

iVillage wins big from NBC buyout

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As venerable as NBC Universal may be with its vast empire of television and film networks, it is still not beyond buying out smaller, niche Internet companies catering to a targeted audience for a sizeable price tag.

So while the company's decision Monday to buy out iVillage for \$600 million surprised some analysts, many argue that the move highlights how investing in diverse online content is critical for the survival of any media organization, big or small. Indeed, NBC is merely following in the footsteps of other major media players in buying out better-known online entertainment groups. Last year, for instance, Rupert Murdoch's News Corp. bought out MySpace.com, a site popular with younger Internet users as a place to get to know others.

Certainly, iVillage is one of the more popular Web sites catering to women in their 20s and 30s, an age group that is particularly attractive to media groups that has become increasingly difficult to reach. With its slogan "the Internet for women," iVillage lures in female readers with such thought-provoking headlines as "how an orgasm a day may keep the doctor away" and "striving for superskinny."

While such topics may be taboo for daytime viewing on the networks, NBC made clear that it was eager to reach out to the younger female demographic and that the acquisition would only enhance the conglomerate's stable of media outlets.

"Every part of NBC Universal, from television and film to home

entertainment will support and drive iVillage forward. From this platform, NBC Universal will chart the next generation of digital content development and enhance user experience," the group said in a news release.

In short, NBC said it would be worth paying for 100 percent of iVillage's shares for \$8.50 in cash per common share. The transaction is expected to be completed by the second quarter of this year.

"iVillage immediately gives us scale and a profitable, established platform to expand our digital efforts, especially in the rapidly growing areas of health and women's interests," stated Beth Comstock, president of NBC Universal digital media and market development. "This is all about creating important new intersections between community, content and commerce. We envision connecting more deeply online, on mobile and on demand with key consumers throughout their various life stages -- from their unique interests to their finances to their health and well-being. We are also looking to create a more customized consumer healthcare experience, working in association with GE Healthcare," she added.

For its part, iVillage had been in the market trying to sell itself over the past year, even though the company raked in a net profit of \$9.5 million on sales of \$91 million in 2005. Indeed, industry analysts largely said that the deal was a big win for iVillage's shareholders.

"We believe that iVillage shareholders should feel fortunate to have received this multiple today, as most of the large traditional media companies have focused their attention elsewhere," said RBC Capital Markets analyst Jordan Rohan.

Indeed, NBC said that it would not be looking for more sizeable Internet acquisitions any time soon, even though the door remains open to buy

out companies for a lower price than what it had forked out for iVillage.

"We don't have any plans to make acquisitions at this scale, but we will look at smaller acquisitions of tools or other things that enhance the site," said Robert Wright, chief executive of NBC Universal, in a phone briefing with analysts and reporters shortly after the buyout announcement.

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