Acquisitions vs. Joint Ventures:

The Internet Expansion Strategy of U.S. Media Companies

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***Abstract*:** This paper investigates how media companies choose between acquisitions and joint ventures when they decide to expand their Internet businesses. The dataset covers 155 deals completed by 18 U.S. media companies of the Fortune 1000 in the 2000s. The results show that acquisitions are chosen over joint ventures when the target business is complementary or unrelated with the media firm's existing businesses, when the level of market uncertainty associated with the target business is low, when the degree of competition around the target business is high, and when the media firm has much acquisition experience and is highly diversified. With the abovementioned factors included, the models presented in this paper correctly classify approximately 90% of media companies' strategic choices between acquisitions and joint ventures.

***Keywords*:** media companies, Internet expansion, strategy, acquisitions, joint ventures,

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Over the past several years, one of the most important strategies undertaken by media companies may be their full embrace and pursuit of digital opportunities. While established properties such as newspapers and television programs remain the foundation upon which media companies generate reliable cash flows and expand all kinds of activities, digital businesses are just starting their growth cycle and have been positioned to become the companies' future revenue drivers (Murdoch, 2007). Take New York Times Company as an example: in 2006, more than 8% of the company's revenues came from its digital operation, compared to just 4% in 2005; specifically, its online advertising revenues grew 41% over the same period (The New York Times Company, 2006). Likewise, Time Warner's online advertising revenues witnessed a 41% jump in 2006, whereas its content revenues experienced a 15% decline in the same year (Mitra, 2007).

Media companies continue to use internal initiatives (such as launching new websites) to improve their digital competence, however, “the development of internal capabilities are no longer sufficient to cope with the increasing cost, speed, and complexity of technological developments” in this highly competitive industry (Vanhaverbeke, Duysters, & Noorderhaven, 2002; p. 174). Increasingly, even the largest media firms are forced to utilize external resources through acquisitions and joint ventures for expanding their digital businesses. On the other hand, acquisitions and joint ventures are essentially alternative strategies. i.e., the decision to do one implies not to do the other (Dyer, Kale, and Singh, 2004). The question thus arises: What factors influence media companies’ choice between acquisitions and joint ventures when they decide to expand their Internet businesses? This question is of great importance to both researchers and practitioners because it enables us to better understand the media industry’s Internet expansion activity, currently one of the biggest issues for the industry. So far there have been few studies that attempt to address it. This is the main motivation for writing this paper. Specifically, I will examine all of the Internet-related acquisitions and joint ventures made by large U.S. media firms during the 2000s for the purpose of investigating how the firms choose between these two options when pursuing digital expansion.

Theory and Hypotheses

In this paper, acquisitions refer to both the merging of two more-or-less equal companies and the acquisitions in which one company obtains majority ownership over another (Hagedoorn and Duysters, 2002), while joint ventures refer to the partial ownership in free-standing firms as well as minority ownership in another company (Hennart, 1991). Shifting from a minority to majority ownership usually is critical for corporate control (Hennart, 1991), so is the use of a qualitative choice for the current study.

To analyze determinants of media companies’ choice between acquisitions and joint ventures, this study draws on different theoretical perspectives including transaction cost, resource-based view, asymmetric information, organizational learning, and competitive strategy. Since these theories are often interconnected and “offer complementary and even coinciding predictions” (Villalonga and McGahan, 2005; p. 1185), this paper does not treat them as separate; indeed, it integrates these theories and proposes the following hypotheses which center on the strategic fit, the market factors, and the media firm's attributes.

Strategic Fit

The issue of strategic fit between bidder and target assets is central to the research on acquisition and alliances. Remarkable among this research is Salter and Weinhold (1979)'s work of classifying acquisitions into two categories - related and unrelated - in terms of the strategic relationships between acquiring firms and acquired firms. Relatedness essentially refers to the transferability between two firms of resources and skills in production, marketing, distribution, research & development, etc. This concept was further divided by Salter and Weinhold (1979) into two subcategories: (1) related-supplementary, i.e., getting more resources the acquiring firm already has; and (2) related-complementary, i.e., getting resources which combine effectively with those the acquiring firm already has. Although Salter and Weinhold's categorizations address corporate-level relatedness, much of the corporate strategy research has applied these categories to analyze business-level relatedness, focusing on the linkage between a transaction and the firm's existing businesses. Based on Salter and Weinhold's work, for example, Shelton (1988) developed a typology of strategic business fit between a focal firm and target business. The typology consists of four types of strategic fits: (1) identical, i.e., the target business provides the focal firm with access to similar products as well as similar customers; (2) related-supplementary, i.e., the target business provides the focal firm primarily with access to new customers/markets rather than with new products/assets; (3) related-complementary, i.e., the target business provides the focal firm primarily with the new products, assets, or skills for the markets currently served by the focal firm rather than with access to new customers/markets; and (4) unrelated. i.e., the target business provides the focal firm with access to both new products/assets and new customers/markets (Shelton, 1988).

