

Warner Woes: A Case Study of Warner Bros.'s Merger & Acquisition Activity

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Abstract

Mergers and acquisitions (M&As) can help firms grow and compete more effectively in the marketplace by affording businesses the opportunity to combine their operations with those of other companies. While numerous potential benefits may be realized by engaging in such a transaction, both mergers and acquisitions bear risks as well, with research's confirming a high failure rate for most M&As. Over the course of its more than century-spanning existence, media company Warner Bros. has experienced the peaks and valleys of M&A activity. The company known best for its venerable film studio, memorable characters, and innovative contributions to film, television, videogames, and other fields had survived many momentous shifts; in 2024, however, Warner Bros., having recently merged with Discovery to form Warner Bros. Discovery (WBD), once again faced a major crossroads. This study recounts the history of Warner Bros., primarily focusing on the most recent three decades, to elucidate the events that led to the company's position in Fall 2024 and then poses the question, among others, of what strategic decision the reader believes would constitute most prudent for WBD.

Keywords: acquisition, antitrust, case study, merger, strategy

Mergers and Acquisitions

Mergers and acquisitions (M&As) are transactions that result in two or more organizations' combining into one. According to Junni and Teerikangas (2019), mergers can be defined as transactions wherein "a new company is formed in which the merging parties share broadly equal ownership," while acquisitions constitute transactions in which "the acquirer purchases the majority of the shares (over 50%) of another company (the 'target') or parts of it (e.g., a business unit or a division)" (p. 1). While a high percentage of mergers and acquisitions tend to ultimately come to be viewed as failures, research suggests that certain key constructs may improve the likelihood of success (Cartwright and Schoenberg, 2006). For instance, strategic fit, or the realization of synergies such as resource sharing across divisions, could potentially result in performance gains (Cartwright and Schoenberg, 2006). Additionally, the organizations' cultural compatibility and the processes employed to bring two companies together could also influence a merger's or an acquisition's chances of success (Cartwright and Schoenberg, 2006).

Successful mergers and acquisitions can help firms gain market power, realize efficiencies, enhance innovation, achieve economies of scope, and secure other advantages (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009). By the same token, however, mergers and acquisitions may also result in negative consequences. For instance, such transactions may lead to increased executive and employee turnover, economic harm for certain customers, and unrealized anticipated synergies (Haleblian et al., 2009; King, Dalton, Daily, & Covin, 2003). The following case study traces the history of Warner Bros. through multiple M&A transitions before then challenging the reader to reflect on the firm's saga and place oneself in the shoes of the corporation's (at this point, Warner Bros. Discovery) top leadership to determine the optimal path forward during a period when the organization faced a pivotal strategic juncture.

Case

(AOL) Time Warner Era

In 1923, Albert, Harry, Jack, and Sam Warner founded Warner Bros. Pictures, Inc., one of the pioneer movie studios (Hall, 2024). That same year, Briton Hadden and Henry Luce launched *Time* magazine (Smithsonian National Postal Museum, 2024). Both WB and Time, Inc. underwent multiple mergers, acquisitions, and divestments before the two firms eventually merged in 1990 to form Time Warner (Companies History, 2014). Following the merger, Time Warner continued to grow, acquiring the Turner Broadcasting System and other properties, launching the Cable News Network (CNN), and pursuing multiple other innovative initiatives (Companies History, 2014). At the turn of the century, however, the corporation experienced a major setback. At the height of the dotcom bubble circa 2000, a period during which rampant stock market speculation resulted in gross overvaluation of many internet-based companies (CFI Team, 2016), America Online (AOL) set its sights on merging with Time Warner (Lumb, 2015). Unfortunately, as soon as the two organizations combined to form AOL Time Warner in 2001, serious problems began to become abundantly apparent, leading Jeff Bewkes, the Time Warner executive who would go on to later become Time Warner CEO, to dub the transaction "the biggest mistake in corporate history" (Companies History, 2014, AOL Time Warner merger section). After a series of damaging circumstances and setbacks, including clashing corporate

cultures and broadband internet's usurping AOL's primary offering of rapidly-obsolescing dial-up internet (Lumb, 2015), in 2009, the company's leadership was forced to spin off AOL as an independent enterprise (Companies History, 2014).

