

Asia's Media Innovators

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Stephen Quinn
Winchelsea, Australia
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Introduction

Sometimes something good comes from a not-so-good dinner: Stephen and I had the latter one evening close to Roxas Boulevard in Manila. And, as we did not concentrate on the quality of the food, the quality of our conversation became all the better.

I had listened mesmerized to Stephen Quinn's lecture some hours before. He spoke at a Conference of the "Konrad Adenauer Asian Center for Journalism" at the Ateneo-University in Manila. The issue had been: "Convergence". Stephen is certainly one of the leading experts in this field, as I now know. Then I did not. But I was fascinated by the concise presentation of such a complex matter about which there are quite a few blurry ideas in the heads of concerned and/or responsible people in the media, including me – then.

Myself having a newspaper-background, I was suspicious of all those new ideas on ipods, sound-bites and video-clips, which should lead us to the brave new world of new media. But in discussing them with Stephen, he threw light on to those new ways of communication and, most important, convinced me that he who does not go with the times, will go sometime soon.

We, who are in the business of media and media-training, have a great responsibility to alert those who are trainees about new trends in the media. But the responsibility goes beyond that: In many a conference on media I experienced a growing insecurity about what would happen with or to newspapers, online-papers, radio and TV.

In circles consisting of 'IT-natives' the word is: The newspapers are dead; long live the interactive media. Newspaper people, on the other hand, quite often rather reluctantly concede that things are going to change, but in which

way seems to be open to discussion.

A friend of mine, a publisher in a great Media-House in SE-Asia, goes around murmuring in young peoples' ears, that if they do not become IT-savvy sometime soon, they might not have a job for long.

So, insecurity in the media-community all around. Coming back to Stephen Quinn's book you are just reading, he had a fair idea as to where the journey would lead.

Thus we decided that Stephen ought to do research "Convergence in Asia". Which Media houses already had experiences in this field? Which new ways in communication went off the beaten track? This would be interesting reading and make a good book where he was to present the findings of his research and travels all over Asia. Well, this oeuvre is the result, a formidable collection of facts showing coherences and giving information on this most fascinating development in the Media: Convergence, the manifold ways communications might develop in the not so distant future.

This book is also a beacon for those in the trade who look for orientation in times of massive change, to get an idea as to where the journey will lead all those journalists, web-reporters, bloggers and citizen-journalists. I think the book is also a meritorious work on the future of media: It shows how some enterprising spirits have already successfully explored possibilities of IT-driven media, if they have been successful and what their plans are. Stephen's book will thus help to map out future developments in the media for those who will be either in the driver's seat or assist younger colleagues who are contemplating which skill they might need most in the world of "Convergences".

Werner vom Busch
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Chapter 1

Convergent Journalism Around the World

News is a business. With the exception of public-service broadcasters such as the BBC, most media organisations need to make money to survive. Historically, this has meant attracting mass audiences: The bigger the audience, potentially the more money that can be earned through selling advertising to those “eyeballs”. Hence the focus on ratings or circulation success. But the environment for news has changed in the past decade. With the exceptions of India and China, audiences for traditional newspapers have declined, relative to population. As of the new century, people get their news from a variety of sources at different times of the day, from a variety of media devices including mobile phones and personal data assistants.

Audiences for newspapers and free-to-air television have fragmented and shrunk relative to population growth. For example, in 1955 the United States had 1,772 daily newspapers and a population of 151.5 million. On average the combined weekday circulation of all those papers was 53.8 million. Jump forward half a century and the population had doubled. But the number of newspapers had dropped to 1,457 and the combined average weekday circulation of those papers had risen a mere 2.4 per cent. In Australia over the same half century, the population of the capital cities more than doubled from 4.8 million to 12.3 million. But the number of daily newspapers fell from 60 to 49 and the average combined weekday circulation of those 49 dailies actually fell 30 per cent. Meanwhile, audiences for free-to-air television have

declined and gotten older. The average age for network television audiences in the United States is 60. The average age of many large newspapers is 55. Unless media organisations can attract and hold younger generations they will atrophy. Publisher William Randolph Hearst pointed out that the British Empire did not die overnight, but lost 1 per cent a year for a century. Mainstream media face death by the proverbial thousand cuts.

But people still want news and information. Where are they going?

People receive news from a variety of sources. Audiences aged under 35 tend to go to the Internet for their news. The flow of people's attention to the Internet has seen an increase in online advertising revenue. In Australia, for example, income from Internet advertising in 2006 jumped to \$US 670 million, compared with \$US 123 million five years earlier. The online figure in 2006 represented about 8 per cent of total advertising spend, which was worth about \$US 8,100 million. Online advertising represented only 2.2 per cent of total spend in 2002, yet reached almost 11 per cent of the pie in 2007 and was expected to grow 20 per cent a year for the rest of the decade, with revenues reaching \$US 1,369 million by 2010.

In the United Kingdom online advertising was growing at 40 per cent a year in 2006. For the first time that year, online received a larger share of advertising revenue than all the country's national newspapers. In 2006 online represented 14 per cent of the UK's total advertising spend, the highest proportion anywhere in the world. It was double the percentage in the United States. *The New York Times* identified the UK as the "barometer" for online advertising trends worldwide. People only have a finite number of hours in a day. In many parts of the world, they seem to be spending less time with broadcasting to find the time to spend online. The exceptions again are India and China, though the spread of broadband in China has been huge.

At the same time as audiences fragment, technologies such as the Internet make available vast amounts of information. Many people experience information anxiety – they think they receive too much information and are unsure how to deal with the hourly flood of data. Time has become a scarce commodity. Vinton Cerf, Google's vice president and chief Internet evangelist, has noted how technology changes the economics of journalism. "In radio and

television time is limited. In print journalism space is limited.” While the Internet offered an unlimited amount of time and space “the limitation is the attention span of the users” (Cerf 2006: 2). In the early years of the new century, the blogosphere has boosted the amount of available information, which puts further pressure on any audience’s attention span. Independent blogs mean that traditional media compete with their own audiences in terms of producing content. So as well as competing against other media to get the story first, media organisations are also fighting to keep their own audience’s attention.

In 2006 media researcher Dr David Nordfors predicted massive change in the media landscape. The web was replacing paper as a medium for mainstream news; e-paper was being developed. The tipping point had arrived. “We face drastic and accelerating changes: large publishing houses are being sold, big news rooms are being stripped, weekly magazines are going monthly – while their websites generate news hourly. Journalists are losing jobs they thought were safe.” But, as in earlier revolutions, new jobs will emerge.

Nordfors noted that print publishers measured their publication’s penetration and then used the data to explain to advertisers what they were paying for. But new web-based tools could mine much more revealing data such as which stories were downloaded, how long a reader stayed with that story, as well as demographic information about the audience. Every incident was analysed so that web advertisers knew precisely how much attention their advertisements received. “Such information will never be available for news on paper. Paying for trees to be murdered while not getting that readership information will be hard to sell to shareholders in future” (Nordfors 2006: 9).

People are using a lot more media. In 2003 Americans consumed 10.04 hours a day of media every day of the year, an hour more a day since 1998. Analysts at the merchant bank Veronis Suhler Stevenson said Americans would spend an average of 11 hours a day with media by 2008. We were seeing the arrival of a media generation consuming more information in less time than ever. “Time is the most precious commodity” (2004 *Communications Industry Forecast*). In 2004 a group of Ball State University researchers discovered that people in Delaware county, in which the university was based, also consumed 10 hours of media a day, and at least a quarter of that time was spent media

multitasking. The university is based in the town of Muncie, Indiana, nicknamed Middletown because of the amount of sociological research conducted in the community since the 1920s. The town is seen as providing a cross section of “middle America”. The researchers believed it was possible to extrapolate their findings to the national level (Papper et al 2004: 25).

In a world overwhelmed with data how do people choose their news? They tend to go to trusted sources. Yet audiences are fickle and discerning at the same time. If their usual sources do not give them the kind of news they want or offend them in some way, such as committing ethical breaches or making mistakes and not apologising, people go elsewhere. This introduces the notion of quality journalism. Quality means different things to different people. But it relates to being consistent, ethical, accurate and supplying what the audience needs and wants.

How can traditional media survive in a world of time-poor audiences with thousands of voices clamouring in the market place? How can a single medium such as a newspaper or a TV or radio station reach fragmented audiences? They cannot. The way to reach a variety of audiences at different times of the day is through convergent or multi-platform journalism. Media need to offer content to audiences through different media at different times of the day, giving audiences news and information when they (the audience) want it.

Convergent media captures more of the audience

Convergent journalism occurs when media organisations provide news on a variety of platforms to reach as many audiences as possible at different times of the day when people want news. An early phrase for convergent journalism was multi-platform publishing. This chapter argues that the best strategy for delivering news and capturing audiences in the twenty-first century is to take advantage of the strengths of every available platform and tell stories in multiple media, reaching audiences around the 24-hour cycle of the clock. It is the best way to re-aggregate audiences and reach more people. Howard Tyner, a former editor of the *Chicago Tribune* who retired as a senior vice president of the Tribune Company, has long maintained that the business of journalism was about “eyeballs” – getting as many people as possible to look at media products by providing news on a range of platforms. At the *Chicago Tribune* he

was one of the pioneers of convergent journalism. Media organisations should “go where the audience is,” he said.

Reaching eyeballs

Put simply, convergence increases an organisation’s chances of reaching the largest number of eyeballs at any given time. In a fragmented market the ability to reach as many audiences as possible becomes highly attractive, and may ultimately decide whether a news organisation survives. Increasingly, too, younger audiences expect and want their news in multimedia form. Research groups such as the Carnegie Foundation and the Pew Center have noted that the 18-24 and 25-34 demographics tend to get most of their news from the Internet, and rely less on traditional sources such as newspapers. In a major research report released late in 2004 the Carnegie Foundation reported that 31 per cent of men aged 18-24 got their news from the Internet compared with 5 per cent who read newspapers. Women in the same age group preferred local television news (42 per cent), compared with 7 per cent who read newspapers (Brown 2005: 1-2). The 12-17 year-old group, known as the “teens”, also gets its news online. A Pew Internet and American Life project survey in 2004 reported that 76 per cent of this demographic went online for news (Lenhart 2005: vi). In Australia, 37 per cent of 8-to-13-year-olds go online daily.

What this book is and is not about

This book describes convergent and innovative forms of journalism throughout the Asian region, via a case study of a major media company in nine countries. It is not a book about corporate convergence, where companies merge because of the mutual advantages. It will also not discuss the technological (and perhaps utopian) merging of many pieces of digital communication equipment into a single box in the living room or study. This book is a study of innovative ways of doing journalism in the Asian region.

Other forces driving convergence

Apart from changing consumer lifestyles and fragmented audiences, the availability of relatively cheap digital technologies makes convergence possible. When the author worked as a television journalist in the mid 1980s

a broadcast-quality camera kit cost close to \$US 100,000. Then add another \$US 30,000 for insurance and equipment (we needed insurance to ensure quick replacement if those bulky cameras were lost overboard or damaged). Jump forward almost a quarter century and broadcast-quality cameras cost about \$US 1,500. Some media organisations supply correspondents with two, and reporters cannibalise one to ensure the other operates, rather than wait for repairs. The simplest way to appreciate the digital tools available to journalists is to monitor Ifra's Newsgear, an annual collection of the technology Ifra considers most appropriate for multimedia newsgathering (Northrup 2007: 17). A Google search using the phrase "Newsgear + current year" will produce a link to the latest version. The spread of broadband will increase the spread of multimedia content because such content needs fat pipes for delivery of large data files.

Journalists are graduating from universities with multimedia skills, which means a ready supply of trained reporters. They also have an appropriate mindset and are not afraid to embrace the new digital technologies. They are what academic Marc Perensky calls "digital natives". Journalism programs around the world are converting their curricula to introduce convergent journalism and multimedia skills. Professor Edgar Huang of Indiana University in the United States and a group of colleagues conducted a national survey of universities, daily newspapers and commercial television stations to ask how journalism schools should prepare students for the future. "The goal of the study was to provide evidence that will help journalism educators make informed decisions about how to respond to media convergence in their curricula and courses." The bulk of the respondents (84 per cent) agreed or strongly agreed that journalism students should learn how to write for multiple-media platforms. Three in four respondents (78 per cent) agreed or strongly agreed that all journalism majors should learn multiple sets of skills such as writing, editing, television production, digital photography, newspaper design, and web publishing. The Huang survey showed that three in five of America's journalism schools had adapted their curricula or developed new courses to prepare for convergence (Huang et al 2004).

More and more people carry a camera, as part of their mobile phone. In 2006 just over a billion mobile phones were sold, and camera-enabled phones represented almost half (460 million). Sales of camera-enabled mobile

phones will reach 1 billion by 2010, *The Washington Post* reported early in 2007. Scoopt.com was one of the first agencies designed to help amateur photographers sell their work to the traditional media. Freelance technology journalist Kyle MacRae and his wife Jill the founded the company in Scotland in the middle of 2005. *Broadcasting & Cable* magazine described Scoopt.com in its July 2005 issue as “an online middleman, connecting cell-phone-camera-equipped average Joes with news outlets hungry for exclusive, eyewitness pictures”. Other similar agencies include Cell Journalist and Spy Media, both based in the United States.

One could argue that this form of citizen journalism has a long way to go in terms of building trust and credibility. Release of the unofficial mobile phone footage showing the ghastly execution of former Iraqi leader Saddam Hussein at the end of 2006 raised questions about ethics and taste. It represents an example of technological change galloping ahead of legislation. This is an issue that needs to be addressed, but it is beyond the scope of this book.

Media ownership law changes

In some countries media ownership laws are changing to allow one company to own a newspaper and a television or radio station in the same city. In Australia, for example, a change to cross-media ownership in October 2006 initiated a frenzied period of mergers and acquisitions after a decade of stability. Under the new law, promulgated in May 2007, companies are able to own any two of the three media platforms – commercial radio or TV or newspapers – plus their online assets. Convergence is more likely when companies are part of the group because of higher levels of trust produced by common ownership.

As of early 2007 about 600 media companies around the world had embarked on some form of convergence. Like a meme moving across the world, more and more media managers consider convergence a viable concept. *De Volkskrant*, the daily newspaper with the third-highest circulation in the Netherlands, embraced convergence in 2006 and moved into a purpose-built multimedia newsroom in 2007. Pieter Kok, at the time publisher of the daily broadsheet, conceived of his organisation as an online newspaper that produced a print edition once a day. The organisation’s approach was simple, Kok said. “If customers change their approach to news then we change with them.” The newspaper’s re-designed newsroom works on the “hub” principle

with key editorial and marketing decision makers sitting together at the centre of the room, surrounded by journalists grouped into production areas. Key teams are located near each other to facilitate communication. Marketing and editorial sit and work together on integrated training and development projects. Arie Elshout, deputy editor in chief, said a change in mindset was key to successful convergent journalism. “When people have a scoop, they still want to keep the scoop for the front page. We still have a lot to do to get reporters to change how they think and get them to allow those stories for the web page” (quoted in Luft 2006).

How to become a pest

This book uses a PEST analysis to look at innovation and convergence in the Asian region. A PEST analysis assesses each company in terms of political, economic, social and technological factors influencing convergence. Issues to be considered under the PEST label include:

Political

- Media ownership laws in that country
- Company structure
- Management attitudes to convergence
- National media structures and history

Economic

- Financial drivers such as audience reach
- Competition in the market
- The overall advertising market place
- Costs of equipment used for convergence

Social

- Change agents within the newsroom
- The multimedia mindset of managers and journalists
- Literacy levels of the audience
- Levels of desire for social change in any country

Technical

Broadband and mobile phone penetration
Technologies available for newsgathering
Levels of journalists' technical skills and education
Availability of training

Obviously some factors could go into more than one column. And some drivers of convergence will spill over into several columns.

What form does convergence take?

The form of convergence will vary considerably from country to country because of the influence of all the factors identified in the previous paragraphs. This section describes the most common convergence structures.

1. Single owner: Convergence tends to work most smoothly when one company owns all media and they operate from one building. Convergence pioneer Gil Thelen, who retired as publisher of the *Tampa Tribune* in the United States late in 2006, famously said that “geography is destiny”. He meant that journalists grew to trust people they worked with closely, and proximity increased the likelihood of trust through sharing of information and story ideas. Much research into how communities of interest develop and how knowledge management processes operate supports this concept. Location is vital for sharing knowledge: The more widely dispersed the knowledge, the more powerful the force needed to share it. One way to do that is to use “magnets” to bring people together. (Quinn 2005: 167-8).

Single ownership has major commercial attractions. The Tribune Company in the United States owns a major daily newspaper, a TV channel and radio stations in the country's three biggest media markets: New York, Los Angeles and Chicago. This is very attractive to national advertisers. The company, with headquarters in Chicago, has long heralded the “synergy” that ownership convergence allowed. Tribune president Jack Fuller said it had other benefits: “Owning television, radio and newspapers in a single market is a way to lower costs, increase efficiencies and provide higher quality news in times of economic duress” (quoted in Gordon 2003: 64).

2. Different owners: Convergence also occurs in partnerships between media groups with separate owners, usually in countries where ownership laws forbid single ownership. Often a newspaper newsroom will be in one part of a city and the partner TV newsroom in another part. On rare occasions, the newsrooms are in different cities. These arrangements are less easy to organise because of the distances between journalists, which makes building trust and sharing information less easy. Organisations should not rely on technology to bridge the gaps in these situations. The greater the distance between partnering newsrooms, the more challenging the integration.

An increasingly common scenario in the early years of the new millennium is an integrated newsroom involving a daily newspaper and its online news site. These two operations should be in the same building, ideally on the same floor. Video and audio is made available on the web site, often using dedicated multimedia journalists. This convergence structure sometimes occurs when laws forbid one company from owning a newspaper and a television channel in the same market. In situations where laws make it possible, often newspapers choose not to buy a television channel but prefer to distribute their multimedia content online. It is certainly cheaper than building a television studio.

Symbols of convergence

A common feature of converged or integrated newsrooms is a multimedia desk or a central point that symbolises the integration of various media. Tampa's Gil Thelen said journalists regarded the multimedia desk in the Tampa News Center as a physical reminder of a commitment to change. Ifra's Kerry Northrup said "super-desks" were some of the first examples of a newsroom's intention to embed cross-media news handling. "Continuous news desks are an evolution, serving a liaison function between media." To manage the integration of media, editors had to cross boundaries between content formats. "Creating a convergence or multimedia editor with responsibilities and authority over more than one medium is a common start and can eventually lead to, for instance, a sport editor who manages all sports coverage in print, online and on the air."

The World Company in Lawrence, Kansas established a multi-media desk in 2001. Convergence director Rob Curley described the dedicated multimedia newsroom in the building as "our ode to convergence". The newsroom was

divided not by media, but by news round. “The cop reporters for TV and print sit next to each other. So do the education reporters and the town hall reporters.” Curley said another key aspect of convergence was a need to move the furniture and change the structure of the newsroom to achieve maximum synergy among journalists. (Quinn 2005: 108). A common theme is to have the multimedia desk as a hub in the centre of the newsroom, with the desks of sections in the newspaper radiating like spokes from the hub. The new newsroom built for *The Telegraph* in London and *de Volkskrant* in Amsterdam in 2006, and *The Sydney Morning Herald* in Australia, reflect this approach.

How to foster innovation and convergence

Features common to successful innovative media operations can be identified. The most vital factor is management buy-in, in the sense that executives encourage and expect convergence and innovation. The importance of quality managers who support and promote convergence cannot be over emphasised. Those managers must appreciate that while technology is merely a tool for doing better journalism, journalists need training and education to use their tools more effectively. Editorial managers must foster an environment that encourages life-long learning. One of the key roles of journalism in the knowledge age is to turn information into knowledge – to synthesise it for their busy audiences. This takes education and training, which requires an investment of time and money. It also means, as John Hartigan, the CEO of News Ltd in Australia, has pointed out, a significant investment in quality people. Educated journalists produce quality content. Readers in the AB demographic want quality content, and advertisers want to reach those readers. So it makes sense to employ quality people to produce quality content.

