 2011). The two Bell-successor companies accounted for 50.4% in 2006 and 66.5% in 2013, after the buy-out of Vodafone's share by Verizon (Table 18.17). AT&T tried to acquire T-Mobile from Deutsche Telekom, but the deal was blocked by the US government. T-Mobile then bought Metro PCS, a major discount reseller (MVNO). Sprint, in turn, was acquired by Softbank, a major ISP and mobile network operator in Japan. Other MVNOs are TracFone (America Movil), Cricket (AT&T), Ting, and H20. HHI concentration rose greatly, from 341 in 1984 (in a tiny market of $340 million) to 2,636 in 2013, in a huge market of $160 billion.

Table 18-17. Mobile Cellular Telephone Service

	1983	1984	1988	1992	1996	1998	2000	2001	2004	2006	2009	2013
AT&T “II” (SBC)										35.0	36.5	32.9[a]
Cingular[b]							18.5	19.9	21.2			
SBC		5.4	6.0	7.4	7.5	11.0	Cingular					
Ameritech		6.5	7.5	6.5	5.5	SBC						
BellSouth		5.2	5.3	6.0	6.0	7.0	Cingular					
Vanguard / Cellular One												
AT&T (I) (McCaw)	44.5	0.9	2.0	10.8	11.0	12.0	16.0	14.0	14.0	Cingular		
SNET		0.8	0.9	1.0	1.0	0.5	Cingular					
Leap Wireless										1.0		AT&T
Verizon Wireless[c]							13.4	15.3	15.3	15.4	17.9	33.6
Vodafone (UK)						12.0	11.0	12.6	12.6	12.6	14.6	Verizon
Bell Atlantic		7.6	6.3	8.9	10.0	12.0	Verizon					
Metro Mobile	2.0	3.4	3.2	2.6	2.5	Bell Atlantic						
NYNEX[d]		6.5	6.5	6.5	Bell Atlantic							

GTE Mobilenet/Contel[e]	6.8	6.8	7.3	8.8	9.0	8.0	Verizon					
Vodafone (UK)						12.0	Verizon/Vodafone					
Air Touch (Pac Tel)	0.0	7.0	7.1	10.3	11.0	Vodafone						
US West New Vector	0.0	5.5	4.1	3.9	Airtouch							
MCI				1.6	2.0		0.2	0.1	0.1	Verizon		
Alltel[f]	1.4	1.4	1.2	1.8	2.0	6.0	5.7	6.5	6.5	6.5	Verizon	
Sprint Nextel (Softbank) (Japan)[g]	1.0	1.0	1.0	4.6	5.0	6.0	7.5	11.2	11.2	18.9	16.8	16.3
Centel[h]			4.5	3.5	Sprint							
Nextel				3.1	3.9	4.7	5.5	7.7	7.7	Sprint		
T-Mobile[i] (Deutsche Telekom, Germany)							4.3	5.9	5.9	5.9	7.9	12.4[j]
Voicestream Metro PCS[j]					0.2	2.0						T-Mobile
Century	1.2	1.2	1.0	0.4	0.3	1.0	0.8	0.7	0.7	0.7		
US Cellular(TDS)[k]				0.9	1.0	3.0	2.8	3.3	3.3	3.3	2.1	2.2
Other	43.1	40.8	36.1	11.4	22.1	14.8	14.3	2.8	1.5	1.7	1.0	1.0
Total subs		0.1	2.1	16.0	44.0	69.2	109.4	128.4	182.1	194.6	285.6	302.9
US Total Revenue ($mil)	200	340	1,959	12,253	26,415	36,633	51,908	61,051	102,121	108,535	152,600	196,000[l]
C4	54.7	27.9	28.4	38.8	41	47	58.9	61.8	63.1	81.9	85.8	95.2

HHI	2,035	341	362	627	602	774	1,045	1,258	1,311	2,067	2,221	2,636
N (>1%)	6	12	14	16	14	12	9	9	9	7	8	5
MOCDI Index	831	98	97	157	161	223	348	419	437	781	785	1179

Main sources: 2009 data: Subscriber counts from companies' websites, annual reports, and press releases. Also *MobileBurn*: Haselton, Todd. "U.S. Cellular reports Q1 2010 figures, Sees Flat Subscriber Growth," May 10, 2010. Last accessed on July 12, 2010 at http://www.mobileburn.com/news.jsp?Id=9408 . The total number of subscribers was found at CTIA.org. 2009 revenue data: *Standard & Poor's Industry Surveys* (Telecommunications—Wireless): http://www.netadvantage.standardpoor.com/NASApp/NetAdvantage/showIndustrySurveyPDF.do?loadIndSurFromMenu=pdf. Last accessed August 23, 2010. CTIA, The Wireless Association: http://www.ctia.org/advocacy/research/index.cfm/aid/10323. Last accessed July 15, 2011. "Mobile/Cellphone Services – US – Snapshot," *Mintel Group Inc.*, New York, 2013.

a Includes 2013 acquisition by AT&T of Leap.

b In 2006, SBC acquired Bell South and its part of Cingular (60%).

c Vodafone's 45% ownership of Verizon Wireless is reflected in the table for the years of partnership, until full acquisition by Verizon (2013).

d Bell Atlantic and NYNEX merged their cellular operations in 1995.

e In 1991, GTE Mobilnet merged with Contel Cellular.

f Verizon Wireless acquired Alltel in 2008/9 for $28.1 billion, giving it, for 2009, about 33% of the US market. Alltel had bought in 2007 Western Wireless for $6 billion.

g In 2012 Sprint was acquired by SoftwareSoftbank (Japan).

h Sprint acquired Centel in 1993, then spun it off to create 360 Degrees Communications in 1995.

i VoiceStream (1999) was spun off from Western Wireless and acquired Omnipoint Communications and Aerial Communications in 2000. T-Mobile bought the company in 2002.

j Includes 2013 acquisition of MetroPCS by T-Mobile.

k US Cellular Corp is owned by TDS (80.9%), an LEC that serves about 28 states.

l Excluding over half of data which is counted in Internet access.

Total Telecom Services

So far, we have looked at the wireline and wireless telecom subindustries in a separate fashion. A third subindustry is ISP service, essential for Internet access by endusers. That industry is discussed further below in the section on the Internet. We can put the three segments to-gether in one table that summarizes the telecommunications sector. This is shown in Table 18.18.

Table 18-18. Total Telecommunications Services (Wireline, Wireless, and Broadband—Market Shares by Revenues)

Company (%)	1983	1984	1988	1992	1996	2001	2005	2009	2012/2013[a]
Incumbent Telecom Providers									
AT&T (II) (SBC)		6.0	5.6	4.8	5.1	12.6	35.8	31.7	27.0
Cingular (with BellSouth)*						3.8	6.2	SBC	
Ameritech		8.1	7.0	6.4	4.9	SBC			
PacTel		5.9	6.3	5.9	3.8	SBC			
SNET		0.03	0.01	0.1	0.1	SBC			
AT&T (I)	87.3	35.2	29.6	23.9	22.6	19.2	SBC		
McCaw*	1.0	0.03	0.03	0.8	AT&T (1)				
BellSouth		8.8	8.5	7.9	7.0	5.5	SBC		
Leap Wireless*								0.4	AT&T
Verizon						17.3	22.4	17.0	24.6
GTE (incl. Contel)	5.1	5.2	7.5	6.9	7.4	Verizon			
Bell Atlantic		8.7	7.2	7.1	10.9	7.9			
NYNEX		6.6	8.4	7.1	5.8	Bell Atlantic			
Metro Mobile*	0.4	0.1	0.1	0.2	0.3	Bell Atlantic			

Worldcom (incl. MFS)[*]			0.1	0.5	2.5	10.2	Verizon		
MCI[*]	1.9	1.8	4.2	6.6	9.1	Worldcom			
ALLTEL	0.03	0.1	0.02	0.1	0.3	1.3	1.9	Verizon	
Vodafone (US Mobile)[b*]						3.0	3.6	5.5	Verizon
Air Touch					1.4	Vodafone			
US West New Vector[*]		0.2	0.1	0.3	Airtouch				
CenturyLink[c]	0.3	0.04	0.02	0.03	0.04	0.1	0.2	6.8	5.5
CenturyTel							0.2	0.3	CenturyLink
Embarq (Sprint Wireline)							1.3	CenturyTel	
Qwest[*]			0.1	0.3	0.7	3.8	3.2	CenturyLink	
LCI[*]			0.2	0.6	1.7	Qwest			
US West	0.3	5.7	5.9	5.3	4.4	Qwest			
Windstream[*]								0.1	0.2
Frontier (Citizens Telecom)						1.3	1.8	1.8	1.1
New Telecom Entrants									