Combining the works of Salter & Weinhold (1979) and Shelton (1988), the present study proposes that media companies' deals with Internet firms can be categorized into three groups: related-supplementary, related-complementary, and unrelated. A related-supplementary deal occurs when the media firm targets an Internet business primarily for the purpose of delivering their content to the maximized consumers/markets rather than acquiring new products/assets. A more recent example in this regard is the joint ventures between News Corporation and NBC Universal: they are jointly creating a professionally produced video websites that will make thousands of hours of video content from their networks and film studios available to millions of online consumers (News Corporation, 2007a). On the contrary, a related-complementary deal provides the media firm primarily with new digital products and assets (rather than new customers/markets), which enables the firm to improve their digital capabilities, deliver new online content, and/or generate e-commerce/online revenues. To garner more online revenues, for example, newspaper giant Gannett Company has strategically acquired PointRoll, which brings online advertisers rich media marketing services, and Planet Discover, which provides the company's local websites with robust local search technology (Gannett Company, 2007). Finally, an unrelated deal provides the media firm with access to both new consumers and new products. Notable among numerous unrelated deals include News Corporation's acquisition of MySpace and New York Times Company's acquisition of About.com. Both deals enable these media companies to rapidly expand their Internet presence by offering newer, richer online services for an extraordinary number of online consumers (News Corporation, 2007b; Seelye, 2005)

From a transaction cost perspective, a key benefit of good strategic fit is cost reduction, thanks to the economies of scale as well as the transfer of knowledge and skills (Coase, 1937; Penrose, 1959). Similarly, the strategic fit between two entities is often a factor in decisions between acquisitions and joint ventures. For a media company, if it intends to utilize the Internet to deliver their content to the maximized audience or develop a better brand relationship with the audience (i.e., pursing a related-supplementary business), joint ventures may be a less costly choice than acquisitions. On the contrary, if the media firm aims at diversifying its online contents, strengthening its digital capabilities, and ultimately generating more online revenues, an acquisition should be preferred to a joint venture, regardless of whether the target consumers are similar or different. That is because acquisitions may provide a better opportunity to acquire partners' tacit knowledge-based resources, due to the significant extent to which partners are exposed to each other (see Kogut, 1988). In other words, if media companies intend to pursue a related-complemented or an unrelated business, they had better acquire a well-developed

Internet firm. If these propositions are true, the following will hold:

Hypothesis 1a: The unrelatedness between the media firm and the target business is positively associated with the choice of acquisitions over joint ventures.

Hypothesis 1b: The complementary relatedness between the media firm and the target business is positively associated with the choice of acquisitions over joint ventures.

Hypothesis 1c: The supplementary relatedness between the media firm and the target business is negatively associated with the choice of acquisitions over joint ventures.

<u>*Market Factors*</u>

When pursuing Internet expansion, media companies may be forced to make a choice between acquisition and joint ventures without knowing whether, when, and how they can get payoffs. In other words, market uncertainty around the target business exists when it is difficult to estimate its future payoffs (Dyer, Kale, and Singh, 2004). From an asymmetric information perspective, Balakrishnan and Koza (1993) suggest that joint ventures be chosen over acquisitions if there are information asymmetries between the partners, and consequently the costs to the acquirer of valuing the target's assets are high. Similarly, Villalonga and McGahan (2005) argue that choosing joint ventures can mitigate the risks and costs of transaction by aligning the incentives of two parties. In addition, Dyer et al. (2004) propose that if the market prospect of a target business is moderately or highly uncertain, companies should go for a strategic alliance such as a joint venture rather than acquire the target firm. These authors explain their logic as follows. An alliance will limit the firm's exposure to risks since it usually involves less money and time than it would in an acquisition. If the deal yields results, the company can eventually purchase the entire assets of the target firm. Otherwise, the company can withdraw from this alliance with a much less loss than a failed acquisition. To test these propositions, I hypothesize:

Hypothesis 2: The degree of market uncertainty associated with the target business is negatively associated with the media firm's choice of acquisitions over joint ventures.