The core of the converged newsroom is the sharing of information. Allied with this is an appreciation that reporting in a 24/7 environment involves a series of rolling deadlines. Rolf Lie, editor of Norway’s *Aftenposten*, believes journalism’s future is not about paper or electronics, but about information. “Today’s journalist should say: ‘I’m not working in a newspaper, I’m working in news,’” he said (Lie 2000: 1). This involves a change of mindset, which is another of the factors common at news organisations that have successfully embraced convergence. It is a manager’s responsibility to foster that mindset. In Hong Kong, Paul Cheung, former chief editor of the *Ming Pao* daily

newspaper, said the move to a multimedia environment could only be successful if accompanied by a corresponding change in the attitude of journalists. But the transformation must occur first in the minds of editorial managers: "From my point of view, the chief editor has an important role: He must be a leader in terms of the changes" (Cheung 2001 personal discussion).

Ulrik Haagerup, until 2007 the editor in chief of *Nordjyske* in Denmark, is one of the world's best managers of innovation in convergent media. Nordjyske Media publishes daily and weekly newspapers, runs a 24-hour cable news service, and operates radio stations and online sites. Haagerup turned it into one of the most converged media groups in the world after he arrived in 2001. He conceded that journalists did not like change, but said when the wind of change blew "some build windbreaks, while others build windmills". Many people believed that Darwin said only the strongest survived, Haagerup said. But Darwin actually said that those who were most successful in adapting to change survived. "As journalists we have lost our monopoly. This is new. Circulations have been falling since 1988. People are moving away from paid newspapers," Haagerup said. Television's business model was also in trouble because people could get TV when they wanted it online or with personal video recorders such as TiVO. Haagerup concluded that media companies had to offer what nobody else could. He noted that money would go "where the scarce resources are". The key issues included originality of content, concern and care for audiences, thoughtfulness, trust and the capacity to save people time. "We thought, wrongly, that we were in the newspaper business. We are in the information business. We are about to lose the information war to a lot of other media. We are not TV or radio or print journalists; we are storytellers. In the new media world the winners are those who can tell the best stories." Innovation and the ability to adapt were the key factors for success, Haagerup said. "Media convergence is not a cost-cutting project. It is a journalistic project, a way to use synergy to make better stories. We tell stories with the most suitable media."

A new breed of editors was needed for the innovation society, Haagerup said. They were leaders rather than managers. "The leader renews, develops and builds people, builds trust, asks what and why, focuses on the horizon, creates something original, makes long-sighted demands, wants to do the right things, creates jobs." Change equalled risk, Haagerup said. Trying new

things meant making mistakes. The only way to reach success was by first risking a lot of failures. “We need to move to an innovative newsroom. We need to love experiments, to see old things in new ways, to get away from the past and make money later rather than make money now. If you only aim to make money for the next quarter [focus on the company’s share price in the stock market] you cannot think differently. We create the newsroom culture. We create the future” (Haagerup 2006 personal communication).

Another common factor involves locating people with different skills in the same physical space to generate trust and the sharing of ideas, which leads to synergy. At *Ming Pao* chief editor Paul Cheung said that parent company Ming Pao Enterprise Corporation hired senior journalists and photographers to help with the move to multiple-journalism (Cheung 2001). The *Orlando Sentinel* in Florida did the same, placing seven television producers and editors in the newsroom. Part of the time they helped build multimedia content; the rest of the time they trained print reporters in broadcast techniques.

News organisations need a way to flow information and content through the organisation to make content available for all platforms, to enable the sharing of information and story ideas. But newspaper front-end systems tend to be very different from broadcast and online production systems. New integration software is needed to link the wide variety of production systems. Some good products have become available in the early years of the new century. The best known are NewsGate from CCI in Denmark, Control Tower and KnowledgeView from the UK, Methode from Italy’s Eidos Media, and Genera.

Cultural factors can encourage or inhibit convergence. A conservative newspaper that sees itself as a paper of record will have difficulties partnering with a tabloid television organization. Angels will not work with people they perceive to be devils. Similarly print reporters who look down on television journalists, perhaps mocking them as poor spellers who only skim the surface of news, are less likely to welcome broadcast people into their newsroom. Kerry Northup, Ifra’s director of publications, said that cultural issues, the stereotypes that journalists held about other media, and developing an appropriate mindset among journalists were the most difficult but essential concerns that managers needed to deal with when converging newsrooms. Convergence increases the complexity of relationships within a newsroom.

Shared values and sharing of information builds trust. Through working together print and television journalists discover they have similar values. In this situation each manager's role is to help people discover they share the same core values, and foster innovation in the newsroom.

Convergence produces many challenges for journalists and publishers. Both groups need to find a way to fund news for different platforms without compromising the needs of their audiences, and while maintaining ethical business practices. In essence they need to find ways to blend the twin aims of telling the truth and making money, which is how we began this chapter. It becomes a virtuous circle: good content attracts audiences, who attract advertisers, which means media make money and are able to recruit better people to produce content. The following chapters present examples of media organisations that have embraced this virtuous circle.

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Chapter 2

Singapore Press Holdings

About 4.55 million lived in the Republic of Singapore as of mid 2007, in an area of about 660 square kilometres (about 255 square miles). The main languages are English, Malay, Mandarin and Tamil, and the major religions Taoism, Buddhism, Islam and Christianity. About three in four people are Chinese or of Chinese descent. Malays and Indians make up most of the rest of the population. Singapore also has a community of expatriate workers from a wide range of nations. Life expectancy is 77 years for men and 80 for women. Literacy rates for people aged 15 years or older are 93 per cent. The country's main exports are computer equipment, machinery, and rubber and petroleum products. In 2006 Singapore's gross domestic product per person was \$US 31,400 based on purchasing power parity.

Two groups dominate the media market: Singapore Press Holdings (SPH) and MediaCorp. SPH is licensed to publish 14 newspapers in four languages and these have a combined circulation of more than one million copies a day. Its flagship is the respected broadsheet, *The Straits Times*. Every day, SPH newspapers are read by 2.7 million individuals, or 83 per cent of people aged 15 or older. SPH also publishes and distributes more than 90 periodicals in Singapore and the region. It has one of the region's most advanced printing presses. SPH owns a 40 per cent stake in MediaCorp Press Pte Ltd, which publishes a free daily newspaper, *Today*. SPH also maintains a business interest in free-to-air television through a 20 per cent shareholding in MediaCorp's television holdings, which operate channels 5, 8, U and TV Mobile.

SPH's Internet arm, the SPH Internet business unit, provides online

news and e-commerce facilities. The company's web site said SPH operated two radio stations, Radio 100.3 FM in Mandarin and Radio 91.3 FM in English, under an 80 per cent-owned joint venture company with NTUC Media, called SPH UnionWorks. SPH also owns extensive commercial properties. It amalgamated the Paragon and Promenade shopping malls into a single development, Paragon, a prime retail and office centre in the heart of Orchard Road, Singapore's main shopping precinct. SPH also developed a 43-storey residential condominium on its former Times industrial site at Thomson Road, which launched in 2007.

The company's web site said SPH had also ventured into outdoor advertising through acquisition of an 80 per cent stake in SPH MediaBoxOffice Pte Ltd, Singapore's largest outdoor motion display advertising network. The company operates five large LED screens at strategic locations, a collection of large-format billboards in the heart of the city, and 400 plasma and LCD screens across the island. SPH invested in a 35 per cent stake in TOM Outdoor Media Group, a leading outdoor advertising company in China.

Most media analysts describe Singapore's media environment as highly regulated. The BBC's web site said censorship was common and private ownership of satellite dishes forbidden. Media watchdog Reporters Without Borders said Singapore's print journalists exercised "rigorous self-censorship" over coverage of domestic politics. The BBC reported close links between SPH and the ruling People's Action Party (PAP), and said the company had effectively a monopoly of the newspaper business. Internet access was also highly regulated. Sinapan Samydorai, director of the Singapore-based human rights group Think Centre, described the mindset of Singapore's leadership as conservative. "You do not question the ruling party or the elders here," he told the Media Report program broadcast on the Australian Broadcasting Corporation in February 2007. The message the country's rulers spread was that people should not rock the boat, Samydorai said. "The economy depends on non-dissent." Dr Cherian George, a professor of journalism at Singapore's Nanyang Technological University, agreed that the government closely supervised the mainstream media because it believed the media should "support the government agenda". But he noted the government had always been realistic about whether it was possible to control the Internet. The government's main priority was to encourage the Internet's roll out in

Singapore for mainly economic reasons. “And they’ve understood for more than 10 years that the Internet cannot be controlled the way the mainstream media is,” Dr George told the same ABC media program.

Singapore has pioneered high-definition and mobile television services in the region. A major media development was the Media 21 blueprint, launched in July 2003. The blueprint’s strategic thrusts included establishing Singapore as a media exchange, the export of made-by-Singapore content, the spread of digital media, and encouraging Singapore’s media to become global enterprises by fostering a helpful business and regulatory environment. Singapore would become Asia’s leading media marketplace. Media 21 seeks almost to double the media’s contribution to gross domestic product from 1.56 per cent in 2003 to 3 per cent a decade later, along the way creating more than 10,000 new media jobs for Singaporeans.

Part of the first phase of the blueprint involved Fusionopolis, described as a location for “world-class infocomms and media enterprises”. It was scheduled to open in 2007. Singapore is making a big push to make fast wireless networks available across the country. That would allow people to use free telephony software like Skype anywhere. Dr Tan Chin Nam is chairman of Singapore’s media watchdog, the Media Development Authority, formed by the merger of the Singapore Broadcasting Authority, the Films and Publications Department and the Singapore Film Commission. Dr Tan said the media and entertainment industry in the Asia-Pacific region was expected to grow at a compound rate of 9.2 per cent from 2006 to 2010.

In October 2006 the Massachusetts Institute of Technology and the Singapore Media Development Authority announced an agreement to establish the Singapore-MIT international game laboratory (SMIGL). The collaboration aims to further digital game research globally, develop world-class academic programs in game technology, and establish Singapore as a vital node in the international game industry. The Media Development Authority believes the agreement will enhance the country’s competitive advantage in areas such as education and tourism. Michael Yap, executive director of the Interactive and Digital Media R&D Programme Office, said he expected 300 of Singapore’s best talents from the industry and academia to take advantage of this opportunity to work closely with the best research minds at MIT. “The Singapore-MIT international game lab will initiate and produce

groundbreaking research in games, which is rapidly emerging as a global research focus,” Yap said.

Communications technology in Singapore

Mobile phone and broadband Internet penetration in Singapore are impressive by world standards. At the end of 2006, 98.4 per cent of Singaporean households had a landline and mobile phone penetration was 103.2 per cent. Singaporeans sent 934.22 million text messages in October 2006, or an average of 212 per person that month. By the end of 2006 almost every household had an Internet connection, and those connections worked well. Three in five households (62.8 per cent) had broadband and 34 per cent had dial-up.

Network availability measures the degree to which the Internet functions properly in any society. In Singapore network availability was almost perfect. The most recently available data, from July to September 2006, showed network availability ranged between 99.9 and 100 per cent. Similarly, mobile phone call success rates for all of 2005 were perfect, according to data from the Infocomm Development Authority (IDA), the body that oversees and regulates telecommunications in Singapore (see <http://www.ida.gov.sg/>). From January 2001 IDA began to use total population instead of total residential population as a base for calculation of penetration rates for telecom services. Total residential population was previously used because historically the take-up of telecom services by foreign workers was low. The total population figure gives a more accurate picture of the various telecom market segments when calculating penetration rates. For updated information on broadband penetration in Singapore, consult the IDA web site at <http://www.ida.gov.sg/Publications/20061205181639.aspx>

Editorial structures at SPH

For editorial purposes SPH is divided into two divisions. About 600 journalists work in the Chinese newspaper division and slightly more than 600 operate in the English, Tamil and Malaysian division. About 400 of the latter group are with the flagship publication, *The Straits Times*. All newspapers are housed in the same building, which opened in 2002. The company's newspapers compete both with rival media organisations and sister publications. Felix Soh, deputy editor for digital media at *The Straits Times*, said the competition

between the citizen journalism site Stomp, which launched in June 2006, and Asia1, the online site of *The Straits Times*, initially was intense. But by the middle of 2007 SPH had merged the separate teams to produce a site that was “true convergence,” Soh said. In the area of breaking news SPH’s web sites competed with the web site of MediaCorp’s Channel News Asia as well as SPH’s Chinese newspapers. Soh described this competition as “healthy”.

Breaking news at SPH

Various forms of convergence occur at SPH. One of the most interesting forms of converging news occurs at Stomp, which stands for Straits Times online mobile and print. It is the only platform in Asia that focuses on social networking and publishing user-generated content. Citizen journalism is an essential part of the Stomp web site. About 80 to 85 per cent of the content is user-generated content. The online site of *The Straits Times*, ST Interactive, and Stomp cater for different markets. ST Interactive is a mirror of the print edition and consists of serious journalism. Stomp is alternative journalism. “It is not serious journalism in the form that *The Straits Times* offers,” Soh said, “though Stomp does deal with journalism that affects people’s lives.”

Much of Stomp’s breaking news comes from its audience and represents a grass-roots kind of reporting. Soh said convergence allowed Stomp to report stories that would not see the light of day in the national newspaper. He cited an example of a lover’s quarrel on a train on the city’s underground rail system, the MRT. “A guy pushed his girlfriend onto the track. He was arrested for attempted murder. The only photo of the girl stuck on the MRT track with a train approaching was sent to the Stomp portal.” That image came from a mobile phone camera. *The Straits Times* used it on page 1. The company’s sister papers picked up the story and used it. “This integration is a new form of convergence, past the traditional forms,” Soh said.

On the day I visited, for example, Stomp received pictures of a Downs syndrome boy assaulted by a bus driver. The boy’s sister took the photographs and sent them by email. People also send photographs via SMS. The site promotes a short code number (75557) and receives a lot of material via it. A photograph on page 3 of that day’s *The Straits Times* of a blaze aboard a bus was sent to Stomp but was used in print as well. With some stories the Stomp team write the report and put it online. But they also send it to the news desk

and often those stories make it into print in one or more of the SPH dailies. By November 2006, Stomp was receiving about 100 photographs a day. Almost all are published on the website at www.stomp.com.sg. Only low-quality photographs and offensive images get rejected. Newsworthy images are shared with SPH newspapers. Stomp receives three to four newsworthy pictures a day, compared with the one a day when Stomp launched. In November of 2006, 15 photographs made it into the pages of *The Straits Times*, including several on page 1.

Soh said breaking news online was no longer new. The latest way to get breaking news was by mobile phone. "Mobile is big for breaking news. Internet is no longer text, it is multimedia. Earlier this week I gave a presentation to people who used the term 'new media'. I said, please do not use that term. It is 'now media'." Soh believes the Internet is multimedia in nature. "Video is going to be big. It is more engaging than, say, a podcast. Multimedia storytelling means using video to tell the story. But it is not as slick as what is being done on mainstream television." Soh said he wanted multimedia storytelling on the Internet to be raw. "If it is too slick it looks too contrived. Reality TV is going to be big. Multimedia storytelling is not news reporting in the strict definition of the word. But it's reporting on social issues." How do you train people to do multimedia storytelling? Soh said it was not difficult if the person had news sense. "The people we employ on Stomp have a fresh outlook. They have to pass our reporting tests. But we look for fresh ideas because you have to break rules when it comes to multimedia storytelling. You have to have an edge, an attitude."

Change agents in the newsroom

The news desk has a supervisor who champions the Internet, and who is on the alert for breaking news. She is in charge of the crime, courts and emergency services beat (also known as round) because they are the kinds of stories most likely to generate breaking news. The supervisor sends news alerts to reporters via SMS. Soh said the news desk needed a champion because while all reporters were aware of convergence, the process required a push. "This champion is important. She or he must be totally sold on the idea of collaborating and on the power of the Internet. The champion must know how to work to Internet deadlines." The key was having a champion with broadcast experience. "Print

journalists are poor when it comes to breaking news. They don't write for instant news, but for tomorrow's paper."

Soh said not all print journalists were comfortable about writing for the Internet. But the idea of breaking news on the Internet was to get the news out and not dither over crafting a full story. SPH provided training for journalists on how to distribute news quickly. "Don't give me 50 words; all I want is five words that summarise the essence of the story." The process also needed a team of people at the online desk who were also sold on the idea of putting news online as quickly as possible. The online team and the newsdesk champion worked in tandem at SPH. Soh said it was not easy getting print journalists to offer stories for online. But with time the company would develop an appropriate kind of culture, which would be "built into the DNA of the journalists".

Development of a multimedia mindset was important, Soh said. "With convergence you first need to conquer the mental challenge of mindset, to get print journalists alert to breaking news." The second challenge was physical: Getting people to be physically located together, such as happens at *The Daily Telegraph* and *The Sunday Telegraph* in London. "The challenge is physical as well as mental," Soh noted. This book's author, a Newsplex consultant, believes a major part of the integration process involves bringing all forms of journalism together in one location, so print, online, radio and broadcast reporters sit in the same newsroom. This vastly improves communication. Integration also includes aligning the beats. A newsroom would have a group of reporters with the same round co-located so they can share ideas and information. For example, the print, online and broadcast reporters for the political or health beat would share the same part of the newsroom. Soh said no decision had been made about introducing the Newsplex concept at SPH.

The company used to own a television station until rationalisation of Singapore's media scene in 2004, and SPH still employed former television journalists on its newspapers. Soh said these were the people he planned to use for the next push into multimedia storytelling. "We have ready-made broadcasters already with us. Jennifer Lewis, the editor of Stomp, used to be in charge of our television station so she knows all about television production." Author's note: Just as the book was being finalised Lewis left SPH for other opportunities. Her successor as Stomp editor was Serene Siew.

A short history of Stomp

Stomp started in mid June 2006. The aim was to use it as a way for *The Straits Times* to interact with its readers. Then editor Jennifer Lewis said at Stomp's launch that the newspaper was 161 years old, and "looking ahead at the next 160 years". Editorial managers decided that the future had to be online because that was where young readers were. They decided the focus would be on involving readers and interacting with them through user-generated content. "It's rare within an established media group to be so involved with user-generated content," Lewis noted. Stomp was Felix Soh's brainchild. Early in 2005 he led a small team to study VGNet in Norway because VG were doing exciting things online. SPH had been online for a decade. "We knew we needed to do something exciting and innovative, and VG offered [such] a model," Lewis said.

Stomp averaged 5 to 6 million page impressions a month in early 2007, which was remarkable for a site less than a year old. Within a year the average figure had jumped to more than 7 million page impressions a month. Lewis said Stomp had about 300,000 unique visitors a month in early 2007. "From what we can see, we have a fair number of young people and students. But at the same time we also see an older demographic aged in their 40s who are very active in what we call Singapore Scene, which is our citizen journalism section. We know about them because a fair number of older people have called us on our hot line to ask us about how to send pictures by mobile." Stomp has a section called Digital Club, which offers a series of technical guides. But people seemed to prefer talking to a person by phone, Lewis said, and her staff were happy to do that.

Stomp has a telephone short code (75557) that it offers through a telephone company. The number allows the audience to send video by phone. It comes into a gateway like a video moblog. Some people send video and still images as an email attachment. "So they shoot the video, download it to their computer at home and then email it to us. Audiences are well aware that they pay for this privilege. It's normal telco charges. We're not out to make money," Lewis said. "We carried a story a couple of days ago [in late January 2007] about a man who lost his dog. He asked the community to help him find it. And today [29 January 2007] he sent us a picture of him and his dog. It's a lovely story and a great picture."