Softbank[*] (Japan) Sprint (incl. Contel and United Telecom)[d]	0.0	0.1	0.2	4.2	4.9	5.6	7.7	7.3	8.4
Centel			0.1	0.3	Sprint				
Nextel[*]				0.2	0.5	1.5	2.3	Sprint	
T-Mobile[*] (Germany)						1.2	1.7	3.0	5.9
Voicestream MetroPCS[*]					0.02				
McLeod USA[*]						0.5	0.5		
Electric Lightware[*]						0.0	0.0		
Level 3[*]							0.5	1.0	4.0
Broadwing[*]						0.2	0.2	Level 3	
Global Crossing[*]				0.3	0.9	1.0	1.3	1.4	Level 3
US Cellular (TDS)[*]				0.1	0.1	0.6	1.0	0.8	1.0
VoIP (Voice over Internet Protocol)									
Microsoft (Skype[*])							0.07	0.2	0.2
Vonage[*]							0.3	0.6	0.5
Covad (Megapath)[*]						0.04	0.06	0.1	0.1
Cable Telecommunications									
Comcast[*]						0.7	3.4	5.1	5.3
Time Warner Cable[*]						1.5	2.7	4.0	2.8
Cox Communications[*]						1.0	1.2	1.8	0.5

Charter*						0.3	0.5	1.1	0.4
Cablevision Systems*						1.3	1.8	2.0	1.7
HughesNET*						0.03	0.03	0.07	0.04
Others:	3.95	9.2	8.8	11.4	5.5	7.1	0.0	7.9	10.8
TOTAL US Revenue mil $	92,748	104,360	124,951	162,740	212,723	354714	377465	403,503	416,145
C4	95.3	60.8	54.0	46.0	50.0	59.3	72.1	62.8	65.9
HHI	7,652	1,632	1,300	972	970	1,107	1,948	1,491	1,528

* Denotes a new telecom entrant after 1978. Does not include divested of merged incumbents.

a 2012 figures are 2009 shares with T-Mobile, Sprint, and Vodafone deals. Revenue data are taken from annual reports, industry surveys, and Tables 18.16 and 18.17.

b From 1999 onward, Vodafone's share shows its 45% ownership of Verizon Wireless; Verizon numbers show the other 55%, until 2013 when Verizon repurchased Vodafone's share in Verizon.

c 2011 data illustrate CenturyLink's acquisition of Qwest, and Level 3's (2011) acquisition of Global Crossing. Ownership of Cingular was split between Bell South (40%) and SBC (60%) until 2006. Cingular revenues have been proportionately allocated.

d Sprint data include its wireless and long distance wireline business. Its local wireline business was spun off to form Embarq (later acquired by CenturyLink) in 2006. Sprint was acquired in 2013 by Softbank (Japan).

The overall telecommunications services market is dominated by a few key players. AT&T (the old SBC, renamed) and Verizon hold 27.1% and 25% of the market, respectively, in 2012–2013. The HHI plunged from 7,652 in 1983 to 970 in the mid-1990s, largely due to the split-up of the Bell System and competitive entry, but then rose to around 1,948 by 2005. It then dropped again as mobile and cable competition strengthened, (1,491 in 2009) and then reconsolidated slightly. The C4 shows a similar trend, dropping from 95% to 46%, rising again to 72%, and 66% in 2013. The combined market share of non-incumbent new telecom entrants after the AT&T breakup increased, though with numerous consolidations taking place. By 2013, they collectively accounted for about 31% of the telecom market. Cable television companies have gained shares since 2000, with the biggest players, Comcast, Time Warner Cable, and Charter, becoming medium-sized telecom providers. Independent VoIP providers have not yet become a major force in the domestic part of the market.

The national concentration measures overstate the options available to users, since the major local carriers do not usually compete. This leads us to present market shares also in a different way, on the basis of local markets.

Table 18.19 shows the overall telecom market from a *local* perspective. To a residential user, choices available normally include one telecom incumbent (typically either AT&T or Verizon), one cable company,
p. 539 four wireless providers ↳

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(including that of the local telecom incumbent itself), and several VoIP providers such as Microsoft's Skype. Cable and telecom providers that serve other parts of the country are not part of their choice menu. On that basis, local concentration was 10,000 in the 1980s and 1990s and dropped to 3,907 after 2009, still high but much less so.

Table 18-19. Weighted Average of Telecom Connectivity in Local Markets

Service Provider	1983	1984	1988	1992	1996[a]	2002	2006	2009–11
LEC Incumbent (plus its mobile service in its wireline franchise territory where applicable)	100.0	100.0	100.0	100.0	100.0	86.0	73.1	59.4
						2.6	5.7	10.0
Cable TV Provider						4.4	7.8	12.3
Non-LEC Incumbent Mobile								
AT&T or Verizon in rival's territory						3.0	8.0	13.3
Sprint (Softbank, Japan)						1.4	4.7	6.3
T-Mobile (DT, Germany)						0.8	1.5	3.0
VoIP							0.3	1.0
Weighted Average HHI	10,000	10,000	10,000	10,000	10,000	7,428	5,496	3,907
Weighted Average C4	100.0	100.0	100.0	100.0	100.0	94.8	93.6	91.3

a Wireless existed, of course, in 1996 and before, but its price per minute was sufficiently high that it was used mostly for mobile and nomadic applications rather than for home and office usage.

Internet Service Providers

Broadband Internet access grew rapidly and served about 88 million households in the United States by 2013.[29] Cable TV companies used to provide about 55% to 60% of this service, mostly by the five major cable companies, each operating in their franchise territory. About 40% to 45% of the market was offered by the incumbent local telephone companies, mostly three firms, operating each in their own territory. The share of independent DSL providers dropped rapidly as both the dot-com crash and the resistance by ILECs squeezed their business, and technology moved to broadband from dial-up. In rural areas there might be no service option at all, or only that of a costly and slow satellite service.

In addition, mobile-based 4G cellphone service has achieved respectable bit-rates of transmission and is for many people a substitute form of connectivity.

Concentration of broadband Internet providers steadily increased throughout the 2000s, from an HHI of 1,038 in 1999 to 1,458 in 2010. This was largely due to the consolidation in the telecom and cable industries. After 2010, market concentration dropped to 1,390 in 2013. The decrease is due to the emergence of mobile broadband as a medium-speed option. Table 18.20 shows this industry as moderately concentrated on the national level.

Table 18-20. Broadband Internet Providers (by Subscribers)

	1999	2000	2001	2002	2003	2004	2005	2006	2010	2013
Telecom (DSL and Fiber, incl. in-franchise wireless)										
Telecom Industry Subtotal Market Share (Share including mobile-only broadband added in parentheses)	36.4	38.3	36.0	36.3	37.1	39.6	44.7	45.0	45.3	35.4 (53.0)
AT&T (SBC)	8.5	11.7	10.9	10.2	12.5	14.9	15.5	19.9	22.2	18.2 (25.1)
Bell South	1.3	3.2	5.0	5.7	5.2	6.1	6.5	AT&T		
Verizon	3.9	8.2	9.8	9.9	8.3	10.3	11.4	12.6	13.0	9.0 (15.2)
CenturyLink									7.3	6.0
Qwest	4.9	3.4	3.5	3.4	2.3	3.0	3.4	3.8	CenturyLink	
Windstream									1.4	1.2
Covad/Megapath (independent)[a]	2.5	4.2	2.8	1.9	1.8	1.8	1.3	0.9	0.9	0.8
Other DSL & Fiber Providers:	15.3	7.6	4.0	5.2	7.0	3.6	6.6	7.8	0.4	0.3
Telecom Industry Subtotal ($ mil):	423	890	1,716	2,703	3,751	6,313	8,627	11,467	17,895	
Subscribers (millions):									31.9	
Mobile (Net of Wireline Broadband in Franchise Region)										
AT&T										6.9
Verizon										6.2
Sprint										2.2
T-Mobile										1.9

