RESEARCH ARTICLE

The Impact of Disney's Acquisition of 21st Century Fox on Corporate Performance

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Abstract: In the era of globalization and rapidly evolving business landscapes, mergers and acquisitions (M&A) have become pivotal strategies for companies to navigate competitive markets and drive growth. This study examines Disney's acquisition of 21st Century Fox, a landmark deal in the entertainment industry. The analysis begins with an overview of the backgrounds of Disney and Fox, along with the prevailing financial market conditions at the time of the acquisition. It then explores the strategic motivations behind Disney's pursuit of Fox, including market expansion, content diversification, and technological advancement, while assessing whether the acquisition involved any hostile takeover elements. The paper further evaluates the post-acquisition impacts on Disney's stock performance and identifies the primary beneficiaries of the transaction, encompassing stakeholders such as the acquiring and target companies, their senior management teams, employees, clients, and the local community. This comprehensive case study highlights the significance of strategic M&A in achieving corporate objectives and enhancing competitive advantage.

Keywords: Mergers and Acquisitions; Post-Acquisition Impact; Disney; 21st Century Fox

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1 Introduction

With the development of globalization and the emergence of new businesses, mergers and acquisitions between companies tend to be the best way to solve business competition. Mergers and acquisitions play a crucial role in rebuilding the company's business. Merger refers to the gathering of two or more companies to form a new company. In contrast, a merger refers to purchasing another company's assets by one company, thereby gaining control over the other company. Ceausescu A. believes that mergers and acquisitions are the primary way for companies to bring returns to owners and investments.

This study will choose to analyze the case of Disney's acquisition of 21st Century Fox. First, this report will introduce the background of the two companies and the financial market conditions at the time of the M&A transaction. Secondly, this study will introduce this acquisition process to analyze the purpose of Disney's acquisition of Fox. And whether there was a hostile takeover in the course of this acquisition transaction. Finally, this study will explore the impact of this acquisition.

The effect will be divided into two parts. One part is to analyze the performance of Disney's stock price after the acquisition. In the other part, we will evaluate this acquisition's biggest beneficiaries from six aspects: acquirer, target, the senior management team of both firms, employees, clients or local community.

2 Background

2.1 Background of the acquirer firm

The Walt Disney Company started with a cartoon studio called the Disney Brothers Cartoon Studio which was founded by brothers Walt and Roy O. Disney in the 1923.

Along with the development and expansion of business, the Walt Disney Company, together with its subsidiaries and affiliates, has been a preeminent diversified multinational family entertainment and media enterprise which includes Disney Parks, Experiences and Products; Disney Media & Entertainment Distribution; and three content groups—Studios, General Entertainment and Sports—focused on developing and producing content for DTC, theatrical and linear platforms.

Table 1 Financial position and performance of the Walt Disney Company

$m	**2020**	**2019**	**2018**	**2017**	**2016**
Assets	201549	193984	98598	95789	92033
Revenue	65388	69607	59434	55137	55632
Media Networks	28393	24827	24500	23510	23689
Parks and Resorts	16502	26225	20296	18415	16874
Studio Entertainment	9100	10566	9987	8379	9441
Consumer Products& Interactive Media	-	-	4651	4833	5528
Direct-to-Consumer& International	16967	9386	-	-	-
Net Income	(2472)	11584	13066	9366	9790
Market Cap	322681	257586	164475	161265	166752

Table 1 shows that three years before the acquisition, from 2016-2018, the Walt Disney Company presented smooth growth of revenue and kept a large and stable market capitalization. Media Networks and Disney's Parks and Resorts are mainly contributed to the revenue of Disney, which supports Disney to generate continuous cash flow and profits to acquire and expand in following years[1]. Besides, the development of streaming media forces the traditional media segments to be adjusted and update. In 2018, Disney entered into the acquisition of 21CF business and this acquisition was completed in 2019, which equipped Disney controls of 21CF' business and helped Disney develop new direct-to-consumeer (DTC) streaming services, including Disney+ /Disney+Hotstar, ESPN+ and Hulu, to be an crucial source of revenue for Disney.