Lewis said when Stomp launched most of the user-generated content centred around people complaining about things that upset them. But it had evolved. “We are all learning about this new power. We are seeing a change in the tone of the contributions.” When audiences phone or send an email or SMS, Stomp producers interview them and write or re-write the story for them. Lewis said Singapore academics believed this behaviour was unique to Singapore where citizens would rather talk to a reporter. “When we finish the story and post it we tell the citizen journalist to read it and check it for accuracy. Are you happy with it, we ask. If it doesn’t reflect what you meant to say, call us back and we’ll adjust it.” Lewis said this approach was different from how citizen journalism worked in other countries like the United States and South Korea. “Much of what we are doing is new to everybody and given some of the cultural preferences here, our audiences would rather relate their story.”

Stomp journalists are meticulous. “We write it all down and take copious notes. And often they send us long emails, which we re-write. Because we have their contact numbers and email addresses we can contact them for clarification, and they certainly know they can get back to us.”

Forces driving convergence in Singapore

SPH embarked on the convergence journey in 2001. One of the forces driving convergence was the fragmentation of audiences. People no longer go to a single source for news but to a variety of sources: online, mobile phone and broadcasting as well as the newspaper. “We live in a multi-source world when it comes to getting information and news,” Soh said. Print has limitations, is one dimensional and is 24 hours late. Singaporeans also live in a 24/7 world in terms of breaking news so it is inevitable that people turn to things other than the newspaper. Soh said SPH had some exciting plans to roll out multimedia on broadband but was not at liberty to talk about it. “We will be going big into multimedia storytelling via the Internet.” After the interview Felix Soh went to the media program at the National University of Singapore, where he taught a class in multimedia storytelling.

The Internet world has become fragmented with millions of specialised sites and localised tastes. A parallel can easily be seen with the world of print magazines, which has also become fragmented. Convergence unites fragmented

audiences and ensures a media company with audiences at all times of the day. Sites like Stomp create communities. Soh agreed that *The Straits Times* was seen as an impersonal giant, with a history going back to 1845. “We are trying to soften this image. Newspapers have to interact more with their audiences, to know more about them and build a community.” The key issue was how to make subscribers feel they are part of the paper. Online social networking sites were a good option. “We show the human face of *The Straits Times*. We organise events. People identify themselves as part of this community.” Soh said the Stomp community had bonded and had done things like set up a football group and tuition groups, and organised social outings. “As the world gets more fragmented people feel the need to bond. Man is a social creature. Online gives them that opportunity.”

SPH connects with younger demographics through a well-developed schools program, by publishing two schools magazines, the *Little Red Dot* and *In*. The first caters for primary and the other for secondary students. The phrase “little red dot” is attributed to former Indonesian president Habibie, who described Singapore as merely a little red dot on the map. SPH bundles these papers free with *The Straits Times* if schools take a subscription. Both are lively magazines. Print circulation increases 140,000 on days these two magazines are in *The Straits Times*. To get the magazines, schools have to subscribe to *The Straits Times* at a discounted rate. SPH has established media clubs at schools and provides a book on how to start a club. “During the school holidays we organise events for the media clubs so they can talk to journalists. We aim to engage the next generation of ST readers to get them hooked on the reading habit.”

Technologies in the newsroom

SPH adopted the Hermes front-end system in November 2006. It is vital to have technology that allows people to talk to each other. “It is a total integration,” Soh said. All the various news desk baskets are accessible via Hermes. Soh said the company also chose Hermes because it allowed stories to be distributed on mobile phones. “We are breaking news on mobile. It is a paid-for service in collaboration with another company. We are still developing content.” Reporters receive story assignments by SMS on their mobile phones. “Hermes allows us to do that, and to work in remote locations.”

Soh said SPH was revamping its training program in anticipation of major moves into multimedia reporting. “At the moment the training is mostly about training journalists in the right journalistic skills. We have not gone big into multimedia yet and this is the one big gap we must fill. I find that our new generation of journalists adapt easily to technologies.” SPH’s recruiting policy focuses on finding journalists with broad backgrounds. “You need a richness of background. So we recruit lawyers, doctors and all kinds of specialists. Journalism school students may have a good background in reporting but the spectrum of their thinking may be limited.” Universities were not doing enough to keep pace with the changing media scene that the Internet was coming so rapidly to dominate, Soh said. “They are still geared towards traditional media. Much of the work of equipping journalists with new media skills is being done by professional organisations such as the Society of News Design.”

Blogging and journalism

Many SPH journalists maintain their own blogs. Soh said the company was grappling with the concept of blogging. “What should or will be the content of the blog,” he asked. Straits Times Interactive dealt with serious issues, like the paper, whereas Stomp could talk about anything. Some reporters from Stomp had asked about starting blogs. “We have a feature called star blog with Stomp where we have seven celebrities blogging for us. They are from all walks of life. One of them was a finalist in the Singapore version of [American] Idol. She recently confessed that she was pan-sexual [another word for bi-sexual] and she created a lot of waves on her blog. We have two radio broadcasters who blog. All are very provocative.”

On the day of one of the interviews conducted for this chapter [29 January 2007] *The Straits Times* ran a story about Malaysia’s prime minister complaining about bloggers. Soh said it was not possible to stop bloggers, because of their vast numbers. “Ninety per cent are not read but the ones who are read are people who do something to capture the interest of the public, [writing] something provocative or controversial.”

Readings

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Infocomm Development Authority: <http://www.ida.gov.sg/>

Media Development Authority: <http://www.mda.gov.sg/>

Singapore Press Holdings: <http://www.sph.com.sg/>

Chapter 3

The Star Group in Malaysia

Malaysia has one of south-east Asia's healthiest economies, the result of decades of industrial growth and political stability. The central bank, Bank Negara Malaysia, said GDP averaged 6 per cent growth between 2002 and 2006, with 6 per cent forecast for 2007. Economic prospects remain healthy, though it faces competition from neighbours such as Singapore, and from China and India. Malaysia is a multi-ethnic and multi-religious society and one of the region's key tourism destinations. Ethnic Malays comprise about 60 per cent of the population of 26 million, in an area of 329,847 square kilometres (127,355 square miles). Chinese make up about 26 per cent, and Indians and indigenous peoples the rest. These communities coexist in relative harmony, though little interaction is apparent among younger generations. Malaysia is a federation of 13 states and three federal territories. The major languages are Malay (official), English, Chinese dialects, Tamil, Telugu and Malayalam. The major religions are Islam, Buddhism, Taoism, Hinduism, Christianity and Sikhism. Life expectancy is 71 years for men and 75 for women. Malaysia's main exports are electronic equipment, petroleum and liquefied natural gas, chemicals, palm oil, wood products, rubber and textiles. In 2006 the gross domestic product per person was \$US 12,900 based on purchasing power parity.

Malaysia's media market place

Malaysia has 40 audited newspapers printed in three languages, plus a range

of smaller publications for niche markets such as automobiles, IT, lifestyle and women's magazines, plus Chinese and Tamil language newspapers. The country has four English language daily newspapers: the *New Straits Times*, *The Star*, *The Sun* and the *Malay Mail*. Newspapers must renew their publication licence annually, and the Internal Security Minister can suspend or revoke publishing permits. The television sector consists of commercial networks and pay-TV operators. About a quarter of television households subscribe to the Astro service. Two other pay-TV operators, MiTV and Fine TV, entered the market in 2005. TV3 is the leading national private terrestrial broadcaster. State-owned Radio Television Malaysia (RTM) operates two television networks and about 30 of the country's radio stations plus the external service Voice of Malaysia. Private stations broadcast in Malay, Tamil, Chinese and English. Malaysia's national news agency Bernama has been producing live news bulletins for Astro since 2004. A fibre-optic cable linking Bernama to Astro's broadcast studios makes this possible. Bernama has more than 300 editorial staff and offices in all 13 states plus correspondents in Singapore, Jakarta, Bangkok and New Delhi. Given the potential of Internet protocol television, or IPTV, to deliver broadcast quality television over the Internet as broadband services expand, many media companies around the world have reservations about buying into expensive broadcast television companies. But IPTV only works with relatively high speed broadband, so it will not evolve until broadband infrastructures are in place. These infrastructures are discussed near the end of this chapter.

Media ownership laws

Malaysia has no anti-monopoly laws that prohibit one company from owning a television station, a radio station and a newspaper in one city. Media Prima owns the *New Straits Times* and *Malay Mail* as well as all the private television stations in the country – TV3, NTV7, 8TV and Channel 9 – plus newspapers in local languages such as *Berita Harian* and *Harian Metro*. All media companies are free to form alliances and purchase other media. The Star Group has three radio stations – Red 104.9 which is mostly in English, 98.8 in Mandarin and SuriaFM, which broadcasts in Bahasa. The Star Group owns the first two and is the majority stakeholder in the other. But it does not own a TV station. Rumours of a purchase have existed for some time but the Star

Group has few options because its main rival owns all the private television stations. The other two terrestrial television broadcasters, RTM1 and RTM2, are state-owned.

Company ownership and structure

The 2005 edition of *Who Owns What in Malaysia* listed The Star's controlling shareholder as Huaren Holdings, the investment arm of the political party MCA, one of the main parties that form the government. The company's other major shareholders are the Employee's Provident Fund and Great Eastern Holdings. *The Star*, a daily and its sister paper, *Sunday Star*, are published in four editions. Two cover the northern peninsular states of Penang, Kedah, Perlis and northern Perak while the other two editions cover the rest of the country. Two main printing plants publish the newspapers seven days a week. Northern editions are printed at the Star Northern Hub in Bayan Lepas, Penang; the other two editions are printed at the Star Media Hub in Bukit Jelutong, Shah Alam, Selangor. The corporate office is in Petaling Jaya, Selangor.

Datuk Steven Tan has been the group's managing director since 1986. Reporters Leela Barrock and Siow Chen Ming, writing in the online publication BizEdge, noted that *The Star* made more revenue from advertising than all other newspapers in the country put together. As of 2006 the Star Group's market capitalisation of RM 2.6 billion from a single product was about RM 1 billion more than that of the combined worth of The New Straits Times Press (M) Berhad and Media Prima Berhad. "*The Star* is truly the leader," Barrock and Siow wrote, "and no other player has a larger piece of the newspaper advertising pie [the main source of revenue for media companies], which means that other players are left eating its dust."

Laws affecting the media

In 1998 Malaysia's government united all the different statutes governing communication under the Malaysian Communication and Multimedia Act. In effect, the country had laws in place even before the technologies arrived. Some critics said that was a dangerous approach. The Malaysian Communication and Multimedia Commission, the MCMC, oversees the Act. The commission is part of the Ministry for Energy, Communications and Multimedia, which suggests communication is seen as a vital part of the country's infrastructure.

All the key players – web companies, Internet service providers and television broadcasters – fall under the umbrella of the Act. It emerged because of the national move towards IT and the knowledge economy that former prime minister Mahathir enabled in the mid 1990s. He started the Multimedia Super Corridor, with the heart of its development activities located in Cyberjaya, south of the capital Kuala Lumpur. It could be said that the Malaysian Communication and Multimedia Act has shaped the media landscape of the new millennium. It controls the telecommunications companies, and governs the broadcasters and the Internet content providers such as the Star Group. It should be noted that the Act does not govern newspapers because they come under the Newspaper Printing and Publications Act from the 1960s. Unlike many other countries, Malaysia's newspapers have to renew their printing and publication licence each year. Thus different Acts control the newspaper and its online edition. Dr Cherian George, a professor of journalism at Singapore's Nanyang Technological University, drew a distinction between security-minded agencies and officials compared with the officials in charge of promoting the multimedia industry, who tended to be more liberal. Generally the government had upheld its guarantee of no censorship of the Internet, he told the Media Report on the Australian Broadcasting Corporation in February 2007. "I would be surprised if there was actually a reversal of that. I don't actually think the Malaysians will go down the line of discretionary licensing, although they could apply laws like defamation and sedition more stringently." International media analysts generally agree that journalists in Malaysia are subject to some powerful and draconian laws such as the Internal Security Act, the Official Secrets Act, the Sedition Act and the Defamation Act, which have the effect of "chilling" media freedom.

Breaking news and the news cycle at The Star

Reporters telephone or text breaking news to the newsdesk. The officer-in-charge, known as the OC, at the news desk assigns a person every morning to handle SMS alerts. This is always a senior person who can clear copy and check facts. When stories arrive the duty journalist types the phoned story into the editorial system or checks the text message from the reporter, and despatches an SMS alert. Star Group programmers developed an in-house system which allows the newsdesk to type alerts to a fixed limit of 160 characters. All alerts

are distributed by telecommunications companies. From this point news also radiates to all the platforms to which the company provides news. In early 2007, as well as mobile phones, these consisted of display screens at shopping centres, electronic billboards and the company's radio stations. The Star Group offers two news alert packages at RM 5 a week for news, and RM 8 for news and business. Senior journalists within the company also receive these alerts.

The news editor or his assistant assigns reporters each day. The senior journalist on duty, sometimes the same person depending on their roster, coordinates coverage. They monitor when stories arrive and decide if further treatment is needed, such as whether different perspectives are needed. If so, the senior journalist assigns a reporter (who may be the original writer) to follow up. The OC updates the schedule files so the rest of the desk knows what stories are in and which ones are pending. The OC also recommends where in the paper each story goes, though the final decision is made at the evening editorial meeting. Many OCs also do preliminary copy-clearing, or direct stories to colleagues who do so.

Asohan Aryaduray, the editor for new media, said online was considered "ground zero" for breaking news. When the reporter returns to the office he or she files an updated first version of the story. Someone on the news desk decides where that story will go, and determines whether it is worth putting on the Internet immediately or kept for the daily. Journalists on the online desk monitor the newspaper's news queue and select good stories to distribute online and via SMS. "The story evolves during the day and the next day it's in print where it is fleshed out with more detail," Asohan said. Most of the paper's young reporters are familiar with the Internet. "So we don't have to sell them the idea of breaking news online or via SMS. With some of the senior reporters we still have to push the idea, though now less and less. Most of them realise the change that is occurring. But some still think that news does not start until 2pm when the sub-editors start preparing the next day's newspaper."

Why the Star Group embraced convergence

Star managers believe the consumer is the main economic force driving convergence. Audiences are fragmenting, and different groups of people seek news when they want it, not when media organisations give it to them. This

fragmentation trend is apparent around the world and is a key reason for the spread of convergence, as media groups seek to re-aggregate splintered audiences. Technologies are in place in Malaysia for a form of convergence led by the mobile phone and the Internet.

Early in March 2006 *The Star's* business pages reported the country's mobile phone penetration rate was almost 70 per cent, up from 50 per cent in 2005. Many people have more than one mobile phone and by early 2007 a reasonable estimate would put the total at about 15 million mobile phones in a population of 26 million people (assuming 15 per cent of the population are too young to have a mobile phone). In 2006 the government started a campaign to register all pre-paid account users because of perceived problems with unregistered pre-paid numbers. For example, loan sharks were known to use unregistered numbers to call their victims. Malaysia conducted a nationwide registration exercise. People had until December 15 of that year to tell the government who owned each pre-paid number or that number was deactivated. Of 14 million pre-paid accounts in the country, more than 10 million registered.

The advertising market in Malaysia

Rebecca Tan, executive director for Nielsen Media Research for Malaysia and Singapore, said total advertising spend in Malaysia for the first half of 2006 was RM 2.2 billion, a slight rise of 0.2 per cent compared with the same half-year in 2005. Total advertising spend for 2006 was about RM 5 billion. Newspapers continued to dominate the advertising market, taking 61 per cent of the advertising pie. Analysts said more than half of newspaper advertising spend was with English-language newspapers. Of those, *The Star* had a 70 per cent share in 2006. That meant *The Star* made at least RM 1 billion from advertising in 2006. "*The Star* is phenomenally profitable," one analyst said. The paper's web version generated about RM 6 million in advertising revenue in 2006.

Television had 28 per cent of Malaysia's advertising pie that year. Rebecca Tan said the FIFA World Cup in 2006 generated about RM 55 million worth of advertising revenue, almost double the RM 33 million advertisers spent on the 2002 World Cup. But this extra spending only managed to cushion an overall decline in a number of key advertising categories such as mobile

interactive services, hair products, airlines, manufacturers and residential real estate in the first half of 2006. “In spite of the boost in adspend brought about by the World Cup, the advertising market registered RM 2.2 billion in the first half of 2006, maintaining 2005 levels, but lower than the five per cent growth seen in 2004,” Rebecca Tan said. In other media, outdoor advertising recorded 22 per cent growth, and both point-of-sale and cinema advertising registered 20 per cent increases. The telecommunications sector is very competitive in Malaysia and is reflected in the rankings of the biggest advertising spenders. Phone companies took the four top spots among the 10 biggest advertisers in the first half of 2006. Maxis spent RM 100 million and was at the top of the list, ahead of Celcom.

Multimedia advertising packages

The Star's advertising department offers multimedia packages, which means advertisements are sold across platforms. The company offers certain customers the chance to sell their products across radio, online and print at the same time. Noted Davin Arul, vice president of the group's I.Star division and a former journalist: “We offer integrated packages. Companies we service are starting to get savvy to what multimedia offers.” But the main advertising thrust is still print. In many cases the company sells print advertising first and then offers other options such as multimedia, offering discounts to advertisers who choose a multiple platform approach. “For many years we were a print organisation. Then we got online in the mid 1990s. Radio is relatively new to us [the Star Group bought radio stations in 2004]. So the momentum was print driven because the money was so good,” Arul said. Print advertising revenues were like “a runaway train”. But with the arrival of new media forms the company had needed to change track. “Fragmented audiences mean you have to capture them [audiences, and thus advertisers] any way you can,” Arul said.

Late in 2006 the entire advertising department of about 100 advertising executives completed a three-day course on multimedia journalism. Two multimedia journalists, former *Star* reporters Julian and Anita Mathews who were pioneers of online journalism in Malaysia, conducted the training over two months. The trainers showed different forms of online advertising because this form of advertising is no longer just a case of selling banner advertising. The

executives created advertising packages for specific clients. Asohan Aryaduray said he aimed to “push them on the integrated front”. “Now they have been trained we are proposing that they do five campaigns each that involves as many media forms as possible. We push them to sell the idea of an integrated advertising campaign. You don’t work for a newspaper, you work for a media company. So they are selling for the Star Group, not *The Star* newspaper.”

Changing the mindset of reporters

Asohan said he had noted a “disconnect” between what he wanted to do with multimedia and how the newspaper’s newsdesk operated, but that had improved. The newsdesk experienced the usual newspaper newsroom pressures and operated understandably with a print mindset – get a good front-page story. “One good thing over the past few years is we don’t have to fight [to get stories published online] any more,” Asohan said. “Sometimes they wanted to save a good story for the next morning’s paper. Now only the most old-fashioned journalists think that way. Everyone else knows that we get the news out on the first available platform.” Asohan said it was important to change mindset to get people thinking in multimedia terms. Part of that change involved a lot of training, and getting the workflow processes streamlined. As of early 2007 at least 60 reporters had completed the multimedia training. The Star Group had about 1,800 staff in total. Of those about 500 were journalists, including reporters in bureaus across the country and overseas. The multimedia trainers showed journalists videos of how the BBC covered the July 2005 blasts in London Underground carriages and on a bus. There, people in the damaged Tube carriages sent still and video images of the carnage from their mobile phones. “We came to realise how much news could be delivered by mobile phone,” Arul said. “In the UK they are more advanced than in the US in terms of the quality of their mobile networks.” The company had deployed the Soundslides multimedia package, and had installed licensed versions of the software on the PCs used for training.

An in-house training manager puts together courses. “We offer a basic journalism course for new recruits that is standardised,” Arul said. “Then we have more specialised courses and we bring in trainers for those.” For example, the company used a photo-editor from AP to run photo courses, and had AP’s regional photo editor on retainer for about a year as a consultant. It also

employed former *Star* journalists Julian and Anita Matthews as multimedia trainers. “We prefer to outsource because we have lots of good trainers in KL. And our training manager is on-board when it comes to multimedia,” Asohan said. The training manager worked at a television station before joining the Star Group and understood multimedia. “She had real multimedia experience before it became a buzz word,” Arul said.