US Cellular										0.4
Mobile Industry Subtotal ($ mil):										17.6
Subscribers (millions):										
Cable Modem										
Cable Industry Subtotal (market share %):	63.6	61.7	62.4	62.1	61.3	58.9	54.3	54.2	53.4	45.8
Comcast	6.4	6.1	7.8	7.7	18.8	19.2	19.5	20.7	22.0	18.1
AT&T Broadband	9.7	10.6	12.4	10.1	Comcast					
Adelphia	1.7	2.3	3.1	3.7	3.2	4.1	TW/Comcast			
Time Warner Cable									12.9	9.8
Time Warner	14.8	14.5	15.7	15.4	11.5	12.4	11.2	10.7	TWC	
Cox	8.4	7.4	7.3	7.4	7.1	7.8	6.9	5.5	5.9	4.9
Charter	4.3	4.8	5.2	5.1	5.4	6.0	4.9	4.3	4.1	3.2
Cablevision	3.3	3.7	4.0	3.8	3.8	4.1	3.8	3.6	4.0	3.3
Other Cable Providers:	15.1	12.3	7.0	8.9	11.6	5.3	8.0	9.4	4.5	3.6
Cable Industry Subtotal ($ mil):	739	1,432	2,971	4,619	6,208	9,383	10,483	13,810	18,240	
Subscribers (millions):										
Satellite										
Satellite Industry Subtotal (market share %)	0.0	0.0	1.4	1.4	1.3	1.3	0.8	0.7	1.3	0.8
Hughes/DirecWay (EchoStar)[b]			1.4	1.4	1.3	1.3	0.6	0.5	0.7	0.4
Viasat									0.4	0.3

WildBlue					0.01	0.01	0.1	0.1	Viasat	
Gilat							0.1	0.1	0.1	0.1
StarBand					0.02	0.03	Gilat			
Other Satellite Providers:			0.0	0.0	0.1	0.1	0.0	0.0	0.1	
Satellite Industry Subtotal ($ mil):	0	0	75	122	166	223	154	204	478	
Total Subscribers								56.2	75.1	83.6
Total Revenues ($ mil)	1,162	2,322	4,762	7,444	10,125	15,930	19,291	25,493	36,800	45,414
C4	54.9	49.1	48.8	45.6	54.4	56.8	57.6	63.9	70.1	68.6
HHI	1,038	909	894	865	880	1,073	1,125	1,324	1,458	1,390
N (>1%)	12	12	13	13	12	12	10	8	9	11
MOCDI Index	300	258	240	254	310	356	468	486	479	419

Source: CSFB, "RBOC/ILEC Update-Fourth Quarter DSL and Cable Modem Update," April 5, 2002. And also Morgan Stanley, "Broadband Cable Television-Broadband: Grabbing a Bigger Piece of the Pie," June 21, 2002 (Market Share by total DSL Subscribers). 2003 data are based on Wachovia Securities, "North American Broadband Update," June 1, 2004. Total revenues for 2003 are extrapolated from growth percentage in subscriber numbers. 2002 revenue is extrapolated from 2001 and 2003. "Teletruth News Analysis." Teletruth. NewNetworkings.com. November 29, 2007. Last accessed on 8 January 2008 at http://www.newnetworks.com/partwosummary.htm. Friedland, Jim and Kopelman, Kevin. "Q1:07 Residential Internet Access & VoIP Survey." *Cowen and Company*. May 29, 2007. Hoorigan, John B., and Smith, Aarion. "Home Broadband Adoption 2007, June 2007." Pew Internet & American Life Project. PewInternet.org. June 2007. Last accessed on January 11, 2008, from http://www.pewinternet.org/pdfs/PIP_Broadband%202007.pdf. Goldman, Alex. "Top 21 U.S. ISPs by Subscriber" from http://www.isp-planet.com/researchrankings/2005/usa_history_q42005.html.

a After Megapath's acquisition of Covad, market share assumed to have remained the same for 2010 as in 2006.

b Hughes was acquired by Echostar in 2011.

The four largest national broadband ISPs are AT&T, Comcast, Verizon, and Time Warner Cable, and they have solidified their position. Initially, the ↳

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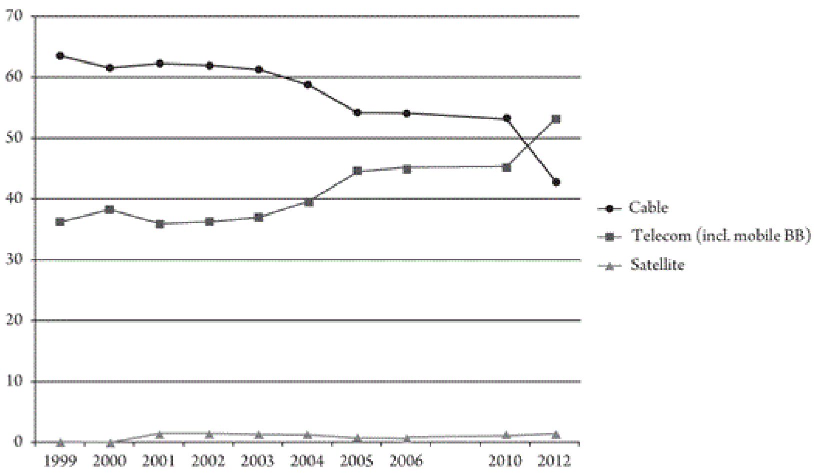
C4 shows a strong rise to 70.1% in 2010. With 4G wireless emerging, this declined somewhat to 68.6% by 2013. However, these figures are for the national market. On a local basis, things are different and more concentrated. In a given territory there is no competition among cable providers or among wireline telecom firms, and in the past a duopoly existed. If we report concentration in that fashion, we can observe a much higher and generally increasing concentration level, with an HHI of about 4,670 in 2004 (see Table 18.21). After 2010 local broadband ISP concentration drops to 3,171 in 2013 due to 4G mobile smartphone usage.[30]

Table 18-21. Local broadband ISP Concentration (by Subscribers)

	1999	2000	2001	2002	2003	2004	2006	2010	2013
Cable Provider	63.6	61.7	62.4	62.1	61.3	58.9	54.2	53.4	42.8
Wireline Telecom (incl. wireless mobile ISP in own region)	18.6	26.5	29.2	29.5	28.3	34.2	34.3	34.8	35.2
Mobile Operators (net of wireline BB from their own in-region telecom)									
AT&T*									6.9
Verizon									6.2
Sprint									2.2
T-Mobile									1.9
US Cellular									0.4
Independent ISPs	17.8	11.8	6.8	7.1	8.8	5.4	8.7	1.3	1.5
Satellite	0	0	1.4	1.4	1.3	1.3	0.7	1.3	0.8
HHI	4,708	4,648	4,795	4,779	4,638	4,670	4,190	4,066	3,171
C4	100	100	100	100	100	100	97.9	90.8	91.1
N (>1%)	3	3	4	4	4	4	3	4	7
MOCDI Index	2,718	2,684	2,397	2,390	2,319	2,335	2,419	2,033	1,199

The conclusion is therefore, first, that US national broadband market concentration has been steadily rising but is in the moderate territory if viewed nationally. Second, telecom firms in 2011 have taken the lead over cable for the first time, due to their offering of mobile broadband access (Figure 18.1). Nevertheless local broadband ISP concentration is in the range of high concentration, with an HHI of 3,171.

Figure 18.1



National Market Shares of Industries Providing Broadband

Search Engines

The search engine industry was initially dominated by Yahoo, Excite, AltaVista, and Infoseek, each in a particular period. Google became popular by using a rank-based search algorithm. By 2001 Infoseek and Excite dropped entirely out of the search market. In 2003 Yahoo acquired Overture, and with it AltaVista and Inktomi. Microsoft's MSN Search, renamed Live Search and then Bing, was number three, followed by IAC's
p. 549 Ask.com. ↳ There are also specialized search engines for jobs, blogs, news, pictures, health, shopping, business, and so forth. And there are metasearch engines that direct a request to multiple search engines. Even so, Google was increasingly dominant, raising its share from 31.5% in 2004 to 67.3% in 2008 and then plateaued at 68.5% in 2010 and 68.4% in 2012.

Concentration is based on the large economies of scale. The cost of creating the database and search algorithms is high, but the usage cost is minimal. Rival search sites compete in the efficiency of the search, or in their specialization. Microsoft unsuccessfully tried to buy Yahoo for 44.6 billion. Google then tried a deal with Yahoo for an advertising partnership, but the deal ran into trouble with Washington antitrust agencies. However, Google reached in 2005 a deal with AOL (owned after 2015 by Verizon) to have AOL Search powered by Google. A similar deal later in 2009 between Microsoft and Yahoo saw Yahoo search fully powered by Bing. Ask.com is powered by Google. These deals added to concentration (Table 18.22).

