

## Research on the existing problems and optimization of strategic integration after ATT & Discovery merge

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**Abstract:** American Telephone & Telegraph is the world's largest telecommunications company with the most popular press—Warner Bros. Warner Bros has a lot of compelling work, just as the 'superman' which is very famous and well known. Discovery is a big channel that always teaches some knowledge of nature and some interesting things. I deem that ATT can have a win-win situation with the discovery, the movies from Warner Bros always be chased and loved by their avid audiences, however, I realize that ATT just lacks a method to broadcast all over the world, it is because who can refuse a studio which devoted on making superheroes. However, in some special situations like COVID-19, which forces people to stay at home. Although COVID-19 segregates people, but it also provides an opportunity to watch television. Recently, the government reinforced the law to control screen time for teenagers. It is an excellent way to require the discovery to show the 'memory of the childhood'. Just as we have been talked about above, ATT should have the ability to find the opportunity to improve the company's level in the current. Last but not least, we mention some method can solve the problems of AT&T and also help the development of AT&T, which can promote the competition of internet or comic companies to improve the quality of their works for getting more followers.

### 1. Introduction

#### 1.1 Research Background

American Telephone & Telegraph It is the world's largest telecommunications company [6]. The largest provider of mobile telephone services in the U.S., [9] Discovery Channel is Discovery's American international pay television network and flagship channel [8]. According to the agreement, AT&T will lift its \$85 billion acquisition of Time Warner and establish a new media company with Discovery. According to the "Financial Times" report, this transaction will create a new. Business, including debt, independent of AT&T, and its valuation may be as high as \$150 billion. ATT and Discovery are negotiating to combine ATT's media business with Discovery's reality TV shows to create a powerful entertainment entity. The two companies currently have not confirmed this transaction. Still, if the deal is concluded, the combined company will become an important potential competitor to streaming media brands such as Netflix and Disney. This deal could make the ATT distribute some debts and get some shocks. They are reducing about 3 billion dollars on capital. Total sales exceeded 41 billion US dollars, and operating profit exceeded 10 billion US dollars. This figure will make the new company surpass Netflix and NBC global, second only to Walt Disney, and become the second-largest media company in the United States [7]. AT&T said it would receive an aggregate amount of \$43 billion in a combination of cash, debt, and WarnerMedia's retention of certain debt. AT&T shareholders would receive stock representing 71% of the new company, while Discovery shareholders would own 29%, it added.

## 1.2 Literature review

AT&T said Discovery President and CEO David Zaslav would lead the new company, with a new name announced in coming days [1]. The board would consist of 13 members, seven initially appointed by AT&T, including the chair, and Discovery would appoint six members, including Zaslav. On the press call Monday, Zaslav said that he believes the combined company will differentiate itself from top streaming services like Disney+ and Netflix by offering a combination of news and sports on top of its entertainment properties like “Game of Thrones” and Harry Potter. Stankey and Zaslav said the two companies already spend a combined \$20 billion per year on content, putting them in the same realm as Netflix, which spends about \$17 billion on content per year. In an interview Monday on CNBC’s “Squawk on the Street,” Zaslav said he has a goal for his new company to reach up to 400 million streaming subscribers across the world, up from the 100 million subscribers the two separate companies have today

Most of the articles focused on the benefits to both sides of the deal, and only a few articles have examined the resurgence of the streaming war[5] s. More than 100 brands will be associated with the new company, which will compete directly with Netflix and Disney, HBO, Warner Bros., Discovery, DC Comics, CNN, Cartoon Network, Food Network, Turner Networks, Eurosport, and Animal Planet. The new media company will be even bigger than Netflix or NBC Universal. With combined revenues of more than \$41 billion and operating profits of \$10 billion last year, Warner Media and Discovery would be America's second-largest media company, after Disney. "This is a streaming arms race", Wedbush Securities analyst Dan Ives said. "AT&T is taking an offensive strategic step forward and beefing up content to compete with Netflix, Disney, and Amazon." He added that by combining Time Warner and HBO with Discovery, he could double down on streaming.

## 1.3 Research framework

All in all, to summarize the whole process of the research of the deal between Discovery and AT&T, we first got to know each of the parties and their respective business models and position in the marketplace [4]. Secondly, we analyze each of the benefits and profits they will gain from this deal. Thirdly, we created a pie of this entire deal process and some key elements of the deal. And finally, we summarized the whole process of the agreement—components, incorporating the applicable criteria that follow.

