

AT&T's Time Warner takeover has already reshaped media world

February 26 2019, by Tali Arbel

A federal appeals court on Tuesday upheld AT&T's \$81 billion takeover of Time Warner, approving one of the biggest media deals on record in the face of opposition from the Trump administration.

The combination of one of the country's largest wireless carriers and TV providers with a major TV and movie [company](#) has already reshaped the media landscape.

A look back at the deal, the pushback from the government and its future implications:

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WHAT PROMPTED THE DEAL?

Traditional, live TV is shrinking in importance. Streaming video like Netflix has exploded in popularity. And AT&T, which has its cellphone business and also owns DirecTV, wanted to marry popular video with its ability to deliver to homes and phones.

Time Warner, now known as WarnerMedia, owns popular channels including HBO, CNN, TNT and TBS, plus Warner Bros. movies such as the Harry Potter and DC Comics superhero franchises.

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WHY DID THE GOVERNMENT SUE?

The Justice Department said the combined company would mean higher TV bills for consumers and higher costs for AT&T's cable rivals. A [district court judge](#) and the [appeals court](#), however, said they didn't make their case.

The government's objections to the deal surprised many on Wall Street because AT&T and Time Warner were not direct competitors. It was the first time in decades that the government had sued to block such a "vertical merger"—and AT&T's rival Comcast, a [cable company](#), had gotten the government's blessing in 2011 to buy NBCUniversal, which makes TV shows and movies.

The government's opposition also attracted attention because Donald Trump, as a presidential candidate in October 2016, had promised to kill the deal "because it's too much concentration of power in the hands of too few."

Trump has publicly feuded with Time Warner's CNN, calling it "failing" and a purveyor of "[fake news](#)." The president's statements didn't come up during the trial in [district court](#), and the Justice Department's antitrust chief, Makan Delrahim, said the president did not tell him what to do.

HOW WAS THE DEAL AFFECTED THE MEDIA WORLD?

AT&T has steadily followed consumers into internet-delivered TV. It started a [streaming service](#) that replicates cable, DirecTV Now, about a month after announcing the Time Warner takeover. It launched a cheaper, smaller live TV offering called WatchTV soon after the deal closed. It's planning another streaming service, "WarnerMedia," for later

this year to showcase its own films and HBO shows.

AT&T has used one branch of its company to support another. It had special DirecTV Now promotions for its wireless customers. It also doesn't count DirecTV Now streaming against data caps on AT&T cellphone plans. Some net-neutrality advocates say that shows favoritism by AT&T. The company says the practice is good for consumers.

AT&T has been managing the Turner networks as a distinct business unit. Now it can be involved in Turner's deals with cable companies, which include the prices paid for networks like TBS and CNN. It can also change Turner's employee headcount and compensation.

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