Making News
in the
Global Market

Don M. Flournoy & Robert K. Stewart

Foreword by
Jimmy Carter
Contents

Foreword by Jimmy Carter vii

Authors’ Preface ix

1 The Rapid Rise of CNN 1
2 The Turner Paradox 15
3 The World Report Factor 33
4 Gathering & Producing International News 59
5 The Push of Technology 91
6 The Pull of the Market 115
7 CNN’s International Partners 145
8 The International Audience 183
9 The Third Age 203

Bibliography 211

Index 217
Foreword by Jimmy Carter

Ted Turner is one of my heroes. He’s the most evocative, innovative, effective, dedicated person that I have ever known in the American news media.

But it was the ocean that first introduced me to Ted, long before he became known for revolutionizing the news business. I first encountered his great determination and drive in 1977, when he came to the White House after successfully defending the America’s Cup. He had overcome many setbacks in his quest for that prize, and since then, I have come to see that sailing victory as a metaphor for his career.

Back then, news accounts painted the picture of a modern-day swashbuckler, a man who was equal parts daring and guile. But the Ted Turner I have come to know in the last 15 years, spending many hours on horseback, in fishing boats, and in the privacy of our homes, has a unique persistence and passion for life. His deep and long-standing commitment to world peace, human rights and environmental quality has lead Ted into several remarkable ventures.

One of Ted’s goals is to bring the peoples of the world closer together, and there is no better example than the founding of Cable News Network in 1980. CNN, the world’s first live, round-the-clock, all news TV network, broke all molds of television journalism. Now seen in more than 200 countries, CNN has done more to close the gaps of misunderstanding between the world’s people than any enterprise in recent memory. Ted gave life to Marshall McLuhan’s prediction that television would create “a global village.”

When I travel in other countries on behalf of the Carter Center, I frequently meet with Heads of State and other top officials, including the U.S. ambassadorial staff. I rarely go into any
dignitary’s home or office anywhere on earth that I don’t find a television tuned to CNN. CNN has become the pre-eminent source of accurate news reporting throughout the world, allowing people from diverse backgrounds to share their experiences. This kind of communication contributes enormously to understanding other cultures, which in turn, makes for a more benevolent and peaceful global community.

Ted, like the name of his famous sail boat, Courageous, has accomplished great things in spite of criticism, jealousy, competition, and personal and financial obstacles. In all of his endeavors, he has put his vast resources to work in the service of humanity. His commitment to the environment has been reflected in the television programs he puts on the air. His belief in the importance of cooperation has been expressed in his international sports efforts.

As CNN has grown and evolved over the last 17 years, one of the programs I admire the most is World Report. World Report airs stories by reporters in more than 80 countries around the globe. CNN’s commitment has been to broadcast these stories without editing, giving local journalists a chance to report the news they consider the most important in their countries.

It is impossible to think long about CNN or any of Ted’s other enterprise before thinking about the man at their helm. Whether capturing a sleek and powerful sailboat or directing a multifaceted communications corporation, Ted Turner manages to imprint his own personality on the whole of his organization. This book, detailing the rise and success of CNN, is a testament to the persistence and passion of a single man. Ted Turner is America’s 20 century visionary.

Authors’ Preface

CNN’s presence is felt in every part of the world, its brand name synonymous with news from everywhere, all the time. The same energy, boldness, and responsiveness to market opportunities that defined CNN’s early years makes it today’s company to watch and learn from in the business of international news.

CNN: Making News in the Global Market chronicles how founder Ted Turner transformed his Atlanta-based company into a credible international news service in spite of his activist social agenda that challenged well-established journalistic traditions. Furthermore, his company’s aggressive strategy of covering news whenever and wherever it happens, of breaking the news first, of going live from the scene, has frequently put the company in the uncomfortable position of shaping the events it relentlessly covers.

This book uses first-hand accounts from many insiders, incorporating interviews with Ted Turner and company managers, with those who gather, produce, market and globally distribute the news, and with those who have signed on as CNN partners. The result is a revealing look at how an American company took shape around a strong leader, how it built and projected a world-class identity, and now prepares for stiff international competition.

