



## Time Warner Continues to Shrink, May Sell Off Most of Its Magazines

[With the February 14 announcement](#) that Time Warner (TW) is selling most of its print magazines to little-known Midwest publisher Meredith Corporation, the media giant continues its great shrinking act which dates back to 2001. At the time of the AOL-Time Warner merger in January of 2000, the market capitalization of the company was \$350 billion. [Today its book value is \\$30 billion](#). In an understatement in a conference call last week, John K. Martin, Time Warner's chief financial officer, said "very challenging industry conditions" are weighing heavily on the company.

# Time Warner

TW isn't selling everything, however, as it will be keeping the magazines that Meredith doesn't want, including *Time*, *Fortune*, *Sports Illustrated*, and *Money* magazines. Meredith (which publishes *Better Homes and Gardens* and *Ladies' Home Journal*) did take over many others from TW including *People* magazine, which has lost 12 percent of its newsstand business [in just the last six months](#).

Jeffrey Bewkes, TW's chief executive, has refused to let go of *Time* magazine, even though its revenues have dropped roughly 30 percent over the past five years and continues to be a drag on earnings. An insider noted that "*Time's* name is on the door ... [and] I think Jeff feels it would be better to hang onto it and not sell it now for what would be a low price." That may be another mistake that the company will regret, as that price could get even lower. TW's merger with AOL in early 2000 soon went south as it lost subscribers at an alarming rate, dropping AOL's market value from \$226 billion to about \$20 billion. The company unloaded the remains of AOL in 2009.

In 2001, TW sold its interest in World Championship Wrestling in March 2001, followed by its sale of the Atlanta Hawks, the Atlanta Thrashers, and its operating rights to Philips Arena in 2003. Soon after, TW sold its Comedy Channel to Viacom, and then in 2004, it sold its Warner Music Group. Later that year it closed down its CNNfn financial news channel, and liquidated its holdings of Google stock.

The hemorrhaging continued, and in 2006 the company sold its Time Warner Book Group, the same year that it sold Turner South to Fox. Later that year it sold 18 of its "men's interest" magazines (including *Popular Science* and *Outdoor Life*) to the Bonnier Magazine Group. Lastly, at the end of 2006, TW sold its interest in the Atlanta Braves to Liberty Media. In 2009, the company got rid of Time Warner Cable.

In what appeared to some to be a desperation move, Time Warner booted out *Time* magazine's editor, Jack Griffin, in January of 2012 and replaced him with Laura Lang, a successful digital media executive with little print media experience. She had high hopes that she would be able to turn things around, telling the *New York Times* in July that when she came aboard, "Everyone was asking: Who [else] is getting laid off? But that couldn't be further from the truth." Unfortunately, less than six months later



Written by [Bob Adelman](#) on February 14, 2013

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she announced that she would be cutting 480 jobs at *Time*, or about six percent of the workforce, just before talks with Meredith began in earnest.

Time Warner is not alone as the market for its product continues to dwindle in favor of other media and programming. Last October, the owners of *Newsweek* magazine announced that they would no longer publish the print edition and said it would be merged with the website The Daily Beast, which happened as of December 31.

Rupert Murdoch's News Corporation is divesting itself of the *Wall Street Journal* and the *New York Post*, and concentrating instead on its more profitable cable channels FX and Fox News.

There are many reasons why Time Warner and its rivals are struggling in the current environment. [Anthony Wile at The Daily Bell](#) thinks it's the "Internet revolution" that is giving readers a vastly larger and more variegated offering of news and views that is causing the disruption: "Much as the Gutenberg Press undermined the system set up by the powers-that-be 500 years ago, so the Internet is doing the same sort of thing now."

The media giant (not so large now) continues to face a significant loss of subscribers, advertising, and revenues, as well as credibility. [A recent poll by Gallup](#) asked its audience the following question: "In general, how much trust and confidence do you have in the mass media — such as newspapers, TV and radio — when it comes to reporting the news fully, accurately and fairly — a great deal, a fair amount, not very much, or none at all?" Said Gallup:

Americans' distrust in the media hit a new high this year, with 60% saying they have little or no trust in the mass media to report the news fully, accurately or fairly....

The current gap between negative and positive views — 20 percentage points — is by far the highest Gallup has recorded since it began regularly asking the question in the 1990s.

Gallup saw this continuing decline as an opportunity for alternative media sources to fill the gap with programming that was fair, decent, and uplifting: "There is an opportunity for others outside the 'mass media' to serve as information sources that Americans do trust."

Time Warner's continuing shrinkage in revenues, advertising, and influence will no doubt be viewed by many as long overdue, and a welcome opportunity for others to fill the vacuum and give Americans what they want: the unvarnished truth about what's happening to their beloved country instead of propaganda along with the daily pap of disingenuous and distracting commentary on irrelevant side issues. As Anthony Wile noted, the shrinkage of Time Warner and its other media operatives "is another reason to be hopeful about the future."

*A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American and blogs frequently at [www.LightFromTheRight.com](http://www.LightFromTheRight.com), primarily on economics and politics. He can be reached at [badelman@thenewamerican.com](mailto:badelman@thenewamerican.com).*



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