6

The Pull of the Market

I had just arrived at CNN. I was sitting at lunch [with those attending the 1996 World Report Contributors Conference] and it suddenly clicked. There is more to this than meets the eye. This is smart.1

"CNN is facing competitive challenges in the U.S. and around the world. CNN is gearing up for war. [Even so,] these are fun, exciting and challenging times at CNN," Eason Jordan told journalists at the May 1996 World Report Contributors Conference in Atlanta as he introduced Chris Cramer, recently recruited away from the BBC to become a CNN International vice president;

All great news organizations are led by strong, experienced and savvy individuals. Chris Cramer is a 25-year veteran of the BBC who grew up to be head of newsgathering. In my many years at CNN I have never known a more ferocious competitor.2

Cramer was hired in 1996 specifically to help develop and implement a strategy for internationalizing CNN. He did not waste time putting his stamp on the company. By July 1996 he had produced CNNI—Beyond 2000, a concept paper distributed to his fellow members of CNN’s Executive Committee for discussion. He also had circulated the draft to the staff of CNN International,

---

1 Chris Cramer (vice president, CNN International), interview (December 1996).
where he serves as managing editor. In the draft, Cramer tried to set the tone for what lay ahead:

CNNI is now producing about 70 percent original programming during the week, an average of 60 percent across the full seven days. We are now ready to move into the next phase of CNNI's development. To move to full maturity in a way which will continue to keep us well ahead of whatever opposition we may face.3

It is appropriate to assess where the channel now is, he wrote, and to improve it the company needs to keep focused on CNNI's basic strategy. That strategy is:

- To continue to be the foremost provider of international news for the World.
- To continue to attract the key opinion formers in all markets.
- To be the channel where news is first broken, reported and analyzed.
- To provide varied and innovative programming for a range of viewers around the World who take news and public affairs seriously. CNNI will be fresh and engaging with the best anchors and drawing upon the best newsgathering correspondents in the business.
- The channel will schedule the best of CNN and is committed to providing an appropriate service of news from America as well as the rest of the World.
- CNNI will develop new program formats and lengths to complement its existing services.
- It will invite viewer participation and, where appropriate, will respond to the views of its audience.

- When possible CNNI will regionalize its news services to provide more focus and relevance.
- It will seek to develop specific programming for the Asia, Europe and Latin markets.4

By the end of 1996, Chris Cramer and the CNNI staff were well along in the implementation of a three-year plan for changes in the program schedule and content. “CNN International has for the last 11 years made an extremely good living. Indeed, for many of those years in a monopolistic situation without competition. That is absolutely not the case now,” Cramer acknowledged. He said CNN has a variety of competitors. The one he will focus on is BBC World, because it is closest to CNN in terms of news product, but there are NBC’s various international channels, Asia Business News, Euronews and other services akin to what CNN does.

“If you focus on our two most particular markets, i.e., Europe, which includes Africa, and Asia, which includes Australia and New Zealand, then you’ve got two quite distinct types of battle-grounds there,” Cramer said.

What will happen in 1997 and what Time Warner and Ted Turner have signed on to, as far as CNN International is concerned, is a three-year strategy. The company has accepted a strategy, which I have put together with Eason Jordan, which says: if we are to maintain our carriage and influence in Europe and develop our carriage and influence in Asia, we’ve got to regionalize.

What we’ve now got to do is to start producing tailored programming for individual regions. That will mean in 1997 we will start to produce back-to-back parallel programming, part of it out of Atlanta, part of it out of a region like Europe and back into that region, out of a region like Asia and back into Asia. At the same time on the same hour of the same day, you will have a different news program going to the rest of the world out of Atlanta.5

---

3 CNNI—Beyond 2000 (July 1996).
4 Ibid.
5 Cramer, interview (December 1996).
He noted that CNNI currently transmits globally on 15 satellites using four distinct regional feeds. North America is one of these ("a small one, influential, but not a revenue driver") delivered to home viewers on direct satellite. Latin America, currently an important marketplace for CNN, after March 1997 will also have a 24-hour Spanish language channel, so there will be two types of CNN service going into Latin America: the English CNNI version and the new one, CNN en Español.

At any given time of day, we have four separate programming streams of CNNI going out. There is different ad inventory and some different programming, but primarily it is the same spine.

That will all change in 1997. In 1997, we will start moving our programming around, a little bit like coconut shells. We will start to produce time-specific and regionally specific programming. Why are we doing that? No note of desperation here, it's because we recognize, and indeed the audience is telling us, whereas they value and have a great deal of affection for the way CNN covers international news, they want it to be more regionalized.

Not localized. We don't rule out doing some vernacular channels either as co-ventures like we did in Germany now or as translations like we do in parts of Japan. But we are not in the business of competing with the local broadcaster. That is not our job and they would do it better than we anyway. What we do believe we are in the business of is providing an intelligent international news service, which in '97, '98 and '99 we will start to dramatically tailor our programming to a regional perspective, and that's the big change in CNNI, that's the hook we think will maintain our position as the market leader.