WarnerMedia Era

The most recent stage of the entity formerly known as Time Warner begins with telecommunications giant AT&T's \$85+ billion acquisition of the company and subsequent rebranding of Time Warner as WarnerMedia (Hall, 2024). Despite the transaction's being delayed as a result of the United States Department of Justice's suing on the basis of antitrust concerns (Hall, 2024), the deal ultimately secured approval, and WarnerMedia became a subsidiary of AT&T in June 2018 (Maas, 2022a). Four months later, the organization shared preliminary plans for a streaming video service that would come to be known as HBO Max and, subsequently, simply Max (Maas, 2022a). Given WarnerMedia's vast library of valuable and highly sought-after intellectual properties (Mazumdar 2016), this new streaming service was to become a cornerstone of AT&T's corporate strategy. AT&T would hopefully now be able to compete with Netflix, the juggernaut at the time (Spangler, 2018); realize lucrative and strategically advantageous synergies across its divisions; and pave a pathway toward what most saw, in the wake of traditional cable and satellite packages' beginning to give way to subscription video on demand (SVOD) services and other streaming alternatives, as the future of entertainment.

The firm began to invest heavily in this promising new venture, inking megadeals with the likes of J.J. Abrams (a deal valued at \$500 million dollars) and others (Maas, 2022a) and making bold decisions such as pricing HBO Max at \$14.99 USD. This could be viewed as an aggressive pricing scheme, because the Home Box Office (HBO) premium cable channel package alone was priced at \$14.99, and this new HBO Max service included all HBO content plus a vast array of additional programming. In fact, those who already subscribed to standard HBO through their cable or satellite providers were automatically granted instant unfettered access to the HBO Max app at no additional charge, a tactic that allowed the streaming provider to establish a respectable foothold in the streaming space practically overnight. If AT&T had hopes of competing with the likes of incumbent rivals such as Netflix, leadership knew that leveraging an existing subscriber base and expanding upon this core would be essential.

HBO Max launch. When HBO Max launched in May 2020, it did so in an environment upended by the global COVID-19 pandemic. While this meant that many people were secluded in their homes, potentially presenting an audience more receptive to a service that promised hours of in-home entertainment, it also compromised AT&T's rollout. The American sitcom *Friends* had solidified its spot as one of the most-streamed programs on Netflix; so, when the license expired, WarnerMedia, which had produced the series under then-Time Warner's Warner Bros. Television division and thus owned the distribution rights, opted not to renew the contract with Netflix (Frank, 2019). Instead, *Friends* was positioned as one of the crown jewels of the HBO Max launch that the company planned to promote with a highly-anticipated *Friends* reunion special that would be available exclusively on HBO Max. Unfortunately, COVID protocols made it impossible to film the special, so AT&T was forced to launch HBO Max without this vital piece of the firm's content offering strategy (Andreeva, 2020). In addition to this impediment,

the company also had to contend with the challenges of employees' needing to work from home; app availability issues largely stemming from negotiation disputes with Roku and Amazon, two of the most prominent streaming hardware suppliers; market confusion resulting from the availability of multiple legacy apps (HBO Go and HBO Now); and numerous technical glitches and interface quirks (Marshall, 2020; Szalai, 2020).