Competitive strategy theorists suggest that firms respond to competitive behavior for two reasons: firstly, firms use others' behavior as a justification of their own behavior; and secondly, firms often have a sense of paranoia that they may miss the opportunity completely, or the competitors that have entered may put up entry barriers high enough to deter subsequent entries (Porter, 1991). In a similar vein, Dyer et al. (2004) propose that if there are several rivals showing interest in buying the target business, a company may have no choice but to acquire it for the purpose of preempting the competition. The implications of these theories are thus the following:

Hypothesis 3: The degree of competition associated with the target business is positively associated with the media firm's choice of acquisitions over joint ventures.

Firm Factors

Organizational learning theory stipulates that a firm can develop its acquisition or alliance capabilities through repeated experience with these practices (Anand and Khanna, 2000; Dyer and Singh, 1998; Hayward, 2002). Furthermore, "if a firm pulls off an alliance or two, it will forever insist on entering into alliances even when circumstances demand acquisitions" (Dyer et al., 2004; p. 110). Put another way, a firm's experience at managing a particular practice makes the firm more inclined to do the same thing for future transactions (Villalonga and McGahan, 2005). The implication of organizational learning theory for media companies' strategic choices is thus:

Hypothesis 4: The media firm's acquisition experience is positively associated with the choice of acquisitions over joint ventures.

Hypothesis 5: The media firm's joint venture experience is negatively associated with the choice of acquisitions over joint ventures.

Transaction cost theory offers predictions about the effect of a firm's diversification level on its strategic choice. In broad terms, Villalonga and McGahan (2005) argue that corporate growth depends not only on firm resources but also on the applicability and integration of different resources across industries for economies of scale. Specifically, Hennart and Reddy (2000) propose that diversified firms prefer acquisitions in that they have sophisticated management systems which can be exploited through acquisitions, thus providing a kind of organizational efficiency. Also, Caves and Mehra (1986) suggest that firms that have become diversified through acquiring other firms may have developed an expertise in and consequentially a preference for acquisitions because such expertise can help these firms reduce the incremental cost of merger transactions. This suggests that:

Hypothesis 6: The media firm's diversification level is positively associated with the *choice of acquisitions over joint ventures.*

Finally, it is argued that managers of highly profitable firms may use the firm's "free cash flow" for aggressive purchase of other companies in order to increase their power, prestige, influence, and compensation, even if these purchases do not enhance firm value (Finkelstein & Hambrick, 1989; Jensen, 1986). Taking return on assets as a proxy for firm profitability, this paper hypothesizes that:

Hypothesis 7: The media firm's profitability level is positively associated with the choice of acquisitions over joint ventures.

Methods

Data and Sample

The sample represents all 155 acquisitions and joint ventures completed by 18 U.S. media firms between January 1, 2000 and December 31, 2007. I construct the dataset through the following processes. First, I select the 18 firms in the 2007 Fortune 1000 that: (1) are publically traded on one or more U.S. stock exchanges; (b) are mainly media content providers; and (3) have engaged in at least one acquisition or joint venture deal that targets an Internet firm or firms in the 2000s. Second, I collect information from various sources on the transactions, strategic fit, market factors, and media firms' factors: the general information on the transactions such as their types and dates is drawn from Mergent Online and media firms' press releases & annual reports; the information on media firms' diversification and profitability level is also retrieved from Mergent Online; and the information on the strategic fit and the market factors associated with the deal is obtained from more diversified sources, including media firms' press releases, Lexis-Nexis, Wall Street research reports, Wall Street Journal, and other media coverage. Finally, I eliminate the deals that are not related with media firms' Internet expansion effort as well as the duplicate observations on the same deal arising from repeated reports of a single deal.

Table 1 lists the number of acquisitions and joint ventures for each firm over the sample period. As the table shows, some firms specialized in one particular strategy while others used both acquisitions and joint ventures. Time Warner did more deals of two types than any other firm (37) while Belo Corp., Clear Channel Communications, and Reader's Digest Association did fewer deals than any other firm (each 2). Time Warner also pursued both the most acquisitions and the most joint ventures. This may be attributed to the rapid expansion of AOL, its most important digital property. In addition, Table 2 displays the number of deals for each year over the sample period. It shows that both acquisitions and joint ventures have grown rapidly since 2005. In total, there are 155 deals, among which 94 are acquisitions and 61 are joint ventures.