During 1996, several news programs were dropped from CNNI's schedule, including the U.S.-oriented Crossfire, Inside Politics, and Business Day. In their place, CNNI showcased selected material from the new business channel, CNNfn, and added CNN-produced shows such as Late Edition, Pro Golf Weekly, and Showbiz This Week, thought to have appeal for the international audience. Two new CNNI-produced shows were introduced: Insight with Jonathan Mann and Q&A with Riz Khan. Summary news programs tailored to regions, such as World News Europe, World News Asia, World News Americas, Inside Asia, American Edition, and Inside Africa, were in the process of being implemented.

The CNNI approach to regional weather was modified and GMT (Greenwich Mean Time) reinstated as a program reference. In 1996, CNNI commissioned and aired its first independent production, "Return to the Lions Den," charting Terry Anderson's return to Beirut for the first time since his release in 1991. Cramer said his goal is to continue to produce "landmark" programming—programs the audience positively want to tune in for, to make an appointment with. I want to vary the service on CNNI. To give it more light and shade.

Eason Jordan, who had a strong hand in internationalizing CNN and now holds administrative responsibility for international coverage and international relations, noted that while CNN International is still a young network, it has undergone some radical changes in 11 years, the most dramatic of which occurred in 1996. The hiring of Cramer was one of those changes in 1996, one that promises even more change in the coming years "as we rise to the challenge of an intensely competitive marketplace which did not exist in the early years of CNN and CNNI," according to Jordan.

There are a lot of things we must do—and we will do—to not only maintain but widen the competitive lead we have. One of the things we are doing... is regionalization. [We are] embarking down a path of simultaneously sending out separately-produced program strands to separate parts of the world. So while Asia might wake up to programming

---

6 CNNI—Beyond 2000.

7 CNNI—Beyond 2000.

8 Cramer, with Sid Harris, wrote Hostage (London: J. Clare Books, 1982), a first-hand account of the 1980 siege of the U.S. Embassy in Iran, in which he was held hostage.

9 CNNI—Beyond 2000.
presented from Asia for Asians, at that same time Europe, Africa, Latin America, and the Middle East will perhaps be seeing different programming ... world news will always be the backbone of the CNN service. U.S. news as a part of that will always be prominent, but this is a global service with an international perspective. What we want to do is heighten the relevance of the service.10

Jordan used Crossfire to illustrate why CNN opted to take some of the shows that are popular in the United States off the international service.

First of all, the only part of the world that was seeing it was Asia. Because at that time to Latin America we were airing a Spanish program and, at that time to Europe it was the middle of the night, and in Central Europe it was airing at 2:30 in the morning, so we had to think about our Asia audience. Even in the United States Crossfire would not fly in a breakfast television timeslot. Think about the time difference, and think about the timeliness of the program. You can’t just hold the program for 12 to 14 hours. It is not always going to be timely because it is a very topical program.

The concern we had was, first of all, is Crossfire proper wake-up breakfast TV? I would venture there is no country in the world where you can argue [that] it is. Secondly, while Crossfire is a terrific program for Americans, it has a machine-gun, rapid-fire manner to it that in many cultures is just inappropriate. It just doesn’t work. Thirdly, the program understandably, being a Washington-based largely political program, is very, very U.S.-centric. Whereas it is wholly appropriate for the domestic market and while the world certainly cares about what happens in the United States, if you combine those three factors, it just seemed to be inappropriate for CNNI. Maybe that is an incorrect decision but it is one we believe is right and we are going forward without it.11

In addressing the new CNNI strategy, he noted that in select countries you may see us introducing some national content, although at no time do we intend to challenge national broadcasters. We see ourselves as a complementary service to the existing national broadcasters. . . . We have this large ownership of n-TV in Germany, which is a national network in Germany, but it could be that at some point we will insert into CNN International some product from the country where the signal is being seen. It has not happened yet but it may happen in the next year or so.12

The Turner Culture

In October 1996, shareholders of Time Warner Inc. and Turner Broadcasting System Inc. approved a merger of the two companies into a single $6.5 billion organization. Gerald R. Levin, Time Warner chairman, became chairman of the new company; TBS chairman Ted Turner became vice chairman. Work was begun to rationalize management structures and to integrate the assets of the two companies, which include cable operations, professional sports teams, extensive film and animation libraries, entertainment and news production capabilities and facilities, and international TV syndication and distribution services.

Terry McGuirk was appointed chairman, president, and CEO of Turner Broadcasting System—titles held by his boss, Ted Turner, before Turner became vice chairman of Time Warner. The 45-year-old McGuirk started with the Turner organization in 1972, and has seen it grow from 30 employees to more than 8000. According to McGuirk, Time Warner-TBS is now the largest player in the cable universe; he predicts that the Turner networks have the largest growth potential of any of the businesses Time Warner is in.13

10 Eason Jordan (senior vice president, CNN), interview (December 1996).
12 Ibid.
In a December 1996 media trade magazine interview about the Turner business philosophy, McGuirk commented that Jerry Levin was very smart in allowing this culture to continue to prosper and understanding its unique nature. Time Warner has done all the right things to get the maximum out of this company.14

In an interview for this book, McGuirk reflected on the Turner culture:

If you think back to the origins of the company, in the early 70s we were a very small company trying to break into a very big broadcast and communications world that didn't look kindly on newcomers trying to take a piece of the pie. To grow from this undercapitalized situation to today it took a tremendous amount of luck, smarts, leadership by Ted, and most importantly we couldn't make many mistakes. For every two or three forward steps we took one or two back; we were not sufficiently well-capitalized.15

McGuirk was reminded that the company had taken on some financially and even politically risky projects, in which the probability of failure would seem quite high—projects such as the Goodwill Games and the World Report. Each involved international politics, which not only might offend the U.S. government and turn off the American viewing public, but also appeared at the time to offer little prospect of helping the network make money.