Despite multiple setbacks, AT&T boasted about its securing a user install base of 4.1 million within the first month (Szalai, 2020). While many of these customers were simply existing HBO subscribers who were now granted access to the HBO Max app and its catalogue, the company viewed the launch numbers as a win, going so far as to call the initial rollout a "flawless launch," a laudatory statement that many would refute (Katz, 2020a; Katz, 2020b; Szalai, 2020). In light of Disney's announcing in August 2020 that its recently-launched Disney+ streaming service had acquired more than 60.5 million subscribers in just its first eight months of existence, the HBO Max metrics looked particularly paltry (Hayes and Hipes, 2020). This may be the reason, at least in part, that mere days later "recently appointed WarnerMedia CEO Jason Kilar dismissed executives Bob Greenblatt and Kevin Reilly in a shocking hierarchal restructuring of the global conglomerate" (Katz, 2020b, para. 1). Despite outwardly painting a rosy picture of the major strategic initiative's success, signs pointed to HBO Max's not meeting AT&T's internal projections.

It did not help that, with the COVID-19 pandemic's keeping moviegoers away from theaters, new film debuts all but ceased. This meant that not only were WarnerMedia's Warner Bros. movie studio and its subsidiaries unable to generate revenue from theatrical releases but also that these films would not then make their way to HBO Max following the ends of their theatrical runs. To combat this serious predicament, WarnerMedia boldly announced Project Popcorn – a commitment to launch WB's entire 2021 slate of films (plus *Wonder Woman 1984* on Christmas Day 2020), all of which were originally intended exclusively for theaters and only later destined for streaming, simultaneously in both cinemas and on HBO Max (Fink, 2023). While this unprecedented move did somewhat help to boost HBO Max's subscriber count, it also ruffled many feathers in Hollywood, especially since most of the talent responsible for the motion pictures included in Project Popcorn were not given any advance warning of the major strategic shift (Fink, 2023). Some creators even filed lawsuits against WarnerMedia and parent company AT&T as a result of the hostilities engendered by Project Popcorn; prominent filmmakers, such as director Christopher Nolan, parted ways with WB despite the collaborators' having had enjoyed longstanding and highly fruitful relationships, while other creatives seemingly lost trust in WB and chose to distance themselves from the once-venerable filmmaker-centric studio (Fink, 2023). In an effort to appease resentments and address legitimate claims of breached contracts, the corporation reportedly paid out approximately \$200 million to cover backend deals and other alleged losses of revenue resulting from suppressed box office earnings, but the damage had already been done, and the trust that WB had spent years cultivating within the Hollywood community had already been broken (Fink, 2023).

Many blame Project Popcorn as the impetus behind AT&T's decision to divest WarnerMedia only three years after acquiring it (Fink, 2023). The money lost on WarnerMedia's cannibalizing its own 2021 movie ticket sales, combined with other difficulties such as falling short in successfully leveraging WarnerMedia's assets across AT&T's broader portfolio, prompted

AT&T to engage in merger negotiations with Discovery Inc. (Fink, 2023). AT&T spun off WarnerMedia so that this standalone entity could then merge with Discovery (Maas, 2022a). In April 2022, the deal was finalized, and the new company was named Warner Bros. Discovery, Inc., with the chief executive officer of Discovery appointed as CEO of WBD (Maas, 2022b).

Warner Bros. Discovery Era

To some, the combination of WarnerMedia and Discovery did not seem a natural fit, given Warner's overall emphasis on scripted, often costly, television and film projects versus Discovery's focus on cheap-to-produce unscripted series (Masters, 2021). On the heels of the dissatisfaction that many WarnerMedia employees and partners felt under AT&T's regime, however, most welcomed the change of leadership ushered in by Discovery CEO David Zaslav, who took control of the merged company (Masters, 2021). Those familiar with Zaslav largely painted him as a shrewd and ruthless businessman, ascribing him a reputation as a vicious bargainer and fearsome boss "known to yell and curse at even high-level underlings" (Masters, 2021, para. 9). Although such characterizations painted a prickly picture of the executive, Zaslav did boast formidable bona fides. Originally a lawyer by trade, Zaslav came to the realization that practicing law did not suit him, and he joined the National Broadcasting Company (NBC) in 1989 (Masters, 2021). There, he played a leading role in the launch of business news channel CNBC and also helped to establish political commentary and news network MSNBC (WBD, 2024a). In his time with NBC, subsequently renamed NBCUniversal following a merger, Zaslav oversaw numerous networks and media properties as he rose through the ranks, affording him the experience necessary to take over as CEO of Discovery in 2006 (WBD, 2024).