Table 18-22. Internet Search Engines (Market Share by Search Volume)

Company	1997	2001	2004	2006	2008	2010	2012[c]
Google		4.5	31.5	49.6	67.3	68.5	68.4
AOL (Time Warner)[a]		7.4	3.5				
Microsoft/MSN/Live Search/Bing		3.7	17.7	12.8	8.3	12	15.6
Yahoo[b]	27.4	14.9	20.1	28.8	20.5	16	13.0
Overture		7.4	Yahoo				
FAST		0	Yahoo				
AltaVista	12.1	7.4	Yahoo				
Inktomi	2.3	5.3	Yahoo				
IAC Search & Media			4.9	5.4	3.9	3.5	3.0
Ask.com (previously Ask Jeeves)		3.6	IAC				
Excite	20.3	7.4	IAC				
Go.com/Infoseek (Disney)	13.2	7.4					
LookSmart		5.2					
FindWhat (MIVA)		1.5					
Lycos (Terra/Telefonica/Duam)	4.5	4.1					
HotBot		0					
Other	20	20.1	22.3	3.4			
Revenues (in $ mil)	193	1,000	3,900	6,800	10,546	11,700	14,800
C4	73.1	37.2	74.2	96.6	100	100	100
HHI	1,514	618	1,746	3,483	5,034	5,105	5,506
N (>1%)	6	13	5	4	4	4	4
MOCDI Index	618	171	781	1,741	2,517	2,553	2,753

Source: Revenues include the following categories: banner ads, buttons, and sponsorships on search pages; license fees; maintenance fees; and paid placement. 1997 "total revenue" is the sum of the 10K revenues (minus non-US revenues) of the following companies: Excite, Infoseek, Lycos, Yahoo, Search.com, and Inktomi. Calculation based on Alta Vista's revenues of 20 million. 2001 total revenue and market shares from "The Internet Search Market," Salomon Smith Barney, October 1, 2002. In 2002 Infoseek was part of Disney's Go. Con, Excite used other search services for its portal, and Lycos was part of terra.com. 2004 data are compiled from Nielsen Netratings and SearchEngineWatch.com, 2005 Market shares from Nielsen methodology, which measures "time spent." Market shares for 2008–2012 are taken from the Comscore search engine rankings for December 2008, December 2010, and June 2012. Revenues for 2010 and 2011 were taken from the Interactive Advertising Bureau's "Internet Advertising Revenue Report" for 2011. "US Search Engine Market Share Data," *AccuraCast*; http://www.accuracast.com/search-daily-news/seo-7471/us-search-engine-market-share-data-jan-2009/ . "Bing Passes Yahoo to Become No. 2 US Search Engine" http://blog.nielsen.com/nielsenwire/online_mobile/bing-overtakes-yahoo-as-the-2-search-engine/; *Nielsen*. "Internet Ad Revenues Reach Record Quarterly High of $6.3 Billion in Q4 '09," iab.net. http://www.iab.net/about_the_iab/recent_press_releases/press_release_archive/press_release/pr-040710. Last accessed January 11, 2011.

a AOL was part of AOL-Time Warner from 2000 to 2009. Its market shares from 2006 onward are added to the Google shares, due to the deal between Google and AOL in 2005 that saw AOL Search powered by Google. In 2015, Verizon acquired AOL.

b Yahoo's 2012 share of 13% can be added to Bing, since Microsoft powers the Yahoo search. Similarly, Google powers the

Ask.com search. (http://news.bbc.co.uk/2/hi/business/8174763.stm).

c Revenue is for 2011.

Online News

The online news sector has a low and declining concentration, from an HHI of 898 in 2007 to 568 in 2011. This is due in large part to the widening availability of online news providers. The market share of the top four firms also declined from 49.3% to 33.6%, with the share of the market leader Yahoo! News hovering around 11%. The total number of monthly unique visitors has risen steadily over the period studied.

Even so, online news is dominated by traditional offline news providers of print and TV—Time Warner/CNN, Comcast MSNBC, *New York Times*, News Corp (Fox News and *Wall Street Journal*), AP, NPR, and several major newspaper chains. Together, these "news incumbents" had 54.1% in 2011, a fairly high number. The online news HHI, at 658 in 2011, was higher than the national daily newspaper concentration of 304 in 2013. But more important, TV-oriented news and print news now compete head on in online news. Plus the local print newspapers are now available nationwide online and their stories therefore have a wider footprint. There are also "foreign news incumbent" sites, in particular, from the United Kingdom: BBC, Guardian, Telegraph, and Mail. New information sources have emerged that are online-only sites—Yahoo, AOL/Huffington Post (acquired by Verizon), Salon, Drudge Report, Reddit, Digg, and so forth, accounting for 30% by 2011 (Table 18.23). ↳

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Table 18-23. Online News Media (Market share by Monthly Unique Visitors)[a]

	2007	2008	2009	2010	2011
Yahoo! News	15.2	11.1	11.4	11.2	11.0
Associated Content			2.8	4.0	
Time Warner (CNN)	11.5	12.6	11.7	9.9	8.8
Comcast/GE (MSNBC)	13.0	12.4	12.6	8.9	7.8
New York Times	6.1	6.4	6.1	4.4	4.7
AOL News/Verizon	8.2	7.9	6.5	5.8	8.4
Huffington Post	1.5	1.8	2.1	3.2	
News Corp	5.5	6.1	7.4	7.2	7.3
Fox News	3.5	3.9	4.4	4.3	4.0
WSJ Online	2.0	2.2	3.0	2.9	3.4
Disney (ABCNews)	5.2	4.0	3.6	3.7	3.5
WashingtonPost	3.8	5.2	4.7	4.0	4.4
WashingtonPost.com	3.8	3.0	3.1	2.8	3.5
Slate		2.1	1.6	1.2	1.0
Tribune Newspapers	5.4	4.8	5.0	3.2	4.0
LA Times				2.3	3.5
BBC (UK, public)	3.5	1.9	2.8	1.8	2.3
CBS	4.2	3.5	3.7	2.7	3.4
Gannett	9.6	8.1	6.8	6.2	6.2
Gannett Newspapers	5.4	4.4	3.9	3.7	3.0
USA Today	4.2	3.7	3.0	2.5	3.2
AP	4.5	1.9	1.2	0.9	0.7
Advance		2.4	2.2	2.8	3.0
DrudgeReport		1.2	1.0	3.7	3.1
McClatchy	4.2	3.5	2.7	2.5	3.1
Mail Online (UK)				2.6	3.5
Topix		1.7	2.0	1.2	1.5
Telegraph (UK)		1.0	1.4	1.1	1.1
Guardian (UK)		1.2	1.1	1.1	1.6
NPR (Public)		1.3	1.4	1.1	1.0
Salon					0.7
Reddit				2.3	3.3

Digg				2.3	1.7
Others	0.0	1.8	4.7	9.4	3.9
Total Monthly Unique Visitors (in thousands)	213,695	294,525	356,485	344,903	393,022
Revenue (US$ mil)	7,915	7,773	6,858	7,605	8,366
C4	49.3	44.2	*39.4*	37.2	*33.6*
HHI	977	827	810	723	658
N (>1%)	20	28	29	32	30
MOCDI Index	204	156	143	126	116

Main sources: Nielsen Top News Sites lists (pooled by Cyberjournalist.net) used as main source: 2007 data are from http://www.cyberjournalist.net/top-news-sites-for-february-2007/; 2009 data are from http://www.cyberjournalist.net/top-news-sites-for-january-5/; 2011 data are from http://blog.nielsen.com/nielsenwire/online_mobile/january-2011-top-u-s-web-brands-and-news-sites/; http://www.ebizmba.com/articles/news-websites; http://www.poynter.org/latest-news/mediawire/131916/yahoo-grew-unique-visitors-in-april-while-new-york-times-others-declined/. Revenue numbers are estimated based on advertising revenue produced by NAA (Newspaper Association of America).

a Google News and Bing News are not included because they are pure news aggregators without content creation (such as Yahoo) or selection and screening (such as Digg).

Tribune Company filed for bankruptcy in 2012. Its properties, including the LA Times, were transferred to the company's senior debt holders including Oaktree Capital Management, JPMorgan Chase, and Angelo, Gordon & Co.