Not making money directly off of a singular event or project is part of the mystery of this place. We are all long-term thinkers here. We have all been trained at the management level of this company to build assets and not to be focused on immediate P&L [profit and loss] goals. That's surely the way Ted has always thought. Building value. If something brought value, in his mind, over a longer period of time, we would have no problem committing to it, because he knew that it logically would produce results maybe just beyond the normal three-to-five-year timeline for long-range plans that most people have. That's the way this company has succeeded. The ultimate successful goals are really what we focus on, and the many intermediate steps we in this company must take to get there.

Doing CNN didn't make a lot of sense for a small company like ourselves, but when you just look at the opportunity . . . every time [Ted Turner] added up the obvious in the '79 to '80 time-period before we launched, it just kept coming up that this works, in his computer, yet it looked like it couldn't work to most naysayers. But they weren't looking at the same thing. Ted is a very pragmatic businessman. Most of the people who are making the decisions in this company are trained that way, but because we think longer-term, it looks riskier.16

As for World Report specifically, he noted:

We are not so insular as to believe that only news in the United States makes sense. We want to be connected to every corner of the world. In fact, that's a lot of the magic of what we have created. We do connect to every point in the world and have reciprocal relationships and do very good business in all these places. Influence isn't always a profit-oriented phenomenon. Having good relationships with people who can't necessarily afford to pay for your service is still a good thing. This World Report, I think, provides a very good service and brings CNN to places it might not get to. One of the basic instincts in business is to make friends with people you are doing business with. We believe very strongly in that. . . . We are trying to bring these broadcasters into the family and create a much smaller world. It is all of what is wrapped up in the successful nature of this company.17

World Report's founding executive producer, Stuart Loory, remembered that the program almost immediately benefited Turner's broadcasting companies:

The earliest impact it had internationally was . . . the impact on TBS' marketing internationally. The way I know about that is that Bob Ross at that time was the head of the TBS'
operation in Europe. He discovered in the first year or two years of the World Report that people were coming to see him at the two big trade shows for television. . . . Very often, he was being asked about the CNN World Report. As a result of that, he asked me to come to those meetings and I went for two or three years, twice a year, to the meetings because people wanted to talk to somebody from CNN World Report. It was wonderful and I was able to make a speech about the program and at the same time Turner International was able to get some benefits out of the fact that we had the CNN World Report representative there who could talk of the program and helped to show people how serious Turner was about its international relations and about international penetration.18

CNNI's Jordan said he has no doubt that Time Warner elected to keep the CNN organization intact because of Ted Turner's track record in the area of understanding markets. Turner has been a hands-on chairman and leader at TBS and is expected to continue as an active vice chairman at Time Warner, where he heads the television division which includes CNN. Jordan argued that Time Warner recognizes that CNN is a dynamic, innovative, and hard-charging news organization "growing by leaps and bounds, even 16 years after its creation."19

Cramer, who had had plenty of opportunity to observe the Turner culture from afar during his years at the BBC, said he finds the Turner/CNN culture "extremely teary;"

The notion of teamwork is real here, very very inclusive, even for outsiders like myself. There is a desire here for you to succeed, not fail, and I come from a culture where they like you to fail. I may be naive, but I see this as fact. Very much an information-sharing culture, not an information-is-power culture. The notion of failure does not exist. I am not sure it is in their dictionary.20

CNN has earned the right to be left alone by Time Warner, according to Cramer. "What is very clear is that Time Warner sees CNN, the CNN grouping, as the crown jewels. Time Warner has many other assets but they have always seen CNN as the crown jewels," according to Cramer. He said that the idea of the "CNN family" is a reflection of Turner's commitment to holding it together, a view that is shared throughout the company.

There is a lot of Atlanta and a lot of the south in CNN, [possibly] the result of Ted [Turner] and Tom [Johnson]. My own personal impression of Atlanta in the first few weeks was that I'd never before seen people jog at 5:30 in the morning in the pitch dark. It says a lot about Atlanta. It certainly says a lot about the South.21

The fact that CNN's top managers have given Cramer the power to make changes says much about the company, according to Cramer;

Hiring someone at my level from outside the company takes a very mature organization. They've given me the freedom to hire from wherever I wanted to hire around the world. And I have done that. I've hired a half-dozen—more than that—extremely able executives and on-the-screen anchors, and not from CNN and not from America. So when they talk international, they mean international. They do have a culture of promotion from within, but they will buy in whatever they need to keep ahead.22

Cramer pointed to the company's investment in the CNN Interactive project as an example;

I am not sure they know where it is going. They just know that it is important and they know that they need to be out in front. That's why a year ago it had four people and now it's got, what, a hundred and thirty? And it's already making money. There is a passion, not so much to be on the leading edge of the envelope, but even further than that, wherever that is, beyond the window.23

