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Reclaiming Media Leadership in the Streaming Era: Strategic Capabilities and Transformation Pathways of Warner Bros. Discovery

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Abstract. The shift from scheduled, channel-based distribution to on-demand, consumer-centric streaming has forced legacy media conglomerates to reconfigure their content libraries, brand assets, and monetization models simultaneously. This study takes Warner Bros. Discovery (WBD) as a revelatory case of legacy-media transformation. The analysis shows that WBD has unique advantages, namely, a highly diversified intellectual property portfolio, a high-quality brand equity of HBO, cross-platform promotion synergy, and a gradually improved monetization mode of mixed streaming media. However, the company's transformation is severely limited by the following factors: brand dilution caused by chaotic content integration, mismatch of time and cash flow between linear TV revenue decline and large-scale streaming media expenditure, heavy debt burden after merger and acquisition, and highly unstable distribution window strategy. In order to overcome the above systematic problems, this paper gives a set of operable solutions, namely, re-establishing obvious brand differences, implementing cross-cycle capital allocation, giving priority to positive deleveraging, and maintaining the company's windowing rules. The findings suggest that sustainable media leadership rests less on catalog scale alone than on an organization's capacity to coordinate and monetize heterogeneous cross-platform assets under financial discipline. This study gives a very critical strategic framework for understanding the digital transformation that diversified traditional media groups are experiencing.

Keywords: Streaming Economics, Legacy Media Transformation, Intellectual Property Monetization, Brand Architecture, Capital Allocation

1. Introduction

1.1. Research background

The global media value chain is undergoing a structural transformation, from the previous mode of relying on channels to pre-scheduled distribution to the current consumer-centered and on-demand streaming media ecosystem. The global television and film industry is developing from reservation and channel distribution to direct and consumer-oriented streaming media. Streaming media reconfigures financing, distribution, discovery, measurement, and monetization, and supports the

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integration and coordination of content libraries, brand assets, data infrastructure, and global distribution networks [1]. Existing media companies respond by expanding streaming media services, integrating libraries, cooperating with partners, and reorganizing legacy assets [2].

Warner Bros. Discovery (WBD) is a granularly important case, which brings together the resources of various media logics. The company was formed by the merger of WarnerMedia and Discovery in April 2022, and then developed its direct-to-consumer business through the names of HBO Max, Max, and later HBO Max. By the end of 2025, the company had 131.6 million streaming media users, and its streaming media department generated about $1.37 billion in adjusted EBITDA [3]. At the same time, there is still structural pressure in the reorganization and transaction of WBD cable TV. By 2026, the evaluation of strategic position should change from traffic growth to content assets, distribution, profitability, financial constraints, and organizational adjustment [3]. This is important in business and society: WBD shows that traditional media groups have turned intellectual property, brand, production, and distribution into the value of the streaming media era, and the change of ownership and distribution has reshaped the global entertainment content.

1.2. Literature review

The existing academic achievements have determined several basic dimensions of streaming media competition. Chalaby believes in global scale, content ownership, and distribution control, while Jayakar and Park believe in the evolution rather than decline of strategic platforms [1, 2]. Csordá and Gálik identify that market position, content supply, and distribution are very important. Zabel and others associate competitive advantage with content quality, substitutability, and user habits [4-6]. The above research results show that, from the perspective of WBD, the library scale should have differentiated management methods. The second category is brand and interface governance. Asmar et al. and Lobato et al. believe that brand connotation and interface design affect the value of the audience together, while Zhao regards pricing and access as strategic levers [7-9]. Huang et al. further emphasized licensing strategy and disciplined capital allocation [10, 11].

Literature includes streaming media competition, content library, brand, platform economy, and so on, but there are still great shortcomings. Few studies have integrated scripts, facts, and life contents with linear networks, movie studios, and DTC platforms to form an organizational structure. The existing research separates the static content of the platform from the business model, without considering its dynamic coordination under the pressure of funds. Therefore, WBD is an intermediate case between a traditional TV group and a pure streaming media platform. Its core issues are which inherited resources are still valuable, how to coordinate them, and whether structural separation can improve strategic performance.

1.3. Analytical framework and research trajectory

Applied to WBD, these lenses distinguish those resources with strategic potential from the organizational ability to turn them into performance. This research is divided into four stages. First, it defines media leadership through content assets, brand strength, distribution scope, streaming media economy, and organizational adaptability. Secondly, it reshapes the trajectory of WBD since its merger in 2022 through the development of Max and the subsequent corporate restructuring process [3, 12]. Thirdly, analyze the positive ability and main problems, namely, IP monetization, HBO brand assets, mixed-flow economy, linear decline, debt pressure, and the uncertainty of the issuance window. Fourth, put forward specific solutions to improve the coordination of intellectual property governance, brand differentiation, capital allocation, and restructuring.