In the multimedia training courses *Star* journalists learned how to create their own slide show and put it on the Internet, shoot video, and use 3G phones to take pictures. They practised how to make a story out of the content they gathered and how to find information on the Internet. On the last day they had to create a multimedia story and put it on the Net. Asohan said the main continuing issue was making multimedia part of reporters’ daily work practices. “That is the next challenge, to bring the multimedia mindset to the newsroom. In the past few years a number of the younger editors with more of an online mindset have gone up the ranks in the organisation. So they volunteer stories from the paper to online or tell us about stories that are coming up. The subs desk is the last frontier.”

Davin Arul said individually many journalists were very “web savvy” but the challenge with them involved relating multimedia to their work. “They know what blogs are about and they search the Internet at home but they do not apply it in the office. They don’t see the connection between all their web surfing and work.” Arul said some reporters spent time on the web but also did not relate what they found to their work such as doing a local version of a foreign story they read online. Asohan said journalists were always working. “Journalism is not a career but a lifestyle. So when surfing you are working and you should be communicating new ideas to your readers. Individually some people get it. But trying to make it part of the work across all areas is what we are working on this year [2007].”

Change agents in the newsroom

Asohan started his new position in January 2007. He said he planned to spend more time away from the online desk and with the newspaper newsdesk to “nudge” them to offer stories to online. He also planned to encourage the newspaper to provide stories with different angles from what appeared in print when they come out in print the next day. As of early 2007 the online area

did not always have a representative on the newspaper newsdesk. Many of the online staff cut and pasted stories from the newspaper onto The Star online. Asohan agreed that a change of thinking was needed, to have journalists repackaging newspaper stories for online rather than cutting and pasting, and create original content for online. "We have to hire more journalists." Online staff numbers were small. Six worked on the English web site in early 2007. A Bahasa Malaysia online team produced original content and translated stories from the English newspaper and collated stories from the national news agency Bernama. "They are all very energetic," Arul said.

Influence of geography

The building's geography plays a major role in determining coverage. Newsrooms are on three floors. The main newspaper newsdesk is on the fifth floor. The multimedia studio is on the floor above and the online desk is on the seventh floor. The multimedia studio used to be part of the newspaper newsdesk but it grew too big so it was moved to the sixth floor. The studio focused on providing audio and video segments for the online sites. Their content is polished and professional. In February 2007 I watched a highly visual report about a ceremony for Thaipusam (a Hindu religious festival), filmed at the Batu Caves near Kuala Lumpur. Jeswant Singh is the multimedia studio's editor. His team includes several video producers and videographers, plus three or four journalists who also shoot and edit. Multimedia content is put onto *The Star's* online site (<http://www.thestar.com.my>). New technologies also make it possible to stream multimedia content on mobile phones. Arul cited recent reports that a company in Penang had developed a Java-based multimedia conferencing system that allowed three hours of streaming video on mobile phones. It was originally conceived of as a way to stream lectures but has obvious applications for the delivery of news, Arul said.

At the end of 2004 senior editors held a major brainstorming session. They focused on the location of newsrooms, which were on separate floors. The company had no plans to move to a new location, so people had to learn to work within the constraints of the building's geography. Some editors agreed that the organisation needed to think beyond print, while recognising that newspaper staff worked under great pressure to get the paper out. "In the brainstorming session," Asohan said, "we decided we needed to get as many

people together as possible. We would like one flat structure but that is not possible because of the shape and structure of the building. We appreciate we needed a new newsdesk structure so everyone can see each other.” The brainstorming session decided the company needed a command centre where all the editors sat together. “So when a story comes in, we can talk among ourselves and decide how best to deal with it,” Asohan said. “One good thing about most of our colleagues is they are not into empire building, they are not trying to control their domains. We co-operate.” A multimedia desk or command centre would improve communication and would allow for more co-operation and overcome some barriers between online and the print edition.

Asohan described the problems that all big newspapers have around the world: “You go to a press conference for a big story for, say, Telekom Malaysia, and you see someone from the business section and someone from technology and someone from the main part of the paper. So much redundancy.” Ideally the organisation should send one reporter who does one single story. The online editor could then distribute the essence of the news via SMS. After that the business editor would do a package for the business section of the paper, using business reporters to get more information to develop the story for a business audience. At the same time the hard news section of the paper could explore what the news means for the person in the street, in terms of how it would impact on their income. “Three different stories from one big event, Asohan said. “That’s the plan. It’s working title is the command centre.” Arul said this proposed process had the added advantage of allowing coverage of big news events by specialist reporters who could use their expertise and contacts. Plus it would ensure a more co-ordinated coverage of events. Editors hoped to get approval for the renovations needed for the newsdesk and to have the command centre in place by the end of 2007. It would be located on the fifth floor in the newspaper newsroom.

The Star Group also had plans for launching a mobile channel in 2007. The company was working with an enabler with links to all the mobile phone companies. The plan was to sell content such as video news clips by phone, for a nominal sum. Income would be shared between the Star Group and the enabler. Arul said costs had tended to be a barrier for 3G phones in Malaysia but those costs were starting to fall. The charging models of the

telecommunications companies have been expensive, with fees of 1 sen per kilobyte of data downloaded, or up to RM120 for unlimited downloads. "People are reluctant to pay that amount for a mobile service, though they pay 140 RM a month for a cable or satellite TV service such as Astro," Arul said.

Malaysia's broadband penetration

The main broadband network in Malaysia is managed by Telekom Malaysia. Some of their technologies are old and the copper wire sections of the network sometimes cannot take the load. Technical support staff are reported to take 48 hours to fix a problem, which has generated complaints in the past. A subsidiary, TMNet, was previously in charge of the broadband service but the parent Telekom Malaysia restructured its operations to take direct charge of the business. Broadband penetration in Malaysia is low by European standards, and data speeds slow. The standard package, with a maximum speed of 1Mb per second, costs about RM 88 a month. A top-end 4Mbps package was launched in mid-2007. By comparison, neighbouring Singapore offers speeds of about 100 Mb per second for about \$100 Singapore a month. The Malaysian national broadband policy detailed on its Internet site wanted 25 per cent penetration of households by the end of 2006, and 35 per cent by 2010. By June 2006 the figure was 2.5 per cent of households.

Blogging in Malaysia

Blogging has become a contentious issue in Malaysia. In February 2007 prime minister Abdullah Ahmad Badawi warned that people who spread lies and slander on the Internet would face the law. "If information in blogs, websites and online portals were incorrect, bordered on slander, caused disturbance or compelled the public to lose faith in the nation's economic policies, their authors would be detained," he said. But some blogs have been useful. In December 2006 floods ravaged Johor in southern Malaysia. Rising floodwaters caught residents unaware, and many were stranded on their rooftops in Segamat. A blogger set up a Chinese-language blog (www.segamat.8talk.net/) with flood reports. He used a mobile phone to take and post photographs to this blog. He also uploaded videos of the floods taken by a university student. The blog gave useful information on affected areas, water levels and route guides.

In January 2007 the New Straits Times Press group and its senior executives

took action in court against two bloggers for defamation and “malicious falsehoods”. The Southeast Asian Press Alliance and Reporters without Borders both expressed grave concern about this landmark case. SEAPA executive director Roby Alampay said the case would impact on Malaysians’ access to diverse and independent news and “adversely affect the Internet as a medium for free expression in a country where much of the mainstream press is owned and influenced by political parties and government itself”. The two bloggers who were sued, Jeff Ooi and Ahirudin Attan, actively exposed ethical issues. Ooi had criticised the government and public figures on his Screenshots blog since 2003. He won the Reporters Without Borders freedom blog award for Asia soon after. Ahirudin was executive editor of the *Malay Mail*, a newspaper in the New Straits Times Press group. He started his blog, Rocky’s Bru, after leaving the group early in 2006. He was president of the National Press Club from 2003 to 2007.

No Star Group reporters and editors blogged for any of the company’s newspapers as of early 2007. But many young reporters had their own blogs. Most were more of an online journal where they gave their personal opinions. “If you want to do your own blog you want to be bold and innovative. How can you give out inside information without running foul of the authorities? So best to do it outside the paper,” Asohan said. The Star Group had considered getting some of the senior journalists to start a blog for the newspapers. But the issue was finding ways to get people to read those blogs. Citizen journalism has been part of Malaysia’s media scene since about the end of 2005. Asohan said too much of it consisted of rants and complaints, with people seeing it as a vehicle for voicing frustrations. “So we introduced an online complaints page or online letters to the editor so people can vent their feelings.” *The Star* publishes writing guidelines for these pages on its online site and planned to relaunch a citizen’s blog with more guidelines about how to make it a proper story. “We will be more selective in the kinds of stories we run,” Asohan said. Arul said the paper planned to produce guidelines and instructions on how to shoot video and grab audio. “We are working on the visual and video part.” For some time *The Star* took selections from the citizen’s blog and published them in the newspaper. But after revamping the newspaper, executives noted little difference between citizen journalism online and what appeared in the newspaper. “So we are putting it more online,” Arul said.

The Star Group receives news tips from the public via phone and text message. Many readers contribute photographs. The Star Group had yet to embrace the notion of the video journalist, the single person who shoots, scripts and edits video packages. Arul said journalists continued to specialise, with one person shooting and another scripting. One reporter from the radio stations based in the city was stationed at the newspaper and he digitally edited his interviews after conducting them.

A handful of reporters take photographs with their mobile phones. But the Star Group had yet to formalise its camera phone policy. "It's been talked about, but it takes time. Just like it takes time for a country's laws to catch up with changing technologies. These things take time in any big organisation," Arul said. Most reporters had basic phones. "The primary application for hand [mobile] phones here is to call people or send SMS. Those who use all of a phone's 3G features are a niche group." Many reporters used Skype for personal reasons at home, such as for talking to family members overseas. Arul said the company's IT staff used Skype to talk to technology providers overseas for technical support. "They opened a special port [in the firewall]." People who wanted to use Skype at work had to get permission. "Everything is seen as a threat to the firewall," Asohan said. Arul said access was granted on a case-by-case basis.

No reporters produced podcasts as of early 2007. But a trio of *Star* reporters assembled a weekly vodcast, or video-based podcast, about English Premier League football and the European Champions League. The program started as a daily feature during the 2006 World Cup. The team consisted of Zack Yusof, an entertainment reporter, assistant entertainment editor Daryl Goh and deputy Metro editor Brian Martin. A regular guest is Nelsen Ng, previously a disc jockey from the Star Group's radio station Red FM and now with the parent company's Marketing Services Department, which provides football updates. A new episode is recorded each Monday after the weekend's action and it is uploaded in the evening. Arul said the program was popular and the company decided to make it a regular feature during the English Premier League season when it resumed in September 2007. "English Premier League is the big thing in Malaysia when it comes to soccer sponsorship and advertising." Arul described the program as "casual and flexible" with lots of banter and football insights.

The BBC reported on its web site that Malaysia had some of the toughest censorship laws in the world. “The authorities exert substantial control over the media and restrictions may be imposed in the name of national security.” Yet former prime minister Mahathir Mohammad promised “to never censor the Internet” in his drive to make Malaysia a global online and multi-media hub through development of the super corridor located between Kuala Lumpur’s airport and the capital. As a medium, the Internet is not regulated in Malaysia. But it is still subject to basic defamation and copyright laws, which around the world have been known to chill freedom of expression. It will be interesting to see how the government and legislators cope with these rapid changes in technology that allow information to be delivered so freely and widely.

Readings

History of the Star Group: See <http://thestar.com.my/info/thestar.asp/>



Chapter 4

The Nation Multi-Media Group in Thailand

About 67 million people live in the 514,000 square kilometres of the hereditary constitutional monarchy of Thailand. Three in four people classify themselves as ethnically Thai, and Chinese constitute 14 per cent of the population. A wide variety of ethnic groups make up the other 11 per cent. The population estimate takes into account the effects of excess mortality because of AIDS. The incidence of AIDS in Thailand was about one in a 100 in 2006, a vast improvement from a decade earlier when the death rate was one in 50. The 2000 Census said 94 per cent of the people were Theravada Buddhist, with 4.6 per cent Muslim and a range of religions making up the rest. Estimates by non-governmental organisations, academics and religious groups published in 2006 said 85 per cent of the population said they were Buddhist and about 10 per cent were Muslim. Thai is the most common language, with English as the secondary language of the elite. Average literacy rates are 93 per cent (95 per cent for men and 91 per cent for women).

Thailand appears to have recovered from the 1997-98 Asian financial crisis. Its economy grew an average of 6 per cent a year between 2002 and 2006. Growth was 6.1 per cent in 2004, 4.5 per cent in 2005, and 5 per cent in 2006, boosted by increased consumption and strong export growth. Investment slowed in 2006 as investors stayed away, worried by the political problems of the Thaksin Shinawatra administration. The military coup in September 2006 introduced a new economic team, led by the former central

bank governor. The Thai Board of Investment reported in December 2006 that the value of investment applications from January to November had declined by 27 per cent year-on-year. But exports increased to record levels, rising almost 17 per cent in 2006. The United Nations Department of Economic and Social Affairs said gross domestic product per person that year was \$US 9,200 expressed in terms of purchasing power parity.

Thailand's media

Thailand has a well-developed media sector. Compared with other countries in the region the Thai media is relatively free, though the government continues to exercise control, especially over broadcast media. Television is the most widely watched medium but newspapers are the most influential. Television is government controlled and people perceive it as government propaganda. Thailand's print media are not subject to close government supervision. Prior to 1997 it was necessary to obtain a licence from the government to start a newspaper. But since then it is possible to start a publication, and then register it afterwards. The authorities cannot shut down a paper as long as it is registered.

Readers have a choice of newspapers, ranging from sensationalist mass-circulation dailies to specialist political and business publications. The photographs in Thailand's newspapers can be graphic, with gory images of corpses often found on the front page. Despite the tabloid content in many papers, all newspapers retain the broadsheet format. Exact circulation data are not available because Thai newspapers are not audited. *Thai Rath* and *Daily News*, both Thai language publications, are the market leaders and have a combined circulation of more than a million. Because both papers were founded when the country was still under military rule, they cultivated good relations with the army and bureaucracy. Their editorial style tends to favour the status quo and they are seen as conservative within the Thai political context. In his book *Politics and the Press in Thailand: Media Machinations*, British academic Dr Duncan McCargo noted that Thai newspapers were "notoriously unwilling" to submit to independent auditing. But some of the tabloids sold a million copies on days when the national lottery was drawn.

Newspapers that grew out of the student movement of the 1970s such as *The Nation*, *Matichon* and *Thai Post*, tend to adopt a more anti-government

outlook and their political line is seen as progressive. Section 39 of the Constitution prevents foreign ownership of the media: “The owner of a newspaper or other mass media business shall be a Thai national.” Foreigners can own up to 49 per cent of media companies. No laws forbid cross-media ownership, so it is possible to own a newspaper and a television channel in one city. But television requires a licence issued by the government.

The BBC has noted that the government and military control nearly all the national terrestrial television networks and operate many of Thailand’s radio networks. The radio market is competitive, especially in Bangkok, with more than 60 stations in and around the capital. The Mass Communications Organisation of Thailand (MCOT), a government agency, runs Thai TV3 and Channel 9. The Royal Thai Army owns TV5 and BBTV Channel 7. Army Radio is a network owned by the Royal Thai Army. The prime minister’s office owned Independent Television until early 2007. The National Broadcasting Services of Thailand (NBT), part of the government Public Relations Department, operates TTV Channel 11 and Radio Thailand’s national network and external service. MCOT also runs the MCOT radio network and the national news agency, the Thai News Agency. The latter was established in 1976.

The media are free to criticise government policies, and report instances of corruption and human rights abuse. But journalists tend to exercise self-censorship regarding the military, the monarchy, the judiciary and other sensitive issues, the BBC said. A series of media reforms aimed at reducing military influence in the media and opening up more opportunities to the private sector are being discussed. After Thaksin Shinawatra was elected prime minister in 2001, several companies associated with him ceased to advertise in *The Nation*. The newspaper reported on the advertising cuts and adopted an anti-Thaksin editorial line. Analysts say the government watches the Thai-language press closer than its English-language equivalent because freedom for the latter proves Thailand has democracy despite military coups and the vast influence of the military on the government. Influential “civilians” in the government often have a military background; in many cases they are retired generals.

Total spend on advertising in Thailand increased 5.3 per cent to 82.15 billion baht (\$US 2.5 billion) in 2006, compared with the previous year. The bulk of Thailand’s advertising pie, about 60 per cent, is consumed by

television. Thailand has few regional newspapers; most are located in Bangkok. Distribution is by truck. Thailand has low newspaper consumption compared with neighbours Malaysia and Singapore. Online advertising is booming. In 2006 it doubled in size from the previous year, though from a small base. It is expected to grow about 18 per cent a year for the next few years. SMS and mobile advertising are included in the data for Internet advertising. By comparison, network television advertising rose 5.5 per cent and newspapers increased 4.3 per cent.

The Nation group tried to offer multimedia advertising, where one person sold advertising across all media platforms. But it did not work. "It was difficult because the people who buy advertising are split; they only buy television or print or online. We do sell advertising packages across our print products, with one person selling advertising for three Thai-language newspapers," said Pana Janviroj, president of the Nation Multimedia Group's English-language division.

The Nation Multimedia Group started in 1971 when a group of Thai journalists in Bangkok founded an English-language newspaper, *The Voice of the Nation*. The paper's name was shortened to *The Nation* and the multimedia company grew up around it from the mid 1990s. Pana Janviroj said the company had always had a multimedia strategy, which was why the company changed its name in 1997. The group has two major shareholders: the chairman, Thanachai Theerapatvong, and the editor in chief, Suthichai Yoon. Pana Janviroj described them both as visionaries.

The Nation Multimedia Group

The Nation Multimedia Group listed on the Stock Exchange of Thailand in 1988. *The Nation* is the group's flagship. It maintains a progressive editorial line. Both *The Nation* and the other English-language daily, the *Bangkok Post*, are similar in their coverage of international news and focus mainly on foreigners and the Thai elite. Compared with the *Bangkok Post*, *The Nation* is more nationalistic and tends to be more critical of the government in its editorials. It employs more Thai journalists and covers local topics more from a Thai perspective. By law Thai newspapers cannot hire foreign reporters, though exceptions can be made in specialist areas such as finance. Newspapers are permitted to hire expatriates as copy or sub editors because they have

appropriate language skills. The Nation group publishes a tabloid-style Thai-language daily called *Kom Chad Luek*, whose circulation is somewhere between 500,000 and 600,000. The paper, whose title translates as “sharp, clear and in-depth,” launched in 2001. Its political stance is liberal and non-populist. Most of its sales are concentrated in the middle income group. The group also has a business daily called *Krungthep Turakij* with a circulation said to be in the 80,000 to 100,000 range. This paper is popular with Thai businesses. Its political stance is progressive. As well as newspapers, the Nation Multimedia Group provides content for television and radio channels, and publishes books, magazines and web sites.

Of the Thai newspapers, *The Nation* is perceived as being liberal, Pana Janviroj said. “We are a national institution and we specialise in news. And our television station focuses on news, though we could have gone into entertainment. We had not been given access to a [cable] TV licence, so it is difficult for us to develop television. We have our own cable content but we rent space to deliver the content. The former government [of prime minister Thaksin Shinawatra] did not want to give us a cable licence.” The Nation group produces content for radio as well as both terrestrial and cable television. “We produce three daily news programs for Channel 9, and another for Channel 5. One of our staff is an anchor for Channel 3,” Pana Janviroj said.