---

18 Stuart Loory (former executive producer, World Report), interview (October 1996).
19 Jordan, interview (December 1996).
20 Cramer, interview (December 1996).
21 Ibid.
22 Ibid.
23 Ibid.
Asked whether Turner's social philosophy of doing business by doing good was an effective approach to the international news business, Cramer remembered that

Before I came to CNN, it had been pointed out to me that there was a belief within the organization that television could be a force for good, not evil. For a grand English skeptic, that is a curious view. When you get here, you know that they mean it. And interestingly you start to share it. They do believe that contacts and relationships and affiliations are critically important in being successful. They foster and nourish, indeed they cherish, those relationships every day of the week. But the catalyst for it is not money-making. It is the belief that it is right, the belief that it is also incredibly competitive. In that, we come back to World Report, don't we? [CNN has] the most affiliations of any broadcast organization in North America, indeed among all the news organizations in the world combined. And they have spent years working on it. They live and breathe it.24

The Third Age of CNN

The Financial Times asked Tom Johnson, president and CEO of the CNN News Group, about the impact on CNN of increased competition in the international news business. Johnson described 1996 as the beginning of the Third Age of CNN. The First Age was the establishment of the 24-hour cable news service beginning in 1980. The Second Age began with CNN's coverage of the Gulf War in 1990. The Third Age begins with the emergence of real competition.25

In responding to that competition, Johnson called attention to CNN strategies to regionalize its programming, to continue in its effort to make CNN less American and to move into important languages other than English. He noted the development of new networks such as the new Spanish language service CNN en Español, the CNN joint venture with Sports Illustrated, also a Time

24 Ibid.


Warner company, to create CNN-SI, and expansion of the mostly domestic CNN Airport Network to international sites.

Johnson also pointed to some technological developments, such as CNN live on commercial aircraft via mobile satellite, up-to-the-minute CNN headline news on personal pagers, and the ventures into interactive TV and the Internet. "The test," said Johnson, "is do these projects work journalistically? Do they work operationally? And do they work financially?"26

David Clinch is an international assignment editor on the International Desk. As an international hire, he said he has given some thought to what is really international about CNNI, how the international service developed and why. "The essential point to think about is whether CNN became international accidentally or deliberately," he said.

It seemed to me that it happened somewhat accidentally—due to the fact of satellite availability for distribution, and that international outlets were suddenly available that did not exist before. [CNN actually] went international before the service was itself international. It was successful even before it made an effort to internationalize it. If this is so, you have got to assume it was successful for what it was, that is, an American network. CNN was an American news service, America-based, with an American point of view and style. CNN was successful internationally for exactly the same reason it was successful in the United States. It was news, it was information and it was 24-hours a day.27

Such a service perhaps would have been successful no matter where it originated, whether in Great Britain or Indonesia or anywhere else, according to Clinch. The important point was that it was a 24-hour service of news and information delivered where the audience was.

Like the Beatles might not have been successful if the mass distribution of records had not happened at that time, the accident of Turner coming up with the idea of 24-hours of

26 Tom Johnson (president, CNN), interview with Paolo Ghulani (November 1996).

27 Ibid.
news was matched by the availability of satellite and cable distribution in the United States.²⁸

CNN was simply an extension of that, he said. And probably CNNI was begun following the same pattern.

Then you come back to [the question], well, we have an international service, lots of people are watching us, are we making any money at this? The answer generally was no, because there was no international advertising market. There were some internationally advertised products, such as Coca-Cola, but no global advertising market. So there became a need, not from a programming but from a marketing point of view, to create a service that could be marketed. In a sense, the pressure came backwards. There was obviously a consciousness that you needed to be neutral in terms of reference to us as Americans. But the pressure, I believe, to become a separate international service was a marketing thing.²⁹

Clinch said he sees the internationalizing of personnel, of program content and schedule on CNNI as a response to the demands of that new marketplace.

CNN was paying out lots of money for [satellite] distribution. If you go to Hong Kong and asked local companies if they wanted to buy advertisements on CNN, they would logically ask, “How many people are watching?” CNN would say, “We don’t know.” Then, because the number of outlets grew, in hotels and on the local cable systems, CNN was able to go to them and say, “Look, you’ve got CNN on your service. Would you pay us for advertising?” Then they would say, “Yes, but we want more Asian news.” Or “Yes, but you are too American.” Or “Yes, but we prefer you do this and not that.”³⁰

International Sales and Marketing

Ask the CNN news staff and the CNN/TBS management to name the factors contributing to the company’s ability to internationalize, and the former probably would de-emphasize the value of World Report, while management might over-emphasize it. Management knows that World Report is sacred and protected ground for the ultimate boss, Ted Turner, which is one possible explanation for the difference. They are ready to give Turner’s pet project credit, and may better recognize the value of the program from a marketing standpoint. The Guardian, for example, noted the benefit to the network when U.S. President Bill Clinton participated in the World Report’s first-ever Global Forum program, staged from the Carter Center in Atlanta as part of the 1994 Contributors Conference;

Presented as a town meeting with the planet, President Clinton spent 90 minutes answering questions from journalists in Sarajevo and Seoul, Johannesburg and Jerusalem. . . . A triumph of English as the common tongue and of technology, last night’s global hook-up represented the heavy weapon in CNN’s drive to beat off its BBC, Sky-TV and other competitors and assert its dominance of the world media market. . . . And in Bill Clinton, a president who believes that the soft power of U.S. trade and cultural influence is as important as the military hardware of a superpower, CNN deployed its ultimate salesman last night.³¹

It is also true that, while World Report has helped CNN cover the news faster and more comprehensively than anyone else, and although World Report creates goodwill among local broadcasters and broadcast stations and opens doors to CNN coverage and the marketing of CNN/TBS products, World Report is a symbol. World Report represents an attitude, a culture of inclusion, openness and fair play that the company’s managers want to project, and to market. This image, though fraught with difficulty in its implementation, has a lot to do with Turner’s international success.