During Zaslav's Discovery tenure, several of the company's educational cable channels were transformed into homes for reality series that often drew criticism as being trivial, at times even exploitative, "junk food" TV (e.g. Kelley, 2023; Roth, 2023). Although shows such as *Dr. Pimple Popper*, *90 Day Fiancé*, and *Naked and Afraid* drew the ire of critics, the formula proved successful with viewers, as Zaslav recognized that a sizable market existed for what he referred to as "lean back, comfort viewing" (Francisco, 2022, What the Future Holds section; Hughes, 2022). This type of content was earmarked as an integral piece of WBD's strategy moving forward, particularly with regard to the company's streaming business initiatives. In the domain of subscription streaming, churn – the rate at which subscribers to a service come and go – serves as a prominent indicator of a service's health. If customers sign up to watch a prestigious, buzzworthy show for the two months or so that the series airs, for example, they may then cancel their memberships once the program ends if there is nothing to retain their interest. The strategy of WBD's subscription video on demand (SVOD) offering, then, would be to combine WarnerMedia's primarily scripted series – particularly critically-acclaimed HBO shows such as *Game of Thrones* and *Succession* – with Discovery's plentiful library of low-cost reality shows such as *House Hunters* and *Chopped* into a unified content package in an effort to reduce churn (Spangler, 2022). Notable award-winning series such as HBO's *The White Lotus* would lure viewers and then, while audiences waited for the next marquee series to air, they would be compelled to renew their subscriptions because they (or someone else in their households) would be hooked on *Diners, Drive-Ins, and Dives* or one of Discovery's other "sticky" evergreen shows featuring a seemingly endless supply of bingeable episodes. Essentially, WBD's bid was that the

strengths of the HBO Max and Discovery+ streaming services would complement each other by filling in the gaps in the other's content library.

One potential challenge that the strategy presented is that David Zaslav's history of running a company known for pumping out an endless supply of content placed a premium on quantity over quality and cost-consciousness over artistic integrity. As *The Hollywood Reporter* put it, "[Zaslav had] boasted that Discovery's average cost of content was \$400,000 to \$450,000 an hour while others were paying \$5 million or more (often much more). Scripted programming is 'the red carpet, it's the sexy actors and actresses, it's the opening and it's all the glare and all the glamour,' he said then. 'That's not us.' But it is now" (Masters, 2021, para. 14). Once Zaslav took the reins of Warner Bros. Discovery, WarnerMedia channels did, indeed, cut back on the hours of scripted programming produced, including the complete cessation of scripted programming development at flagship Turner networks Turner Broadcasting System (TBS) and Turner Network Television (TNT), but this was only the first of many controversies to come (Maas and Otterson, 2022). David Zaslav would soon come to be called, in an article that he allegedly forced the publisher to retract because it cast him in such an unflattering light, "perhaps the most hated man in Hollywood" (Valdez, 2023, para. 5).