2.2 Background of the target firm

Twenty-First Century Fox, also known as 21st Century Fox(21CF), was an American multinational mass media company founded by Rupert Murdoch in 1980. 21CF's businesses consist of Cable Networking Programming, Television, and Other, Corporate and Eliminations[2]. 21CF was formed with a focused portfolio of domestic media assets in live news and sports and original entertainment programming including leading brands FOX News Media, FOX Sports, FOX Entertainment and FOX Television Station. On July 27, 2018, 21st Century Fox shareholders agreed to sell the majority of its assets to Disney for $71.3 billion including Fox 2000, Fox Searchlight, majority control (60%) of Hulu, the entire Fox movie library, major TV franchises, international media companies, FX, National Greographic Pictures, regional sports networks.

Table 2 Financial position and performance of 21st Century Fox

$m	**2020**	**2019**	**2018**	**2017**	**2016**
Assets	21750	19509	53831	50724	48193
Revenue	12303	11389	30400	28500	27330
Affiliate fee	5908	5512	4923	12172	11221
Advertising	5333	5056	4598	8039	7659
Content	-	-	-	7707	7949
Other	1062	821	632	582	497
Net Income	1062	1643	4760	3226	3016
Market Cap	-	-	29850	37817	37359

Table 2 presents that before acquisition, 21CF kept smooth rise in revenue and 21 CF's market capitalization were gradually shrinking from 2016 to 2018. Affiliate fee and advertising are main sources of revenue before acquisition. Compared with Disney, assets and the market capitalization of 21CF was less than that of Disney which also provides Disney with opportunities to bid down the acquisition price. Along with the challenges and competitions in media industries, the profit capability of 21CF probably weaken[3]. Due to some different business, the main sources of revenue of these two companies are not similar. Both Disney and 21CF are more likely to benefit from their M&A to achieve their own goals.

2.3 Financial market conditions

It is noticed that before 2017, the market indices kept a stable level which is lower than that during the period of 2017 to 2019. The development of macro economy might activate the capital and evoke companies to merge and acquire to expand and underpin their business.

In media industry, along with the diversification demand for the media, there are fierce competitions among firms in the media industry. Recently, the new streaming media post a threat to the traditional media and many existing competitive rivalries such as Netflix, Hulu have took large market share, which might force some media firms to adjust and restructure their traditional segments. Hence, engaging in Mergers and Acquisition enables many media company to expand new business to enter into a new segment with less barriers to entry and achieve larger market share.

3 Motivations of M&A

The main motivation for Disney to acquire Fox is to expand its operation on streaming services. In recent years, the rapid adoption of mobile phones owing to the growing popularity of social media platforms and other digital mediums for branding and marketing fuels the growth of streaming TV services such as Youtube and Netflix. Reportedly, the global video streaming market size was valued at USD 50.11 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 21.0% from 2021 to 2028. Meanwhile, as early as 2017, Disney had introduced its plan to launch two direct-to-consumer streaming services in a bid to catch up with the streaming revolution[4]. In this sense, the acquisition of Twenty-First Century Fox Inc. who controlled one of the most popular streaming channel -- hulu seemed to be a great strategy for Disney to expand its streaming services library. With this deal taken, Disney can not only be in a more convenient position to launch its own streaming platform -- Disney+, but also capture the Fox's market share and become the media giant in Hollywood.

Another motivation of this acquisition is to expand the IP resources including Avatar, X-Men, Deadpool, Wolverine that are well known around the world. In recent years, the cash flows generated from movie series like these are sustainable and the brand reputation and recognition can be continuously expanded and accumulated through years of operation. Once the acquisition is completed, this series of intellectual properties can not only largely help Disney to design new combinations of roles in its famous film series, but also consolidate its box office and revenues coming from peripheral products. Moreover, after Fox has been acquired, its TV network can be smoothly integrated into Disney's becoming one of the important marketing channel of Disney entertainment.

