

# Emerging markets enter Top 30 global media owners

CHINA: For the first time, two Chinese media companies, CCTV and Baidu, have entered ZenithOptimedia's Top Thirty Global Media Owners ranking this year. They join Brazil's Globo as the only companies based in emerging markets on the list.



CCTV is China's national state television company and enters in 23rd place, ahead of Facebook. It boasts 22 free channels and 23 Pay-TV channels and accounts for about a quarter of China's TV ad market. Baidu comes in at 28th, ahead of Microsoft. It is the country's main search engine, the local equivalent of Google, which does not operate in China. Like Google, it has diversified away from basic search and offers maps, social media, question answering and many other services.

"The arrival of these two companies in our Top 30 list is testament to the size and dynamism of the Chinese market," says Jonathan Barnard, head of forecasting at ZenithOptimedia. "However, we expect a much greater presence from emerging market media owners, once they start to expand their international operations in earnest. The rise of the internet has created a new type of media owner, the intermediary, which generates its revenue by connecting consumers with contents and with each other. However, the production of compelling content lies at the heart of the media world and content producers still dominate the Top 30."

## Google widens gap

The top media owner is Google, which is the world's largest media owner by some distance, with revenues 47% higher than the second largest, DirecTV. This gap has widened from 39% in last year's edition of the report, as Google's core search function has benefited from the rapid rise in search volumes from smartphones and tablets.

Among the rest of the top five, DirecTV remains in second place and Comcast remains in fifth. Disney has overtaken News Corporation to take third place, after News Corporation split into two separate operations. One of these - 21st Century Fox - comes fourth in the ranking, while the new News Corporation is in twelfth place. Cox Enterprises has moved up from eighth to seventh, and BSKyB has risen from tenth to eighth. Bertelsmann has slipped from seventh to ninth, while CBS Corporation has dropped from ninth to tenth.

## Top media owners are international in scope

Most companies in the Top 30 have operations in more than one country and many are international in scope, with operations around the world. Only seven companies are essentially devoted to one market: Baidu, CCTV and Globo, plus Cox Enterprises in the US, and the three Japanese companies Asahi Shimbun Company, Yomiuri Shimbun Holdings and Fuji Media Holdings.

Given the large size of many emerging advertising markets (China being the third-largest in the world and Brazil the sixth-largest), the low representation of companies from emerging markets in this list is surprising and can be explained by the fact that most media owners in the developing world are confined to their home markets. Some emerging market media owners - such as Zee Entertainment in India - have started to expand internationally and we expect to see greater representation from these companies as this process accelerates.

## Big five internet companies

The arrival of Baidu means there are now five pure-play internet media owners in the Top 30, up from four last year: Google, Yahoo!, Facebook, Baidu and Microsoft. Between them, they attract 67% of all global expenditure on internet

advertising. This demonstrates how power in the internet ad market currently belongs to the intermediaries - companies that connect consumers with the content they are looking for, or with each other - rather than to the content producers themselves. These five intermediaries account for 21% of all media revenue generated by the Top 30 media owners.

## Content producers still dominate

Despite the rapid rise of the internet intermediaries, content producers continue to generate the majority of media revenues. Twenty-two companies in the Top 30 are traditional media and entertainment companies that create and distribute their own content. Between them, they account for 64% of the combined media revenues of the Top 30 media owners.

## Deconsolidation of publishing and broadcasting

Since the last edition of this report, the former number-three media owner News Corporation has split into two: 21st Century Fox and the new News Corporation, which take fourth and twelfth place in the new ranking respectively. The split was designed to provide more corporate focus to the two companies - 21st Century Fox has taken over most of the television and film interests of the former corporation and the new News Corporation has taken over the publishing interests.

It was also intended to raise the valuation of 21st Century Fox by removing its association with the declining publishing industry. A similar rationale lies behind the spin-off of Time Warner's magazine publisher Time Inc, due in the second quarter of 2014, which will leave Time Warner with its television and film units. Time Warner is large enough that it will remain in sixth place even without its magazines, while Time Inc will not place within the Top 30.

## Ranking

Rank	Media owner	Rank	Media owner
1	Google	16	Asahi Shimbun Company
2	DirecTV	17	Gannett
3	Walt Disney Company	18	Yomiuri Shimbun Holdings
4	21st Century Fox	19	Yahoo!
5	Comcast	20	Globo
6	Time Warner	21	Fuji Media Holdings
7	Cox Enterprises	22	Discovery Communications
8	BSkyB	23	CCTV
9	Bertelsmann	24	Facebook
10	CBS Corporation	25	Axel Springer
11	Viacom	26	Hearst Corporation
12	News Corporation	27	Mediaset
13	Advance Publications	28	Baidu
14	Vivendi	29	Microsoft
15	Clear Channel Communications	30	JCDecaux

## Definition of media revenues

The Top Thirty Global Media Owners report is a unique ranking of the world's largest media companies by media revenue, as estimated by ZenithOptimedia. The report was launched in 2007 and was last published in 2013.

The company defines media revenue as all revenues deriving from businesses that support advertising - television broadcasting, newspaper publishing, internet search, social media, and so on. This includes not only advertising revenues but also other revenues generated by these businesses, such as circulation revenues for newspapers or magazines, or subscription revenues for pay-tv. For publicly listed companies, the revenue figures are taken from their annual report and accounts; for the privately held companies, the revenue figures are ZenithOptimedia estimates.

Some companies on the list are entirely media-focused; others are corporate giants for which media revenue forms only a

small part of their overall turnover. It counts only the media revenue for ranking purposes. This provides a clear picture of the size and negotiating power of the biggest media owners in the global marketplace.

The report covers the financial year 2012, which is the latest year for which it has consistent revenue figures from all of the publicly listed companies. The report may be ordered in hard or soft copy from [www.zenithoptimedia.com](http://www.zenithoptimedia.com) for £295.

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