Table 1: Total number of deals for each media firm in the sample

Firm Name	Acquisitions	Joint Ventures	All deals
Belo Corp.	0	2	2
CBS Corp.	6	5	11
Clear Channel Communications	1	1	2
Dow Jones & Co.	4	2	6
E.W. Scripps Co.	4	0	4
Gannett Co.	4	7	11
McClatchy Co.	0	5	5
McGraw-Hill Co.	3	0	3
Meredith Corp.	4	0	4
NBC Universal	3	5	8
New York Times Co.	5	6	11
News Corp.	12	7	19
Reader's Digest Association	2	0	2
Time Warner	28	9	37
Tribune Co.	3	8	11
Viacom	8	0	8
Walt Disney	5	3	8
Washington Post Co.	2	1	3
Total	94	61	155

Table 2: Total number of deals for each year in the sample

Year	Acquisitions	Joint ventures	All deals

2000	11	9	20
2001	6	4	10
2002	1	6	7
2003	3	1	4
2004	7	4	11
2005	20	11	31
2006	21	12	33
2007	25	14	39
Total	94	61	155

Variables and Measurement

The dependent variable, the strategic choice made by the media firm, is set to 1 if the transaction involves an acquisition and 0 if the transaction involves a joint venture. Acquisitions include both the merging of two more-or-less equal companies and the acquisitions in which one company obtains majority ownership (over 50%) over another, whereas joint ventures include the partial ownership (50% or less) in free-standing firms as well as minority ownership (50% or less) in another company. Picking up 50% of the stakes as a cutting point is because it has a significant impact on the ownership structure, as mentioned in the early part of this article.

The independent variables are coded as follows. A related-supplementary deal provides the media firm primarily with access to new customers and markets rather than with new products or assets. This dummy variable has a value of 1 if the deal is related-supplementary and 0 otherwise. A related-complementary deal provides the firm primarily with the new products, assets, or skills for the markets currently served by the focal firm rather than with access to new markets. This dummy variable has a value of 1 if the deal is related-complementary and 0 otherwise. An unrelated deal provides the firm with access to both new products and new customers. Likewise, the deal is coded as 1 if it is not related with the firm's existing business and 0 otherwise.

Regarding market uncertainty, Dyer et al. (2004) suggest that companies evaluate the market uncertainty associated with the target business in terms of two questions. Firstly, is the targeted product or service technically superior to existing and potential rivals? Secondly, does (or will) the product or service gain widespread acceptance among consumers? These two questions are employed in the present study to measure the market uncertainty variable. The level of market uncertainty will be identified as low (with a value of 1) if the answers to both questions are ‘yes’, medium (2) if one answer is ‘yes’ while another ‘no’, and high (3) if the answers to bother questions are ‘no.’ The level of competition is also coded as low, medium, or high. If there is no rival that attempts to acquire the target firm, the competition variable will be coded as low (with a value of 1). If there are one or two rivals, the competition will be coded as medium (2). If there are more than two rivals, the competition will be coded as high (3).

Following Villalonga and McGahan’s (2005) approach to measuring transaction experience, this study measures the media firm’s acquisition experience by the average number of acquisitions per year undertaken by the firm since 2000, the same to the measurement of the firm’s joint venture experience. The media firm’s diversification level is measured by the number of segments in different SIC codes reported by the firm. This is a commonplace practice in diversification research. In addition, the firm’s media profitability is measured by the net income divided by total assets, i.e., return on assets. This number, indicating how many dollars of earning a company derives from each dollar of assets it controls, is useful for comparing the competing companies in the same industry (Wikipedia, 2007).

To ensure the reliability of the measurement, I invited a graduate student to join my rating, training him as expert raters to analyze assigned sample deals. More than 10% (16) of the deals were randomly chosen and analyzed for a pair-wise comparison of responses. This yielded an overall Cronbach alpha of 0.84. The sub-scale for “diversification” has the highest Cronbach's alpha (0.96), whereas the sub-scale for “market uncertainty” has the lowest one (0.79). This indicates a high reliability for the measurement.