4 Takeover defence

Company acquisitions are divided into friendly takeover and hostile takeover, and hostile takeover make the takeover defensive strategies appear. At first, Disney's acquisition of 21st Century Fox was not smooth. In November 2017, Disney proposed to Fox for a stock price worth 51.4 billion U.S. dollars and assumed its debt of 13.7 billion U.S. dollars. However, when Comcast proposed a 65 billion U.S. dollar purchase price to compete with Disney, Disney had to increase the price of the acquisition, the company finally successfully acquired Fox with 50% cash and 50% shares, with a total value of US$71 billion. The emergence of Comcast not only made Disney raise the purchase price, but Disney had to abandon its acquisition of Sky News to ensure a successful acquisition of Fox. But in general, Disney's acquisition of 21st Century Fox is still a friendly takeover, and there is no hostile takeover. However, the fundamental purpose of reverse takeovers is to maintain the original interests of the target company, prevent the acquirer and the acquiree from having a certain conflict of interest, and keep the control right in their own hands. It is worth noting hat what Disney acquired was only a part of 21st Century Fox and not all of its property. After this part was sold, it would no longer belong to 21st Century Fox. The target company still owns the control of other assets, but the sold assets such as 20th Century Fox film and television studios and Fox Networks Group will be taken over by Disney. After the completion of the acquisition, Disney's market value rose from 149 billion U.S. dollars to 164 billion U.S. dollars, and the market value of 21st Century Fox rose from 47 billion U.S. dollars to 83 billion U.S. dollars. The asset divestiture created a win-win situation for the two parties without conflict of interest. Therefore, 21st Century Fox does not seem to have any reason to oppose Disney's acquisition.

In order to prevent the company from being acquired hostile, the company often adopts a series of defensive measures, including strategies such as poison pills, white knights, and staggered board terms. Among them, the poison pill strategy is the most effective and versatile takeover defensive strategy. The poison pill strategy was invented in 1982 by the famous American lawyer Martin Lipton. A company that wants to hostile acquisition buys a large number of shares in the target company. In order to prevent the target company from being acquired, the target company will issue a large number of shares to flood the market. This way, the acquirer's equity will be greatly diluted. If the acquirer wants to continue the acquisition, they have to spend money to buy more stocks, which increases the cost of acquisition and can effectively prevent the target company from being hostile acquired. But the poison pill strategy will harm the interests of shareholders, and it is also illegal in many countries, such as the United Kingdom. Obviously 21st Century Fox did not use the poison pill strategy to resist this acquisition, even though they announced as early as 2015 that the company had established a poison pill strategy.

The golden parachute is also one of the poison pill strategies. Golden parachute refers to the fact that when a company is hostilely acquired, regardless of whether the company's senior executives resign actively or passively, they can get a high compensation fee, and this compensation fee is paid by the acquiring company, often as high as tens of millions of dollars or more. Therefore, it will greatly increase the cost of acquisition and play a defensive role. Disney announced on October 8, 2018 that Fox executives will enter Disney's management to manage Disney TV stations, studios and entertainment companies. This greatly avoided Fox's golden parachute strategy, which caused the acquisition cost to rise. However, after the completion of the acquisition in March 2019, Disney announced the dismissal of employees including the president of global marketing and chief content officer, resulting in more than 4,000 unemployment. It is hard not to doubt that this is a measure to prevent Fox from conducting anti-takeover defenses.

When the target company encounters a hostile acquisition, they can find a company with a better or more friendly relationship with the target company to acquire the target company. Such a company is called the White knight. The white knight will propose better acquisition conditions or protect the target company. And can retain the current management, the company is more willing to be acquired by White Knight. In the process of Disney's acquisition of Fox, we can think that Comcast played the role of the black knight and Disney played the role of the white knight. Disney hired some of Fox's senior executives to continue to serve at Disney, which protected the rights and interests of Fox. Therefore, Fox was more willing to sell the company to Disney. But in the final analysis, Fox's willingness to sell the company was also due to Disney's higher bid than Comcast. In order to successfully acquire Fox, Disney gave up its competition with Sky News and was eventually successfully acquired by Comcast. Perhaps Comcast's bid for Fox was a hostile takeover. The deliberate increase in the purchase price made Disney had to abandon the acquisition of Sky News. But for Fox, the competition between Disney and Comcast has enabled Fox to get more benefits.

