

Spanish-language TV giants team up to take on Netflix

April 14 2021, by Jennifer Gonzalez Covarrubias



Mexico's Televisa said that it would receive \$4.8 billion in return for contributing its content assets in a tie-up with Univision of the United States

Spanish-language television giants Televisa of Mexico and Univision of the United States are joining forces to compete with Netflix and Amazon in the booming market for digital streaming.

The two firms will combine their content and form a new [company](#) called Televisa-Univision that will be "the biggest and most relevant Spanish-language media group in the world," a Televisa statement said.

Televisa said that it would receive \$4.8 billion—\$3.0 billion in cash and most of the remainder in Univision shares—in return for contributing its content assets.

The Mexican group will be the top shareholder in the new company with a stake of 45 percent under the deal, which covers broadcast, subscription, digital and [live television](#).

The tie-up is backed by Japanese investment giant SoftBank, US technology titan Google and investment bank The Raine Group.

The new company is expected to launch a global streaming platform in early 2022 to meet the growing demand for content from the estimated 600 million Spanish speakers in the world, the statement said.

Mexico, home to 126 million people, is the most populous Spanish-language market, it noted.

Televisa distributes its content through [broadcast channels](#) in over 70 countries.

It will contribute its four free-to-air channels, 27 pay-TV networks channels and stations, its Videocine movie studio and Blim TV subscription video on demand service to the new company.

Univision is the leading Spanish-language content and [media company](#) in the United States, where it owns numerous broadcast and cable networks as well as television and radio stations, the statement added.

'Significant market opportunity'

"This transformative combination brings together the leading network serving US Spanish-language audiences with the leading media platform in Mexico powered by the most powerful Spanish-language content engine in the world," said Univision chief executive Wade Davis.

"Televisa-Univision will emerge as the leading global Spanish-language multi-media company, uniquely positioned to capture the significant market opportunity for Spanish speakers worldwide."

Less than 10 percent of the Spanish-speaking population uses a streaming service, compared with nearly 70 percent in the English-language market, offering significant room for growth, the statement said.

"Together, Televisa-Univision can more aggressively pursue innovation and growth through digital platforms as the industry continues to evolve," said Televisa executive chairman Emilio Azcarraga.

But Claudia Benassini, a research professor at Mexico's La Salle University, said the new company would struggle to compete with Netflix, Amazon and Disney unless it makes major investments to improve its content.

"The telenovelas (soap operas) that were once the big strength of Televisa now leave a lot to be desired. They're very low quality content," she said.

Mexican President Andres Manuel Lopez Obrador welcomed the deal, including the announcement that Televisa would be the biggest stakeholder in the new company.

He said that Mexico would receive "several billion pesos" in taxes from the deal.

"I only asked them to give their word that ... xenophobia and discrimination are not allowed and that the dignity of Mexicans is respected" in their television content, the left-wing populist told reporters.

The two companies, partners for more than six decades, recently created a subscription television channel called TUDN specializing in sports.

The new giant, which will be led by Univision CEO Davis, will have estimated combined sales of around \$4.0 billion, Televisa said.

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Citation: Spanish-language TV giants team up to take on Netflix (2021, April 14) retrieved 20 July 2024 from <https://techxplore.com/news/2021-04-spanish-language-tv-giants-team-netflix.html>

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