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Summaries

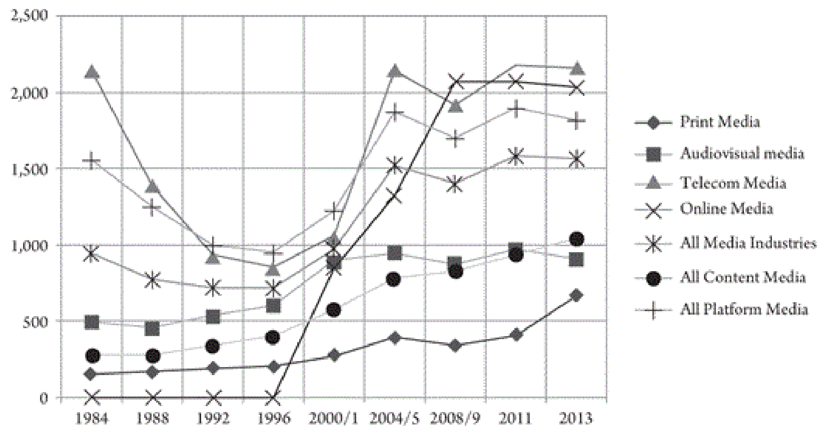
Industry Trends

Having analyzed 13 industries, we can now show the concentration trend of several media sectors (Table 18.24 and Figure 18.2). By weighted average, print media are the least concentrated sector, though they have slightly consolidated over three decades. Average concentration of the audiovisual media industries is higher, but in the low range of the antitrust guidelines for concentration. Telecom media are considerably higher and trending up. Even higher and faster rising are concentrations for online media (ISPs, search engines, online news).

Table 18-24. US Industry Weighted Average HHI Sector Averages (Weighed by Industry Revenues), 1984–2013

Industry	1984	1988	1992	1996	2000/1	2004/5	2008/9	2011	2013
Print Media (Daily Newspapers, Magazines, Book Publishing)	150	164	184	206	265	393	339	399	668
Audiovisual Media (TV Broadcasting, Video Channels, Multichannel Platforms, Radio, Film)	489	459	537	601	900	943	873	967	907
Telecom Media (Wireless and Wireline Telecommunications)	2,145	1,385	932	857	1,060	2,143	1,915	2,174	2,160
Online Media (ISPs, Search Engines, Online News Media)					840	1,321	2,073	2,072	2,036
All Media Industries	940	775	714	719	972	1,518	1,399	1,579	1,565
All Content Media	280	280	337	401	577	778	826	934	1,042
All Platform Media	1,555	1,248	993	955	1,218	1,875	1,702	1,897	1,817

Figure 18.2



Average Market Concentration in Main Sectors of U.S. Media (Weighed by Industry Revenues), 1984–2013

The trend for telecom media resembles an S-shape, with rapid increase especially after 1996, and a decline after 2009; for platform media more generally, it is an upward sloping S-curve with some decline after 2005. For content media, concentration rose from 280 in 1984 to 1,042 in 2013, still unconcentrated but less than before. For content media, the trend has been one of steady increase, first rising up to about 2,000, then slowing down in growth somewhat, and then rising again. For audiovisual media, it is an inverted U-shape peaking in 2004 at 943; print and content media generally have a gradually increasing trend; and for online media a greatly rising trend. The overall concentration of all media is progressing in a gradually rising S-shaped trend and reached 1,565 in 2013, up from 940 in 1984 (post-AT&T divestiture) and 717–719 between 1992 and 1996.[31]

Table 18.25 presents industry concentration organized along two dimensions: the magnitude of concentration and its growth trend. The combination that deserves most concern in terms of pluralism and competition are those industries that are characterized by both a high and growing concentration (the northwest corner). Of the 13 industries analyzed, these are platform media (telecom, cable, and ISP) generally, mostly driven by mobile telecom. Second are search engines, which also drive online media to be a high-concentration, high-growth sector.

Table 18-25. Concentration Levels and Trends of US Media Industries

	High	Intermediate	Low
Growing	Platform media Mobile Search engines Online media	All media Content media TV production Wireline telecom Broadband ISPs	Print media Audiovisual media All electronic video distribution Radio Broadcast TV Multichannel TV Platforms Print media Books Magazines
Stable	TV stations locally Newspapers locally Broadband ISPs locally Wireline Telecom	All video channels Cable channels Film	Newspapers Online news
Declining	Telecom locally Radio locally Multichannel video-platforms locally		

Also with high concentration, but stable in trend, are TV stations, newspapers, and broadband ISPs, all locally. Those with high but declining concentration are telecom, radio, and multichannel platforms, all locally. Generally, we observe very high concentrations for local media, but at least they are stable or declining.

Concentration is growing (though it is still moderate) for TV production and broadband ISPs. And it is
p. 553 growing, though still at a low ↳ level, for radio, TV broadcasting, multichannel TV platforms, and the various print media.

Looking at the broad categories, content media have been steadily growing in concentration and are now in the intermediate range. Platform Media are high and growing in concentration, after a period of decline in the 1980s and early 1990s.

We thus observe a generally rising media concentration. No industry sector has a low and declining concentration, which might offset some of the others. However, concentration is not at the levels that media critics often imagine. Most industries are at levels that are defined by the US government as “low

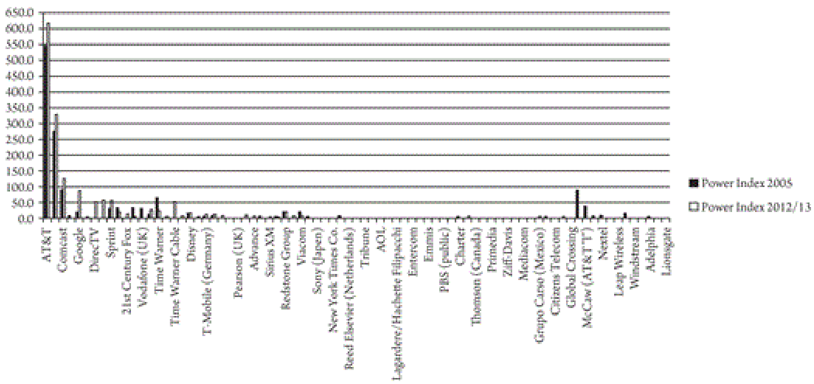
p. 554 concentration” (HHI < 1,500) or “intermediate concentration” ↳ (1,500 < HHI < 2,500). A threshold of 1.800 was the previous definition. Where high media concentration exists, it is on the local level, less so on the national level. High national concentration does exist for platform media and search engines. Platform media have been a regulatory battlefield for over a century, and search engines, that is, Google, have received much critical attention recently.

A few companies increased their role in overall media even if their primary industries might not have risen in concentration. This is due to expansion into other industries and will now be discussed.

Cross-ownership

So far, we have looked at industries separately. Many companies, however, have a presence in several industries. Tracking their market share in one industry alone would not show their overall position in the media sector. To do so, one might add up overall revenues. But that would not take into account major market shares in one or two industries, as opposed to small shares in a large number of industries. Large shares in an industry provide special power, which is why the market shares are squared for purposes of an HHI index. We therefore create a media power index for companies (MPI–C) and report it in Table 18.25. The index takes a company’s market shares in each industry the company operates in, squares them in the same way as in an HHI calculation, and adds them across industries for the company, weighted by industry size. This measure represents a company’s overall “power” in the overall media sector. The findings are shown in Figure 18.3 and Table 18.31.

Figure 18.3



Company Power Indices

Table 18-31. Top Content Media Companies in the United States

	2004/05		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Google	69	1.4	258	3.8	30.6	0.3
Comcast	65	3.6	178	9.4	19.7	0.6
Disney	55	4.2	76	4.9	4.2	0.07
Time Warner	135	7.8	71	3.6	–5.3	–0.5
DirecTV	0	0	70	3.7		0.4
Redstone Group	69	3.8	62	5	–1.0	0.1
Murdoch	53	5.8	56	5.5	0.6	–0.03
Time Warner Cable	0	0	33	2.5		0.3
Penguin-Random House (Germany/UK)	0	0	28	1.6		0.2
Bertelsmann (Germany)	4	0.9	10	1	20.1	0.02
Pearson (UK)	4	0.6	5	0.7	3.8	0.002
Hearst	6	1.5	17	2.2	19.8	0.02
Advance	9	1.7	16	2.2	8.1	0.06
Liberty Media	3	0.8	15	1.3	44.8	0.06
Sirius XM	3	0.8	15	1.3	8.1	0.06
Microsoft	5	0.4	14	0.9	23.2	0.06