All in all, in this acquisition, Disney, Fox, and Comcast have all got what they want. It is hard to say that Disney and Comcast have been hostile to the acquisition, so Fox does not have any takeover defence behavior.

5 Stock performance after the takeover

First, this report collected the daily stock data of The Walt Disney Company from January 22nd 2019, to May 15th 2019. March 20th (The Walt Disney Company acquired 21st Century Fox) was used as the split day to analyze the stock price performance of The Walt Disney Company. We will explain the stock price performance of The Walt Disney Company after the acquisition of 21st Century Fox from six aspects: volume, opening price, high price, low price, closing price and adjusted closing price of the stock.

On March 12th, 2019, the Walt Disney Company announced that it would complete the acquisition of 21st

Century Fox on March 20th. Therefore, we can get from Figure 1(Please see Appendix) that before the announcement of this acquisition, The Walt Disney Company's highest stock trading volume from January 22nd to March 12th was 14,229,000 on February 6th. However, after the announcement of the acquisition, on March 13th, The Walt Disney Company's stock trading volume reached 17,994,500. After that, The Walt Disney Company's stock trading volume showed an overall upward trend, reaching a trading volume of 45,384,400 on March 19th. The stock trading volume began to decline after the completion of the Fox acquisition on March 20th. As the Walt Disney Company announced on March 21st that it would lay off employees after completing the merger, its stock trading volume dropped sharply. On April 12th, it reached the maximum trading volume during this period (65,253,500) and then showed a rapid downward trend.

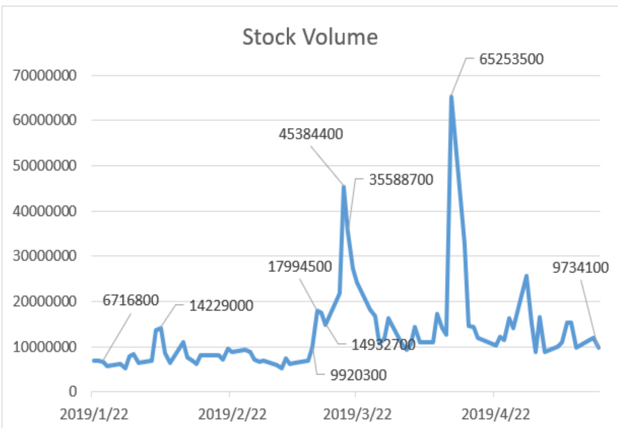

Figure 1 The Walt Disney Company's stock trading volume from January 22 to March 12, 2019

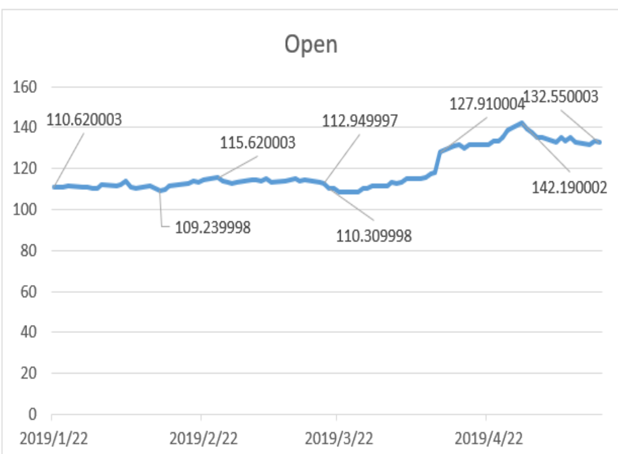

Figure 2 The Walt Disney Company’s opening stock price from January 22 to May 14, 2019

Figure 2, 3, 4, 5, and 6 show that the Walt Disney Company’s stock prices are generally on the rise. Among them, we can get from Figure 2 that when the Walt Disney Company did not acquire 21st Century Fox, its highest opening price was $115.62. On the day of acquisition (March 20th), the Walt Disney Company opening price fell to $110.31. However, after completing the acquisition, the opening price of Disney's stock has been steadily rising, reaching the highest opening price of this period of $142.19 on April 29th. Although the opening price of its stock has fluctuated and declined from April 29th to May 15th, its stock price is still higher than the stock price before the acquisition of Fox.