Controversial decisions. Early on, Zaslav courted controversy by immediately shuttering the just-launched CNN+ news streaming service (Casey, 2022) and then removing a swath of shows from the HBO Max streaming service (Radulovic, 2022). Many of the deleted series allegedly had modest viewership, but several were beloved by fans who felt that the extra step of scrubbing the existence of these shows from even the company's social media channels was an especially cruel measure that insulted both the shows' creators and their fanbases (Lang, 2022). Needless to say, this striking and unprecedented purge alienated both HBO Max subscribers and the general public, but the decision to scrap two nearly-completed films sent shockwaves through the entertainment industry. *Batgirl* and *Scoob! Holiday Haunt*, two movies originally commissioned as HBO Max-exclusive releases, were unceremoniously terminated in favor of WBD's receiving tax write-downs (Gonzalez, 2022). Despite filming on the approximately \$90 million *Batgirl*'s having already been completed and almost all work on the roughly \$40 million *Scoob! Holiday Haunt*'s having ended (the finishing touches were actually carried out after the project was cancelled even though it would never be released), Zaslav's decree that no films skip theaters and go directly to streaming meant that these releases targeted for HBO Max no longer fit into the firm's strategy (Gonzalez, 2022; Muñoz, 2023). While WBD leadership claimed that these cancellations were one-time measures taken as a result of tax reporting opportunities offered by the unique circumstances surrounding the merger, their reassurances would ring hollow when the firm later repeated these ethically dubious tactics (Kit and Couch, 2023).

The controversies did not end there. Reports surfaced that Zaslav intended to implement a programming shift across the entire company toward appealing more to middle America, eschewing previous corporate efforts to elevate minority voices by embracing diverse creators and underrepresented stories (Manno, 2022). These reports were refuted by the company, but the elimination of diversity, equity, and inclusion initiatives – and WBD's subsequent backtracking of this controversial action in response to intense backlash – and cancellation of popular LGBTQ+ and inclusive series have seemingly borne out the truth of WBD's courting broad

audiences at the expense of serving traditionally-overlooked cultural niches (Bundel, 2024; TheGrio Staff, 2022).

Zaslav's appointing a new head of cable news network CNN with the modus operandi of appealing more to conservative audiences by all accounts failed spectacularly (Alberta, 2023; Coster, 2023). The disruptive CEO then attempted to gut Turner Classic Movies (TCM), a channel intended to preserve and make accessible cinematic history, until irate filmmakers, whose support a major Hollywood studio such as Warner Bros. needs for survival, forced Zaslav to walk back this measure (Masters, 2023). Meanwhile, the company's gaming division, Warner Bros. Games, came under fire for allegedly predatory downloadable content practices (Makar, 2023) and problematic game launches (Corden, 2024; Gosnell, 2022; McWhertor, 2023). The merging of HBO Max with Discovery+ also did not go as smoothly as the company would have liked, with technical glitches and outcry as even more programming was delisted from the platform (Foreman and Chapman, 2023; Spangler, 2023). The ridicule that followed the announcement that the combined streaming service would simply be known by the exceedingly generic moniker Max may have also taken some luster out of the launch (Bissada, 2023; Tinoco, 2023). WBD ended 2023 with news that the upcoming anticipated *Looney Tunes* film *Coyote vs. ACME* would, like *Batgirl*, *Scoob!*, *Holiday Haunt*, and possibly other projects not known to the public, be discarded so that the company could realize another tax write-off (Taylor, 2024). The backlash was swift and forceful. As a result, WBD vowed to shop the film to other studios (Taylor, 2024). Unfortunately, a few months later, sources revealed that this promise was likely only made as lip service, a ruse orchestrated to assuage the public – and perhaps the United States Congress – so that WBD could avoid further scrutiny while quietly adhering to its original plan of destroying the film (Taylor, 2024).

