

## BuzzFeed gets expansion cash with NBCUniversal tie-up

August 18 2015

---



BuzzFeed and NBCU said that as part of the investment, the two companies will explore "strategic partnerships." This could involve sharing of content between BuzzFeed and the vast NBC television operations

BuzzFeed, the website which lives off viral and "shareable" news, got a major boost for expansion plans Tuesday with a \$200 million investment from NBCUniversal.

The deal with NBCU, a division of the media and cable conglomerate

Comcast, calls for "strategic partnerships" between the two groups, which could allow sharing of content between BuzzFeed and the vast NBC television operations.

The deal values the "social news" pioneer at some \$1.5 billion, according to several media reports. The companies did not comment on the valuation terms of the investment.

"It's a fascinating time for the media industry; social, mobile, digital, and broadcast platforms are converging to create new opportunities to connect with global audiences," said Jonah Peretti, BuzzFeed's founder and chief executive.

The deal will "extend our reach to TV and film," Peretti said, without offering any specifics.

Peretti added that BuzzFeed had reached agreements on content sharing with Facebook's Instant Articles, Snapchat's Discover, and Apple's news app, which "allow us to reach a bigger audience and have a bigger impact than what would be possible on our own."

"All these deals were structured to assure BuzzFeed's continued editorial and creative independence," Peretti said in a blog post. "Equally important, the investment from NBCU and our rapidly growing revenue assures our financial independence."

The news comes just a week after NBCUniversal announced a similar \$200 million injection into another digital news group, Vox Media, and highlights the potential seen in online news as consumers move away from traditional media.

The investment follows Monday's announcement that BuzzFeed would launch a Japanese news website in a partnership with Yahoo Japan, the

latest step in a global expansion push.

BuzzFeed is one of the largest pure-play digital news websites, claiming to reach some 200 million users worldwide.

With its recent expansion, the group says some 45 percent of traffic now comes from outside the United States, having launched editions in Britain, Brazil, France, Australia, India, Germany, Mexico and Canada.

Launched in 2006 by Huffington Post co-founder Peretti, BuzzFeed was known for offbeat "shareable" news but has been investing in new staff and technology as it expands globally.

NBCU was created as a joint venture with the NBC broadcast group and Universal Pictures, previously controlled by France's Vivendi. Comcast took full control of NBCU in 2013.

## **Profiting from sharing**

While BuzzFeed's finances are not made public, documents leaked last week by the website Gawker suggested it is making a profit—some \$2.7 million in the first six months of 2014 and \$7 million in 2013.

Rebecca Lieb, an independent media consultant and analyst, said BuzzFeed "has successfully captured mass eyeballs, which is difficult in an era of highly specialized and topical information."

BuzzFeed "is good at picking topics which are light and entertaining and shareable," Lieb told AFP.

Additionally, she said BuzzFeed has successfully reached younger audiences who often don't read newspapers or subscribe to cable television, and that this group is attractive to advertisers.

She added that the website is strong in "native" advertising, which includes "sponsored" and similar content.

The tie-up with NBCU offers potential, Lieb said, such as snippets of Olympic videos which could be offered to BuzzFeed and drive consumers to watch more on television.

Nikki Usher Layser, a George Washington University journalism professor specializing in digital media, said BuzzFeed's value comes from its technology.

"It has a superior content management system that uses data science to understand how information is spreading," she said.

Last year, BuzzFeed said it had secured \$50 million in a deal that reportedly valued it at \$850 million. But the latest injection vaults it into the club of "unicorns," a term used for startups valued at over \$1 billion.

Vox is believed to be worth over \$1 billion following its recent cash infusion from NBCU. And Vice Media last year secured some \$500 million which boosted its valuation to a reported \$2.5 billion.

One of the largest digital-only news groups is the Huffington Post, whose future is uncertain after its parent company AOL was sold this year to telecom giant Verizon.

Buy Layser said it remains unclear whether these groups will grow enough to justify the massive investments, or if they are seeing a bubble.

"I think this sector is overinflated," she said. "We don't know if there is a magic bullet that is going to make a clear pathway to profitability."

Citation: BuzzFeed gets expansion cash with NBCUniversal tie-up (2015, August 18) retrieved 28 April 2024 from

<https://phys.org/news/2015-08-nbcuniversal-million-investment-buzzfeed.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.