In an attempt to provide updated information regarding our subject, we are maintaining a Web site for this book on the Ohio University Institute for Telecommunications Studies site, located at http://its.ohiou.edu/cnnbook. Also included are photographs of many of the individuals interviewed in this book, as well as corrections, clarifications, reviews, and links to Web sites that we have listed in the book.

This book would not have been possible without the help of many individuals. We would like to thank Lou Curles of CNN for
facilitating our attendance at World Report contributors conferences over so many years, and for her guidance in navigating through the CNN maze. We also are grateful to the managers and staff of CNN’s International Desk, who took the time to explain to us what they do, and why. We thank Ralph Wenge and his staff at World Report for their time and patience in helping us understand the unique nature of that operation. We also thank the many World Report contributors who responded to our questions.

We also want to thank Paolo Ghilardi, a graduate student from Italy who interned on the International Desk in 1996, for sharing in the interviewing of CNN executives. In addition we wish to thank research assistants Yu-li Chang, a World Report contributor from Taiwan and currently a doctoral student in the E. W. Scripps School of Journalism at Ohio University, and Sang-chul Lee and Ece Algan, doctoral students in OU’s School of Telecommunications. Many other graduate students at Ohio University have been involved in our research over the years, and we wish especially to thank Rachada Kongkon, Rani Dilawari, Charles Ganzert and Chun-il Park. We also want to thank our editor, Nancy Basmajian, who helped make the book more readable and, often, more sensible, as well as Molly Stewart, who assisted with the cover design. And finally, we thank our families for suffering the many hours that it takes to complete such a project. To our wives, Mary Anne and Candace, thanks for your support.

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1

The Rapid Rise of CNN

It is the policy of TBS that any person, event, etc. which is not part of the United States be referred to as international rather than foreign. . . . The word foreign implies something unfamiliar and creates a perception of misunderstanding. In contrast, international means “among nations” and promotes a sense of unity.¹

Ted Turner dedicated the Cable News Network on June 1, 1980, calling the round-the-clock news operation “America’s news channel.” Using satellites to deliver CNN to cable operators around the country meant that Turner could reach American consumers without having to build a conventional network of local broadcast affiliates to rebroadcast his programs over the airwaves. Unfortunately for Turner, only about 20 percent of U.S. television households could receive cable television, and his new 24-hour news channel reached only 1.7 million of those households—far fewer than were needed to make a profit.

The pace at which Ted Turner lost money only accelerated 18 months after CNN’s launch when the company created Headline News, a second 24-hour news network, to fight off a bid by ABC and Westinghouse to begin the Satellite News Channel, a competing cable news service. Predictions of a failure were common among media analysts, who wondered if Turner had sufficiently deep pockets to allow him to lose money for years to come. By the mid-1980s Turner had spent more than 70 million dollars keeping CNN and Headline News afloat.

¹ Ted Turner (vice chairman, Time Warner Inc.), memo to all staff (March 1990).
Yet, signs of a payoff were beginning to show even as Turner’s debt piled up. More and more cable channels such as ESPN, HBO, Nickelodeon, Arts & Entertainment, USA, Disney, Showtime and C-SPAN—together with Turner’s cable channels—were countering cable’s limited penetration by making cable more attractive to viewers. By 1985, Turner’s original news channel was reaching more than 33 million households—four out of five U.S. cable homes—and nearly 40 percent of all U.S. TV homes. Headline News had 18 million subscribers. These numbers were vital to CNN’s economic success because larger audiences mean greater advertising revenues.

But cable changed the formula for making money in broadcasting. Even if the number of Americans watching any single cable program remained a fraction of the audience of the Big Three broadcast networks’ nightly news shows, the cumulative effect of small but multiple (and 24-hour) revenue streams could still generate operating profits. Such providers could charge cable companies a per user fee for each cable subscriber, giving them an important second stream of revenue. CNN’s two news channels were proving that news programming could make money in a world of splintered television audiences:

[In 1985] CNN generated $56.5 million in advertising revenues, up 23.3%. CNN Headline News also more than doubled its flagging advertising revenues in 1985 to $13.7 million from $6.4 million. Operating profit for the cable segment did an about-face in 1985, posting an $18.8 million gain compared with a $15.3 million loss the prior year.2