## 2. Method

Obviously, the purpose that the AT&T and Discovery want to reach is to have 400 million direct-to-consumer homes that they are going to be in; they can use their resources to make their movies have better quality; they can pay more attention on the DC, which they can attract more people by using superheroes in DC[3]. Like the Japanese comics, they have a lot of comic characters that become toy figures. Many people buy the figures for decoration. With two benefits: publicity and money, both the comic company and the making company get more famous, like Maxfactory’s corporation with some comic studio. They need to make their reputation very well and make a lot of propaganda to attract more people to watch their movies. Surely, most people in the world want to watch a nice movie, when the infected people become less. Therefore, they can depend on their impulses to watch movies to get many fans, which is a very imperative chance for them. For example, the movies in China get very high box office; the movie that gets most box office is about 5 billion in this kind of situation, which use the impulse of people’s want to watch a movie after the booming time epidemic. Almost all Chinese people know about this thing from news and social media and know about the famous female director who becomes the female director who gets most box offices in one movie. Also, almost all people know about this movie. In this way, they can become more famous because most countries know about Disney, but very few people know about AT&T and Discovery. They can build their theme park like Universal or Disney park to make them get a reputation with relatively low price so that more

people can go to their theme park, not expensive as Disney and Universal. For instance, Universal just finished its theme park in September. The universal studio gets about 10 thousand people per day. In the Zhong quilt festival, the visitor came double that come from the Chinese journey net. That means so many people know about universal, so that it is a handy way to propaganda their brands to get followers. Therefore, they can get more followers and subscribers.

### **3. Result**

#### **3.1 Analysis of AT&T situation**

AT&T is merging the entertainment and media assets with those of Discovery [2]. The relative company will be large and will have TV, movie, and streaming offerings with brands. HBO Max, CNN, TNT, TBS, Cartoon Network, combined with HGTV, Food Network, TLC, Discovery Plus. This is an all-stock deal. AT&T shareholders are going to own 71%; Discovery shareholders will own 29%.

During this epidemic, the movie industry and television industry have been affected largely because shoot movies or series need many people; the possibility that people get covid-19 is relatively high, and if this bad thing happens, people need to stop shooting for many months. Thus, the costs spend on the instruments that are used for recording will be expansive. Therefore, the development of the movies industry is slow now. They tend to make more animations in their work to decrease the contact between people. Animations are what Disney and Netflix are good at, but AT&T and discovery are good at real people and reality shows.

In a special situation like the COVID-19, more and more people sit in front of the table to watch the TV show. Discovery is the most famous channel that there are so many people are willing to watch some compelling content like the weird knowledge which we don't need in the daily life just as Mr. Bear teach the skill that can help you survive. As far as I am concerned.

In a special situation like the COVID-19, more and more people sit in front of the table to watch the TV show. Discovery is the most famous channel that there are so many people are willing to overlook some compelling content like the weird knowledge we don't need in daily life. Just as the Mr' Bear who teaches the skill that can help you survive. The audience who watch the discover are very boring or really want to learn somethings. It is reported that the family who watches the TV is drastically decreasing, and the main audience is the older adults who can't use the phone to search or play. In our perspective, due to the COVID 19, we think the watching rate will increase. Recently, the government reinforced the law on video games. It is means when the children who finished playing will likely find other entertainment to relax. As an example, when I was young, I like to see some attractive movies on the TV, which is the work from DC, a single department from ATT. There are some appealing movies from DC, just as superman, batman, and many heroes that are liked by fans. As a result, I analyze that the audience is outgoing and sociable who like to watch this sort of movie.

The target consumers of ATT are the people who are not too old and who stayed at home for a long while because of the covid-19. The whole family can watch the movies of DC with or without the grandpa and grandma. Now, during the special time, movies that spend much money and contain famous characters are made very slowly than before. People are not satisfied only by some serious or "normal movies"; now, people want to watch is a movie that can make them feel excited or make very strong emotional resonances with the audience, which can make them have a good and deep impression of DC movies and make them want to watch the next work of DC. Therefore, fans of them will be more. Although DC is relatively famous in China, few people know about a company called ATT, so that ATT should make people know them more by putting their company name on the posters of DC movies and characters; they need to make people have an impression not only on DC, but also on ATT.

#### **3.2 Problems of strategy**

The problems of this strategy are how to advertise themselves, make people watch their movies, and make people become their fans. First of all, one of the best ways to promote is to put their posters in subway stations. Almost one-half, even more, people who work go to work by subways. When they

arrive at their destinations, they can talk to their friends about the new movies of DC. Like LOL, they make their Ads for s11 competition on the subways and subway stations in Hang Zhou. They can make their Ads in one city where there are many people and the local social media might say this thing, which can make the movies more influential and more famous. Secondly, the way to make people watch their movies is based on the publicity I mentioned above, and also time is important. The purpose of advertisements is to make the audience feel interested, which can make people watch their movies. If they want to get more people to be their consumers, they need to calculate the time that the film are shown, like when the people who get virus become less and less, in which situation, people are more willing to go out of their shelter. Finally, the more people who go to watch their movies, the more people become their fans. If the first thing they do very well, it means that it is easier in following things.

#### **4. Discussion**

Nowadays, the Internet of Things has become an important area for domestic and foreign operators to explore new markets and find new growth points. U.S. and European carriers are pioneers in the IoT market, and AT&T is the leader. Currently, in the Internet of Things market in the US, AT&T has a 43% market share, and 99% of fortune 1000 companies are using its services. For the company of AT&T, how could they do, in detail, to help them become famous?