The company’s headquarters are in the Nation Tower on Bangna-Trad Road, a half-hour drive to Bangkok’s new Suvarnabhumi international airport. All journalists are based in two adjoining buildings. This facilitates communication and sharing of content. The group’s newspapers are located in a building next to the Nation Tower. Each newspaper operates a news web site, mostly with content from the newspaper apart from breaking news and blogs. The online and television newsrooms are on floor 12A in the Nation Tower (many Thai buildings do not have a 13th floor; hence 12A). Pana Janviroj said no space was available in the newspaper newsrooms which was why the online and television newsrooms were separated. “We link journalists through our computer system,” he said, “so anyone can see and share our content.” Breaking news was shared the most. The television newsroom was not interested in using much of the newspaper content, such as columns, because it was dated. The group developed in-house software for the front-end system for its Thai-language newspapers, running on PCs, because suitable

software was not available off the shelf. *The Nation* uses the Atex front-end system. Each of the three Thai-language newspapers has about 150 editorial staff. The television news team consisted of about 150 editorial staff plus about 50 technicians. "We have a pool of reporting staff that the television station also uses," Pana Janviroj said. The group had about 20 radio journalists. In all, the Nation Multimedia Group had about 1,000 editorial staff. Of those about 700 worked in print. "When we first started in television, our print content went onto television. Some reporters did a bit of both. But we discovered that television production consumes a lot of time."

Pana Janviroj said his journalists were good at getting the story fast. "We have good reporters but the people who come to us from university need to be trained a lot. We provide some basic in-house training but it is not always regular. It tends to be on-the-job training." The real problem, he said, was the general level of education. "Thai education standards are not that good." Journalists are developing a multi-media mindset. "For new recruits, we require them to have Internet skills and to understand modern technologies. We have to find news for our web sites." Pichaya Changsorn, deputy business editor of *The Nation*, said that of the 1,000 reporters in the company only a handful sent stories with their pocket PCs. They were more likely to use mobile phones for reporting. Journalists buy their own equipment. The company subsidises the purchase of a laptop via a soft loan at zero interest.

Organisation structure

The Nation Multimedia group has six business units. Each has its own board of directors. The first unit includes English-language publications *The Nation* and *The Nation Junior*. The latter appears every two weeks and is aimed at the youth market. The editor is Tulsathit Taptim. The broadcasting unit includes the Nation Broadcasting Corporation (NBC) and the Nation Radio Network. The editor is Pranot Vilapasuwan. The printing unit covers the production of newspapers, books and magazines. The business media unit includes *Krungthep Turakij* and *BizWeek*. Its editor is Duangkamol Chotana. The Thai-language newspaper unit includes *Kom Chad Luek* and *Nation Weekender*, a weekly news magazine with a circulation of about 150,000. This unit's editor is Korkhet Chantalertluk. The final unit covers edu-tainment and includes Nation Books, Direct English and cartoons. The last publishes Japanese and

Thai manga. Each unit has a separate board with members from the main Nation Multimedia's board of directors.

Breaking news at the Nation Group

When news breaks a reporter telephones the news desk from their mobile phone. The news desk distributes the news via a text message, or SMS. Audiences get news headline first on their mobiles, and then on the web. People pay 49 baht a month for the SMS news service. They usually get 8 to 10 news items a day. The software for this process was built in-house. A central desk in the Nation Tower looks after all breaking news. It produces breaking news for all the company's media, and is familiar with the needs of all media. About 10 journalists work in the SMS and new media team.

Pana Janviroj said the company was diverting more print reporters to the Internet. "We are moving step by step. Within six months we will move 20 print reporters to the Internet. It is a recognition that the future is in new media. These 20 reporters will work for the new media team but the newspaper can still use the content they produce. At the moment they work for the newspaper and the content is used by new media." This reversal of the newsgathering process reflects the balancing act of new media. Deciding where to allocate resources remains a key issue for media organisations. Ultimately, success depended on the advertising revenue that new media generated, Pana Janviroj said.

Internet and communications technology

Early in the new century, Thailand started to embrace the Internet in a variety of ways. In February 2001, then prime minister Thaksin introduced policy to the National Assembly of Thailand to promote development of a communications and transport infrastructure "to improve production, create employment, and to generate income". Modernisation and expansion of the telecommunications system would be given the highest priority, he said. Between 2000 and 2005 the estimated number of Internet users rose sharply, though from a low base. ISPs appear to be recovering from their earlier reputation for unreliable performance. In 2000, Thailand had 2.3 million Internet users in a population of 61.5 million, or 3.7 per cent of the total. Only 15,000 of those users had broadband. Five years later the percentage of Internet users had jumped to

12.5 per cent (8.42 million in a population of 67 million). These numbers includes people who access the Internet from work and home. It is difficult to get accurate data because the government asks ISPs for subscriber numbers, and exaggeration sometimes occurs.

The government's ICT plan for the decade to 2010 is designed to build an environment to foster e-commerce by identifying and developing key building blocks, and enhancing the environment for electronic trading and transactions between businesses. Australian telecoms analyst Paul Budde said Thailand's information infrastructure was becoming more universal and less expensive, and security, privacy protection and trust were being enhanced. In 2005 Thailand had just over 7 million land lines. The telephone system in urban areas like Bangkok is of world standard. Mobile phones have become very popular. In 2005 about 27.38 million people had mobile phones. By early 2007 this number had jumped to more than 30 million, a penetration rate of more than 50 per cent of the population. Government policy is designed to foster improvements in the domestic communications network and promote cooperation in building communications networks with Thailand's neighbours.

Pana Janviroj, president of the Nation's English-language division, noted problems with the infrastructure for mobile networks. The problems were related mostly to the way licences were issued. "Different licences had different conditions imposed when they were sold. The first licence holder paid less to the government for the licence. The second licence holder had to pay more, so they cannot afford to invest as much as the first." The situation got worse for later licence buyers. "We should have a better infrastructure given the high number of mobile phone users," Janviroj said. A similar problem related to the Internet. "Because of the 1997 financial crisis the infrastructure providers struggled and have experienced financial difficulties. So they do not have the money to improve the infrastructure. The Internet is better in urban areas. It is a problem in rural areas because the infrastructure is not there."

Blogs and OKNation.net

In late December 2006 the Nation group launched an innovative site called OKNation.net that invites audiences to contribute content. It was the brainchild of Adisak Limprungpatanakij, the president of Nation Broadcasting

Corporation. Senior executives went to Seoul to study OhmyNews (see chapter 6), to use it as a possible model. The new media director, Chu Tin Tra, also went to Sweden to study web developments. Charlee Waradee is the editor of OKNation. “We wanted everyone to be a reporter. It is a new model for Thailand.” Bloggers contribute photographs as well as text. The most active contributors were the company’s photojournalists, who have all the latest equipment. “We encourage them to have blogs with their own pictures,” Pana Janviroj said.

By March 2007 the site had about 1,500 to 2,000 blogs. It also offers a photo gallery and video clips. Ultimately the company did not follow the OhmyNews route. “We concentrate on opinion pieces and blogs rather than citizen journalism,” Pana Janviroj said. “A lot of Thais do not know how to write well enough for citizen journalism. So we started with blogs and will develop from there.” Pana Janviroj noted that it was not possible to take a model from one culture and impose it on another culture. “You have to understand different cultures, and appreciate different ways of doing things. There are steps one has to follow.” Content on the OKNation site in mid 2007 was often chat, or social networking. And the quality of photographs was not high because of the small number of pixels on mobile phone cameras. Thailand’s mobile phone infrastructure is not as well developed as in other countries like Singapore. “We do not have 3G,” Pana Janviroj said. “The mobile phone network in Thailand is not even 2.5, more like 2.25.” Photographs were more likely to be delivered as email attachments. Licences for 3G had not been made available in Thailand as of mid 2007. They are issued by the telecoms regulator, the National Telecommunications Committee.

The company seeded the OKNation site with good content by requiring about 300 reporters to write blogs, and it became the first newspaper-produced blog site in Thailand. “It took off because we had so many reporters writing for it. We used the reporters to jump start it, and our reporters gave the blog diversity of substance,” Pana Janviroj said. “We used newspaper reporters because they knew their area of expertise. Initially they wrote about the things they wrote for the newspaper but then it evolved. Blogs gave them something to try beyond what they did for the newspaper.” Charlee Waradee said using *Nation* writers at the start was a magnet for readers. “Now more and more citizens are getting involved. In the cyber world people are more free to speak

their mind.” Pana Janviroj said 1,500 to 2,000 bloggers was not yet a success but it was “a good start”. “A lot of people out there have things to say but cannot find an avenue, or they have an avenue but it is only among their friends and thus is limited. OKNation is more mass delivery; it reaches many people, which is part of its popularity.” The site planned to start accepting images sent from mobile phones from March 2007. The company subsidises mobile phone calls, giving reporters an allowance of between 500 and 1,000 baht a month [\$US 16 to 32] depending on the kind of job they do. The company regards this method as simpler, rather than expecting reporters to supply phone records and invoices. The range of different mobile phone companies also made a system of requiring phone receipts too complicated.

How would the company know if the OKNation blog succeeded? Pana Janviroj asked. “We don’t know. We can always put more reporters on blogs. Reporters are disciplined and know how to write.” Success depended on the credibility of the reporter and their writing. “OKNation is the blog of the newspaper, not the blog of a person. So the brand is there and the blog is associated with the brand.” Charlee Waradee said all the company’s reporters owned a mobile phone but not every mobile phone had a camera. “We would like to train our reporters to send photographs to the web from their phones. In the future it will be part of the reporting routine. But not at the moment. At the moment reporters in the field file stories by email.”

Had the Nation group ever considered becoming an Internet service provider or mobile phone provider? Pana Janviroj said the company decided to be a content provider above all else because Thailand already had many phone carriers and internet service providers (ISPs). “We don’t want to supply to only one ISP. We focus on content. Our web master provides basic training to reporters on how to load photographs to the web. We have a monthly talk on new media with outside speakers. They give us feedback on industry trends.” The company started the talks early in 2007. Pichaya said the company had only recently become aggressive in the new media area. He predicted “a lot of progress” near the end of 2007 or in 2008. “OKNation is just the beginning of our grand new media vision. Things are now just starting; we cannot tell you everything.” He said the company’s CEO, Suthichai Yoon, was keen on new media. “He is an active blogger and sees it as the future.”

Legal issues with blogs

How does the site deal with defamatory comments or similar legal problems on the blog, given the fact the law is struggling to keep up with changes in the Internet? The site's editor, Charlee Waradee, checks the site. "I read all content. Offensive comments on the blog are removed. We have lots of staff reading blogs and if they see things that are wrong or offensive, they alert me," Charlee Waradee said. If something were defamatory, the company had no choice but to delete it, Pichaya Changsorn said. "It is not censorship, it is editorial judgement," Pana Janviroj said. The site also uses technology such as key word filters. This system deletes offensive words. If a blogger defames or commits legal problems, they can be banned, Charlee Waradee said.

It seems that many people have something to say on Thailand's blogs. On some Thai-language sites such as Sanook (<http://www.sanook.com/>) a variety of people post their views on political issues, adding support or protesting against particular laws or plans for new regulations. More and more blogs and citizen journalism sites like OhmyNews are appearing because people want access to the media, to have their voices heard. The more educated the citizen, generally the stronger the desire to have a say. If a newspaper's website does not provide space for people to post their comments, they will go elsewhere to find a space to express themselves.

The media and the king

Thailand's King Bhumibol Adulyadej, Rama IX, succeeded his brother, King Ananda, in 1946. The king remains a major force for unity among Thailand's diverse groups. The king is above daily politics and his people revere him. Nothing critical is ever published about him or the royal family. In fact, information about the king and royal family is strictly controlled. To insult them is a crime, known as *lese majeste*. Section 112 of Thailand's penal code says: "Whoever defames, insults, or threatens the King, the Queen, the Heir-apparent or the Regent shall be punished with imprisonment not exceeding seven years." The prime minister is the interpreter of this law. Thai politicians never link their platforms with the king or royal family, despite the fact such a strategy could gain substantial votes. The Thai media features numerous salutes to the royal family whenever a significant event such as a birthday occurs. The English-language media seldom publish gossip about politicians and other

public figures, unlike their neighbours in countries like the Philippines.

Controversy over the king

The Nation group became the target of mass protests on 24 March 2006 after the mass-circulation *Kom Chad Luek* printed an article quoting an anti-government protest leader Sondhi Limthongkul. The report was about a speech Sondhi Limthongkul made at a protest rally the previous day. The report implied the king was responsible for the Supreme Administrative Court's quashing two royal decrees on the public listing of the Electricity Generating Authority of Thailand. Sondhi Limthongkul said he was merely using a figure of speech, asking whether prime minister Thaksin expected the king to "resign" to take responsibility for the failed royal decrees if Thaksin himself refused to take responsibility by resigning. The *Kom Chad Luek* report dropped part of the sentence, causing it to be misleading. On 28 March 2006 about 1,000 protestors from a group that supported the then prime minister, known as the "Caravan of the Poor," gathered in front of the Nation Group demanding the paper clarify its report. Nation Group editor Thepchai Yong acknowledged in London's *The Guardian* that the paper made an error and said *Kom Chad Luek* was "punishing itself for the mistake" by shutting down for three days.

On March 30 the paper published a front-page apology asking forgiveness from the king. Protests continued in front of the building that day and about 2,000 protestors blocked the highway, stopping Nation employees from entering or leaving the site for seven hours, *The Guardian* said. *Kom Chad Luek* editor Korkhet Chantalertlak accepted responsibility and resigned. The chief news editor was reassigned. *The Guardian* reported that *Kom Chad Luek* suspended publication for a total of five days, from March 31 to April 2 and April 8 and 9. The Thai Journalists' Association and Thai Broadcast Journalists' Association denounced the protest as an act of intimidation because the paper had taken responsibility for the error. More than 100 journalists signed a letter condemning the siege and the way protestors used the monarchy for their ends.

Journalism education

Journalism and mass communication education is available at three universities

in Bangkok and at Chiang Mai University in northern Thailand. Thammasat University in Bangkok offers a masters degree in mass communication. Bangkok University International College has both bachelors and graduate programs in communication arts. Graduate student majors include public relations, advertising, mass communication and interpersonal communications. Chulalongkorn is Thailand's oldest and most prestigious university. It offers a bachelors degree in communication arts. Chiang Mai University is the oldest and most prestigious university in northern Thailand. It offers a bachelors degree in mass communication.

Pana Janviroj said the calibre of journalism schools in Thailand tended "not to be up to scratch". The Nation group did not usually employ people from Thai journalism schools because the courses were too theoretical and the teaching was old fashioned. "It is not practical. Students do not have any story clippings. They lack background knowledge." In terms of online skills, Thailand's universities were moving "very slowly," he said. "The national curriculum has not been changed for I don't know how many years." In response, the Nation group started a journalism school in 2006 with Hua Chiew University as a partner. The idea was to produce more rigorous graduates. "Students study the basics at university but we give them deeper skills and practical training." The Nation group employed people with degrees in a range of areas such as finance, economics and history and trained them to be journalists, much like the way Singapore Press Holdings selects and trains its reporters (see chapter 2). "We want people with specialist knowledge. We train them ourselves. Our staff soon become 100 per cent computer literate," Pana Janviroj said. "There are not enough quality journalists for both the Thai- and English-language papers, but the problem is more acute with the English paper."

The company tests all prospective reporters on their writing skills, regardless of which language they will write in. The ability to show initiative and be independent is also considered important. "We look at the way they [new reporters] interact with the news editor. If they [new reporters] are able to go out and produce and we can see they are improving, can take in new and different ideas, and show versatility [we see their potential]. But we do not have any particular standard when it comes to recruiting, though we look for good marks at university." Different desks on the various newspapers recruit on their own behalf. Selection is usually left to the news editor and the business

editor. “We do not have a central recruitment system,” Pana Janviroj said. “We have a training manager but this person does not recruit.”

Pana Janviroj and his colleagues saw the need to train journalists for the knowledge era, realising they needed technological skills as well as theoretical and thinking skills. “Traditional media will not die tomorrow. Print and television and radio will be around for many more years. But new media is here, and something on the horizon that we do not see today may affect our profession in the future,” Pana Janviroj said. Pichaya Changsorn, *The Nation's* deputy business editor, believes the future is multi-media, because it offers the company more ways to reach an increasing range of audiences. He hoped to use the video journalist model, where the reporter shoots, scripts, edits and packages a television report, in remote and rural areas. This content would be ideal for the web, he said, and would help cope with Bangkok's traffic jams which make physical delivery of video problematic. In early March the company used motor bikes to deliver videotape.

Pana Janviroj said the future for journalism in Thailand needed to be digital. It was vital to offer audiences diversity and choice in the way they got their news. “Print will still be there but the Internet and mobile phones need equal resources to the newspapers. We need to invest in new media.”

Chapter 5

Inquirer.net in the Philippines

About 91 million Filipinos live on 11 of the 7,107 islands that make up the Philippines archipelago, in an area of about 300,000 square kilometres. Much of the country is mountainous and prone to earthquakes and eruptions from about 20 active volcanoes. Typhoons and other storms have been known to ravage the islands. The Filipino economy grew about 5 per cent a year between 2002 and 2006, reflecting the continued resilience of the service sector plus improved exports and agricultural output. Main exports included electrical machinery, clothing, food and live animals, chemicals, and timber products. Growth will need to be sustained to help alleviate poverty and deal with the country's high population growth and unequal distribution of income, the *CIA World FactBook* said. In terms of purchasing power parity, gross domestic product per person is about \$US 5,000 – one of the lowest in the region.

GDP expanded by 2.4 per cent in 1999 and 4.4 per cent in 2000, but dropped to 3.2 per cent in 2001 because of a global economic slowdown, an export slump and political and security concerns. The Philippines faces higher oil prices, higher interest rates on its dollar borrowings and higher inflation. Fiscal constraints limit Manila's ability to finance infrastructure and social spending. A consistently large budget deficit has produced a high debt level, which forces the country to spend a large portion of the national budget on servicing debt. Credit rating agencies have at times expressed concern about the country's ability to service debt, though central bank reserves appear adequate and large remittance inflows appear stable, the *CIA World FactBook* said.

The Philippines has two official languages, Filipino (based on Tagalog) and English, plus eight major dialects: Tagalog, Cebuano, Ilocan, Hiligaynon or Ilonggo, Bicol, Waray, Pampango, and Pangasinense. Life expectancy is 68 years for men and 72 years for women. Four in five people are Roman Catholic, and religion is a major influence on people's lives. The other faiths are Protestantism (9 per cent) and Islam (5 per cent), with Buddhist and others making up the rest.

Literacy rates have scarcely changed since 1994, though data are dated. Simple literacy, defined as "basic reading and writing skills," was 93.4 per cent in 2003, up from 92.3 per cent in 2000. In 1994 the rate was 93.9 per cent (47.3 million people out of a population of 50.4 million), according to the Philippines National Statistics Office. Functional literacy is defined as the proportion of people aged 10 to 64 with basic reading, writing and computer skills. In 2003 the rate was 84.1 per cent, up from 83.8 per cent in 2000. In 1994 the proportion of the urban population with functional literacy was 88.4 per cent or 21.4 million out of 24.2 million people living in the major cities.

Media ownership laws in the Philippines mean one company can own two out of three media. For example, a television station could have a radio station but not a newspaper. The legislation appears to aim to stop any one group controlling all three sides of the media triangle. But with the Internet the triangle has become a square. The only law that impacts the Internet covers e-commerce; it says nothing about media ownership or media control. This gives Internet companies freedom to have joint ventures without the legal restrictions that other media face. Foreign ownership of the media is forbidden, though minority stakes are allowed. A licence is needed to operate a television channel and a radio station. Newspapers do not require a licence. Most broadcasting is in Tagalog while newspapers are in English and Tagalog. The most-read newspapers are tabloids in the Filipino language but they have minimal impact politically because they focus on a formula of scams, crime and gory pictures on the front page. The Philippines has no organisation such as an audit bureau of circulation, so it is difficult to get accurate data on newspaper circulations, or the size of broadcast audiences. Data on web site visits are also nebulous.