By the mid-1980s, CNN and Headline News were fast becoming important parts of a growing family of networks making up the Turner Broadcasting System. Shortly after Turner’s failed bid that same year to buy CBS, which would have vastly increased the audience for CNN programming, Turner returned to the strategy of expanding audience through the creation of still more cable-based news and entertainment networks. The global market appeared to offer new opportunities for growth, what with the explosive growth in international trade and shifts in the world markets, all of which were creating demands for more up-to-date information. For Turner, it was a relatively simple matter to combine the CNN and Headline News domestic signals and put them on an international satellite in 1985, thus creating CNN International.3

Since the mid-1980s, the CNN family of networks has grown to include nearly a dozen news channels and a wholesale news service (CNN Newsource) that sells video news to approximately 600 broadcast affiliates worldwide.4 With so many 24-hour news networks and services, CNN today has an insatiable demand for programming. The key to survival and success is simple: take any given news item and air it again and again in different ways on each of the company’s networks. In CNN’s centralized news-gathering operation, a team at CNN’s International Desk assigns stories to the network’s reporters, and the resulting product (i.e., news packages, raw video footage, etc.) is made available to an array of CNN networks. Producers for each of CNN’s news networks pick the reports they want for their shows from a “menu”

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3 CNN as early as 1982 was available in Japan and Australia.
4 New entertainment networks created during this period include the Cartoon Network and Turner Network Television (TNT).
of stories, depending on their audience. Stephen Cassidy, senior international assignment editor and one of the key people responsible for deciding which news events get covered, compared the company's various news networks to a group of restaurants under common management, with the original “full-service” CNN channel offering “steak and potatoes”: 

It's got talk shows. It's got interactive shows. It's got an hour-long format with long talk. We go to live events for a complete and total revelation of what's happening, whether it's an O.J. trial or a political convention.

Headline News, on the other hand, is CNN's “fast-food restaurant,” with quick updates on the top stories of the day repeated each hour, while CNN en Español, the Spanish language service scheduled to go to 24 hours a day in 1997, represents our Mexican or Latin restaurant that appeals to the palate of people who speak Spanish and are interested in things in the world of Central and South America. ... CNN Internacional is our international café bistro. The special of the hour changes depending on what time it is. It is always prime-time somewhere.

What makes CNN so efficient is that it can adapt the same news story to its ten different networks, keeping the per-story cost low in comparison to other networks, according to Cassidy:

If Dan Rather sends a reporter to Timbuktu [who] spends $10,000 to send the story back to New York, they are going to put that story on the evening news tonight and it's going to play one time. Maybe CBS will take some pictures from that story and use them again tomorrow in their morning newscast. At the very most they will use their material once, twice, maybe three times maximum. If I send a reporter to Timbuktu to do a story for CNN ... [the reporter] will send that report back ... and any one of seven different networks ... can use that material. Maybe within the course of 24 hours you might get 30 plays of the material. How much

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5 Stephen Cassidy (senior international assignment editor, CNN), from comments made to CNN's International Professional Program participants (September 1996).

6 Ibid.

7 Ibid.
made the push to distribute CNN internationally an obvious business strategy for Turner. This strategy is now underway.

CNN now employs a satellite system that covers six continents, reaching some 210 countries and territories, with potential access to a half-billion people every day. Even in countries where CNN is unavailable to ordinary people—because of limited cable or satellite systems or because of political realities—CNN International has become the prevailing choice of viewers in hotel rooms, government ministry offices, and presidential palaces.9

On the newsgathering side, CNN's global growth has led to an increase in the number of international news bureaus to 21 and worldwide news staff to approximately 3000. Perhaps the most remarkable aspect of CNN's expansion is that it mostly occurred while American over-the-air networks were slashing budgets for non-U.S. bureaus. Carla Brooks Johnson gives a brief history of this development:

