



Journal of Media Economics >

Volume 18, 2005 - Issue 3

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# Impacts of Media Conglomerates' Dual Diversification on Financial Performance

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Pages 183-202 | Published online: 17 Nov 2009

Cite this article [https://doi.org/10.1207/s15327736me1803\\_2](https://doi.org/10.1207/s15327736me1803_2)

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## Abstract

This study examines the impact of media firms' diversification on their financial performance based on the product and geographical diversification activities and performance of the top 26 media firms from 1991 to 2002. The empirical results generally indicate that related product and international diversification contributes to better financial performance. However, excessive diversification, which leads to a high degree of unrelated diversification, might decrease performance. There also appears to be a hurdle level for diversification, prior to which expanding businesses in product and international markets may need considerable investment and produce negative cash flow. Beyond that threshold, dual diversification significantly contributes to increases in cash flow.

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