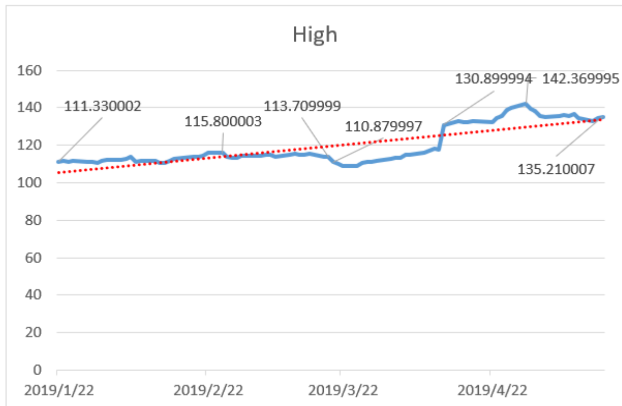

Figure 3 The Walt Disney Company's high price from January 22 to May 14, 2019

From Figure 3, from January 22nd to the Walt Disney Company's acquisition of 21st Century Fox, its highest price was $115.80. After the completion of the acquisition, the Walt Disney Company's highest price reached $142.37. This shows that the Walt Disney Company's acquisition of 21st Century Fox is beneficial to its stock performance, and its stock price has risen.

Figure 4 shows that during the period from January 22nd to May 15th, The Walt Disney Company's low price on the day of 21st Century Fox's acquisition was $108.05, which was lower than the lowest low price of $109.23 when it acquired Fox. Since the Walt Disney Company announced on March 21st that it would lay off employees, its stock price has dropped, resulting in its low minimum price after the completion of the acquisition reached $107.32.