As television technology grew in the 1960s and 1970s, the three U.S. Networks had taken the international lead in developing news bureaus in key locations throughout the world. They were joined by representatives from a few of the leading international broadcasters whose companies could afford such luxury. By and large, international coverage depended on transitory major events: wars, famines, the Olympics, and the like. In the 1980s, financial bad times hit hard for the "Big Three" in the United States, and similar broadcasters around the world. The networks lost about ten rating points in their nightly news, and each rating point cost them about $30 million. The networks cut foreign broadcast bureaus and news staffs and began to use the two global TV picture agencies (WTN and Visnews).9

The significance of CNN's global expansion became most evident during the Gulf War, when its wall-to-wall coverage not only produced the company's highest ratings, but led to much talk of a "CNN factor" (sometimes referred to as the "CNN effect"), whereby the network was thought to be inadvertently shaping news events by virtue of its aggressive live television coverage.10 CNN built much of its reputation as a credible source for international news on the basis of its on-the-spot reporting from such locales as Tiananmen Square in Beijing in May 1989, Baghdad under siege in January 1991, and the Parliament Building in Moscow in August 1991. These and numerous instances to follow also led to CNN's reputation as a news company whose very presence can shape the outcome of events it covers.

Despite the news company's aggressive news coverage, which can be distressful to the governments in power, CNN is now doing business in China, Baghdad, and Russia, and in 1997 has plans to open a bureau in Cuba.11 According to Joe Hogan, senior vice president for network distribution at Turner International, broadcasters like China Central Television are valued customers of TBS and CNN. Although China has banned satellite reception of foreign programs for its citizens, Chinese officials have been willing to allow CCTV to receive Turner programs and selectively redistribute them within the country. According to Hogan,

We fully understand that they do not want CNN International on a 24-hour basis to be distributed to every household in China. We respect that and will operate accordingly.

. . . . We don't have the view that we will rain down on a country via satellite television whether we are welcome or unwelcome. We will work with the powers that be, the state broadcasters, the ministers of communication, and we will abide by the rules of their country. . . . We do not want to force our products on them. We want them to look at our portfolio . . . and then go from there.12

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11 No non-Cuban news organization has been allowed to operate a bureau in Cuba since 1969. In April 1982, CNN originated the first live American telecast from Cuba since 1958. After initially opposing CNN's initiative to open a Havana bureau, the Clinton administration backed the proposal.

12 Joe Hogan (senior vice president for network distribution, Turner International), interview (August 1996).
And the Turner “portfolio” is selling well in China. Turner and CCTV have formed a number of commercial ventures. One of these is a deal that allows CNNI to be distributed to hotels throughout China. According to Hogan,

It has been a very successful relationship on our behalf and very successful on their behalf. CNN is now in over 50,000 hotel rooms throughout China. . . . It is a partnership that works well because both parties bring something that is absent in the other camp.13

The relationship with China may expand beyond news to include entertainment in the coming years, according to Hogan. Turner already distributes four hours a day of Cartoon Network programming to half a dozen provincial cable systems in China. “As we become a new company—Time Warner—with even more assets,” Hogan said, “the relationship will come to include those areas as well.”14

Technologies of Distribution

One reason for the rapid rise of CNN has been the company's innovative use of communication technologies to reach its audience. At the center of this strategy are satellites, the miracle solution for Ted Turner's communication empire beginning with the national expansion of his Atlanta-based UHF television station to become Superstation WTBS in 1976. Satellites gave CNN a national audience in 1980, and have enabled Turner to be the first international broadcaster blanketing the globe using a mixture of Intelsat, Intersputnik, PanAmSat, and regional satellite signals when existing land-based systems could never have done the job.

Using satellites and a host of supportive terrestrial technologies, such as transportable satellite uplinks, lighter yet higher-quality cameras, and quick-turn-around digital editing machines, in addition to the standard fax and telephone, CNN's Atlanta-based staff maintain contact with international bureaus, correspondents in the field, and news sources everywhere—24 hours a day. Indeed, CNN's hallmark of live coverage would not be possible without satellites, which have helped the company get its live reports out of Libya, China, the Soviet Union, Iraq, Somalia, Bosnia, Peru, and other news hot spots around the world.