Gannett	23	2.6	14	1.9	−4.2	−0.08
Clear Channel	28	1.5	14	0.9	−5.7	−0.06
EchoStar (DISH)	9	1	13	1.6	4.4	0.07
Yahoo	31	1.3	13	1.1	−6.4	−0.03
Time Inc.	0	0	11	1.3		0.1
McGraw Hill	9	1.2	7	1	−3.1	−0.02
Cox	5	1	6	1.3	2.1	0.04
AT&T	0	0	5	1		0.1
Verizon	0	0	5	1		0.1
Tribune	6	1.5	5	1.1	−1.2	−0.04
Sony (Japan)	10	0.6	4	0.4	−6.9	−0.03
New York Times	3	0.8	4	0.8	5.3	0.004
McClatchy	1	0.5	4	0.8	25.6	0.03
Scholastic	4	0.6	3	0.5	−3.7	−0.02
Cablevision	2	0.6	3	0.9	7.1	0.03
Lionsgate	0.4	0.1	3	0.3	84.1	0.03
Reed Elsevier (Netherlands)	2	0.7	2	0.4	−0.2	−0.03
Cumulus	0.2	0.1	2	0.4	106	0.03
AOL	0.3	0.1	2	0.3	60.3	0.02
Charter	2	0.5	2	0.6	−0.03	0.02
Source Interlink	0	0	1.3	0.4		0.05

Thomson (Canada)	0.8	0.3	0.9	0.4	1.5	0.01
Lagardere/Hachette Filipacchi (France)	0.5	0.3	0.7	0.3	5.1	−0.01
Meredith Corporation	0.9	0.3	0.7	0.3	−2.9	−0.003
IAC	0.8	0.2	0.5	0.2	−4.3	0.002
Reader’s Digest	1	0.5	0.4	0.3	−7.1	−0.02
Entercom	0.5	0.2	0.3	0.1	−4.4	−0.01
Univision	1	0.6	0.3	0.1	−8.9	−0.05
Radio One	0.3	0.2	0.2	0.1	−5.0	−0.01
Emmis	0.2	0.1	0.2	0.1	0.9	−0.001
Mediacom	0.2	0.2	0.2	0.2	1.2	0.01
PBS (public)	0.2	0.2	0.1	0.1	−5.7	−0.01
GE	30	3	0	0	−11.1	−0.3
Primedia	2	0.4	0	0	−11.1	−0.05
Ziff-Davis	0.1	0.1	0	0.03	−10.5	−0.01
Citadel	2	0.4	0	0	−11.1	−0.04
Adelphia	3	0.5	0	0	−11.1	−0.06
Knight Ridder	4	0.9	0	0	−11.1	−0.1

Media Concentration Index	**2004/05**	**2011 or Most Recent**	**% Change Annual Average**
Public Ownership (%)	1.1	1.0	0.0
Foreign Ownership (%)	2.9	3.1	0.02
C4 Average—Weighted	42	52	1.1

HHI Average—Weighted	666	1,080	6.9
C1 Average—Weighted	16	20	0.4
National Power Index	664	1,035	6.2

Telecom and cable companies—that is, platform companies—dominate the top of the chart due to their high market shares in high-revenue industries and their cross-media involvements. By far the highest are AT&T and Verizon, and their power index figures have risen. Among the top eight, the only non-platform exception is Google, ranked fourth. Its share in its industry is very high, but that industry's revenues are intermediate only. Comcast is a mixed-sector company, both in platform and content, and also has a high and rising power index score. Large content firms take up the next three spots. Time Warner (and News
p. 555 Corp.) rank in the middle, and both have segmented themselves and thus ↳ downsized and specialized, as did Viacom before. Disney ranks in the middle of the table.

The most significant changes in company power index were the rise of Google, the rise of Comcast, the rise of Liberty, and the split of News Corp.; and the mergers in the mobile and telecom sectors by AT&T and Verizon. Since 2004, Time Warner's PI has fallen by over half due to the formation of Time Warner Cable as an independent entity and the spin-offs of TW Telecom, AOL, TW Cable, and Time Inc. The Viacom-CBS split more than halved Viacom's 2004 PI by 2008, and it continues to decline. Comcast, after finalizing its acquisition of GE in 2013, has seen its power index increase from 77 in 2004 to 166 in 2013. The growth of Liberty Media in this period is also notable. The merger of Bertelsmann and Pearson's book publishing arms into Penguin Random House significantly lifted the two companies' share of that market.

Table 18.26 shows the sums of the top Power Index companies in the United States. The power index score of the single company with the highest power index peaked in 2008–2009 and decreased. For the top four and ten companies, the aggregate power index rose and then plateaued.

Table 18-26. Top Company Power Indices in the US (2004–2013)

	2004/05	2008/09	2012/13
P1	542	763	616
P4	994	1,182	1,157
P10	1,216	1,369	1,395
P20	1,342	1,431	1,511

Who Owns American Media?

Because of limited space, we do not discuss the ownership structure of the major media firms in this chapter but refer the reader to the analysis in Chapter 36, "Media Ownership."

It is necessary to clarify who is being measured as "US media." These are media companies that are either US-headquartered (including their non-US operations) or US-based divisions of foreign firms, such as Sprint, Random House, or Sony Pictures.

Equity ownership and control are not identical. For Google, for example, the founders own about 15% but together hold more than 50% of the voting power. Comcast is controlled by the Roberts family which holds
p. 556 roughly 33% of the voting power but very ↳ little of dividend-entitled shares. Some of the owners are "insiders": individuals, such as the founders, their heirs, or senior executives of a company. Others are financial institutions such as mutual funds, private equity funds, and banks. Some large funds such as BlackRock, Vanguard, and State Street own a small percentage of many top media companies.

The ownership by "insiders" declined significantly for most of the largest media firms. Even for content media firms, where such ownership is higher than for platforms, it fell from 35% to 20%. At the same time, institutional ownership rose from 40% to 57% for the content sector and from 49% to 61% for the platform sector.

The largest institutional owners hold only a few percent (at most) of any single media company but have stakes in many firms. Thus, the view that the information industries are owned by a small group of media moguls is not an accurate one. A better description is one of a number of institutions owning many small slices of a big pie.

Table 18.27 lists major owners, both individual and institutional, and aggregates their media holdings in top US and international media companies. More detail is provided in Chapter 36 on media ownership.

Table 18-27. Top US Media Owners as of September 2013

Rank	Name of Owner	Major Media Stakes (>$1 bil)	Aggregate Holdings of US Media Companies (in $ mil)	Aggregate Holdings of Non-US Media Companies (in $ mil)
1	Vanguard	Google	$62,277	$1,522
		Comcast		
		Disney		
		Time Warner		
		21st Century Fox		
		Time Warner Cable		
		Yahoo		
		CBS		
2	State Street	Microsoft	$60,845	$3,999
		Google		
		AT&T		
		Verizon		
		Disney		
		Amazon		
		Comcast		
		21st Century Fox		
		Time Warner		
		DirecTV		
		CBS		
		Time Warner		
		Cable		
		Yahoo		
3	Fidelity	Google	$46,285	$216.16
		Disney		
		Comcast		
		Yahoo		
		Time Warner		
		21st Century Fox		
		Comcast		
4	Capital Group	Google	$32,455	$2,748
		Comcast		
		Time Warner		
		21st Century Fox		
		Time Warner		

		Cable		
		CBS		
5	Larry Page	Google	$26,791	
6	Sergey Brin	Google	$26,050	
7	Cox Family (Chambers, Kennedy, Parry-Sheden, Anthony)	Cox Communications	$24,000	
8	Michael Bloomberg	Bloomberg	$24,000	
9	BlackRock	Microsoft	$23,470	$850
10	T. Rowe Price Inc.	Google	$23,300	$2,874
		AT&T		
		Time Warner		
		Disney		
		Comcast		
		Netflix		
11	Mark Zuckerberg	Facebook	$19,000	
12	Dodge & Cox	Comcast	$18,689	$1,390
		Time Warner		
		21st Century Fox		
		Time Warner Cable		
		News Corp.		
		Google		
13	Massachusetts Financial Services	Disney	$18,512	$284
		SBA Communications		
		Google		
		Viacom		
		Comcast		
14	Brian Roberts Family	Comcast	$18,500	
15	Newhouse Family	Advance Publications	$17,100	
16	Wellington Management	Verizon	$13,906	$192
		Comcast		
		Time Warner		
		Disney		
		Google		
		Yahoo		
17	Janus	Google	$13,539	$347
		21st Century Fox		