Results

Table 3: Correlation matrix

	1	2	3	4	5	6	7	8
1. Unrelated	1							
2. Complementary	0.79	1						
3. Market uncertainty	0.016	0.046	1					
4. Competition	-0.115	0.036	0.149	1				
5. Acquisition experience	-0.339	-0.12	-0.005	0.093	1			

6. Joint venture experience	0.049	-0.072	0.177	-0.234	-0.498	1		
7. Diversification	0.068	-0.105	-0.162	-0.048	-0.673	0.107	1	
8. Profitability	-0.039	-0.042	-0.196	-0.203	-0.111	0.143	0.272	1

Table 3 displays the correlation matrix of the independent variables. As might be expected, the two experience terms (acquisition experience and joint venture experience) were correlated at -.498. Excluding relatedness dummies, the highest correlation was between diversification and acquisition experience (r = -.673). Since there is a problem of collinearity between diversification and acquisition experience, I estimate their effects on the choice between acquisitions and joint ventures separately in two models.

Table 4: Results of logistic regression: Acquisitions vs. joint ventures

Variable	Hypothesis	Model 1	Model 2
Unrelated	1a	3.675** (1.183)	3.649** (1.015)
Related-complementary	1b	2.673* (1.091)	3.173** (1.006)
Market uncertainty	2	-2.393** (0.649)	-2.346** (0.589)
Competition	3	2.805** (0.904)	2.457** (0.872)
Acquisition experience	4	1.271** (0.366)	
Joint venture experience	5	-.4.432** (1.367)	
Diversification	6		0.423* (0.175)
Profitability	7		0.090 (0.065)
Model chi-square		139.584	125.781
p value		0.000	0.000
Number of observation		155	155
Percentage correct		91.0	87.7

Note: (1) dependent variable: acquisitions =1, joint venture = 0; (2) standard errors are in parentheses; and (3) significance level: ** p< 0.01, * p< 0.05.

Table 4 reports the results of two logistic regression models explaining the chance of choosing acquisitions over joint ventures. In both models, all four variables about the deal (i.e., unrelated, related-complementary, uncertainty, and competition) are found to be significantly associated with the choice of acquisitions over joint ventures. Compared with related-supplementary businesses, both unrelated and related-complementary businesses are more likely to be accessed through acquisitions rather than joint ventures. These findings provide support for Hypothesis 1a, 1b, and 1c. Also, the level of market uncertainty associated with the target business is found to be negatively related to the choice of acquisitions. It means that the higher the uncertainty level, the more likely that media firms will choose joint ventures rather than acquisitions, as predicted by Hypothesis 2. In addition, the degree of competition around the target business is found to be positively related to the choice of acquisitions. It means that the more rivals for the target businesses, the more likely that media firms will choose acquisitions rather than joint ventures, as predicted by Hypothesis 3.

Model 1 in Table 4 shows that media firms' acquisition experience is positively associated with the choice of acquisitions, while their joint venture experience is negatively associated with the choice of acquisitions. The coefficients of both variables are statistically significant at the 1% level. Therefore, Hypotheses 4 and 5 are strongly supported. Model 2 in Table 4 reveals that media diversification degree is positively related to the chance of choosing acquisitions over joint ventures, and the coefficient is statistically significant at the 5% level. This provides support for Hypothesis 6. Finally, although a firm's profitability is positively associated to the choice of acquisitions, but such association is not statistically significant. Hence, Hypothesis 7 is not supported in this analysis.

The regression in Model 1 indicates a high level of explanatory power with a chi-square of 138.584 ($p = 0.000$). The maximum likelihood of classifying the choice mode correctly is an extremely high 91.0 percent. The regression in Model 2 also indicates a high level of explanatory power with a chi-square of 125.781 ($p = 0.000$), and the maximum likelihood of classifying the choice mode correctly is 87.7 percent.

Conclusion

The rapid development of the Internet is fundamentally changing the traditional business models of media companies. Embracing the Internet opportunities has become a prerequisite for their growth and even survival. In addition to internal initiatives, media companies increasingly employ acquisitions and joint ventures in order to expand their Internet businesses. In this paper, I examine 155 Internet-related deals made by 18 U.S. media firms in the Fortune 1000 between 2000 and 2007, and the purpose is to evaluate the influence of strategic fit, market factors, and firm factors on media firms' choice between acquisitions and joint ventures when they pursue Internet business expansion.