A family of technologies that will perhaps have an even greater impact on international operations of CNN—an impact not yet fully understood at this early stage of its development—is the Internet. As with satellite technologies, computer-based networks such as the Internet represent ways to overcome the physical limitations of one-way, limited-range broadcast signals. These technologies permit news to be exchanged quickly, leapfrogging political boundaries and border checkpoints silently and with ease, and they help to solve a host of logistic and economic problems as well. What opportunities the Internet will present for near-instantaneous access and coverage of the news is still being worked out. The fact that by the end of its first year of operation about a quarter of the “hits” on the CNN home page are from users outside the United States suggests that the Internet will be an important part of the network's continuing internationalization and global presence.15

Internationalizing the News

While “getting the news” is the company's stated priority, CNN managers have come to understand that how they go about getting the news and how they present it will affect the perspective of news. With this in mind, the company's managers—particularly for the international service—continually work to avoid the appearance of being a U.S.-oriented news network even while it is a U.S.-based company, according to CNN Senior Vice President Eason Jordan.

A news network has to be based somewhere. This place works well for us. It is absolutely no shame in being based in the United States. You have to do it somewhere. If we were based somewhere else there would be questions about how being based there somehow skews our perspective. But it has to be stressed that most of the people who work for

13 Ibid.
14 Ibid.
15 Scott Woelfel (vice president, CNN Interactive), interview (September 1996).
CNN don’t work in Atlanta. . . . It’s hardly Atlanta alone that decides what’s going to be on CNN. It’s absolutely not Americans alone who decide what news is going to be presented and how that news is going to be presented. We have people here from all over the world who have real input into what’s happening. It’s not just a facade. This is the real thing.\textsuperscript{16}

Jordan oversees the network’s international news team of 250 full-time staff outside the U.S. and 25 assignment editors on CNN’s international assignment desk. In that position, he has helped plan and coordinate CNN’s coverage of the Gulf War, the U.S.-led interventions in Haiti, Somalia, Panama, and Grenada, the collapse of Communism in the Soviet Union and Eastern Europe, the war in the former Yugoslavia, the crackdown in Tiananmen Square, and the Korean nuclear dispute. One way that CNN has attempted to insure that its coverage of such events is not limited to an American view is to hire non-U.S. citizens to staff the desk. According to Jordan,

There are some organizations who think, for instance, that an American network should have all American correspondents. There is great diversity in our presenting staff, in our reporting staff and in our behind the camera staff, and I think that is reflected in our programming and how we format our network.\textsuperscript{17}

Another way to see it that CNN has first chance at news wherever it happens, and that the news CNN offers is timely, relevant, and credible to an international audience, is to develop and maintain CNN’s working relationships with television networks, news agencies, and broadcasting unions worldwide, all of which are a big part of Jordan’s job. Even more important, perhaps, is Jordan’s ability as a member of CNN’s top inner circle—the Executive Committee—to help shape the company’s strategic plan to internationalize the news network.

A key part of that plan involves partnerships with local broadcasters such as Wharf Cable in Hong Kong. Wharf has a license to redistribute the CNN service in its entirety 24 hours a day, with inserts of four half-hours per day of local news in English. Prior to teaming up with Wharf, CNN had a relationship with Asia TV Ltd., which aired 10 to 12 hours of CNN material daily. Satellite TV providers in various international locales are similarly licensed to deliver CNN directly to households, for which Turner collects a set amount per subscriber per month. Such an audience is not likely to tune in for long if the content is too American, or even too “local,” for that matter, according to Joe Hogan;

CNN is in daily pursuit of a balanced global newscast. Please keep in mind that this goes out and reaches a couple of hundred different countries and territories, so as they strive for that balance on a daily basis there is a high probability that they are not going to keep everybody happy all the time. If you try to achieve a Hong Kong-relevant broadcast, you will find that your broadcast will be less relevant for other countries . . . What we try and do, what we feel is our strength, is in providing that global newscast covering the top stories of that particular day wherever those stories happen to be coming from. . . . We don’t want to take on the task of competing with the local news broadcasters for that audience. It is inconceivable that we could do that given the fact that we are in 200 different countries. Within the last five years, with changes in our satellite feeds, we have tried to do a more regional broadcast. Two years ago we opened a CNN production center in Hong Kong that serves as a formal gathering place for materials the six bureaus collect on a daily basis. It also serves as a production point for some Asian programming to be done on a daily basis. So that is one example of our effort to regionalize a broadcast. Because that production center is located in Hong Kong, that doesn’t mean it’s news about Hong Kong. The Tokyo bureau feeds down, so does Thailand, Seoul, Manila, Jakarta. Hong Kong now serves as the source of the Asian business news program distributed on CNN.\textsuperscript{18}

But Eason Jordan noted that whatever success a news organization such as CNN has internationally depends less on specific partnership arrangements than on what such partnerships say about the company’s “respect for the views of others,” for all practical purposes the corporate mantra at CNN.