		Time Warner		
		Cable		
18	Goldman Sachs	Google	$11,724	$625
19	Murdoch Family Trust	21st Century Fox	$11,606	
		News Corp.		
20	JP Morgan Chase	Google	$11,123	$6,865
21	ClearBridge	Comcast	$10,808	$171
22	Charles Ergen	Dish Network	$10,600	
23	Steve Jobs Trust	Disney	$8,371	
24	Eric Schmidt	Google	$8,200	
25	Hearst Family	Hearst Corporation	$7,000	
26	US Public Entities	Public Broadcasting	$5,700	
27	Government Pension Fund of Norway	Microsoft	$5,652	$9,586
		Google		
		AT&T		
28	David Geffen	Dreamworks	$5,600	
29	John Malone	Liberty Global/Liberty Media	$5,600	
30	Baillie Gifford & Co	Google	$5,434	$2,138
		Facebook		
31	Masayoshi Son	Sprint	$4,752	$3,900
32	Coatue	CBS	$4,451	$161
33	Oppenheimer	Google	$4,307	$2,491
34	State Farm	Disney	$4,197	$322
		AT&T		
35	Berkshire Hathaway	DirecTV	$4,044	
36	Thornburg	Liberty Global	$1,920	$4,361
37	AXA Financial (France)	Google	$1,521	$101
	Total Aggregate Media Holdings		$601,329	$45,145

Vanguard is the largest owner of US media companies, with $62 billion of holdings. It has over $1.5 billion of overseas media holdings. Vanguard has approximately 3.8% of the total estimated value of the US media sector. State Street is the second largest owner of top US media companies, with over $61 billion, plus $4 billion in foreign media companies. Of individual owners, the largest are Larry Page and Sergey Brin, the Google founders, each with $26 billion, Michael Bloomberg ($24 billion), the Cox Family with $24 billion, Mark Zuckerberg (Facebook), and the Roberts family, which holds the majority voting of Comcast. Its stake is valued at $18.5 billion. Large foreign owners are the Government Pension Fund of Norway ($5.6 billion); Baillie Gifford & Co, (a Scottish investment firm with $5.4 billion); Masayoshi Son (the Japanese founder of Softbank, which now owns Sprint, $4.75 billion); and AXA of France (an insurance company, $1.5 billion).

The total equity value of the top 35 owners of media (excluding the US public (governmental) entities) is almost $600 billion, and over $44 billion internationally.

The overall value of the US media sector is estimated based on its revenue multiple. (For more detail, see Chapter 36.) This multiple is estimated to be 2.07. It results in the estimates of company value shown in Table 18.28.

Table 18-28. US Media—Total Revenues and Company Values

	2013 Total Revenue (mil US$)	2013 Company Value (mil US$)
US Content Media	258,367	534,820
US Platform Media	537,527	1,112,681
US All Media	795,890	1,647,492

Based on these sectoral values, the top 10 owners of US media own about $350 billion worth of US media holdings, accounting for 21.2% of all US media. The top 20 owners of US media hold $503 billion worth of US media holdings, accounting for 30.5% of all US media assets. The top 35 hold almost $598 billion, amounting to 36.2% of all US media assets. If a more conservative multiple of revenues is used to estimate asset values, such as a multiple of 1, then the shares just listed would approximately double.

Foreign Ownership of US Media Companies

Table 18.29 shows the percentage of US media industries owned by foreign companies. The book publishing industry in 2013 was over one-third owned by five foreign companies, with a considerable rise since 2004–2005. About one-fourth of wireless telecom was also owned by foreign companies, T-Mobile (since 2001), Softbank (since 2013), and Vodafone (until it sold its 45% share of Verizon Wireless in 2013). About 15% of the US film industry is owned by Sony. (That percentage used to be higher when Matsushita (Japan) and then Vivendi (France) controlled Universal.) On the whole, foreign ownership of media in America is low.

Table 18-29. Percentages of Foreign Ownership for Media Industries (2004/5, 2009)

Industry	% Foreign Owned	
	2004/5	2013
Book publishing	19.7%	35.8%
Film	16.4%	13.7%
Wireless	18.5%	22.5%
Magazines	8.5%	7.6%
Other 8 industries	0.0%	0.0%

Conclusions

Did concentration in the US media sector rise in recent years? Yes. Looking at Figure 18.2 and Table 18.24, weighted average HHI for all media industries rose from 940 in 1984 (unconcentrated) to about 1,565 in
p. 557 2013 (moderately concentrated). ↳

p. 558 ↳

p. 559 ↳

p. 560 We observe an S-shaped concentration trend in platform media, declining until 1996, increasing until 2005, and slightly declining thereafter. In contrast, the content media sector followed a gradual and steady pattern of growing concentration, rising from 280 to 1,042 in 2013. Its average concentration is at a much lower level than the platform sector, and it is fairly low by the standards of the US government's Antitrust Merger Guidelines. But the gap in concentration between content and platforms has narrowed. Whereas in 1984 content media HHI concentration was only 13.3% of that of the platform sector, it was 70% in 2012. This is a big change. By revenue, platform media accounted for 51.9% of the total US media market in 1984, and this increased to 67.5% by 2013. Content accounted for 45.1% in 1984 and dropped to 32.5% by 2013. Thus, overall concentration is weighted more heavily to platform media, which increased in concentration more slowly after 2004–2005, and this partly obscures the rise in content concentration.

What are the reasons for this change? Partly, it is the general relaxation of ownership ceilings and antitrust enforcement. And partly, it is the fundamental shift in the technology. Content media have become more technological, digital, and capital-intensive. Generally, the more electronic and "digital" a media subsector is, the more highly it is concentrated, and more general economic dynamics of the information sector (see also Chapter 38 on findings).

The Internet sector exemplifies these dynamics. If anything, its greater rate of change drives it faster to concentration, and with it media more generally. This pours cold water over the hope that the Internet will solve the American media concentration issue.

Bibliography

For a listing of the literature, see the General References on Media Ownership and Concentration at the end of the book.

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United States of America—Data Summaries

Concentration is relatively low in the United States compared to other countries, partly due to the country's size in terms of population, geography, and GDP. The content industry with the highest level of concentration is that of search engines (Table 18.30). This is not unexpected, as Google and Microsoft dominate the industry worldwide. Concentration varies greatly. It is highest in the telecommunications and Internet media industries and lowest in print. Among the top four companies, two are telecommunications providers. AT&T and Verizon together control domestically 41.7% of the wireline, 66.5% of the wireless markets, and 44.4% of the overall platform market. (Table 18.32). Also among the top four is the multimedia provider Comcast, accounting for 9.7% of the national platform market (and 9.4% of content; seeTable 18.31).

Table 18-30. National Media Industries Concentration in the United States

	2004/05		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
AT&T	604	17.6	449	16.1	–2.8	–0.2
Verizon	298	12.4	366	14.0	2.5	0.2
Comcast	77	4.7	166	9.9	12.7	0.5
GE	11	1.1			–11.1	–0.12
Google	26	0.5	88	1.3	26.9	0.09
Liberty Media	1	0.4	5	0.6	33.2	0.02
DirecTV	0.0	0.0	72	3.8	N/A	0.4
Softbank (Japan, Sprint)	25	3.1	67	4.4	19.1	0.1
Murdoch	29	3.0	19	1.9	–3.9	–0.1
21st Century Fox	0.0	0.0	14	1.2	N/A	0.2
News Corp.	30	3.0	5	0.7	–11.8	–0.3
Vodafone (UK)	25	2.0	0.0	0.0	–11.1	–0.2
EchoStar (DISH)	11	1.1	14	1.6	3.0	0.06
Time Warner	67	4.1	24	1.2	–7.2	–0.3
Time Inc.	0.0	0.0	4	0.4	N/A	0.05
Time Warner Cable	3	1.1	43	4.1	129.9	0.3

TW Telecom	0.0	2.0	0.0	0.0	−11.1	−0.2
Disney	20	1.6	26	1.7	2.9	0.01
Microsoft	2	0.1	5	0.3	20.1	0.02
T-Mobile (Germany)	5	0.9	38	3.1	66.6	0.24
Cox	7	1.5	8	2.0	3	0.06
Penguin-Random House (Germany/UK)	0.0	0.0	9	0.5		0.06
Bertelsmann (Germany)	2	0.3	3	0.3	17.1	0.001
Pearson (UK)	1	0.2	0.0	0.0	−11.1	−0.01
CenturyLink	0.0	0.0	31	2.9		0.32
Advance	3	0.6	5	0.7	6.4	0.01
Gannett	8	0.9	5	0.6	−4.9	−0.04
Sirius XM	1	0.4	5	0.6	33.2	0.02
Clear Channel	10	0.5	5	0.3	−6.2	−0.03
Redstone Group	26	1.4	21.2	1.7	−1.9	0.03
CBS (ex-Viacom)	0.0	0.0	25	1.4		0.2
Viacom	26	2.1	8	0.6	−10.0	−0.21
Hearst	2	0.6	6	0.7	−17.0	0.02
Sony (Japan)	4	0.2	1	0.1	−7.3	−0.01
McGraw Hill	3	0.5	2	0.3	−3.8	−0.01