For many observers, the actions of David Zaslav are all the more galling given that he is consistently listed as one of the most overpaid CEOs, having topped the 2022 As You Sow list of overcompensated corporate executives and leading former Warner partner *Time* to write “At the top of the list: Warner Bros. Discovery's David Zaslav, who received \$246 million in 2022 even though the company's stock fell 60% in the same year and roughly 40% of shares voted against his pay package” (Popli, 2023, para. 4). Still, WBD has enjoyed some major wins during Zaslav's tenure. In the summer of 2023, Warner Bros. Pictures' *Barbie* became a cultural touchstone when its release coincided with Universal Pictures' *Oppenheimer* to create the major grassroots event “Barbenheimer,” which saw audiences' flocking to theaters in droves for the biggest double feature since before the COVID-19 pandemic (Thompson, E, 2023). (Ironically, *Oppenheimer* could have also been a WB film had Project Popcorn not alienated its director Christopher Nolan.) *Barbie* went on to win multiple awards and become the year's highest-grossing film (Boxoffice Staff, 2023). Additionally, WBD ended 2023 with the best-selling game of the year, Harry Potter title *Hogwarts Legacy*, unseating the *Call of Duty* franchise from its long-held top spot, and *Hogwarts Legacy* was joined by WB Games' *Mortal Kombat 1* in the number eight slot (Makuch, 2024). Further, on the television front, WBD trumpeted its success by proclaiming “Warner Bros. Discovery Networks Premiered 20 of the 25 Highest-Rated Freshman Series in 2023—The Most of Any Cable Portfolio” (WBD, 2024b) and “Max Receives 31 Primetime Emmy Awards, The Most of Any Network or Platform, Across 11 HBO Original Series” (WBD, 2024c). Finally, by the end of 2023, Max had become home to live news and sports broadcasts, and the service had at last become modestly profitable (Bouma, 2023; Eddy,

2023; Johnson, 2023). Other industry players took note of WBD's successes, and certain parties began to express interest in the company.

WBD's Merger and Acquisition Prospects

On December 19, 2023, David Zaslav met with Paramount Global CEO Bob Bakish (Fischer, 2023). The two executives discussed a potential merger, although later reporting suggested that the meeting's true goal may have been to force NBCUniversal, a subsidiary of Comcast and distributor of the aforementioned *Oppenheimer*, to engage in negotiations by creating a sense of urgency (Fischer, 2023; Sherman, 2023). At the beginning of 2024, NBCU parent company Comcast was rumored to be exploring entry into the lucrative videogame industry (Strickland, 2023) after years of periphery involvement in the form of efforts such as eSports sponsorships and a gaming-centric network called G4 (Comcast, 2023; Hayes, 2022). As the only major media company that holds both a top movie studio and a leading videogame studio within its portfolio, WBD would appear a ripe target for M&A activity should Comcast, indeed, seek significant entry into gaming. In fact, as early as mid-2022, when WBD first formed, rumors were swirling that the long game was for WBD to ruthlessly cut costs and pay down debt ahead of a merger or acquisition with Comcast [once the mandatory waiting period between M&As for companies seeking to benefit from a Reverse Morris Trust (RMT) expires two years after a merger or acquisition has finalized (in this case, mid-2024)] (Li, 2022; Siegel, 2024; Ward, 2021).

Zaslav insisted that WBD was not for sale and would instead focus on leveraging its franchises – the newly-rebooted DC Comics universe, the *Game of Thrones* series, and the world of Harry Potter, chief among them – and videogame development and publishing capabilities to achieve success on its own (Maas, 2024; Siegel, 2024). Still, the possibility of the corporation's potentially engaging in M&A with another firm presented an intriguing prospect that merits examination, discussion, and speculation. As of 2024, WBD stood poised to combine forces in some manner with another media giant; below is a table highlighting WBD's attributes and those of some possible partners.

In the United States, companies typically face scrutiny when attempting to engage in major merger or acquisition activity. The Sherman Antitrust Act of 1890 rendered illegal certain types of anti-competitive cartel-like actions and monopolization, while 1914's passages of the Clayton Act and the Federal Trade Commission Act helped bolster antitrust protections (Kovacic and Shapiro, 2000; Shapiro, 2018). While courts' and government officials' interpretations of what constitutes illegal anti-competitive moves has fluctuated over time, the intention of fostering competition by combating collusion ostensibly remains the objective of U.S. antitrust policy (Kovacic and Shapiro, 2000). Since the 1970s, a confluence of factors including political pressure, regulatory agency budget cuts, and changes in the Supreme Court's composition has resulted in the pendulum's largely swinging toward loosened enforcement of antitrust principles (Lancieri, Posner, & Zingales, 2023). While some have urged that the U.S. government employ stronger antitrust regulation and enforcement (e.g. Shapiro, 2018), multibillion-dollar acquisitions and so-called "megamergers" remain relatively commonplace in the current business environment (Khanna, 2022).