My findings support the notion that an approach which includes the strategic fit, market factors, and firm factors can help to explain a significant part of media companies' choice between acquisitions and joint ventures. The model presented in this paper correctly classified approximately 90% of media companies' strategic choices and predicts significance and direction for eight of my nine hypothesized relationships.

Specifically, I find that if the target business is complementary or unrelated with the media firm's existing business, the firm may be more likely to choose acquisitions. However, if the target business is supplementary with the firm's existing business, the firm may be more likely to choose joint ventures. These findings provide a mixed support for resource-based and transaction cost perspectives, which argue that companies will choose acquisitions if the target business is related, and joint ventures otherwise. A likely explanation is that a related-supplementary firm provides media companies mainly with new distribution channels for their content so that a joint venture may be a more effective way to do that than an acquisition. On the contrary, a successful (and even unrelated) Internet business implies a great opportunity for media companies to improve their digital capabilities, attract new audience, and generate online revenues. So acquiring such firm can provide strong multifaceted support for the companies' expansion into the digital world. To some extent, these findings resonate with Haspeslagh and Jamison (1987)'s statement that value-creation activities in acquisition come not from relatedness but from integration.

I also find that a target business (1) with low market uncertainty, and/or (2) pursued by many rivals will be more likely to be acquired by a media firm. The first situation may imply that the targeted website has been technically superior to existing and even potential rivals, and gain great popularity among customers. It is not surprising that media companies prefer to acquire rather than ally with such an attractive website. Furthermore, if an Internet firm is highly popular, it is often chased by many rivals. In this situation, a company may have no choice but to acquire this Internet firm in order to preempt the competition. This result yields strong support for competitive strategy theory's predictions (see Dyer et al., 2004).

With regard to firm factors, my results show that the media firm with more acquisition experience is more likely to pursue an acquisition, and the media firm with more joint venture experience is more likely to pursue joint ventures. These findings are consistent with organizational leaning's explanations. Also, my results reveal that the more diversified a media firm, the more likely that it will acquire an Internet firm. Thus, the results provide support for the transaction cost theory's predictions on the effect of a firm's prior level of diversification on its strategic choice. In addition, I find no support for Finkelstein & Hambrick (1989)'s hypothesis that highly profitable firms may be more likely to pursue acquisitions, regardless of the measures I use to test it. This may be because the media firm with relatively poor financial performance may be more eager to acquire an Internet company in order to strengthen its technological capabilities and/or generate online revenue.

This study puts emphasis on the media firms' choice between acquisitions and joint ventures, both of which involve equity exchange. Future research may extend to licensing, franchising, or other non-equity alliances in technology, R&D, manufacturing, and marketing, and examine whether there still is a linear relationship between strategic choices and the aforementioned explanatory variables. In addition, this study examines each deal separately; it does not study the evolution of individual deal over time. As Barkema and Vermeulen (1993) suggest, joint ventures, for example, may be eventually acquired by one of the partners, and acquisitions may be preceded by some kinds of alliances between partnering companies. Future studies need to provide more insight into the influence of a media firm's strategic posture on such dynamic aspects of digital expansion.

Finally, the findings of this study point to the need for a critical review of the new pattern of media consolidation. Over the past decade, we have witnessed a number of merger activities within traditional media businesses such as Walt Disney's purchase of ABC and Viacom's acquisition of CBS. As this study shows, however, those companies that dominate many other traditional media have been positioned to control the Internet, despite the latter's open architecture and all kinds of wonders. With the acquisitions of the Internet, media companies wish to achieve technological convergence, leverage contents/services, create barriers to preclude competition, and/or facilitate globalization process. An important question thus arises: What is the impact of this new pattern of media consolidation? Herman and McChesney (1997) posit that the so-called synergies, where, say, a cable operation combines with a portal, a movie studio, and a magazine, have resulted in packaged news and entertainment products that are characterized by self-promotion and the celebration of capitalist system. Likewise, Curran (2000) suggests that the concentration of media ownership has led to more controlled information, fewer and less diverse information, and thus less “real” information despite purported information overload. It is often argued that media companies have under-produced certain kinds of content, especially those essential to democracy and public deliberation. On the other hand, the limited effects of regulation on the media content have tested to the power of market forces such as consumer preferences and advertising pressure. This means that under the circumstance of increasing Internet acquisitions, the tension between market and regulatory approach to media ownership could become more obvious. Future research needs to address such tension in order to further our understanding on the impact of the Internet on media companies as well as media consumers.

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