The private press is vigorous. Broadsheet papers provide serious news while the tabloids, mostly in Tagalog and Cebuano, offer more sensational

stories. Major broadsheet newspapers include the *Philippine Star*, the *Daily Tribune* and *The Philippine Daily Inquirer*. Elite families have traditionally owned major newspapers in Manila. The free-to-air networks ABS-CBN and GMA dominate the television scene and attract the bulk of viewers. Some Manila-based networks broadcast in local languages. Cable television coverage is small. IBC is the government-owned television network. The Philippine Broadcasting Service (PBS) operates a nationwide radio network focusing on news and public affairs. Radio Mindanao runs more than 50 stations nationally. The Philippines News Agency (PNA) is the national news agency. The BBC says powerful commercial interests control or influence much of the media. Most newspapers lose money, the US Library of Congress web site said, but were used by their businesspeople owners to influence government policy and officials.

Press freedom is guaranteed under the 1987 Constitution. It also guarantees free access to records, documents and papers pertaining to official acts. But the Library of Congress web site notes that government officials “tended to be leery of reporters, who sometimes ran stories gathered from a single source or based on hearsay”. After Ninoy Aquino’s assassination in August 1983, newspapers gradually became more politically independent. When President Marcos fled in 1986, the Commission on Good Government confiscated the assets of crony-owned newspapers and the press in the Philippines revived quickly. Television stations in Manila were very profitable. Few television stations were based outside Manila. Radio reached people in remote areas, even villages without electricity. Radio stations in the provinces tend to be owned by wealthy local families involved in politics, the Library of Congress web site said.

Television is the most influential medium because it reaches people who have limited literacy. It used to be said in the Philippines that radio had the broadest reach, television the most impact and newspapers the most authority. By early 2007 television had almost the same reach as radio and far more impact, making it the most influential medium. At the time of writing, an election was scheduled for late 2007. The bonanza of spending on television advertising reflected that medium’s impact. Each candidate spent upwards of 100 million pesos (\$US 2 million) on their campaign, with the vast bulk of that money going to television advertising.

Telephones and the Internet

In 1992 the Philippines had one of the lowest levels of telephone ownership in Asia, at slightly more than one landline per 100 people. In 1995 a new telecommunications policy Act was passed. It deregulated telecoms and increased coverage in rural areas. One result was a rise in the number of phone lines to almost four per 100 people by the end of 1999. By 2004 the country had about 3.4 million landlines compared with 33 million mobile phones.

Access to the Internet is growing quickly, though from a small base. In 2000 the country had about 2 million Internet users in a population of 78 million, or 2 per cent penetration. Three years later the number of Internet users had jumped to 3.5 million. By 2005 the level of penetration was 9 per cent, or 7.8 million Internet users in a population of 87 million. But Internet penetration remains one of the lowest in Asia. A quarter of Internet users were in metropolitan Manila. Use of SMS in the capital must be one of the highest anywhere in the world. Between them mobile phone companies Smart and Piltel handled 800 million text messages a day in 2006. Rival Globe Telecom delivered 250 million text messages a day, in a population of 14 million.

The number of personal computers in the country is low, with perhaps 10 per cent of households with a computer. The Internet café has been a growth driver for the web, with online gaming also very popular. The Internet sector is well positioned for growth because of a deregulated market, strong government support for IT development, and an increasingly Internet savvy population because of the number of Internet cafes. The growth of e-commerce will ultimately depend on increasing access to the Internet, greater PC penetration and government enactment of appropriate e-commerce legislation. It is difficult to get accurate statistical information about the country's IT and communications market. The National Telecommunications Commission solicits information from telecoms operators, but compliance is low and respondents interpret data in different ways, telecoms analyst Paul Budde said. "Only a fraction of the population goes online with a broadband connection." Some web sites have been sued for libel in the Philippines. But the cases were all still in court as of March 2007, so no precedents have been set. Some lawyers argue that the country's defamation laws do not cover the Internet.

Innovation in Manila

Inquirer.net is one of the most innovative web sites in the Asian region. While many newspapers around the world shovel content to the web site, Inquirer.net offers a range of multimedia that has made it one of the most popular sites in the region. Preparation for Inquirer.net started in 1997 and the site launched a year later with Abel Ulanday as its first editor. By 2000 the website hovered between number 21 and number 23 in the list of the world's 100 hottest news sites. Inquirer.net's multimedia coverage of the People Power II revolution that ousted President Joseph Estrada in January 2001 saw a surge in popularity to the number 11 spot. Other sites in the top global news websites included WSJ.com, WashingtonPost.com, and the *San Jose Mercury News* web site. On 27 February 2001, the Philippine Daily Inquirer Incorporated and broadcast company GMA Network Incorporated formed a joint venture and re-launched Inquirer.net as a news portal, INQ7 Interactive. That agreement dissolved on 8 December 2006. Inquirer.net resumed its original name and became a company under the Philippine Daily Inquirer Group. As of March 2007 Inquirer.net employed about 50 people. Most are aged from their 20s to mid 30s and come from Manila. JV Rufino is the site's editor-in-chief and senior vice president. As of March 2007 the Inquirer.net site received from 30 to 40 million page views a month. The number of unique visitors ranged from 4 to 5 million a month. About 40 per cent of the audience were American-based Filipinos, about 30 per cent were locals, with the rest scattered around various parts of the world.

Online advertising in the Philippines was growing quickly as of mid 2007, though from a small base. Ramon Lizardo, vice president for business and linkages at Inquirer Interactive, said no media organisation in the Philippines gathered information about online advertising revenues. But he confirmed "adspend" had risen about 100 per cent a year for the past three to four years. "This experience, I believe, is more or less shared by some of the other highly-visited websites in the Philippines." Lizardo also had no data about the share of advertising that online received. "We are working toward the goal of being able to get that data with some other Internet organizations here, but that would probably take some time." Lizardo pointed out that the Filipino online advertising market focused on overseas Filipinos. "Our market has actually extended outside of the Philippines, and in many cases has proven

to be an even bigger market than the 'local' Filipinos. This is primarily because more than 9 million overseas Filipinos remit about \$US 13,000 million to the Philippines yearly." About 70 per cent of the Inquirer.net audience comes from outside of the Philippines. "This gives you an idea on what the 'real' market is for Philippine websites," he said.

Rufino said Inquirer.net had a waiting list for advertisers. "We are under pressure in editorial to actually create more pages [to allow] for more adverts so there is demand for online advertising." Meanwhile, print newspaper advertising was suffering because of television. Rufino said advertisers used newspapers to print the detailed stuff they could not get into a television commercial. "TV ads get your attention. It's become a case of 'see print ads for details'. That's when they hand you over to the print advert." The site's main clients were real-estate companies targeting overseas Filipinos for remittances. He confirmed that overseas Filipinos send home about \$US 13,000 million every year, and the site's audience was mainly expatriates. "It surprises a lot of foreign observers. Our Internet penetration is relatively low but we have a very big expatriate group. I think we come after India and Mexico in terms of the [value of] remittances sent home. We have a very big expatriate group and they link to the Philippines via the Internet." These expatriates were most likely to be Filipino-Americans living in California.

The local audience for Inquirer.net was also growing fast because of the rise in the number of call centres in the Philippines. Staff there had inverted lives, working overnight in the Philippines to match US business hours. "They're not going to read the morning newspaper because they're coming out of work in the early hours of the morning. They can't watch the evening news [because] they're working. Their primary news source is the Internet." Inquirer.net is working towards multimedia advertising, in the sense of one person selling all forms of advertising to big companies like Coca-Cola. Rufino referred to two parallel kinds of convergence at the Inquirer group. The first was editorial convergence and the other sales convergence. The latter had just started as of March 2007.

Breaking news at Inquirer.net

Reporters mostly file breaking news with their Blackberry mobile phones, sending it wirelessly as an SMS. "If a story is really urgent reporters phone

it in, but usually it is sent as text.” The SMS is saved into a folder where the day’s editor selects and edits it, and then a news assistant places it into the content management system. “The editor edits and the assistant publishes,” Rufino said, “we found it was more efficient this way.” Inquirer.net built its own content managements system. The software that manages breaking news for the web site also manages the SMS alerts for mobile phones.

Each news alert is released to more than 70,000 subscribers who receive it on their mobile phones. They pay 2.5 pesos for each news alert. Some people pay a monthly subscription. If people have a pre-paid phone card the 2.5 pesos are deducted from their balance. Inquirer.net gets a small fraction of that amount. Most of the money goes to the telecoms company. Rufino said he was not allowed to disclose what proportion Inquirer.net received but admitted that all the content providers in the country were “not happy about it”.

All reporters receive a standard set of technologies: A Blackberry phone for sending text and a separate phone, a Nokia N80, for taking videos and still photographs. The Nokia also serves as a back-up phone in case anything happens to the Blackberry. Rufino said he wanted a unified phone but at that time RIM, the maker of Blackberry, was not offering a phone with a camera. “Reporters like the Blackberry because they can actually file a story while running after the interview subject, so basically they have a whole tool kit for getting the story.”

With breaking news, reporters are trained to write one or two paragraphs and get the story in as soon as possible. “Some even just send an email with news in the subject line as a heads up, especially if the story is big.” One of the big stories of 2006 was the Subic rape case, Rufino said. “We received a one liner to our news desk: ‘Filipino reported raped by US serviceman, press conference ongoing’. So we were primed because we knew this was going to happen.”

Rufino said he aimed to keep the reporting kit as uniform as possible “for the sake of the sanity of the tech people” so they do not have to remember too many different technical configurations. Upgrades occur when mobile phone plans expire. “We rent rather than buy. It’s a lot of work keeping reporters technologically equipped but it’s one of the promises I made to them, that they would always have the tools to get their job done right.”

Technology helps Rufino obtain high levels of productivity from his reporters. "When a reporter covers the Senate she or he also covers the department of foreign affairs, while they also might cover employment and administration, and allied agencies." Reporters also have Acer notebook PCs, chosen by the reporters after a series of trials that Rufino called a "technology beauty contest". Reporters shoot video with their Nokia phones but only send it wirelessly if the story is urgent, because of the high data costs. If the story is not urgent they take it to the office on an SD card.

Inquirer.net's operates more like a wire service than a newspaper, gathering news on a 24-hour cycle. The day begins at midnight. Soon after midnight some content from the print edition of *The Inquirer* is placed on the web site. Because of the overseas audiences, headlines are often different from what appear in the newspaper. Journalists monitor the news wires until 8am and post about two or three stories an hour. Traffic to the site surges from 9am as people use the Internet from work. Most offices have personal computers whereas many households do not. Traffic to the site is high throughout the morning, peeters out at lunch and slides after lunch as people resume working. The site's desk editor arrives at 9am, and starts phoning all the reporters and checking what's happening. The desk editor monitors the news on television, radio and the news wires, reacting to what happens.

Rufino described breaking news as a different discipline compared with the newspaper's coverage of news. "A print reporter would wait until the end of the day to begin writing it. But my staff are multimedia reporters, in the sense that they are taking photographs, and while they're taking photos they're taking videos during the press conference and all the while they're still writing the story." For the Subic rape case story Inquirer.net put 10 updates on the website. Breaking news on the web was very "blow by blow," Rufino said, while the newspaper provided a wrap-up at the end of the day. "It's a continuous cycle. I have an editor from 9am to 5pm. I have an editor who comes in at noon to 9pm and I have an editor who comes in at 3pm who stays until 11pm or midnight." Rufino designed an overlap in the timetable to have three editors working when all the news from *The Inquirer* reporters starts to come in. That was because the paper's provincial bureaus around the country still tended to report with a morning-paper mindset. They filed in the evening for the next day's paper.

Inquirer.net reporters did not have time to telephone all the newspaper's provincial bureaus during the day. So the newspaper established a unit called the *Inquirer* news service which co-ordinates news from all the bureaus. "That way our orders don't conflict with the orders of *The Inquirer* newspaper and the correspondent doesn't end up confused. He needs to have only one master, so the *Inquirer* news service takes care of that." The unit also tidies the correspondents' copy before sending it to Inquirer.net. "The important thing is to make sure it is correct up to the moment, and get it out," Rufino said. Inquirer.net reporters do not cover the provinces, but focus on central Manila, the Presidential palace, the Senate, the House of Representatives, the supreme court and courts in general, and the police. Three reporters cover technology and technology related disciplines.

Rufino sees his team of multimedia reporters as a "test lab" for the future of *The Inquirer* newspaper. He keeps the team small, hires innovative people, and keeps them isolated from newspaper journalists because the other reporters "are freaking out that the new and improved version [of reporter] is going to take over their livelihood" and were hostile at times. But Rufino maintains multimedia journalism is the future, noting that many of the younger *Inquirer* reporters wanted to get involved in the project. The organisation currently maintains separate newsrooms. The newspaper is in one part of the city and the web site a few kilometres away in Makati City. "We felt if it was not a separate newsroom it would be very hard to create a breaking news culture, to have it imbedded in a culture. We wanted to get away from the habit of filing at 4pm and we couldn't do that if we had an old-fashioned organisation." Rufino pointed out that the newspaper had almost no editors at work in the morning, whereas his desk was "fully stocked" in the morning. "It was good for me to be separate because it allows my people the creative space to innovate. We like to keep them separate for the moment because they've got a lot of old habits in *The Inquirer* that we'd like to move away from online, so I don't like my reporters getting infected at *The Inquirer*. I want them to get used to this [idea of] filing all the time."

Rufino attends regular meetings with the newspaper editorial staff, and reporters from both organisations interact on their own level. He admitted that his reporters worked a lot harder than those at the newspaper. Salaries at Inquirer.net are relatively higher than at *The Inquirer*, though the paper's

reporters have a profit-share arrangement that Inquirer.net staff do not have. "But my reporters get a lot of professional fulfillment and they know they are being watched." The newspaper has about 80 editorial staff while Inquirer.net has 16. Rufino said he paid his journalists more than the standard rates.

Meanwhile, reporters on provincial papers were paid "a pittance". The going rate for a 1500-character story was about 400 pesos, or about \$US 8. "It's really tough to be a full-time journalist in the provinces. We perfected envelope journalism here in the Philippines. In the provinces it's especially bad; national journalists aren't so bad. The more established your organisation is, the more you can afford to turn those things down." Salaries for journalists at Inquirer.net start at about 15,000 to 17,000 pesos a month. People with more experience can command 20,000 to 25,000. But salaries at call centres start at 25,000 pesos a month so editors have a tough time keeping and attracting good people. "If you can speak even decent English you are off to a call centre," Rufino said.

Rufino described recruiting good staff as "an uphill battle". How can you teach the basics of journalism writing if reporters can't even write, he asked. "So you end up doing remedial work for all the stuff they were supposed to have learnt in grade school and high school. What I basically look for in a reporter now is guts, and an ability to get facts out of a person. I rely heavily on my experienced desk people to slap the story together. After about six months of screaming on the phone reporters get better."

Many university graduates avoided newspapers and gravitated towards television because they wanted to work in the medium that reached the most people. "Plus television is in their native language, and you can get away with not being able to spell in some cases. Filipinos spell phonetically. Television is a much more natural medium for them, so television is getting quite good people."

Relatively few people were attracted to print, though online remained attractive to recent graduates. Rufino hires people straight out of college. "Some of my best reporters are people we got straight out of college. My experience in hiring a reporter from another discipline is that they have to spend a lot of time unlearning as well as learning." Reporters with a decade or two of experience tended to be jaded whereas a college graduate, "while wet behind the ears and easy to mislead," did not have any bad habits to

unlearn. “They still have a sense of idealism and they’re still young enough to understand the audience,” Rufino said.

Technology boosts productivity

Inquirer.net posts about 300 stories each day – about 120 as breaking news and the rest taken from the newspaper’s reporters. The site has several special sites such as the elections, typhoons and the Subic rape case. People bookmark those pages and go there directly. Technology rather than people updates all special sites. Inquirer.net editors tag all stories by key word. All an editor has to do is put in a key word and any story is automatically added to the site. Inquirer.net has more than 1,000 key words, based on the news industry text format (NITF) list of key word tags regulated by the International Press Telecommunications Council. NITF is an XML-based vocabulary designed for the markup and delivery of news content via print, wireless devices and the web. NITF provides a structural framework for the representation of news. That list of key words appears on the Inquirer.net site as a “tag cloud,” with the software designed by Rufino’s team. Tags that have more articles associated with them appear in a bigger type size. A glance at that site provides an editor with a quick content analysis. “I can tell at a glance if we’re doing too many stories on crime, or not doing enough on another topic.” The tag cloud is on the site’s home page at <http://www.inquirer.net/>.

Inquirer.net launched a blog network early in 2007, and started podcasts for that year’s elections at the same time. “We are interviewing all the senatorial candidates, and it has proved a runaway success among our media colleagues.” Filipino journalists organised a conference on reporting and the media in February 2007 and “everyone was talking about the podcast series”. “We sit the candidate down in our office for a panel session with reporters and we record the interview for more than an hour. It’s unusually long for a podcast because I was not satisfied with the one-minute sound-bite mentality on television where candidates did not have time to discuss an issue fully. Our podcasts are in-depth. For our audiences it’s like sitting in on a panel interview.” People can listen at their convenience.

Candidates were told to talk as long as they liked, and some talked for up to three hours. Discussion was edited to one hour. Rufino believes audiences learn a lot in an in-depth interview. “It’s the things that candidates

say when they relax, what they say unconsciously, that reveals an insight into their character, which is something you lose in a sound bite. Any idiot can sound intelligent via a sound bite. It depends on the art of selection. We give the whole interview, so it's in context." The whole transcript is published on Inquirer.net so people who don't have iPods can read it online. Inquirer.net outsourced the transcribing to a medical transcription firm. Rufino edits each transcript, "corrects the inevitable homonymic howler" and posts it to the web. Selected sections on specific policies such as a candidate's views on same-sex marriages are published in the newspaper, with a link to the full transcript on the web site. Rufino said his reporters were not trained as professional voices, "so I had to tell them to speak up and remember all their high school elocution lessons". A separate group of servers hosts the audio files. Inquirer.net's main site is optimised for speed because Rufino does not want to risk having slow downloads because of big audio files.

Inquirer.net set up a video channel on YouTube and also has a radio page, RadioInquirer.net, where it streams more than 40 radio stations. "Lots of Filipinos are on Friendster and YouTube. You can either play in the space where your audiences are, or you can ignore the whole phenomenon and wake up one day to discover that the average age of your newspaper audience is 65." The average reader of *The Enquirer* was aged in their mid 50s, Rufino said, which was not a good place to be for the future. "Assuming people's eyes still work in 20 years that means only 20 more years for this paper. My site's audiences are aged 20 to 40. These are the peak working years with lots of spending power. If they begin their working careers reading on the web, when they hit their prime in their late 40s and early 50s they will go to the web for news. Nowadays kids in their 20s do not read newspapers. They read but they do not read newspapers. They read online, they read blogs, but not print."

Rufino described his country's Internet infrastructure as "rickety unless you are a top-tier call centre". Even the biggest companies experienced regular outages. Rufino carried two mobile phones on separate networks to ensure he did not lose coverage. People were happy paying 2.5 pesos for a single text message rather than a flat fee. The country's 3G network allowed people to do basic web surfing and email wirelessly. Speeds varied depending on the number of people using it. "The infrastructure is less than ideal," Rufino said, "but it works." Traffic to the Inquirer.net site peaked at 9am, a reflection of

the fact that people got better broadband access at work than at home. The majority of the population do not have Internet access at home. “Nothing is important enough for a Filipino to fork over his personal money for Internet access. But they will spend a month’s salary on the latest mobile phone.” In March 2007 several reports appeared in the media pointing out the degree of hunger in the Philippines. The Social Weather Stations, a Manila-based public opinion polling institute, estimated that almost one in five households had experienced “involuntary” hunger at least once in the previous three months. “If people did not spend so much on cell phones they would have enough to eat better,” Rufino commented wryly.