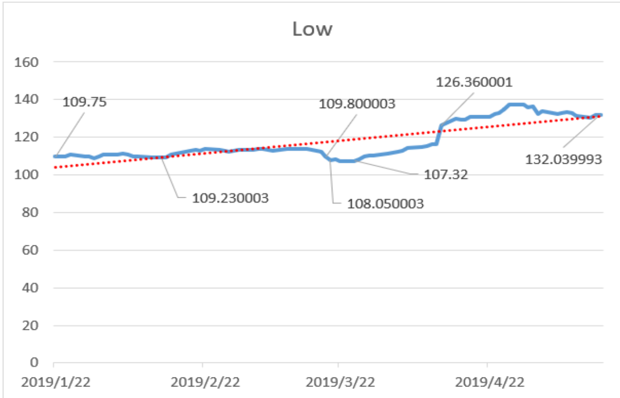

Figure 4 The Walt Disney Company's low price from January 22 to May 14, 2019

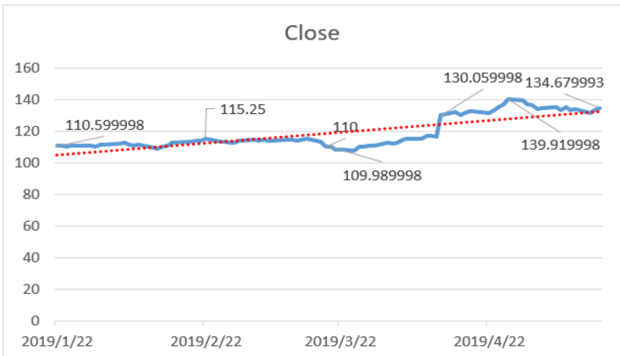

Figure 5 The Walt Disney Company's closing price from January 22 to May 14, 2019

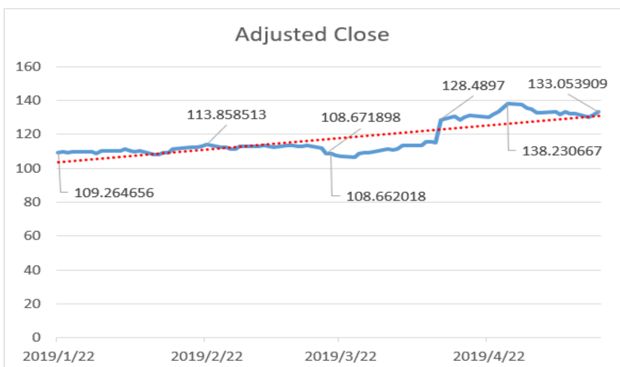

Figure 6 The Walt Disney Company's adjusted closing price from January 22 to May 14, 2019

Figure 5 and 6 present the closing prices. Before the Walt Disney Company acquired 21st Century Fox, its highest closing price was $115.25, and the adjusted closing price was $113.86. The closing price of the Walt Disney Company on the acquisition day was $109.99, and the adjusted closing price was $108.66. After the Walt Disney Company acquired 21st Century Fox, its highest closing price reached $139.92, and the adjusted highest closing price was $138.23.

Figure 7 The Walt Disney Company's stock price from March 20, 2019 to March 21, 2021

Second, we collected the daily stock data of the Walt Disney Company from March 20th, 2019, to March 29th, 2021. From Figure 7, we can see that after the Walt Disney Company completed its acquisition of 21st Century Fox on March 20th, 2019, its stock price has been higher than the stock price on the acquisition date. However, its stock price began to drop sharply on March 9th, 2020, and its closing price reached $85.76 at the lowest point. The Walt Disney Company's stock price experienced a rapid decline and began to fluctuate and rise again. Until now, on March 29th, 2021, its stock price has reached $184.85. The Walt Disney Company's stock price performance shows that Disney's acquisition of Fox was successful[5].

6 Evaluate the winners of this M&A deal

6.1 Acquirer and target

Disney plc's four major businesses are the park resort business, media TV network business, consumer products and interactive media business, and film and television studio business. The most revenue contribution is the media TV network business revenue of 23.51 billion US dollars, accounting for nearly 43% of the total revenue. The income of film and television studios and consumer products and the revenue of interactive media business accounted for 15.2% and 8.8%, respectively. However, recent years' development of technology has made Disney plc's works unfavourable and slightly outdated. As a result, Disney plc's film and television studio business and media TV network business has fallen sharply. In this context, the benefits of Fox's acquisition are apparent. First of all, Disney will take over the film copyright and distribution rights of Fox. In terms of film copyright, Fox has countless film rights. Since its establishment in 1935, more than 70 Oscar nominations have been awarded. The 20th Century Fox Film Company is also a leading production company in the industry and has created ace radio and television programs like "Modern Family". Based on the 2018 share statistics, after the acquisition, the combined share of Disney and 21st Century Fox will reach 22.19%, exceeding the second-ranked Warner Bros. by about 10%. This will lay a good foundation for Disney to develop its film and television business and help Disney become the world's most significant film and television company. Secondly, this merger and acquisition allow Disney to own many Fox overseas TV stations, such as FX Cable TV, National Geographic Channel, Fox International Network Group, and the Dutch TV company Endemol Shine, the world's largest independent program production group. Overseas TV stations and streaming media platforms can enable Disney to distribute content directly to consumers. The most important thing is the streaming media platform. In this acquisition, Disney bought 30% of the shares in Hulu, which is one of the junior streaming media platforms in the United States. Disney accumulatively owns 60% of its shares and has control over the streaming media platform. At the same time, Disney has plans to launch its own streaming media platform: Disney+, launching new programs such as StarWars and MarvelUniverse. This acquisition allows Disney to follow the development of the times and promote Disney's streaming media-centric strategic development goals.