²⁸ Ibid.
²⁹ Ibid.
³⁰ Ibid.
Herein is the paradox reflected in reconciling capitalism and social responsibility, in being held accountable to shareholders for acceptable rates of return while going out of the way to give voice to those who haven’t and may never have the means to buy the company’s products. In the news business, which depends on public credibility as well as profitability, this conundrum is very real.

TBS has a close but delicate working relationship with the People’s Republic of China. In 1996, a Chinese Long March rocket went awry, destroying an expensive Intelsat satellite and killing an undetermined number of people in the vicinity of the launch pad; some estimate that the casualties could be as high as several hundred. This story was reported on CNN only in very general terms because the news media could never get in to cover the event and the story could never be verified firsthand from either the western or Chinese sources present. On the other hand, there is some speculation that a Chinese dissident sentenced to prison for expressing views unfavorable to the government is now freed because CNN and other news agencies so relentlessly covered the story, embarrassing the Chinese officials into responding to world pressure.

Indonesia, now with the fourth largest population in the world after China, India, and the U.S., is a prime market for CNN. In the mid-1990s, CNN moved its Southeast Asian bureau from Manila to Jakarta. Indonesia has liberal public satellite reception policies and a growing number of commercial broadcast stations that are candidates to air CNN material. On the other hand, Indonesia has highly repressive policies toward its own press and brooks no criticism of government policy, and certainly not of the president or members of the first family, who control much of the nation’s business, including the independent stations that were set up to provide alternatives to TVRI, the state broadcaster.

Yet, in late 1996, CNN and CNNI ran news features on the Nobel Peace Prize winners Bishop Carlos Ximenes Belo and the exiled Jose Ramos-Horta. Citizens of Indonesia, Belo and Ramos-Horta had been chosen “for their work toward a just and peaceful solution to the conflict in East Timor.” Speaking in Hamburg, Germany, Indonesian Foreign Minister Ali Alatas said he was “astounded the peace prize could be given to a political adventurist” and a statement issued by the Ministry of Foreign Affairs said

Ramos-Horta was a key leader of the Fretlin, a radical political group . . . which Bishop Belo himself publicly condemned for the brutality of their brief rule. . . and Jose Ramos-Horta has yet to account for his complicity and responsibility in that bloodbath.

CNN managers have said the network is committed to covering the news wherever it finds it, and that is a matter not to be confused with its friendly relations with particular countries or stations. Certainly, the company must walk a fine line to maintain cordial relationships and yet continue to report stories critically and objectively from whatever direction news appears. CNN’s Tom Johnson addressed this topic in a press interview:

CNN wants to avoid the problems experienced by the BBC in providing an Arabic TV service for the Saudi-backed Orbit Communications Group which collapsed earlier this year in mutual recriminations. CNN has rejected proposals from Saudi groups for a Middle East service because of potential political difficulties. If we can’t go into a country and operate with independence, then we just won’t do it.

Johnson added that CNN is nonetheless allowed to report from North Korea and has plans to open a bureau in Havana, Cuba following approval from the U.S. government. In a presentation to the Media Studies Center forum at Columbia University in mid-December 1996, Eason Jordan told the group that

Cuban officials say they’re eager for us to move quickly to establish a bureau in Havana. CNN Havana bureau chief-designate Lucia Newman, Larry Register and I spent

32 Eli Flournoy (assignment editor, CNN International Desk), interview (August 1996).


34 Ibid.

35 “CNN Digs Its Claws In . . . .”
Monday to Wednesday on a scouting mission in Havana. We met foreign minister Robaina, parliament president Alarcon, Cuban TV president Roman and others in an effort to insure we’ll be able to open the bureau at first opportunity. We can move ahead only if the U.S. Government approves our application for the bureau. Cuban officials say their decision to allow CNN to have a permanent presence first in Havana is unconditional. They say they’ll never attempt to meddle in our reporting. They acknowledge the Cuban Government likely will be displeased with some of CNN’s reporting from Cuba. Nevertheless, they say CNN’s bureau will be welcome there as long as CNN’s reporting is accurate and fair.36

In any story CNN reports, from whatever country, the staff tries to be fair and exercise good judgment, according to Rob Golden of the CNN International Desk.

It is true that sometimes we need to be more tactful, and careful in our approach. For example, an aggressive style by reporters may be fully acceptable in a place like Israel where the culture accepts or tolerates that sort of behavior. But journalists would have to take a more warmhearted approach in Arab countries—sitting for tea with interviewees, for example. Almost every country has its sensitivities. We try not to offend anyone. In India, for example, the government expressed its displeasure with a story we did which featured many cows roaming the streets of India. In their view, we did not approach the story with the proper respect for the Hindu religious symbols. We have been very sensitive to that ever since, and we will give the proper treatment to any such stories in the future.37

He said the decision to undertake stories that might offend a host country will always face scrutiny: Does the importance of the story outweigh whatever repercussions (i.e., being kicked out of the country) may result? These are case by case decisions,


37 Rob Golden (assignment editor, CNN International Desk), interview (December 1996).

The Rising Competition

Tom Johnson has said that CNN will be a better news service as the field of competitors gets more crowded.