When AT&T first expressed its intention to purchase Time Warner, the news raised some red flags at the U.S. Department of Justice (DOJ) (Maas, 2022a; U.S. Department of Justice, Office

of Public Affairs, 2017). Although then-president Donald Trump’s personal views towards Time Warner-owned news network CNN perhaps played a role in the DOJ’s legal challenge (Gold, 2019), the DOJ argued that the transaction, which ranked among the highest-valued combinations of two companies in the history of the United States, would materially harm both consumers and competitors (U.S. Department of Justice, Office of Public Affairs, 2017). Nevertheless, AT&T – no stranger to accusations of antitrust violations, notoriously being forced in 1982 to break up into multiple companies as a result of a landmark DOJ win (MacAvoy and Robinson, 1983) – prevailed in court, gaining unconditional approval to proceed with its planned merging of the two firms (Salinas, 2018). AT&T’s decision to divest Time Warner (now called WarnerMedia) and spin it off into a merger with Discovery, a mere three years later, again raised some eyebrows (Feiner, 2021), but the controversial actions initiated by the CEO of the newly-merged company, Warner Bros. Discovery, attracted even more scrutiny. (See Table 1).

Table 1. Comparison of WBD and Potential Partners

	Warner Bros. Discovery	Comcast (NBCU)	Paramount	Disney	Sony	Netflix	Amazon	Apple
SVOD service(s)	Max & B/R Sports	Peacock	Paramount+	Disney+, Hulu, & ESPN+	X	Netflix	Prime Video	Apple TV+
Other Streaming Service(s)	TBA FAST service	Snap Play FAST service	Pluto TV FAST/AVOD service	X	X	X	Freevee AVOD service	X
Film Production & Distribution	✓	✓	✓	✓	✓	✓	✓	✓
Television Production	✓	✓	✓	✓	✓	✓	✓	✓
OTA U.S. Network Distribution	X	✓	✓	✓	X	X	X	X
Basic Cable Television Distribution	✓	✓	✓	✓	X	X	X	X
Premium Cable Television Distribution	HBO & Cinemax	X	Showtime & The Movie Channel	X	X	X	MGM+	X
Videogame Production & Distribution	✓	X	X	X	✓	✓	✓	Distribution only
Videogame Hardware Manufacturer	X	X	X	X	✓	X	X	✓
Music Production & Distribution	✓	✓	✓	✓	✓	X	X	Classical music only
Assorted Signature Intellectual Property	DC, Game of Thrones, Harry Potter, Mortal Kombat, Dune, The Matrix, Looney Tunes, Rick and Morty, Friends, The Sopranos, The Bachelor, Sesame Street	The Fast and The Furious, Jurassic Park, Shrek, Minions, Trolls, The Office, Saturday Night Live, Suits, Law & Order, Real Housewives	Mission: Impossible, Top Gun, Star Trek, South Park, SpongeBob SquarePants, Teenage Mutant Ninja Turtles, Yellowstone, The Twilight Zone, MTV	Marvel (except Spider-Man), Star Wars, Pixar, The Muppets, The Simpsons, Avatar, Alien, Predator, Planet of the Apes, Die Hard, Ice Age, Home Alone	Spider-Man, Jumanji, Men in Black, Uncharted, The Last of Us, The Karate Kid, Resident Evil, God of War, Ratchet & Clank	Stranger Things, The Witcher, Squid Game, Wednesday, Bridgerton, Orange is the New Black, Money Heist, You, Bird Box, Extraction, The Kissing Booth	James Bond, Rocky, RoboCop , Stargate, Legally Blonde, Barbershop, The Boys, Invincible, Reacher, Jack Ryan, Bosch, Mr. & Mrs. Smith, Jury Duty	Ted Lasso, The Morning Show, Severance, Mythic Quest, Peanuts, Fraggle Rock

