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UNVEILING THE IMPACT: DISNEY-RELIANCE MERGER ON SONY-ZEE COMPANY.

Abstract

The Indian media landscape is undergoing a significant shift with the proposed merger of Reliance Industries' Viacom18 and Walt Disney's Indian business. A joint venture headed by Nita Ambani will be formed by the $8.5 billion combination of Walt Disney and Reliance Industries' streaming and India TV businesses. With 120 TV channels, two streaming services, and Disney material only available to Reliance Jio customers, the partnership will rival Netflix, Sony, Zee Entertainment, and Amazon Prime Videos. This blog analyzes the challenges Sony-Zee faces, including a squeezed market share and competition for content.

Introduction

In the world of entertainment conglomerates, mergers and acquisitions often shake the industry landscape, creating ripples that affect competitors, stakeholders, and consumers alike. The recent announcement of the Reliance-Disney merger has sent shockwaves through the media sphere, with many speculating on its implications, particularly for companies like Sony-Zee.

Majority of India’s internet users watches movies, T.V shows, news and streaming platforms on walt Disney Co. and on Jio cinemas and T.V, merging of these to entity will create an $8.5 billion media giant ranging from film and television production to news and sports content. For JioCinema, JioTV, and Hotstar to succeed, cricket streaming has been crucial. Due to its coverage of the Indian Premier League, Reliance platforms saw a significant increase in viewing between March and May 2023. In November of previous year, 191 million people visited Hotstar, largely due to the Men's Cricket World Cup. Rivals Prime Video+ miniTV from Amazon.com Inc. and Netflix Inc., as well as regional platforms like MX Player from

Times Internet and ZEE5 from Zee Entertainment Ltd., are predicted to suffer from the combination. [1] The termination of Sony-Zee merger will have a negative impact on them, as both the companies are going through a stiff competition from digital media and face potential threat from the merger of reliance and Disney, Zee has reported a muted performance in terms of growth and profitability over the last two years, as revenue growth has converged to 2.2% (FY20-24 ending) and EBITDA margin dipped to 10.2% (9 month - FY24 ending), due to losses in the OTT segment and lower growth in linear TV segment.[2]

Reliance- Disney impact on entertainment industry in India

Disney and RIL combine a powerful array of resources, including talent, distribution, digital know-how, financial backing, and a content library. RIL would become a major force in the Indian media market as a result of this consolidation. Disney+ Hotstar held a 24% market share in Q4 2023, continuing to lead the Indian OTT market. JioCinema, meanwhile, owned 6% of the shares. When combined, the joint venture will have a sizable 30% of the OTT market, more than twice as much as Netflix and Prime Video combined (22% and 13%, respectively). The Joint Venture can offer a combined bundle that includes web series, movies, sports, original content, and a wide range of global catalogue offerings, going beyond market dominance. This bundled premium service may make use of Jio's large subscriber base, which could make it more difficult for international OTT platforms to grow their average income per user.[3] RIL- Due to its size, the RIL-Disney alliance has more negotiating leverage with content creators and advertisers, which could have an effect on other OTT and television companies. Other linear TV broadcasters, such Sun TV, Z Sony, and others, may not be able to increase their market share as a result of the consolidation. [4]The joint venture aims to spearhead the digital revolution in India's media and entertainment sector, providing customers with extensive and superior content options at all times and locations. The companies would be able to "offer

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[1] Reliance-Disney merger likely to capture 50% of the streaming market in India (2024) Business Today. Available at: https://www.businesstoday.in/latest/corporate/story/reliance-disney-merger-likely-to-capture-50-of-the-streaming-market-in-india-420138-2024-03-05 (Accessed: 9 March 2024).

[2] Info, B.M. (no date) Zee-Sony merger termination to have negative impact on both, potential threat from RIL-Disney Merger: Karan Taurani: Best media info, www.bestmediainfo.com. Available at: https://bestmediainfo.com/2024/01/zeesony-merger-termination-to-have-negative-impact-on-both-potential-threat-from-rildisney-merger-karan-taurani (Accessed: 9 March 2024).

[3] Sarkar, G. (2024) How reliance-disney merger is all set to change India's OTT Arena, Inc42 Media. Available at: https://inc42.com/buzz/how-reliance-disney-merger-is-all-set-to-change-indias-ott-arena/ (Accessed: 9 March 2024).

[4] Finalize details (no date) Cite This For Me, a Chegg service. Available at: https://www.citethisforme.com/cite/edit/15a81fd6-e90d-4f0b-b319-a0eb611f0f6a (Accessed: 9 March 2024).

sports live streaming services and domestic and global entertainment content at affordable prices" as a result of the merger.[5]

As result of this it will a pose a serious threat to other competitors in the market, especially zee entertainment and Sony Liv, due its current fallout it is already suffering the merger and acquisition cost. This merged entity would have a negative impact on both the companies, Disney's rich library of content, coupled with Reliance's financial muscle, enables the merged entity to invest heavily in content creation, this intensifies competition for Sony-Zee, potentially limiting their ability to secure premium content and attract audiences. There are obstacles for individual broadcasters to compete and expand due to the combined entity's emphasis on maximizing market share through higher content spending, synergies, and improved marketing strength. "The combined entity aims to dominate key markets with a large customer base across various genres, including regional genres. This could result in market share loss and challenges for other players, including the possibility of smaller channels shutting down." [6]

Conclusion

The coming months will be crucial for Sony-Zee. The company's strategy and ability to adapt will determine its success in the new media landscape dominated by Reliance-Disney. the emergence of a formidable competitor requires strategic adaptation and resilience, it also offers avenues for innovation, collaboration, and growth. By embracing change, leveraging their strengths, and staying attuned to market dynamics, Sony-Zee can navigate the impact of the merger and emerge stronger in the evolving landscape of the media and entertainment industry.

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[5] TOI Tech Desk / TIMESOFINDIA.COM / Feb 29, 2024 (no date) Reliance, Disney India merger: What it means for Reliance jio users: - times of India, The Times of India. Available at: https://timesofindia.indiatimes.com/gadgets-news/reliance-disney-india-merger-what-it-means-for-reliance-jio-users/articleshow/108095021.cms (Accessed: 9 March 2024).

[6] Pti (2024) Reliance-Disney merger may impact subscriber tariff, advertisers' bargaining power: Experts, Frontline. Available at: https://frontline.thehindu.com/news/reliance-disney-merger-may-impact-subscriber-tariff-advertisers-bargaining-power-experts-hotstar-ipl-world-cup-cricket/article67903331.ece (Accessed: 10 March 2024).