38 Ibid.

39 David Clinch (assignment editor, CNN International Desk), interview (November 1996).
We need the competition. We want the competition. It's what spurs us to keep ahead—that and the way the world leaders now come to us.\textsuperscript{40}

CNN managers are convinced that in the future their competitors in international news will not be the American "entertainment" networks (ABC, CBS, and NBC), but rather the companies that are trying to be global. CNN is a company whose main mission is news. CNN is news-driven, not program-driven, in that the assignment desk covers everything that is news wherever it appears in the world without regard to whether a particular show on a particular CNN network—on CNNI, CNNfn, CNN-SI, CNN en Español, CNN Newsroom or CNN Airport Network—will find a time slot for it. The Weekend Features unit of CNN does create a lot of program-driven work, and special programs are commissioned for a variety of purposes. But all producers have the option of picking and choosing from a rapidly updated list of stories (and raw footage) that includes everything from U.S. to Russian elections, from returning refugees in Kigali, Rwanda, to hostage-taking in Lima, Peru, from Dow Jones to the Thai stock market. The CNN news philosophy is: if it is important, it will be covered.

CNN executive vice president Ed Turner took umbrage when Sam Donaldson of ABC News remarked that the U.S. networks gave the 1996 Republican National Convention in San Diego, California, so little coverage because it looked more like an "infomercial than a news event."

annoying that some journalists and news executives seem to think it has to be entertaining to be news. . . . The subject of the governance of the country for the next four years is really important, even if personalities are well-behaved.\textsuperscript{41}

He explained that CNN's extensive coverage "goes with the territory. Our colleagues [at ABC, CBS and NBC] are in another

\textsuperscript{40} Johnson, quoted in Walker, 9. Walker wrote of the Global Forum and other discussions at the 1994 World Report Contributors Conference that were broadcast live on CNNI, featuring "world leaders, including Clinton, Rabin and Arafat, joining a global television hook-up as part of an orgy of self-promotion by the satellite channel."


business—entertainment—and we're not."\textsuperscript{42} Nonetheless, the American broadcast networks have not given up the turf entirely, and remain formidable competitors in the U.S. market. In related markets they are CNN competitors abroad.

\textbf{NBC}

MSNBC is a 24-hour cable and Internet news service\textsuperscript{43} launched in July 1996 as a joint venture of NBC and Microsoft, the computer software company. A 10 M/byte ATM (multimedia) data line, supplied by the long-distance telephone carrier MCI, links the geographically dispersed news operation, drawing in the on-line production facilities in Redmond, Washington, NBC News in New York, various NBC News bureaus, and the cable headquarters in Secaucus, New Jersey.\textsuperscript{44}

The network announced that it would have access to 20 million subscribers in the U.S. and Canada at launch. The service is intended to complement NBC broadcast and CNBC, begun in 1989 as the NBC-owned business news/talk cable channel reaching more than 58 million homes. According to Merrill Brown, managing editor for MSNBC Internet, the company plans to position its on-line component as a unique, stand-alone product that will become the Internet's daily news magazine drawing on material from NBC, CNBC, and MSNBC.\textsuperscript{45}

"It is basically the first Internet news organization built from the bottom up with the Internet in mind," argued Brown.

Its primary mission will be to do quick, topical delivery of breaking news. Aggressive use will be made of audio and

\textsuperscript{42} Ibid.

\textsuperscript{43} See http://www.msnbc.com.

\textsuperscript{44} Ken Freed, "MSNBC Interactive Merges TV, Web," TV Technology (29 November 1996): 29.

\textsuperscript{45} "MSNBC Aims to be 'Net News Mag," Broadcasting & Cable 126 (24 June 1996): 45.
eventually video content. In startup, MSNBC online is offered free to users. CNN is seen as its chief online rival.\(^4\)

Mark Harrington, MSNBC vice president and general manager, said the service will be
different from CNN and there is room for both. They've been at it for 15 years. With 60 million homes they have a different universe, but we have the strength of CNN News and its big-name talent as well as the Microsoft tie, which gives us an enormous step into the Internet world.\(^6\)

To succeed, said Harrington, MSNBC must bring new viewers to the service, not just take CNN viewers. The on-line connection is designed to capitalize on that trend and drive viewers back and forth between a company's broadcast, cable, and cyberspace outlets. NBC News Channel, the broadcast affiliate news cooperative, will be a key supplier to MSNBC. MSNBC must pay a license fee for this material. In addition, the cable channel will depend on affiliates to produce packages and provide live shots with local reporters.\(^5\)

According to Business Week's Amy Cortese and Rob Hof, Microsoft and NBC . . . both concede that MSNBC is not likely to have an immediate payoff. Their goals are long-term. Microsoft hopes to build a bigger presence in the converging worlds of media and computers and expects that constant promotion on NBC and the MSNBC cable channel will drive customers to the MSNBC Interactive Web site. If significant numbers of viewers are Net cruisers, too, the joint venture may prove the viability of an advertising-driven Internet site . . . For NBC, the MSNBC venture is a key step in expanding beyond its core U.S. broadcasting business. Since 1989, NBC has launched CNBC in the U.S., Europe, and Asia, an NBC channel in Asia and NBC Super