The achievements and profits of 21st Century Fox since its establishment have been excellent. However, with the times' changes, the business model of traditional media has gradually been eliminated. For Hollywood film and television companies, the current trend is toward the development of streaming media platforms. For example, Netflix, Amazon, Apple, etc., have all launched video services and independently undertake the production, distribution and screening pipelines. Silicon Valley has also been building video production services to attract Hollywood talents. These are something that traditional media business models cannot do. Therefore, major Hollywood film and television companies are also expanding their scales.

As the founder of Fox, Murdoch is also committed to expanding scale operations. He has also proposed merger and acquisition plans many times. In 2014, he proposed to acquire Warner Fashion. In 2015, he proposed to sign an agreement with the National Geographic Association. In 2016, he proposed to acquire British Sky TV. In 2017, he proposed to buy the television network CNN. However, expanding the scale requires a significant capital cost, and most of these plans have failed[6]. Therefore, it is detrimental to the long-term future development of Fox. Murdoch believes that the acquisition by Disney is also a good strategy. And due to the emergence of M&A competitors, compared with the initial purchase price of US$52.4 billion proposed by Disney, the final transaction price of US$71.3 billion was nearly US$20 billion higher. Whether it is long-term development or short-term profit, Fox is the beneficiary of this acquisition.

6.2 Employees and senior management

Mergers and acquisitions have a tremendous negative impact on employees and management. Firstly, due to the differences in corporate culture and management models between the merged companies, the corporate culture after the merger cannot be quickly integrated. All company members cannot promptly adapt and accept it. Negative emotions such as mistrust and unfamiliarity with the company for new employees will also affect other employees. The different management models and management concepts can also cause conflicts in teamwork, thereby reducing work efficiency.

Secondly, companies that have undergone M&A transactions will focus on optimising the company's resource allocation. To obtain control of the target company, the acquirer will pay more financial costs. Therefore, the acquirer needs to pay more M&A costs, which creates financial pressure. Therefore, optimisation of resource allocation and reduction of operating costs must be considered. Mergers and acquisitions will result in redundant employees for many positions, and labour costs must be saved. To have better resources, the acquirer needs to adopt a competition mechanism of survival of the fittest for employees to hire better employees at the least cost, improve work efficiency, and generate higher returns.

The employees of the two companies and Fox's management are the most directly and negatively affected in Disney's acquisition of Fox. The first is the impact of acquisition transactions on employees. According to the "Hollywood Reporter" report, Disney will lay off 4,000 employees, and BTIG analyst Rich Greenfield also believes that Disney's future layoffs will be between 5,000 and 10,000. As the six major Hollywood film companies, Disney's acquisition of Fox's business is in the same industry. Such acquisitions will lead to many job conflicts, so layoffs for employees are inevitable. Besides, for this acquisition, Disney has secured its position as the "King of Hollywood", but at the same time, Disney also bears a considerable debt of about 19.2 billion US dollars in debt, so it has to reduce human resource costs. After the merger was finalised, Disney CEO Bob Iger promised to cut costs by US$2 billion. And in the August 2019 Disney Company conference call, it was also mentioned that Disney executives believed that Disney Company needs to complete the cost-saving goal within two years. To save costs, the layoff plan for American employees may bear the brunt.

The second is the impact on Fox's management. According to reports, the Fox executives notified to be fired include Pamela Levine, President of Global Marketing; Chris Aronson, President of Domestic Distribution of 20th Century Fox Films; Kevin Campbell, Co-President of Marketing; and Tony, Chief Content Officer. Serra, Dan Berger, Executive Vice President of Corporate Communications, and Andrew Cripps, President of International Distribution, are several executives with President and Vice President's positions. Compared with Fox executives, Disney executives are more adapted to cultural enterprises and have a management philosophy that is more adapted to Disney. Fox executives cannot quickly adjust and cooperate in a short time. And because the cost of hiring executives is a considerable expense, this part of the cost savings is inevitable.

6.3 Clients

After the acquisition of Fox, Disney's movie IP resource library will also be greatly expanded. Through previous mergers and acquisitions, Disney has already possessed many IP assets of great commercial value, including more than 5,000 superhero IPs from Marvel Pictures, Lucas Pictures' Star Wars series IP, and “Indiana Jones”. ”Series of IP and Pixar Animation's contribution of “Frozen”, “Crazy City”, “The Incredibles” and “Invincible Destruction King” IP, etc.