New York Times	1	0.3	1	0.3	3.9	−0.001
Yahoo	11	0.5	4	0.4	−6.8	−0.01
Reed Elsevier (Netherlands)	0.8	0.3	0.8	0.2	−1.2	−0.01
Cumulus	0.1	0.05	0.8	0.1	95.5	0.01
Tribune	2	0.6	2	0.4	−2.1	−0.02
IAC	0.3	0.06	0.2	0.06	−5.0	0.0
AOL	0.1	0.04	0.7	0.09	53.9	0.01
McClatchy	0.5	0.2	1	0.3	22.3	0.01
Lagardere/Hachette Filipacchi (France)	0.2	0.1	0.3	0.09	3.6	−0.01
Meredith Corporation	0.3	0.1	0.2	0.1	−3.6	−0.002
Entercom	0.2	0.08	0.1	0.05	−5.0	−0.003
Radio One	0.1	0.06	0.1	0.03	−5.5	−0.003
Emmis	0.1	0.05	0.1	0.04	−0.2	−0.001
Univision	0.5	0.2	0.1	0.04	−9.1	−0.02
PBS (public)	0.1	0.07	0.0	0.04	−6.2	−0.003
Scholastic	1	0.2	0.9	0.2	−4	−0.01
Charter	3	0.8	3	1.2	1.3	0.05
Cablevision	4	1.5	6	1.7	4.6	0.03
Thomson (Canada)	0.3	0.1	0.3	0.1	0.4	0.0
Reader’s Digest	0.4	0.2	0.1	0.1	−7.5	−0.01

Primedia	0.6	0.2	0.0	0.0	–11.1	–0.02
Source Interlink	0.0	0.0	0.5	0.15	N/A	0.02
Ziff-Davis	0.0	0.04	0.0	0.01	–10.5	–0.004
Citadel	0.6	0.1	0.0	0.0	–11.1	–0.02
Mediacom	0.2	0.17	0.2	0.22	0.08	0.01
Netflix	0.0	0.0	1	0.5	N/A	0.05
Grupo Carso (Mexico)	0.0	0.0	10	1.5	N/A	0.2
Qwest	8	1.7	0.0	0.0	–11.1	–0.2
Citizens Telecom	3	1	2	0.6	–5.0	–0.05
Level 3	0.2	0.3	20	2.1	1201.4	0.2
Global Crossing	1	0.7	0.0	0.0	–11.1	–0.08
Cingular	70	3.3	0.0	0.0	–14.3	–0.5
McCaw (AT&T "I")	31	2.2	0.0	0.0	–11.1	–0.2
Alltel	7	1.0	0.0	0.0	–11.1	–0.1
Nextel	9	1.2	0.0	0.0	–11.1	–0.1
US Cellular	2	0.5	1	0.6	–3.2	–0.01
Leap Wireless	0.0	0.00	0.2	0.2	N/A	0.02
Bell South	18	2.7	0.0	0.0	–11.1	–0.3
Windstream	0.0	0.02	0.1	0.08	24.4	0.01
Covad	0.0	0.02	0.0	0.05	4.5	0.003
Adelphia	3	0.7	0.0	0.0	–11.1	–0.1

Knight Ridder	2	0.3	0.0	0.0	–11.1	–0.04
Lionsgate	0.1	0.05	1	0.1	75.6	0.01

Media Concentration Index	**2004/05**	**2011 or Most Recent**	**% Change Annual Average**
Total Revenue: Nat’l Media Industry (mil US$)	652,565	790,581	3.0
Total Voices (*n*)	101	99	–0.2
Net Voices (*n*)	56	59	0.6
Public Ownership (%)	0.4	0.4	0.0
Foreign Ownership (%)	4.0	10.1	0.7
C4 Average—Weighted	58	68	1.2
HHI Average—Weighted	1,366	1,574	1.7
C1 Average—Weighted	26	25	0.1
Noam Index Average—Weighted	227	409	8.9
Pooled Overall Sector C4	39	44	0.5
Pooled Overall Sector HHI	564	638	1.5
Pooled Overall Sector Noam Index	24	33	4.0
Market Share of Top Ten Companies: Nat’l Media Industry (%) (Pooled C10)	54	61	0.9
National Power Index	1,386	1,540	1.2

Table 18-32. Top Platform Media Companies in the United States

	2004/05		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
AT&T	963	28.1	678	23.8	–3.3	–0.5
Verizon	475	19.8	551	20.6	1.8	0.1
Comcast	85	5.4	160	9.0	9.7	0.4
Liberty Media	0.3	0.2	0.3	0.2	–1.5	0.004
DirecTV	0.0	0.0	73	2.3		0.3
Softbank (Japan, Sprint)	39	4.9	101	6.7	17.6	0.2
Murdoch	15	1.4	0.0	0.0	–11.1	–0.2
Vodafone (UK)	40	3.1	0.0	0.0	–11.1	–0.3
EchoStar (DISH)	11	1.2	14	1.7	2.3	0.05
Time Warner	27	1.9	0.0	0.0	–11.1	–0.2
Time Warner Cable	5	1.8	48	4.8	88.2	0.3
TW Telecom	0.0	3.1	0.0	0.0	–11.1	–0.01
T-Mobile (Germany)	9	1.5	58	4.7	62.7	0.4
Cox	8	1.8	9	2.3	2.7	0.1
CenturyLink	0.0	0.0	47	4.4		0.5
The Washington Post	0.1	0.1	0.1	0.1	1.5	0.003
Charter	3	1.0	4	1.5	1.4	0.06
Cablevision	5	2.0	7	2.1	3.6	0.01
Mediacom	0.3	0.2	0.2	0.2	–0.5	0.004
Grupo Carso (Mexico)	0.0	0.0	14	2.3		0.3
Qwest	12	2.8	0.0	0.0	–11.1	–0.3
Citizens Telecom	4	1.6	2	0.9	–5.3	–0.1
Level 3	0.3	0.4	30	3.2	1140.1	0.3
Global Crossing	2	1.1	0.0	0.0	–11.1	–0.1
Cingular	111	5.3	0.0	0.0	–11.1	–0.8

McCaw (AT&T “I”)	49	3.5	0.0	0.0	−11.1	−0.4
Alltel	11	1.6	0.0	0.0	−11.1	−0.2
Nextel	15	1.9	0.0	0.0	−11.1	−0.2
US Cellular	3	0.8	2	0.9	−3.6	0.004
Leap Wireless	0.0	0.0	0.4	0.4		0.04
Bell South	29	4.3	0.0	0.0	−11.1	−0.5
Windstream	0.0	0.04	0.1	0.1	22.6	0.01
Covad	0.0	0.03	0.1	0.1	3.68	0.004
Adelphia	4	0.8	0.0	0.0	−11.1	−0.1

Media Concentration Index	**2004/05**	**2011 or Most Recent**	**% Change Annual Average**
Public Ownership (%)	0.7	0.5	0.0
Foreign Ownership (%)	4.6	13.7	1.0
C4 Average—Weighted	67	77	1.1
HHI Average—Weighted	1,781	1,827	0.3
C1 Average—Weighted	31	28	−0.3
National Power Index	1,815	1,799	−0.1

Comcast is the most diverse large media company in the United States. It raised its share in TV broadcasting, video channels, and film through the acquisition of NBC Universal. It maintains high shares in multichannel platforms (its core activity), along with wireline telecom and ISPs. In 2014, Comcast sought to acquire Time Warner Cable. Time Warner, too, is active in several industries, but it has spun off its cable and Broadband ISP platforms (Time Warner Cable), enterprise telecom (TW Telecom), music activities (WMG), and publishing (Time, Inc.).

Public (governmental) ownership of media is extremely low in the United States, with less than 1% (0.4%) of the national market by total share (and 0.5% in platforms). Foreign ownership of media is on the lower end of the international spectrum, with foreign firms controlling 10.1% of the national market—primarily in mobile ↳ p. 562

p. 563 ↳

p. 564 ↳

p. 565 ↳

p. 566 ↳

p. 567 ↳

p. 568 ↳

p. 569 ↳

p. 570 ↳

p. 571 ↳

communications due to participation by several European firms like Vodafone (UK), which used to have a 45% stake in Verizon Wireless, as well as Deutsche Telekom (Germany, T-Mobile), and Softbank (Japan) with Sprint. The percentage of US industries that are foreign-owned is high in book publishing (25.5%) and film (13.7%)—the latter due primarily to Sony (Japan). It is moderate in magazines (7.4%). ↳ p. 572

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31. The trend for all 13 industries taken together more or less resembled the trend of the two main telecom media, due to

their great weight in the overall media sector.