Channel in Europe. These properties make up 25% of NBC's asset base.\(^6\)

In August 1996, Tom Rogers, president of NBC Cable, announced that NBC's long-range plans are to launch MSNBC networks in Europe and Asia. He said that the network will customize Internet versions of MSNBC in a handful of European and Asian countries. "Having some cable programming on all four of our channels in Europe and Asia that is flagged as MSNBC . . . will help develop the Internet awareness for the network."\(^3\)

**ABC**

The ABC network, with approval of its parent, Walt Disney Co., announced its intention to start a 24-hour news network in April 1996. By May of the same year, it had folded the cable news effort. The reason given was a startling move by Rupert Murdoch to offer a one-time cash-for-carriage incentive of between $10 and $11 per subscriber to U.S. cable (and direct to home satellite) operators for channel carriage of the new Fox News Channel in up to 30 million homes. Analysts viewed Murdoch's offer as an effort to show the industry that he was willing to spend whatever it took to get Fox News off the ground. ABC executives did not want to get into a bidding war for distribution. Disney and ABC executives concluded that the cost of entry was too high: at least $400 million in losses in the first five years, and possibly no return on investment until the end of the first decade. They were already looking at losses of hundreds of millions of dollars for at least the first five years.\(^5\)

Ironically, this wasn't the first time an upstart cable news operation had spoiled ABC's bid to enter the 24-hour news business. Turner created Headline News and eventually purchased the Satellite News Channel from ABC in 1982 to avoid splitting the market with the broadcasting giant.


CBS

CBS network, owned by the Westinghouse company, has made some gestures toward getting into the 24-hour cable and satellite news business. In June 1996, the company acquired the Spanish-language news channel TeleNoticias, which is seeking to convert from a basic news channel to a full-service news and information network to include a roster of original magazine, talk, and other programs. The Miami-based service is now available in 22 Latin American and Caribbean countries, the U.S., and Spain. A separate customized U.S. feed has been developed, which contains much material seen in the Latin American feed based on stories of interest to U.S. Hispanic viewers. The new CNN en Español went head-to-head in competition with TeleNoticias when it launched in March 1997.

CBS TeleNoticias combines the strength of CBS News programming and newsgathering experience with Group W Satellite Communications distribution, sales, and marketing experience. This deal is thought to be a first step for CBS in its plan to expand into the cable and satellite markets and to look further afield. Donald Mitzner, president of Group W Satellite Communications, said he sees the acquisition as a long-term commitment to the international news business.

CNN’s international competitors are likely to have an even greater impact on Turner’s news network in the coming years. And in at least one case, a CNN competitor has a much longer tradition of offering broadcast news services to a global market.

BBC World

The original BBC World Service broadcast in many languages to virtually the whole world via shortwave radio. The role of the program was to promote the “British way and purpose” with much the same intent as the Voice of America and other public diplomacy channels, basically an instrument of government policy.

In 1991, the BBC launched World Service Television, a commercially funded news and entertainment channel with no government support. Its market-by-market approach to channel development meant that it often needed to find commercial partners in each region and use the BBC brand name and product to build up local audiences. While CNN concentrated on breaking news, the BBC intended to adopt a more interpretive approach. While CNN was avowedly commercial, the public service orientation of the BBC would be emphasized. At least these were to be the distinctive features according to BBC promotional materials. In planning for a BBC-WT service to North America, Director of Programs for BBC Worldwide Television Hugh Williams said:

The BBC perspective on the world would be different from the ‘clearly American’ CNN. . . . BBC has always been international from its start in radio. . . . BBC World wants to have an international perspective with context and analysis, but as a professional and modern news channel. We think the great appeal here will be to see how America is seen through other eyes.

In June 1996, John Birt, director-general of the BBC, announced major restructuring in the news divisions which merged the radio and TV staffs into one team; the World Service was combined with the domestic news division in Britain. The strategy was to cut costs by 15 percent, to invest in digital technology as a part of the plan to go for a 24-hour news channel, to produce additional themed subscription channels and provide CD-quality sound.

---

57 Heidi Dawley, “The BBC as We Know it is Signing Off,” Business Week (12 August 1996): 50.
Part of the reason for the restructuring was the prospect of unprecedented competition at home and the need to mount a substantially more ambitious service abroad. Digital broadcasting services were expected in Britain on Rupert Murdoch's BSkyB satellite service, which would boost the number of TV channels from 30 to 200-plus in 1997. The BBC forecast that audience share for the four traditional channels—BBC 1, BBC 2, ITV and Channel 4—would fall to 65 percent from 90 percent within 10 years.\(^{38}\)

Outside Europe, WST began as a part of Hong Kong-based Star TV, which, like BSkyB, was controlled by Rupert Murdoch's News Corp. BBC WST, now called BBC World, was delivered over AsiaSat1's north beam as part of the Star TV program package, a service that was terminated in late 1994 for one or both of two reasons: 1) that the BBC offended Star TV's most important customer, the People's Republic of China, with unflattering news coverage; 2) that Murdoch did not wish to displease the Chinese and had in mind to offer a global news service of his own. BBC World continued to be carried over the AsiaSat south beam which reached much of Southeast Asia, the Indian subcontinent, and the Middle East, but not the Chinese, Korean, and Japanese markets.\(^{39}\)

