

Disney-Fox deal may create a new nerdy nirvana

December 16 2017, by Ryan Nakashima And Matt O'brien



This file image provided by Disney shows, from left, Chadwick Boseman as Panther, Paul Bettany as Vision, Robert Downey Jr. as Iron Man, Scarlett Johansson as Natasha Romanoff, and Don Cheadle as War Machine in a scene from "Marvel's Captain America: Civil War." Disney's announcement Thursday, Dec. 14, 2017, that it's buying most of movie goliath Fox for \$52.4 billion in stock brings these once disparate franchises together. The combined company will account for more than a third of theatrical revenues in the U.S. and Canada. (Disney Marvel via AP, File)

The coming union of the Disney and Fox media empires is set to create a new nirvana for fanboys and -girls, one that reunites superheroes and sci-fi characters long separated by an energy barrier of corporate legalism.

Take, for instance, the fractured world of Marvel superheroes. For years, the X-Men (Wolverine, Storm, Professor X and the crew) and the Fantastic Four (Thing, Invisible Woman, et al) have battled bad dudes from the studios of 20th Century Fox. Meanwhile Iron Man, Black Widow and other Avengers vanquished villains in another corner of the galaxy run by Disney. Almost ne'er the twain did meet—though that could soon change.

In a related fashion, rights to the various "Star Wars" films have been scattered all over a galaxy far, far away; those will soon be unified under a powerful Galactic Emp— er, well, Magic Kingdom.

THE MOUSE THAT ATE THE FOX

Disney's announcement Thursday that it's buying most of movie goliath Fox for \$52.4 billion in stock brings these once disparate franchises together, possibly for as-yet unplanned intergalactic dust-ups. Add the "Avatar" franchise to the blockbuster mix, and the company that launched Mickey Mouse will be an unavoidable presence at the box office and online if the deal goes through.

The combined company will account for more than a third of theatrical revenues in the U.S. and Canada, an \$11 billion business last year, not to mention a huge chunk of the global theater-going pie, according to Daniel Ives, chief strategy officer at market research firm GBH Insights.

That would make the Disney juggernaut a more powerful theatrical force to be reckoned with than ever before. Online, Disney has announced plans to launch its own streaming service in 2019, after pulling titles like "Rogue One: A Star Wars Story" and Disney's "Moana" from Netflix's streaming platform to move onto its own. After Fox's deal to send its movies to HBO ends reportedly in 2022, its films will also move to the Disney streaming platforms.

"Creating a direct-to-consumer relationship is vital to the future of our media businesses and it's our highest priority," Disney CEO Bob Iger told investors in a Thursday conference call detailing the Fox deal.

ONE BIG HAPPY DEATH STAR



This file photo provided by Twentieth Century Fox shows, The Thing, from left, Michael B. Jordan as Johnny Storm, Miles Teller as Dr. Reed Richards, and Kate Mara as Sue Storm, in a scene from the film, "Fantastic Four." Disney's announcement Thursday, Dec. 14, 2017, that it's buying most of movie goliath Fox for \$52.4 billion in stock brings these once disparate franchises together. The combined company will account for more than a third of theatrical revenues in the U.S. and Canada. (Twentieth Century Fox via AP, File)

Those old enough to remember the blaring 20th Century Fox opening to the original "Star Wars" (Episode IV) may no longer have to search far, far, away to find the other titles. The original was made and distributed by Fox, but it was a quirk of the series.

Episodes V, VI, I, II, and III were owned by Lucasfilm (bought by Disney in 2012) and distributed by Fox. You can only stream those first six movies endlessly if you buy them and register them through the not-terribly-popular UltraViolet system backed by several studios. (You can also rent them digitally.) "The Force Awakens"—Episode VII—is available to streaming subscribers, though only if you have Starz.

The Force may finally put these titles in one place.

Buying Fox will also give Disney a majority stake in streaming platform Hulu. The addition of Fox's regional sports TV networks and National Geographic video programming in the deal could let the new service bundle hugely popular movie and TV franchises, local sports broadcast rights, and distribution platforms into one live online video empire.

That would recreate online what the U.S. Supreme Court broke apart in the 1940s. That's when the court forced Hollywood studios to divest ownership of theater chains to keep content producers from controlling every step along the way to the consumer.

"This moves Disney from an afterthought in streaming to a legitimate contender," Ives said.

SCRAPPY REBELS

At the same time, tech companies—particularly Netflix, Amazon, Facebook, Google, and Apple—are making big investments in video streaming. Hollywood-centered entertainment companies have struggled as people drop traditional TV packages, shifting the nexus of power in entertainment from the Hollywood Hills toward Silicon Valley and Seattle.

That marketplace dynamic could help pave the way for regulators to

clear the deal, aimed to close within the next 12 to 18 months.



In this Monday, March 13, 2017, file photo, Walt Disney Co. CEO Robert Iger attends a special screening of Disney's "Beauty and the Beast" at Alice Tully Hall, in New York. Disney's announcement Thursday, Dec. 14, 2017, that it's buying most of movie goliath Fox for \$52.4 billion in stock brings these once disparate franchises together. The combined company will account for more than a third of theatrical revenues in the U.S. and Canada. (Photo by Evan Agostini/Invision/AP, File)

"These guys are up against Facebook and Google, not Warner Bros. and MGM," said Mike Kelly, the former Weather Channel CEO who is now CEO of investment and advisory firm Kelly Newman Ventures. "If you look at it that way, I don't think the government would have that big of

an issue with it."

Iger said he anticipates a "significant amount of regulatory scrutiny both in the United States and internationally" because of the deal's size, but he said authorities should quickly approve it because it makes sense for consumers.

He said Disney's current thinking is to split its streaming services into three different brands, such as a Disney-labeled family service that would fold in NatGeo, Marvel, Pixar and Lucasfilm; an ESPN-led sports service; and an adult-oriented service that would incorporate Hulu and some of Fox's TV shows.

Disney also aims to expand the global audience of its cast of characters as it pulls in Fox's London-based pay-TV broadcaster Sky, which has a pan-European audience, and Mumbai-based Star India.

OH, THAT LONELY WEB-SLINGER

But there's one part of the comic book world that will escapes Disney's sizable web: Spider-Man, whose rights Marvel partially farmed out to Sony.

Although Sony and Disney cut a deal to include Spidey in Avengers tales starting with "Captain America: Civil War" last year, Sony continues to develop its own alternate reality with movies like the animated "Spider-Man: Into the Spider-verse" as well as spin-offs "Venom" and "Silver & Black" starting in 2018.

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