Inquirer.net plans further innovations. Early in 2007 it launched a Google map service, merging Google maps with data from a government agency. “If you want to know the number of voters in a province we can tell you. It’s a nice new way of looking at data. That’s the kind of thing we’re thinking of doing this year.” Rufino said it was difficult to predict future plans. “Our innovations will lie more in the way of making the web site more like web 2.0, adding comments to articles.” Managing comments was a major issue, he noted, because the site had more than 50,000 articles live at any one time. “I do not want to be monitoring those all the time to control the spam and trolls. And the level of discussion is not worth two hours a day cleaning up the mess that people leave behind. I’ve seen a Philippines web site – I won’t name it – destroyed by comments. They did not have the resources to monitor it properly so they left it unmoderated, and the comments were awful. We have a strong libertarian culture here; some people say it is the freest in Asia.”

Rufino said he was concerned that a lot of business people regarded convergence as a way to get more output per journalism unit. Journalists then reacted, saying they were not some sort of fast food mechanism. “If journalists view convergence that way they [journalists] are going to lose. I would view convergence as a way to tell stories in ways they [journalists] otherwise would not be able to tell [them].” Convergence was a natural way of working once journalists got used to it, he said. “It only looks a big deal in the beginning. Then journalists discover the potential impact they can have through working in multimedia. At the end of the day we are communicators and multimedia is the way we should communicate in the new century. If you just have text you are not going to have much of an impact.” Most Filipino newspapers

shovelled content from their print edition to online, whereas Inquirer.net was constantly innovating to remain ahead of the pack. “If we are successful, they follow.” And follow they do. Inquirer.net leads and succeeds because of smart leadership and journalists’ use of technology and innovation.

Chapter 6

OhmyNews in South Korea

About 50.6 million people live in the Republic of Korea in an area of 99,313 square kilometers, or 38,345 square miles (about the size of Portugal or New Zealand). The main language is Korean and the main religions Buddhism and Christianity, though almost half the people in a 2005 survey reported no religious affiliation. English is widely taught at high school. South Korea has a literacy rate of almost 100 per cent. Life expectancy is 73 years for men and 80 for women. Birth rates are low by world standards. In March 2007 Dr Woo Cheonsik, senior counsellor to South Korea's deputy prime minister for economic affairs, said the country's slow population growth was a major cause for concern. "A dramatic fall in fertility rates and longer life expectancies will soon make South Korea one of the most aged societies in the world," he said. The fertility rate in 2005 was 1.08 children per woman compared with 4.53 in 1970.

South Korea has achieved a remarkable record of growth since the 1960s. When the Japanese occupation ended in 1945, the economy was impoverished and rural. Much of the country's infrastructure was destroyed during the Korean War from 1950-53. This meant that by 1960 South Korea's per capita GDP lagged behind countries like Zambia, Nigeria and Bangladesh. Since then, sustained high economic growth has transformed the country into a highly industrial and internationally competitive economy. Measured by GDP, Korea was in the top 10 economies in the world in 2006. In 2007 its GDP was equal to the smaller economies of the European Union. Per capita income expressed in terms of purchasing power parity was \$US 24,500 in

2006. But growth has slowed since the new century. The economy averaged 4.5 per cent growth between 2001 and 2006 compared with average growth of 10 to 11 per cent two decades earlier. The country's main exports are electronic products, machinery and transport equipment.

South Korea's media market

Television is the most influential medium in South Korea. The major terrestrial networks command large audiences and advertising revenues. The Korea Broadcasting System (KBS), a public broadcaster, operates two television networks. It also runs six radio networks and Radio Korea International, which broadcasts to external audiences. Other major broadcasters include Munhwa Broadcasting Corporation (MBC); the Seoul Broadcasting System (SBS); the Education Broadcasting System (EBS); Incheon Television (ITV); Jeonju Television Corporation (JTV); the American Forces Network (AFN) Korea, which many Koreans watch; and the SkyLife digital satellite TV operator. Almost 9 million South Koreans subscribe to digital cable and satellite TV services.

Newspaper readership is high and the country has almost 120 national and local dailies. Industrial groups control many of the newspapers. The Yonhap news agency provides English-language pages for the press. All Korean-language publications were outlawed in 1941 during the Japanese occupation in World War 2. The period of the United States Army military government from 1945 to 1948 saw growth of a wide range of newspapers and periodicals, plus occasional censorship of the media. The US Library of Congress web site reports that almost all subsequent South Korean governments have at times tried to control the media. Between 1948 and 1960 Syngman Rhee's government closed moderate newspapers and arrested reporters and publishers. On taking power in 1961, Park Chung Hee's Supreme Council for National Reconstruction closed all but 15 of Seoul's 64 daily newspapers and refused to register about three quarters of the country's news services, weeklies, and monthly publications. At the same time it used its own radio and news agencies to promote the official line. During the Park and Chun years, the government exercised considerable control and surveillance over the media through the National Security Act. In late 1980, the Chun government established more control over the news media than had existed in the country since the

Korean War. Independent news agencies were absorbed into a single state-run agency, numerous provincial newspapers were closed, central newspapers were forbidden to station correspondents in provincial cities, the Christian Broadcasting System network was forbidden to provide news coverage, and two independent broadcasting companies were absorbed into the state-run Korean Broadcasting System (KBS). By the mid 1980s, censorship of print and broadcast media had become one of the most widely and publicly criticised practices of the Chun government. Political liberalisation in the late 1980s brought a loosening of press restraints and rapid expansion of the media. The number of radio stations almost doubled to 125 between 1985 and 1989.

A new generation of journalists more willing to investigate sensitive subjects emerged in the 1980s. Journalists at several of Seoul's dailies organised trade unions in late 1987 and early 1988 and began to press for editorial autonomy and a greater role in newspaper management. Two decades later, ownership of the media was mostly separate from political or economic power. South Korea also has extensive and well-developed visual media and performing arts. The first Korean film was made in 1919. Cinemas subsequently appeared in the larger cities. One result of the wide spread of television and radio was the dissemination of a homogenised form of popular culture and imposition of urban values on rural communities. Legislation prohibits any one company or individual from owning a newspaper and a television station. The aim is to prevent a monopoly in media ownership. Daily newspapers are not allowed to have major share ownership in terrestrial television companies, and are not happy with this situation. Newspapers have subsequently started looking at multimedia delivered through Internet protocol television, or IPTV.

Telecoms and Internet use

In 2000 South Korea had 19,040,000 Internet users in a population of 48,066,900 (a 39.6 per cent penetration). By 2006 the number of Internet users had jumped to 33.9 million in a population of 50.6 million (67 per cent penetration). The Ministry of Information and Communication and the National Internet Development Agency conducted a national survey of Internet use in June 2005, covering 7,030 households across the country. It showed that age and gender influenced Internet use. More than 95 per cent of people aged 6 to 29 went online, compared with 86.4 per cent of people in

their thirties, 58.3 per cent of people in their forties and just 27.6 per cent of those in their fifties. The survey also showed more men (74.4 per cent) used the Internet compared with women (62 per cent). About 70 per cent of urban inhabitants used the Internet compared with only 46.2 per cent of people in rural areas. On average, Korean homes spent up to 7 per cent of their income on telecom services, 3.5 times more than the average for member nations of the Organisation of Economic Cooperation and Development (OECD). Suk Hoick, president of Korea's Information Society Development Institute, said information and communication technologies contributed 16.1 per cent of GDP in 2006.

South Korea has the world's highest number of broadband connections per capita. In 2005 three in four households were broadband subscribers. Two years later 85 per cent of households had broadband, meaning the country had the highest number of connections per capita in the world. The country was an early adopter of "triple play" models that provide cable television, broadband Internet and voice telephony as a package from a single provider. The South Korean government is committed to transitioning the country to digital terrestrial, digital cable and digital satellite TV broadcasting by 2010. South Korea is considered a world leader in third generation (3G) mobile technology. It has the world's highest percentage of mobile users with 3G phones. WCDMA, the second 3G standard to enter the Korean market after CMDA2000, became commercially available in December 2003. The telephone system is excellent for both domestic and international services. In 2005 the country had 23,745 million landlines and 38,342 million mobile subscribers. Because of the wide spread of telephone and digital technology, South Korea has become a hothouse for infrastructure developments. It is at the "bleeding edge" of the digital revolution, acting as a trailblazer for high-speed and wireless Internet services. The country has also pioneered the distribution of television via mobile devices. Online gaming is a national passion.

History of OhmyNews

Oh Yeon-ho, the founder and CEO of OhmyNews, started work as a reporter for a small liberal magazine called *Mahl* in 1988. His surname and the name of the web site are not related. Oh encountered numerous frustrations while trying to access major news sources. As a taxpayer, he believed he had a right

to the vast reservoirs of public information within government agencies. The idea that “every citizen is a reporter” came to him about that time and stayed for several years until he began post-graduate journalism study at Regent University in Virginia in the United States almost a decade later. There, one of his professors asked the class to draft a plan for an imaginary new media start-up. Oh’s business model was based on his long-cherished idea. After returning to Korea in 1998, Oh persuaded five businessmen to help him. They were known as the “386” group because they were part of the generation who participated in the student movement of the 1980s that helped topple the country’s military dictatorship. With investors’ money and some of his own, Oh launched a beta or test version in December 1999. At the time OhmyNews had a staff of four and had received 20 articles from citizen reporters. By the official launch date, at 2:22 pm on 22 February 2002 when the incorporation papers were signed, OhmyNews had 727 citizen reporters.

In his autobiography *OhmyNews Story*, published in Korea in August 2004, Oh wrote that he wanted to start a tradition free of newspaper company elitism. “So I decided to make the plunge into the sea of the Internet, even though I feared things that I was not accustomed to.” OhmyNews is the first citizen journalism site to make a significant dent in Korea’s mainstream media’s ability to set the national agenda. The OhmyNews web site attracts more than 700,000 repeat visitors each day. It once recorded more than 25 million page views in a single day. During the 2002 election, OhmyNews received 20 million page views a day, which is remarkable given the country’s adult population totalled about 40 million at the time. The most critical measurement for any news medium is influence: How influential is an organisation among opinion leaders? Each year the *Sisa Journal* rates the influence of Korea’s media by asking about 2,000 key opinion leaders what media they consider the most influential. Since 2003 *Sisa Journal* has ranked OhmyNews as high as the sixth most influential media outlet. This is a remarkable achievement given its relative youth and competition from almost 120 daily newspapers and about the same number of television channels. *Sisa Journal* regularly puts the Korean Broadcasting Service at the top of the most influential list.

In November 2005 TIME described Oh as “very much of his generation: the anti-government student protestors of the mid-1980s who managed to rid South Korea of its dictatorships”. Oh spent a year in prison in 1988-89 after

being charged with violating the country's infamous National Security Law. He realised that the establishment cannot control the Internet. "OhmyNews wasn't created just for money," he said in his autobiography, "it was created to change society." Oh continued his education, and in 2005 graduated with a PhD from Sogang University in Seoul while continuing to travel the world talking about citizen journalism. His thesis was "The evolution of Korea's Internet newspapers". In December 2004 Oh gave a keynote address at Harvard Law School that received extended applause from an audience of about 400 scholars and journalists from around the world. Afterwards he reflected on the speech: "Instead of some technology called the Internet, I wanted to talk about our 'love'. I wanted to say that the motivational power of Korean Internet users came from the endless love for their desolate motherland."

The form of journalism that OhmyNews pioneered gained mainstream recognition during the country's 2002 presidential election. Imitation is the sincerest form of flattery, and Korea's mainstream media have adopted some of the features of citizen participation. For example, *Chosun Ilbo*, one of the leading conservative dailies, started allowing its readers to leave comments at the end of articles. Daum, the second-largest portal in Korea, began encouraging "blogger reporters" to submit news to a dedicated site named "Media Daum." And the Seoul Broadcasting System, a leading television broadcaster, started to accept video news from citizen reporters.

The Internet encourages interaction, and Oh wanted to make the most out of this new medium. "Every citizen can be a reporter. Journalists aren't some exotic species, they're everyone who seeks to take new developments, put them into writing, and share them with others." The idea has blossomed and attracted international attention from major media such as *TIME*, *The Financial Times*, *The New York Times*, CNN and the BBC. In December 2004 *The Guardian* named OhmyNews one of its top five news sites for its "interesting hybrid between weblog and pro news site". In January 2005 Oh Yeon-ho presented his ideas at Davos as a panelist in a World Editors' Forum seminar entitled "Welcome to the Blogopolis". At the end of 2006 *TIME* chose Kim Hye Won, a Korean housewife and OhmyNews citizen reporter, as one of the 15 Netizens who exemplified "YOU, Person of the Year". Each year since 2005 reporters from more than 50 nations have gathered in Seoul in June or July for the annual citizen journalists' forum.

The number of Korean citizen reporters reached almost 60,000 by mid 2007. When the site launched it had 727. The English-language site, OhmyNews International (<http://english.ohmynews.com>), launched in May 2004. By March 2007 OMNI had 3,000 citizen reporters from 100 countries. Jean Min is director of OhmyNews International. By 2007, the number of in-house editorial staff had risen to 65 editors and reporters in the Seoul headquarters, plus another 30 software developers and engineers. "It is important to understand the psychology and expectation of citizen journalists," Min said. "So we stress the importance of communication, and how important it is that editors have been a citizen journalist and know what is involved." The gender balance in the newsroom is split almost evenly between men and women, which is unusual in South Korea where the bulk of journalists are men. Most of the staff are aged in their 20s and 30s. Min said in such a small company, everyone was required to have multiple roles. "That is actually better because of the nature of our business," he said. The role of the office-based journalists was more like that of an editor than a reporter. "We are trying to combine traditional journalism with citizen journalism. This requires good communication skills to maintain this community of citizen reporters. Our model of community journalism and web sites is a unique model that no-one has done before, so everyone needs to be multi-skilled."

Before OhmyNews arrived, Korean newspapers used to shovel their content onto their web sites. They reasoned they had a big reservoir of exclusive content. But OhmyNews showed this was an old model. The web is interactive, and people want to interact with content. Shovelling news from the newspaper to the web does not exploit the web's potential. Traditional newspapers face a quandary: Most of their revenue comes in the form of advertising and subscriptions from the newspaper platform. They need to find ways to produce both print and web versions of stories. This requires a major investment in time and money. The OhmyNews model of being exclusively online works because it saves time and money.

South Korea's print dailies were having difficulties attracting advertising revenue in 2007, Min said. But the online advertising market was growing, with between 15 and 20 per cent of advertising dollars being spent online. "The online market is growing rapidly. Advertisers understand that people are spending less and less time with the printed newspaper, and more time

with online and television.” Min said he found an inertia among managers in big corporations when it came to considering online advertising. “They tend to be old people who are more familiar with paper, so the perceived power of advertising tends to be towards the old medium, towards paper. But as more and more young people become managers, and everyone knows that audiences are spending a lot more time online, the revenue potential of online will grow.”

OhmyNews launched with a shoestring budget of about \$US 100,000. But it broke even in 2003 and since then remains profitable. OhmyNews makes about 70 per cent of its revenue from advertising. The rest comes from news content sales and other sources. Min said the company wanted to develop other types of revenues apart from banner advertisements on the web, and move more to a 50-50 mix of advertising and content sales to provide more stability. “We still need to develop our business model. We see the potential of commercials on the video we produce. We have other sophisticated automated advertisement placements, just like Google’s AdSense.” OhmyNews received venture capital from Softbank in 2006, when OhmyNews replicated its business model in Japan. Softbank owns Yahoo! in Japan. Its CEO is a Korean who lives in Japan. “We have no problems with cash flow at the moment,” Min said. He described OhmyNews as a different kind of economic model, more like “wiki-nomics”. “Everyone is a stakeholder. You cannot just treat audiences as a bunch of eyeballs.” OhmyNews’ culture had been very mindful of this. “Without the participation of our audiences we cannot survive.”

How OhmyNews manages its content

The almost 60,000 citizen reporters submitted an average of about 200 stories a day as of June 2007. “When we have big events we get hundreds of stories in a day,” Min said. Many included a photograph. “We have a lot of soft news. Somebody wants to talk about food every day. Gastronomic enthusiasm is very high in South Korea. These kinds of soft stories normally come with photographs and often video.” About a third of those 200 stories are rejected for various reasons such as poor sentence construction, factual errors or the lack of news value. Editors in Seoul fact check and polish each accepted piece, and decide where it will appear on the site. Sensitive stories that are potentially libellous receive more thorough checking of facts. Sometimes this involves on-

site visits. OhmyNews can also revoke the membership of any citizen reporter who violates the agreement and code of ethics they signed when they joined.

The positioning of a story on the main page reflects the editors' view of its significance or newsworthiness. The higher up a story appears on the main page, the more important the story and the more money it attracts. Contributors earn between \$US 2 and \$US 50 a story, depending on where it appears. "Cybercash we pay for published articles is \$2 for an entry-level 'Ingul' story and it goes up to \$50 for a main top story," Min said. "Ingul" is a Korean word meaning "fresh fire". When Dr Oh was developing his business plan for OhmyNews, he imagined that when a citizen reporter submitted a raw story, and it was accepted and edited, it was like a stick of wood that had just caught fire. The site's editors would monitor whether that fresh fire would explode to a full blaze and advance to become the site's top story.

Min admitted the payments offered were "not a lot of money" for Westerners. "But for someone in Africa it's good money. We have Cameroon citizen reporters who are excellent writers. Some earn \$US 1,300 in half a year, more than their annual salary [at home]." After stories are published, they often draw scores of reader comments. Controversial stories attract hundreds and even thousands of comments. Reporters are free to write about any subject. Min said the only exceptions were explicit sexual descriptions, pornography, profanity and swearing. "Other than that we are pretty liberal." OhmyNews also publishes a weekly broadsheet newspaper with a circulation of about 150,000. The best of the web makes it into print. One page each week is written in English to help encourage Koreans to work on their English.

OhmyNews maintains its editorial integrity through an ombudsman committee comprised of citizen reporters and outside observers. They monitor the site each day and submit a monthly report that is published on OhmyNews. Min said the "millions of watchful eyes" of the readers and citizen reporters was the most effective way to preserve the site's editorial integrity. "Independence from everything, including even OhmyNews, is the underlying guideline when it comes to editorial independence. Political power is not exerting as big an influence on the Korean media as it used to. An increasingly serious concern among Korean journalists is the pressure from advertisers," Min wrote in an article published on the web site of the Center for Citizen Media at Harvard University in 2006. "OhmyNews strives to listen to the voices of

no one but our readers and citizen reporters. OhmyNews, by design, cannot bend its editorial integrity because of illicit pressure from anybody. Our citizen reporters will submit whatever story they deem newsworthy and worth attention, and OhmyNews cannot reject them without first offering them justifiable reasons publicly. Should anyone find that we are rejecting some critical stories out of external pressure, OhmyNews will instantly come under great fire and public scrutiny by our own citizen reporters.”

OhmyNews is proud of its record of accuracy and credibility. Of the hundreds of thousands of stories that have appeared since February 2000, only five had been involved in legal disputes by mid 2007. OhmyNews staff verify reporters’ identities through a government-sponsored authentication process before they grant membership. Citizen reporters also sign a code of ethics. A copy of that code is reproduced at the end of this chapter. Min said OhmyNews was trying to combine traditional journalism with citizen journalism. “Our model of community journalism and web sites is unique.”

The OhmyNews philosophy

Min said it was vital to remember that the audience “is the content”. The nature of the content would be decided by the nature of the audience. “It is really up to the audience as to what kind of content you will have, what kind of brand you will have, what kind of structure.” When it considered partners in other countries OhmyNews always looked for a local group with a good understanding of their own market and audiences. Min also acknowledged that user-generated content was the new industry buzzword. “Many media organisations see the commercial possibilities [of user-generated content]. All the conversations focus on business applications and exploiting audiences. But nobody talks about empowering audiences. That is the key.”

Min said all citizens were stakeholders in the media business. Users or participants needed a chance to be empowered. “We are thinking about how to empower citizen journalists.” All three stakeholders – audiences, citizen journalists and media companies – needed to be involved. “The web is a community space. Without contributions from the community, web-based media organisations cannot do anything.” Nobody should be allowed to dominate the media environment, Min said. “Nobody has the right to exploit people without giving something back. That is [our] basic philosophy.”