SVOD = subscription video on demand
 AVOD = advertising-based video on demand
 FAST = free advertising-supported television
 OTA = over the air broadcasts
 ✓ = possessed by firm
 X = not possessed by firm

WBD CEO David Zaslav stunned the entertainment industry in August 2022 when the firm announced the cancellations of *Batgirl* and *Scoob! Holiday Haunt* despite both films' being nearly complete (Gonzalez, 2022). In response, United States Congressman Joaquin Castro, Senator Elizabeth Warren, and other lawmakers accused WBD of "adopt[ing] potentially anticompetitive practices" (Cho, 2023, para. 2). The December 2023 announcement of *Coyote vs. ACME*'s deletion prompted Rep. Castro to compare WBD's actions to insurance fraud, writing "it's like burning down a building for the insurance money" (Thompson, J, 2023, para. 3).

The M&A activities involving Warner Bros. have thus far succeeded even in the face of heavy resistance, but some of the potential suitors for the organization, should David Zaslav decide to once again sell off WB, might finally prove a bridge too far. For example, if WBD were to target Comcast, the fact that Comcast's NBCUniversal division operates MSNBC, one of America's other leading cable news networks, could pose a challenge as a result of the consolidation's being perceived as anticompetitive. Additionally, the fact that Warner Bros. Motion Picture Group and Universal Pictures ranked as two of the top three movie studios of 2023 could similarly pose an issue (Tartaglione, 2024). It should be apparent that antitrust concerns and other potential stumbling blocks can stymie even the best-laid plans, so WBD must exercise caution and prudence as it weighs its options for the future. Navigating mergers and acquisitions can prove a most daunting task; devising astute solutions requires a keen strategic mind.

SUGGESTED QUESTIONS FOR DISCUSSION AND ANALYSIS

1. Since Warner Bros.'s founding, what do you believe to be the company's most noteworthy M&A success? What do you consider the firm's most damaging failure?
2. Which are the most pivotal decisions that brought Warner Bros. to where it found itself in 2024?
3. How does Max, WBD's main streaming platform, compare to other streaming video services? What are Max's relative strengths and weaknesses, and how would you improve Max to make it even more competitive in the marketplace?
4. WBD CEO David Zaslav has expressed a desire to lean heavily on the company's treasure trove of intellectual property (IP) in order to build lucrative franchises. Which IP do you see as being most valuable, and how would you attempt to leverage this property?
5. What is the ethicality of scrapping projects, including major motion pictures such as *Batgirl* and *Scoob! Holiday Haunt*, that are nearly complete at the time of deletion? How might key stakeholder groups be affected by the discarding of artists' creative works?
6. If you were the CEO of WBD and decided to refrain from engaging in M&A activity, what alternative strategy would you contemplate pursuing?
7. If you were the CEO of WBD and decided to pursue a merger or acquisition with one of the companies listed in Table 1, what antitrust concerns might you face?
8. If you were the CEO of WBD, what would you do – would you seek to engage in a merger or acquisition? Why or why not?
9. If you were the CEO of WBD and had to choose a company with which to pursue an M&A strategy, which company would you select? What synergies do you identify between the two firms? What challenges might the two firms face in trying to combine into one?

10. If you were the CEO of WBD and your company merged with, acquired, or was acquired by the firm that you identified in Question 9, what would be your strategy for the newly-combined entity going forward?

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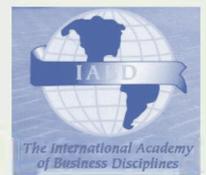
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