The powerful and ocean-spanning PanAmSat PAS-2 Pacific Ocean region satellite is now used by BBC World to reach viewers throughout the Asia Pacific region. A second PanAmSat satellite, the PAS-4 Indian Ocean region satellite, is used for reception in south Asia. In 1996, BBC World improved its global distribution by adding coverage of Latin America on the PAS-3 Atlantic Ocean region satellite, which offers potential audience of 12 million cable and MMDs households. Its digital video signal is uplinked to the satellite in Ku-band from the U.K. and then broadcast to cable headends on the C-band Pan American beam. Also in 1996, BBC World became part of the Galaxy Latin America DirecTv digital package aimed at home viewers in Brazil, Mexico, and Venezuela, with the rest of Latin America to be targeted in 1997.\(^{40}\)

Fox News

The 24-hour Fox News channel and the Fox News Web site were launched in October 1996 from new headquarters in New York City, the initiative of Rupert Murdoch, whose long-term goal is to be "the first truly global media power with access to nearly two-thirds of the world's population."\(^{42}\)

Our plan is very simple: we are expanding a global platform for the distribution of video and information. We are embracing the digital revolution. . . . We will be taking Fox News globally, first in Britain this year on BSkyB, and then the whole of Europe. And certainly in Southwest Asia, India and Australia in the first half of next year through our existing distribution channels there. . . . We are trying to establish a global distribution platform because we know how difficult it has been to launch any kind of product on cable in this country.\(^{43}\)

Fox News' strategy has been to negotiate distribution agreements in the U.S. with the big cable operators until it can launch its own ASkyB direct satellite service (in conjunction with MCI) in 1997. TCI, Comcast, Continental cable and others signed up under the financially attractive cash-per-subscriber package offered by Murdoch, which gave the Fox News Channel access at launch to an estimated 12 million cable subscribers.\(^{44}\) Fox thought it had an agreement with Time Warner Cable as well, which would have assured it an additional 10 million viewers, the critical mass presumed to be needed to compete with CNN's 70 million and

\(^{38}\) Ibid.

\(^{39}\) Bulloch, 14.


\(^{41}\) See http://www.foxnews.com.


\(^{44}\) Price Colman, "TCI Will Carry Fox News Channel," Broadcasting & Cable 126 (1 July 1996): 48.
MSNBC's 21 million viewers in the U.S. market. At the last minute, Time Warner chose not to carry the Fox News Channel, deciding to offer its cable availability to MSNBC instead.65

Fox News will depend heavily on its 10 domestic and international bureaus, its own newspapers and television stations, and strategic alliances with Reuters, WTN, and AP for content. The cost, according to Murdoch, will be about $400 million to launch, with an annual budget of about $100 million. Revenues will start at $50 million and then rise.66 Fox News chief Roger Ailes has said the cable channel will work at combating what some believe is the media's "liberal bias."67 He stressed that Fox News will offer fair and balanced content. The channel will clearly label commentary and opinion to distinguish them from news.68 When questioned about the viability of Fox News, Ailes responded,

They said Fox couldn't be a network, Fox couldn't do sports, Fox can't do news. And every time they turn around, Rupert Murdoch does it because Rupert Murdoch gets things done.69

As for his immediate competitors CNN and MSNBC, Ailes was hesitant to predict any shakeout. "There may be room for five or six," he wrote, "we don't know."70

As a result of the confrontation in New York, in which fox News was denied carriage on Time Warner cable systems, Murdoch has threatened to take Turner and Time Warner services off


66 Mermigas, 6.


69 McClellan and Brown, 44.


News Corp.-controlled program delivery systems in Asia, Australia, and Western Europe. These include the Star TV satellite service operating out of Hong Kong and the BSkyB satellite service headquartered in London.71 In 1996 News Corp. made arrangements to join a DBS (direct to home satellite) service to Latin America in a joint venture with partners Televisa, PanAmSat, Globo, and TCL.72 In addition, News Corp. has secured permission from India's Foreign Investment Promotion Board (FIPB) to establish a wholly owned TV company in India. The protectionism government of India has approved an $11 million direct investment in the company, called News Television India Private Ltd.73

News Corp. is involved in creating a digital multi-channel satellite platform for Japan, dubbed J-SkyB, in cooperation with the Japanese Softbank Corp. Murdoch was in Japan in June 1996 seeking to expand on his current satellite holdings, which include BSkyB in the U.K., ASkyB in the U.S., and Star TV in Asia services. His Star Plus service, which airs a 24-hour Japanese language version of Star TV to an estimated one million homes via cable was begun in April 1996 as an all-digital service. Softbank Corp. and News Corp. agreed to a joint venture, owned equally by both parties, which will acquire 100 percent of the shares of Obunsha Media Co., Ltd. which holds 5,136 shares, or 21.4 percent of shares, of Asahi National Broadcasting Company, Ltd., ironically CNN's most important affiliate.74

71 Mermigas, 30.
72 Mermigas, 6.