Through the acquisition of Fox, Disney has bought back most of the heroes that once belonged to Marvel, making the Marvel IP resource system more complete. Only a small part of the heroes are still in the hands of Sony and Universal Pictures. At the same time, Fox's large number of technology and production and development capabilities will also be attributed to Disney, which can make up for Disney's shortcomings in live-action movies. Finally, the price of movies is more likely to be higher. Disney has previously asked for more shares with North American theaters, and the cost will definitely go to consumers, which means that the ticket price will be more expensive.

6.4 Local communities

6.4.1 The U.S. movie theater line

The U.S. movie theater line is a local community. After the expansion, Disney will further expand its market share in the U.S. movie theater line. In the US theater distribution market, Disney's film distribution company Bowei has occupied the top position in the annual market share for three consecutive years. The number of new movies released by Disney in 2018 was 10, with a total box office of US$3.092 billion, accounting for 26% of the market share. The top three box office titles, "Black Panther", "Avengers 3" and "The Incredibles 2" Its issuance; 20th Century Fox ranks fifth with a 9.1% market share. If the performance at the end of 2019 is similar to that of 2018, the combined Disney will control 35% of the total US box office, which is a very staggering number. Even if it does not merge Fox, Disney is no better in Hollywood. After the merger, it means that Disney's Hollywood dominance will be difficult to shake.

6.4.2 The TV field

The TV field can also be the local community. In the TV field, Disney’s original assets covered mainly include ABC broadcast network, Disney cable network, ESPN (entertainment and sports program network), Freeform cable TV network and A&E TV network. Among them, ABC is one of the four major national television networks in the United States, and its ratings are among the top in the United States; ESPN is the most popular 24-hour cable television network in the United States that broadcasts sports programs. These TV assets have effectively promoted the development of the Disney Group, but compared to its dominance in the film industry, Disney is slightly inferior in the field of cable TV.

And Fox's television assets can expand Disney's territory in the field of cable television. Important TV assets acquired by Disney include: Fox Television Group, FX Networks, National Geographic Partners, and Fox Networks Group International. These assets also carry many billions of dollars worth of TV show IP, such as popular TV shows "The Simpsons", "Hip Hop Empire", "X-Files", "American Crime Story", "American Horror Story", "Atlanta" Wait. These IPs can further expand Disney's content resource library.

It is also worth noting that Disney has also acquired a 50% stake in Endemol Shine, the world's largest program mode and production company. Endermoshang Group has 120 branches in more than 30 regions. This industry leader specializing in TV program production has a library of more than 5,000 TV programs, including internationally renowned TV program IP "Big Brother" and "Top "The Chef", "Mr Bean", "Black Mirror" and so on. Endermoshang has a global presence. Acquiring half of this company’s equity means that Disney’s strength in the field of TV program creativity and production will also be greatly enhanced. Disney will also be able to give priority to a large number of high-quality TV program streaming licenses. Disney's streaming service provides more content support.

7 Conclusion

In general, this merger will have a profound impact on Hollywood, the streaming media industry and the global entertainment media industry. Fox, as a unique “asset collection”, has a strong library of movie and TV content; it holds equity in streaming media platforms Hulu and Hotstar; its international tentacles have extended to the British Sky Broadcasting Company, the Indian Star India Media Company, and Set up Fox Television Network covering the world. Most of the Fox assets obtained through the split can inject more vitality into Disney's film, streaming and TV sectors, and help accelerate Disney's internationalization process against its powerful competitor Netflix. However, the vast project of reorganizing Fox's assets and the cost of the launch of the "Disney+" streaming service will also drag down Disney's earnings in the short term. This "horizontal" merger will also eliminate thousands of positions with overlapping functions in departments and cause thousands of employees to lose their jobs. These are some of the adverse effects of mergers and acquisitions.

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