\textsuperscript{16} Eason Jordan (senior vice president, CNN), interview (August 1996).

\textsuperscript{17} Ibid.

\textsuperscript{18} Hogan, interview (August 1996). Emphasis added.
CNN: MAKING NEWS IN THE GLOBAL MARKET

The example of such "respect" most often cited by CNN managers is CNN's World Report program, a controversial and little-understood undertaking of CNN founder Ted Turner, in which CNN airwaves are opened to broadcasters of all nations without editorial control. In October 1997, World Report marks its tenth anniversary of airing contributed reports from broadcast journalists around the world, none of whom is a CNN employee. The World Report staff in Atlanta assembles daily and weekly shows using contributed reports, editing them only if they exceed the time-limit of two-and-a-half-minutes. The program offers local broadcasters around the world the chance to be heard. And for Jordan and other key CNN managers, World Report offers the best evidence of the network's commitment to internationalize its news product;

If there is any doubt about the respect we have for different cultures and different people, just look at the World Report program. We wouldn't do that program if we didn't have that perspective.... The World Report has gone a long way toward proving to people that we want to provide a number of perspectives on CNN and that we are truly a global news organization in every sense of the word.19

Similarly, Turner often uses World Report to underscore CNN's respect for other points of view, as noted in his November 1996 comments at the U.N.'s World Television Forum:

What happens to cultures around the world as a result of the explosion of satellite television? How are we going to control this new development? ... CNN was the first global network, and it was my idea. And I think we were kind of like the explorers back in the 18th century. The first explorers, when they came from Europe in their ships, they were curious, and they were coming around to see what the rest of the world looked like. They didn't come with plans of conquest. And basically, they were welcomed everywhere they came. You know, when they came to the Americas, they were welcomed on the beach by the native peoples. ... Then they went home and talked about all these new lands in Africa, India, China. You know, Marco Polo ... He was pretty benign. But then, after that, they said,

"Ah, there's places here with the gold and people—we can make slaves out of the people. We can go get their gold and their trees and their animals, and we can get rich." And then came the conquerors, and colonialism. And I'd look at us as we were very benign. CNN was benign. We carried the World Report. We carried your reports. We listened. We only came in English, and we basically came through the local broadcasters. You could take whatever stories you wanted to, rebroadcast them. We were very benign.20

What CNN managers have come to understand and appreciate is how such unconventional Turner initiatives as World Report, the Goodwill Games, the environmentally-aware Captain Planet (a cartoon series) and other such gestures help CNN and its parent company TBS to think and act as a global entity, not just an American company with linkages abroad. These projects open doors not just for CNN's newsgatherers but also for TBS marketers, who sell their entertainment products around the world. According to Turner, such gestures have been important to CNN as the company seeks to better compete with global TV news providers such as the BBC, Rupert Murdoch's News Corp., and MSNBC. World Report in particular has been important to CNN as it seeks to define its broadcasting niche:

The World Report came out of my head early on, because clearly, what we were, we couldn't be a local news channel, because we were limited to being an international and national news channel. So we had to really put some real emphasis on international and national. That's all we were. If all you have is a piano, you'd better learn to play the piano or learn to sing. If the only instrument you've got is a banjo, you learn to play the banjo. And I wanted to learn to play the international and national news game, so I had an international perspective from the very beginning.21

Companies that wish to duplicate CNN's global strategy, "CNN wannabes," as Eason Jordan has called them, will find CNN a hard act to follow. The principal reason is the unorthodoxy of Ted Turner.

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21 Turner, interview (December 1996).