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2. Case profile: Warner Bros. Discovery in the streaming transition

Warner Bros. Discovery merged with WarnerMedia and Discovery Inc, which was split from AT&T in April 2022, and was finally formally established. This merger integrates Warner Bros's film and television production department, HBO, DC Comics, Discovery's documentary and lifestyle TV networks, and Discovery's huge global cable TV and news asset portfolio (such as CNN and TNT) [3]. This integration endowed WBD with a robust intellectual property catalog and an established global distribution infrastructure rooted in legacy linear television.

WBD's corporate strategy reflects a deliberate rebalancing of legacy cash-generating assets and high-growth digital platforms, as summarized in Table 1. The content of HBO Max and Discovery+ has been gradually integrated into a platform called "Max" since 2023, but the company resumed the title of "HBO Max" in 2025, so as to strengthen the high-quality brand image of HBO in the market. The WBD report at the end of 2025 pointed out that the number of users of streaming media in the world reached 131.6 million, and EBITDA was positive after the adjustment of streaming media, indicating that the business has changed from the original strategy of focusing only on user growth to the actual profit strategy [3]. The market segment structure embodies the dual-track strategy of WBD: relying on the stable cash flow from the linear network, it supports the expansion of its direct consumer-oriented streaming media business.

Table 1. Overview of Warner Bros. Discovery's core business segments

Business Segment	Key Assets Included	Strategic Role in Transition
Studios	Warner Bros. Pictures, Warner Bros. Television, DC Studios	IP engine generates long-term content value and multi-window revenue amortization.
Global Networks	CNN, Discovery Channel, TNT, Food Network, HGTV	Legacy cash cow; provides essential cash flow and cross-channel promotion despite linear decline.
Streaming (DTC)	HBO Max (formerly Max), Discovery+	Long-term growth driver; establishes direct-to-consumer relationships and hybrid monetization.

Despite these liquidity gains, WBD is still in a serious structural headwind, which makes its transformation very complicated. There are still serious structural pressures in the linear network economy. WBD has huge debts, strategic restructuring plans, and changes in company ownership. The Netflix transaction ended in early 2026, and the new Paramount Skydance agreement was announced, which still needs to meet strict regulatory conditions [3]. Public reports in August 2026 show that the proposed acquisition process is still in dispute, indicating that the company configuration of WBD Company has not yet been determined [12]. In short, WBD relies on the transformation of traditional assets, from a diversified linear media group to an enterprise focusing on studios and streaming media.

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3. Strategic capabilities and structural constraints in WBD's streaming transition

3.1. Strategic capabilities underpinning market position

3.1.1. Scale and multi-window monetization of a diversified IP portfolio

The biggest structural advantage of WBD is that it has extensive intellectual property rights and monetizes personal assets in multiple windows. Flagship franchises—including Harry Potter, Batman, and Game of Thrones—allow WBD to orchestrate revenue across theatrical releases, premium pay-TV, proprietary streaming, third-party licensing, and merchandising. The research on the competition of streaming media shows that the continuous use of quality, differentiation, and substitutability support will make large content libraries have comparative advantages [1, 5]. Therefore, the value of the library is far greater than the initial release, and repeated mining can spread the huge production cost to multiple profit opportunities. For the media industry with high fixed production costs, if a title with poor performance appears in a certain window, it can still get good returns after authorization or franchise extension in a later stage. The structural design endows WBD with lasting resources, and pure digital streaming media companies should rely on continuous high-risk investment to imitate this resource.

3.1.2. HBO as a premium brand equity asset

HBO performs a distinct strategic function as a premium brand equity asset, long associated with high-quality, scripted entertainment. In the increasingly crowded streaming media market, an identifiable brand will greatly reduce the search cost of users and provide clear and reliable high-quality signals to viewers. The analysis of streaming media brands shows that in a market with rich content and highly distracted attention; the brand meaning is still the fundamental reason for differentiation [7]. The research on streaming media libraries also links positive brand awareness and content quality with continuous use and perceived value [5, 6]. Therefore, the fulcrum of Max's return to HBO Max in 2025 can be interpreted as a deliberate effort to transform existing brand assets into new platform differentiation. The advantage is not only the popularity of a blockbuster series, but also the stable reputation expectation brought by the HBO name.