Firstly, the basic main strategy is to grasp the development trend of the industry, advance the layout of the Internet of things strategy, starting from the control of core technology and research and development innovation, aiming at the new development space and room, based on multiple scenarios to explore the new business market, at the same time, control their advantages and disadvantages, pay attention to foreign cooperation, take advantage of the situation, win-win cooperation. Let's take the Apple company as an example. Nine years ago, when Apple introduced the first iPhone, the power of its features made AT&T realize that the communications industry would change dramatically in the future, and it would be a key area of development. To this end, combining with its tradition of focusing on scientific research, AT&T has invested many resources to advance the layout of the Internet of Things and various new technologies and new applications to prepare for the coming of the next wave of technology make preparations for innovation breakthroughs. To conclude, paying attention to the development of the market is part of the strategies toward success.

Also, AT&T should keep its innovation pace so it can connect tightly to the rapidly developing society [9]. At present, AT&T has the research strength of AT&T Leading Technology Laboratories, AT&T Foundry Innovation Center, and so on, which largely help grow its pace in innovation. AT&T Foundry Innovation Center is dedicated to discovering innovative technologies. In the nine years since its founding, the AT&T Foundry Innovation Center has already deployed more than 200 partnerships and expanded into new products and services. Also, the various departments under the favorable cooperation greatly accelerated the effective development of the company. Like I said above, AT&T's research capabilities include AT&T Advanced Technology LABS, AT&T Foundry Innovation Center, and AT&T Automotive Studios. And all of them have their own fields and works for working on: the mission of AT&T's Leading Technology Lab is to solve and drive future innovation by inventing its own technologies to solve the difficult problems of today's industry and market. In contrast, AT&T Automotive Studios integrate connected vehicle solutions and technology innovation to ensure AT&T's continued expansion on the Internet of Vehicles business and maintain technology and solution leadership to support AT&T's leadership in the Internet of Things. The studio has established partnerships with nine major automakers, including BMW, Ford, GM, and Volkswagen. [10]In this way, the perfect collaboration between these three technology organizations, with AT&T's Leading Technology LABS providing technical support and AT&T Foundry Innovation Center providing commercial resource expansion, forms a positive cycle of AT&T IoT innovation and roll-out. So, as a result, the company should continue to focus on multi-business development and enrich its application fields of the Internet, in this case they could achieve multifaceted development.

Third, in the new blue ocean of the Internet of Things, which covers a wide range of fields and involves complex technologies, AT&T knows very well that it must abandon the closed and conservative telecom thinking, and pay attention to open cooperation and win-win cooperation with other countries. Since the early days of the Internet of Things, AT&T has been looking for partners to maximize their respective strengths to provide more efficient and superior IoT services. Partnerships with the Internet of Things applications have expanded AT&T's reach. In a word, focusing on business cooperation, expanding contacts, and taking a position in the Internet of things would be a good strategy for the future development of the company.

All in all, to summarize, the company should continue to be proactive and lead change. In the face of changes in the Internet of Things, it should be sensitive to the market, grasp the market and technological trends, and predict its future development. AT&T saw the potential of the Internet of Things market and optimized its structure, setting up a true innovation and business organization. The original organizational structure and business model should be reformed to meet the Internet of Things market changes. In addition, in terms of network construction, the development of the Internet of Things is bound to be accompanied by the rapid growth of traffic. The construction of wireless networks is also a key step. Through their original strategies and some further improvements, their level of marketing will gradually rise after everything gets on the right track.

## 5. Conclusion

To conclude, considering the reasons and examples I mentioned above, it is not difficult for us to notice that the propaganda and the application of the internet of AT&T are the most essential parts to solve the problems of the merging and reach their target. By grasping the trend of technology development and audience preference, AT&T can succeed at their market with a win-win situation with other companies of other countries. Also, by strong publicities and suitable timing of showing movies, AT&T can get closer to their target number of consumers, followers, and about 400 million subscribers, which can help them stand out from many other internet companies and compete with Disney and Netflix. This method can solve the problems of AT&T and also support the development of AT&T, which can promote the competition of internet or comic companies to improve the quality of their works for getting more followers.

However, the limitations of this method are two. Firstly, the ideas from the method most come from life in China, which means it might not be useful as in China, but the epidemic is worldwide, which they can use this point. Although the real example is only in China, there ought to be the same situation in other countries, like people's impulse and the way to advertise. Secondly, this method will cost a lot of money in propaganda and movie making. Once this movie fails to get the hearts of the audience or the company occurs some negative news that make consumers get antipathy about the company's works, AT&T will have a huge deficit, which is a huge gamble. In the future, we can get more data and information from other countries to support this idea to think about these questions from different perspectives and to have a different way in distinct places.

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