3.1.3. Cross-platform synergies and customer acquisition efficiency

A further distinctive advantage lies in WBD's integrated ownership of linear networks, which provides a low-cost infrastructure for cross-promoting DTC offerings. Linear network, live sports programs, breaking news brands, studio marketing, and streaming media services can promote each other. The research on existing media companies shows that when traditional assets are actively integrated with new platforms, the existing distribution links and extensive market existence can directly become digital advantages. This structure can significantly reduce the company's dependence on external customer acquisition cost (CAC) and also expand the exposure to the same IP under different demographic characteristics. Strategic value comes from coordinated internal attention, not just channel ownership, which brings great cost-effectiveness to enterprises.

3.1.4. Hybrid monetization and ARPU optimization

WBD's streaming segment demonstrates increasing economic maturity through hybrid monetization strategies. Direct consumer-oriented DTC market segment successfully combines traditional

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subscription revenue, access level supported by advertising and other forms of monetization, which is a major change in the whole industry. By 2025, the number of streaming media users will reach 131.6 million, and the adjusted EBITDA of streaming media will be 1.37 billion U.S. dollars [3]. The company demonstrates that it can extract higher Average Revenue Per User (ARPU). This ability is very important because media leadership is increasingly measured by income quality, profit margin, and financial sustainability, not just by the number of subscribers [10].

3.2. Structural constraints on transformation

3.2.1. Brand dilution and strategic identity fragmentation

The combination of HBO's high-quality script content with Discovery's factual and lifestyle programs leads to the complete dislocation of the brand structure. Although a larger catalog width can theoretically improve the functional value of the family, the excessive width will seriously weaken the special significance of the main brand. The research on brand and catalog organization shows that platform logo, interface structure, and content focus will affect the audience's understanding and evaluation of content [7, 8]. The chaotic naming order, from HBO Max to Max, and then back to HBO Max, shows that WBD has not completely solved the internal tension [3]. Excessive breadth reduces the symbolic value of HBO, which makes core paying users feel that there are too many programs on the platform and the quality is not high, thus fundamentally undermining the loyalty of the audience.

3.2.2. Temporal cash-flow mismatch between linear decline and streaming investment

WBD also has a time problem between the economic decline of linear TV and the huge investment in streaming media. The annual report of 2025 shows that linear network revenue is affected by continuous acceleration (due to cord-cutting and reduced advertising spend), and streaming media needs to continuously invest a lot of capital expenditure in content production, technology, marketing, and international expansion [3]. The result is a serious financial mismatch. The traditional cash cow business is shrinking rapidly, and the new digital business needs a lot of subsidies to maintain its growth; it also has to deal with the problem of customer loss. Literature shows that it is very difficult to manage old and new business models at the same time [2, 4]. WBD was forced to squeeze out cash from its traditional business to support streaming media, but the excessive cost reduction of the linear network led to its demise, which put the company in a dangerous transition period.

3.2.3. Leverage overhang and constrained capital allocation

A post-merger leverage overhang significantly constrains WBD's strategic discretion in pursuing streaming expansion. The high interest expense reduces the operational flexibility, coupled with the long investment cycle and unpredictable return of streaming media content, which makes it difficult for it to rely on deficit expansion to achieve radical expansion like Netflix and Amazon, and can only selectively allocate capital. Some studies have found that increasing the budget of TV programs does not necessarily have benefits [11]. Therefore, the debt burden makes WBD make conservative decisions, often canceling nearly completed projects or drastically cutting production budgets, thus damaging its creative reputation in the industry.

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3.2.4. Windowing instability and corporate strategic uncertainty

The determination of the issuance window will cause market fluctuations and internal contradictions. Streaming media reconstructs the schedule of cinema distribution, high-end TV, exclusive content of streaming media, and authorization by third parties. WBD is wavering whether to keep its own content or license high-end IP to rivals such as Netflix for short-term gains [9]. An unstable window strategy will reduce the scarce value of IP, cause consumer cognitive confusion, and enterprise reorganization will aggravate the dilemma. WBD abandoned the original internal spin-off scheme and adopted other trading methods, involving terminated transactions and the Paramount Skydance agreement [3, 12]. This huge macro uncertainty hinders long-term content planning because studio executives and producers allocate resources, while the ownership and distribution structure of the group is still unstable.

4. Strategic recommendations

4.1. Rebuilding brand architecture through a house-of-brands model

In order to overcome the problems of HBO brand dilution and the complicated WBD content matrix, the company needs to reshape the brand system by relying on the main and sub-brand strategy. HBO only makes high-budget fine script content and does not produce low-cost documentary content. Discovery+ and related channels are sub-brands that mainly broadcast documentary, life, food, and family programs. Brand split keeps accounts, billing, bottom data, and other back-end unified, but the front-end experience, algorithm, and content positioning are different, relying on content library and interface design to form users' cognition [8]. Therefore, WBD should use stronger editorial management, a specialized genre center, and high-quality content priority to expand its scale and increase the number of consumers without weakening the significance of core brands [7].

4.2. Cross-cycle cash-flow management and portfolio-based capital allocation

The temporal mismatch between declining linear-TV cash flows and the substantial upfront capital required by streaming makes a multi-year, cross-cycle capital-allocation mechanism essential. WBD can't take reactionary short-term budget-cutting measures, but should gradually and selectively reduce the operating cost of the declining linear network. The enterprise must keep the most important legacy assets strategically, that is, the main real-time news, sports, and other assets, and actively eliminate duplicate infrastructure and low-value programs. At the same time, liquid investment should shift from extensive deficit-driven expansion to strict portfolio-based prioritization. The flagship franchise with high potential, the established high-quality script series, and the geographical market with a clearer monetization path should be given priority investment, while the marginal original works should have a higher financial obstacle rate. WBD should also pursue a more flexible, mixed monetization model and adapt its business model to evolving market conditions [10]. In order to reduce the upfront capital investment, WBD should increasingly use a joint financing structure, strategic distribution partnership, or financing of large-scale production projects before the audience demand is fully confirmed.

4.3. Deleveraging through divestment and phased content financing

Due to the huge leverage left over from the merger in 2022, debt reduction must be promoted to a strategic priority position, because excessive debt fundamentally undermines the company's ability

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to absorb creative failures and invest in new content. WBD should actively give priority to divesting or reorganizing those non-core and low-profit assets, such as regional broadcasting licenses or poorly performing cable TV networks. Content investment should be governed by a transparent, data-driven ROI framework that estimates each project's expected contribution to subscriber acquisition, advertising revenue, and long-term intellectual-property value. In addition, the content project should be financed by phased investment, and the later production cost is determined by early market evidence or audience testing. This method is very important because there is no definite relationship between the huge TV advertising investment and the corresponding financial income [11]. Extending debt maturity and active refinancing should be used exclusively to create strategic investment space, not just to postpone financial liquidation.

4.4. Codifying windowing rules and restoring strategic credibility

WBD should establish a strict and predictable multi-channel distribution system, the flagship IP strictly limits its window period, and reserves the exclusive cinema premium period before its own streaming media goes online; Only authorize non-core long tail stock content for competing products, and balance income and platform exclusivity. A central content-governance committee should be established to formalize windowing rules in writing and to reduce internal friction. The management should convey a stable business strategy to the market to prevent rumors of reorganization and acquisition [12]. Strategic adaptation requires active and coordinated management of legacy assets and digital assets, and cannot be repeatedly converted between incompatible business models. A unified enterprise narrative can stabilize internal operation planning and external market expectations.

5. Conclusion

5.1. Key findings

This study examined Warner Bros. Discovery as a definitive case of legacy media transformation under the intense dual pressures of streaming expansion and linear television decline. The analysis identified four core strategic capabilities to support WBD's market position: it has a diversified intellectual property portfolio of multi-window monetization, high-quality brand equity of HBO, cost-effective cross-platform synergy, and an increasingly mature mixed monetization mode. However, four serious structural constraints threaten this shift: Brand dilution, linear income decline, serious cash flow mismatch between necessary liquid investment and post-merger debt burden, serious instability of distribution window, and company strategy caused by portfolio integration. In order to solve the above tension, this paper believes that WBD should re-establish a differentiated brand structure, implement cross-cycle cash flow management, consider active deleveraging first, and strictly control the content window. The leading position of media in the streaming media era can not be determined only by the number of content assets, but also by whether the organization can coordinate these resources well under extreme financial pressure.

5.2. Theoretical and practical contributions

This research has many theoretical and practical contributions. Theoretically speaking, it broadens the research scope of media management literature, breaks the research idea of only studying pure digital streams, and discovers the intermediate state of traditional media groups. The framework

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offers a transferable lens for comparable legacy-media groups undergoing similar transitions. The proposed strategy of brand isolation, strict capital allocation, and multi-window distribution gives media executives practical means to coordinate the controllable decline of traditional assets with the sustainable growth of digital platforms.

5.3. Limitations and future study

Three limitations should be acknowledged. The use of second-hand public data, company documents, and industry reports limits the understanding of WBD's internal executive decisions and proprietary consumer behavior indicators. In addition, the design of a single case study also makes it impossible to be fully applied to different media ecosystems. Future research could collect primary data through industry interviews and consumer surveys to test the proposed framework empirically. In addition, a longitudinal comparative study of large enterprise groups can also reveal more general industry trends. Finally, follow-up research will investigate how emerging technologies, especially generative artificial intelligence and immersive media, will disrupt traditional production costs and asset valuation.

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