Min said it was important to consider why people would give their time, energy and content to a site for free. What was the motivation in becoming a citizen journalist? “People like to develop a reputation. They also want the approval of their peers. That is one of the most precious rewards you can get on the web. Some bloggers are making money by selling eyeballs via things like Google AdSense but 99 per cent of them do not get any financial reward. Still, they are spending a lot of time online with the blogs. So there are other motivations apart from money.” This brings us to the key distinctions between citizen journalism and blogging.

Citizen journalism versus blogging

OhmyNews is an alliance of citizen journalists and in-house editors, whereas a blog is a personal medium more like an online diary. OhmyNews provides citizens with a sense of involvement, solidarity and empowerment. It receives significantly more traffic than a blog site, and guarantees many more readers’ comments and involvement. Min said OhmyNews worked as a “market place of eyeballs for citizen reporters who otherwise would set up their own blogs”. A market mechanism was also in place: Citizen reporters who managed to get on the main page experienced the “thrill” of competition. “Scarcity of ‘real estate’ makes an appearance on OhmyNews all the more valuable.” And citizens appreciated the instant fame of getting content on OhmyNews. “The expert peer review by OhmyNews editors encourages them to pursue professional-calibre journalism as opposed to random ramblings often found in blogs,” Min said.

Between 2002 and 2007 about 70 citizen reporters received book contracts. Publishers monitor OhmyNews. If they find someone who writes well on a single subject for a consistent period of time they approach the reporters with a book deal. Many reporters’ book covers are displayed in the OhmyNews newsroom in Seoul.

Min said writing a news story in English was a good way for a South Korean to practise their English skills. “Writing in English is not easy. That is why Korean schools spend so many hours teaching writing skills.” The ability to write was becoming more and more important on the web because people wrote so many emails and blogs. “You have to be a good writer to be a popular blogger. One of the best-selling books in Korea in 2006 and 2007 focused

on how to write well. The publisher intended it as a text book for students who needed to write essays, and targetted it at university and high school students. But people from all age groups bought it. “The publisher realised why: You have to be able to write well, no matter where you are or what you do. OhmyNews is a great opportunity for people to practise their writing skills.”

Journalism education in South Korea

Min said Korean journalism schools were strongly influenced by American or European academic curricula, and the American influence was “overwhelming”. The Korean media landscape was changing rapidly and journalism education needed to change as well. It contained too much media and communications theory, and too little praxis. Many students were studying journalism to get a good job after graduation. The issue was where they would work. Traditional media were “really in trouble,” Min said. “It’s a critical time.” Many senior English-language journalists in Seoul confirmed that journalism education in South Korea was too theoretical. Students graduated without experience of a newsroom or evidence of having done journalism (usually demonstrated through clippings of published stories). The demand for jobs among recent graduates far exceeded the number, so newspapers could pick and choose. They usually based selection on grades rather than practical experience.

Are we going to see OhmyNews TV?

Min said the company did not want to move into terrestrial television. The “killer application” for OhmyNews was live webcasting. OhmyNews sends reporters with compact video cameras to all big news events. Most of the editing happens at the event, using laptops and a stripped-down version of Avid editing software. Reporters can access high-speed Internet from anywhere in Seoul, and most parts of the country, to send their stories. Some parts of the capital provide free Internet, and commercial operators blanket the city with wifi for \$US 10 a month, at download speeds of at least 1 megabit per second. South Korea has the world’s second-lowest broadband costs. Good quality wireless is available anywhere in the country. “Uploading and downloading web video is easy for us,” Min said, noting that audiences were attracted to

live events. “This going live is the biggest difference between terrestrial TV and Ohmynews TV. People can spend as long as they like on one single event. It suits some die-hard politics buffs. Most TV programs cut off live TV because they have advertising breaks.” Some events shown live on OhmyNews TV were more popular than regular terrestrial TV because they screened uninterrupted. “Live web cam TV is one of the killer applications for getting people glued to our screen. From our server we can broadcast live to everyone in the country.” A new wireless form of broadband known as WiBro has blanketed South Korea since April 2007. WiBro allows people to get multimedia content like movies wirelessly while travelling at high speeds. It is available on buses and trains as people criss cross the country at 120 kph.

Technology and South Korea’s future

Dr Eugene Pak is vice-president in charge of the chief technology office at Samsung Electronics. He is fond of quoting his CEO, Lee Byung-Woo: “The future is not to be predicted; it is to be created.” Samsung employs more than 36,000 people in its 16 R&D centres around world, including 3,100 PhDs. Dr Pak said the IT megatrends for the second half of the first decade of the twenty-first century would include digital convergence leading to network convergence (think of it as a blend of telecoms with broadcasting and wireless devices), leading to high levels of personalisation. Dr Pak predicted the emergence of mobile phones that also were computers, personal data assistants and cameras and provided wireless Internet connection. Samsung staff refer often to Hwang’s law, named after a vice-president for research and echoing the famous Moore’s law that says that memory capacity doubles every 18 to 24 months. “Hwang’s law at Samsung means we double the capacity of flash memory each year,” Dr Pak said.

Eventually we will see no distinction between wireless and landline broadband speeds. Many people will choose wireless connections because mobile phones are becoming de facto mobile computers. Min believes the Internet is becoming more like a commodity and a public utility. “Whole communities are springing up online, like Second Life. Cyberspace overlaps physical space. We have mobile phones and camera phones and wireless broadband. Some strange things can happen.” Min suggested we could see

the fusion of cyberspace and real space. Electronic objects will communicate with other machines and people. “Your chair will talk to you,” Min said. “That scenario is possible with wireless broadband at current speeds of development.” And OhmyNews will continue to evolve to match these exciting developments.

The OhmyNews citizen reporter’s agreement

1. I recognize the editorial authority of OhmyNews’ in-house editing staff.
2. I will share all information about each of my articles with the OhmyNews editing staff.
3. I will not produce name cards stating that I am a citizen reporter of OhmyNews.
4. When an article I submit has or will be simultaneously submitted in another medium, I will clearly state this fact to the editorial staff.
5. I will accurately reveal the sources of all quotations of text.
6. Citizen reporters who work in the field of public relations or marketing will disclose this fact to their readers.
7. Legal responsibility for acts of plagiarism or unauthorized use of material lies entirely with the citizen reporter.
8. Legal responsibility for defamation in articles lies entirely with the citizen reporter.

The OhmyNews reporter’s code of ethics

1. The citizen reporter must work in the spirit that “all citizens are reporters,” and plainly identify himself as a citizen reporter while covering stories.
2. The citizen reporter does not spread false information. He does not write articles based on groundless assumptions or predictions.
3. The citizen reporter does not use abusive, vulgar, or otherwise offensive language constituting a personal attack.
4. The citizen reporter does not damage the reputation of others by composing articles that infringe on personal privacy.
5. The citizen reporter uses legitimate methods to gather information, and clearly informs his sources of the intention to cover a story.
6. The citizen reporter does not use his position for unjust gain, or otherwise seek personal profit.

7. The citizen reporter does not exaggerate or distort facts on behalf of him or any organization to which he belongs.
8. The citizen reporter apologizes fully and promptly for coverage that is wrong or otherwise inappropriate.



Chapter 7

Global Mediacom in Indonesia

Indonesia is an archipelago of 17,508 islands spread horizontally along the Equator between Asia and Australia. About a third of the islands are inhabited. Indonesia has more than 300 tribes and local languages and is ethnically very diverse. The people range from rural hunter-gatherers to a modern urban elite. In 2007 the country had a population of about 235 million, in an area of 1.9 million square kilometres (742,308 square miles), an area about the size of Mexico. About 86 per cent of the population claim to be Muslims, which makes Indonesia the world's largest Muslim population. The main language is Bahasa Indonesian, but the country has about 300 regional languages. Life expectancy for men is 67 years, and 72 for women. Main exports are oil and gas, plywood, textiles, rubber and palm oil. The male literacy rate for people aged 15 and older in 2002 was 92.5 per cent; for women it was 83.4 per cent. In 2006 Indonesia's gross domestic product per person was \$US 3,900 based on purchasing power parity.

The country's history is rich and long. In the interests of brevity we will look only at Indonesia since World War 2. Japan occupied Indonesia from 1942 until its surrender in 1945 and Soekarno proclaimed the country's independence. An armed struggle continued until 1949 when the Dutch, who had colonised the country since the early seventeenth century, gave Indonesia its sovereignty. Soekarno ruled until 1965 when General Suharto came to power in the wake of an abortive coup and imposed authoritarian rule. His policy of allowing army involvement in all levels of government, even down to village level, fostered corruption. His "transmigration" programs that

moved landless farmers from Java to other parts of the country fanned ethnic conflict. Suharto fell from power after riots in 1998. The years since have seen a transition to democracy and power has subsequently been devolved away from the central government. Militant Islamic groups have flexed their muscles since the 1990s, and some have been accused of links with Osama bin Laden's al-Qaeda organisation. One of the militant groups was blamed for the 2002 Bali bombings that killed 202 people.

Indonesia's first direct presidential elections were held in 2004. Former army general Susilo Bambang Yudhoyono unseated the incumbent, Megawati Sukarnoputri. He received 60 per cent of the vote. The election was hailed as the first peaceful transition of power in Indonesia's history. That same year a powerful undersea earthquake sent massive waves crashing into coastal areas of Sumatra and Aceh, and other coastal communities across south and east Asia. The disaster left more than 220,000 Indonesians dead or missing.

The *CIA World FactBook* reported that Indonesia continued to grapple with "persistent poverty and unemployment, inadequate infrastructure, endemic corruption, a fragile banking sector, a poor investment climate, and unequal resource distribution among regions". Falls in oil production and lack of new exploration investment turned Indonesia into a net oil importer by 2004. "Economic reformers introduced three policy packages in 2006 to improve the investment climate, infrastructure, and the financial sector, but translating them into reality has not been easy," the *World FactBook* reported. The keys to future growth remained internal reform, building up the confidence of international and domestic investors, and strong global economic growth. Unfortunately Indonesia suffered new disasters in 2006 and early 2007 including a major earthquake near Yogyakarta, an industrial accident in Sidoarjo, East Java, that created a "mud volcano" and major flooding in Jakarta. The earthquake in central Java in May 2006 caused more than \$US 3 billion worth of damages.

The media in Indonesia

The amount of media and the level of media freedom rose significantly after President Suharto left office in 1998. Under his rule the now-defunct ministry of information had monitored and controlled domestic media and restricted foreign media. In November 2006 Australian Broadcasting Corporation

reporter Andrew Dodd visited Jakarta. Dodd said that one of the first things that struck him on the streets was the diversity of Indonesia's media. "At any street news-stand you can buy as many as 15 different newspapers every day, ranging from the highbrow broadsheets such as *Kompas* to the sensationalist tabloids such as *Pos Kota* and *Rakyat Merdeka*. Dodd said the Indonesian media had had an amazing ride since the fall of President Suharto. "During his reign newspapers needed a licence and only those that toed the line were given one." The country then had fewer than 300 newspapers across the country. "After Suharto's demise the media exploded and before long there were more than 2,000 newspapers. That number has now fallen to around 830, thanks to the commercial realities of competition," Dodd said.

Ignatius Haryanto, of Indonesia's Institute for Press and Development Studies, said his country's newspapers were no longer the kings of the media industry. The print media had to compete with their sisters in the television station, and many people in Indonesia believed "watching TV is cheaper than buying a newspaper". In recent years television has become the most powerful influential medium. Televisi Republik Indonesia (TVRI), the public broadcaster, operates two networks. By 2007 the country had 10 commercial television networks. Metro TV, Surya Citra Televisi Indonesia, Rajawali Citra TV Indonesia and Televisi Pendidikan Indonesia are the major private operators. Antara is the national news agency and has some English-language pages. Radio Republik Indonesia (RRI) is a public broadcaster and operates six national networks, regional and local stations, plus the external service Voice of Indonesia.

Often the impact of the media depends on the time of day and location. In the capital Jakarta and surrounding urban areas, radio has become the first source of information. Because of the traffic it takes 45 to 90 minutes for people to get to work. Some people leave home early to beat the traffic, which often means their newspaper has not yet reached their home. People listen to the radio in the car. If people can afford it, they subscribe to the newspaper at the office as well as home. When they reach the office, they compare what they heard on the radio with what is in the newspaper. For most housewives the main source of information is television and radio. The radio dial is crowded, with scores of stations on the air in Jakarta alone. Some private radio stations produce their own news bulletins. Radio and TV broadcasters are banned

from relaying live news programs from international stations.

The print media, largely based in the capital Jakarta, tend to be read by the country's elite. The largest-selling newspaper is *Kompas*, which launched in June 1965. It has been the largest-selling national newspaper in Indonesia since 1969. In 2005 its daily circulation reached 530,000, and its Sunday edition sold 610,000 copies. *The Jakarta Post* is the most influential English-language daily. Major Indonesian-language dailies include *Pos Kota*, *Media Indonesia*, *Suara Karya*, *Republika*, *Sinar Harapan* and *Bisnis Indonesia*.

Anthony Funnell, the presenter of ABC Radio's Media Report, believes all of Indonesia's media was struggling to raise standards and avoid dodgy practices such as envelope journalism, where reporters were paid to go soft on tough stories. Harry Bhaskara, a senior editor with the English-language newspaper *The Jakarta Post*, told the Media Report program that envelope journalism was a symptom of Indonesia's recent past. "I think the main issue is professionalism, because if you live under a repressive regime you cannot develop professionalism." Bhaskara said the Indonesian Independent Journalists Association had been trying to eradicate envelope journalism, though the practice was widespread. Bhaskara said envelope journalism had started with the change from Soekarno to Suharto. "So now it's about 40-plus years old. So it's quite entrenched in the culture of journalism in the country."

Internet use was rising, though from a small base. Because of the low numbers, analysts saw much potential for growth. On 30 May 2007 the national news agency, Antara, reported a speech by the head of the human resources development department of the Communication and Informatics Ministry. Aizirman Djusan said only 6.6 per cent of Indonesia's population had access to fixed phones, and about one in five people had a mobile phone. Only 22,000 of the country's 65,000 villages had been connected to a telephone network. The 2006 edition of the Asia Pacific Broadband Markets handbook reported a total of 64,000 broadband connections in the country, or 0.1 per cent of all households. The International Telecommunications Union said Indonesia had about 60 Internet service providers in 2001, serving more than 300,000 subscribers and an estimated two million users. The country also had about 2,500 "warnets" operated by private entrepreneurs (warnet in a contraction of "warung Internet" or Internet café). About two-thirds of Indonesian users access the Internet via these cafés. By 2004 Indonesia had 1,087,428

Internet subscribers and 11,226,143 users, according to the Department of Communication and Information. Estimates of Internet users in mid 2007 put the number at about 30 million, mostly via dial-up.

Global Mediacom

Global Mediacom is the biggest media conglomerate in Indonesia, and the brainchild of businessman Hary Tanoesoedibjo. Usually referred to as Hary Tanoe, he was born in 1965 in Surabaya, Java's second-largest city. Through business skill, guile and determination Tanoe built relationships with powerful individuals, including the children of former President Suharto. He started buying the assets of distressed companies in 1998, a year after the start of the Asian financial crisis. Tanoe's biggest coup was the purchase of Bimantara, once controlled by Suharto's son Bambang. Tanoe renamed the company PT Global Mediacom and since 2002 has turned it into Indonesia's largest integrated media company. In the 2007 financial year the company recorded revenues of \$US 550 million and earnings before interest, tax, depreciation and amortisation (ebitda) of \$US 170 million. In 2006 Mediacom's value jumped almost 10 times to 1200 rupiah a share. Tanoe controls more than 60 companies through his Bhakti Investama, including toll road companies, property development, and budget air carrier Adam Air.

Global Mediacom consists of three television stations (Rajawali Citra Televisi Indonesia, Global TV and TVI); the country's biggest pay TV provider, Indovision; the third-largest newspaper in terms of circulation, *Seputar Indonesia*; one of the largest radio networks, MNC Networks; three entertainment magazines; and a host of online sites. All are gathered under a news portal known as Media Nusantara Citra, or MNC. The board of directors of MNC is the same board for RCTI. *Seputar Indonesia* launched in June 2005 and had about 95 editorial staff. It concentrates on family issues with three main types of content: news, lifestyle and sports. *Genie* is a weekly infotainment tabloid magazine focusing on lifestyle and celebrity gossip. In August 2006 MNC launched two more tabloids: *Realita* and *Mom&Kiddie*. *Realita* looks at the lifestyles of celebrities and public figures. *Mom&Kiddie* focuses on mothers and children and advises parents how they can raise and educate their children from birth to the teenage years. MNC Radio Networks partnered with 36 radio stations in mid 2007 and operated under four brands:

Trijaya FM, ARH Global, Radio Dangdut TPI and Women Radio. The OKEzone online sites deliver breaking news and information in the areas of business, entertainment, politics and health news. MNC also runs a talent management agency for TV presenters, drama actors and singers.

Media Nusantara Citra was doing very well, Tanoe told reporters in the June 2007 edition of *GlobeAsia* magazine. "By integrating all the media companies under MNC, we are able to share content, journalists, sales packages, our library consisting of 60,000 hours worth of video and video related content. By doing so we have achieved greater efficiency, boosted margins, and eliminated unnecessary costs." In 2002 MNC had revenues of \$US 100 million. Five years later revenues had tripled. "It's all about convergence," Tanoe said. "We had all the ingredients under Bimantara but I made it clear we wanted to create a multi-media group and I am happy that all the business plans we prepared over the past few years have materialised." *GlobeAsia* is the only English-language business magazine in Indonesia. Its web site says it caters for Indonesia's business elite as well as to the foreign business community.

Rajawali Citra Televisi Indonesia (RCTI) was Indonesia's first privately owned television network. The English translation of Rajawali is eagle. Indonesia's national symbol is an eagle. "It is saying that this company broadcasts to the nation," said Atmadji Sumarkidjo, deputy editor-in-chief of RCTI's news and features division. Based in West Jakarta, RCTI launched in August 1989 as a local station. It gained a nationwide licence a year later and by 2007 had about 50 transmission sites across the country. The station's motto is "Semakin Oke" which translates to "more and more OK". RCTI is well known for broadcasting "Indonesian Idol". It also broadcasts soap operas, films, news and current affairs, and reality and religious programs. Major news and current affairs programs include the popular "Seputar Indonesia" (Around Indonesia) and "Buletin Malam" (Nightly Bulletin). The former has been a national program since 1990 and is the most-watched newscast in the country.

Through Global Mediacom Tanoe also controls one of Indonesia's fastest-growing telecoms companies, PT Mobile-8. It operates nationwide cellular and wireless licences. Mobile-8 expanded its number of subscribers from 3,000 in 2003 to 1.4 million by the end of 2006, making it the fourth-

largest telecoms company in the country. It partners with content company Infokom Elektrindo to offer SMS-based quizzes and voting for programs like “Indonesian Idol”. Mobile-8 was targeting younger customers through data and multi-media services based around lifestyle trends. MNC was not distributing news via mobile phones as of mid 2007 but was considering this option. The mobile phone network ran on the CDMA band. Potentially MNC could take content made for its television programs, modify the format and distribute via the mobile phone. MNC planned to distribute video news on the mobile but was still working out the costs.

Media laws in Indonesia

No laws prevent cross-media ownership. Article 29 of the Constitution protects freedom of the press. Sumarkidjo said in his country, as in many nations, laws emerged slowly and far behind the advance of technology. He noted some people opposed the country’s media laws and had concerns about the spread of cross-media ownership. His company was the first in Indonesia to converge all media so it was too early to see what would evolve. “We have had no complaints yet. But some politicians see convergence as [being] against freedom of information and freedom of expression for journalists.”

Company CEO Hary Tanoë was the first person to propose the idea of converging all the media. Tanoë’s background was business and it was a business-focused idea, Sumarkidjo said. “It’s about efficiency, of using all equipment efficiently. It’s not about journalism. That’s our job in the newsroom, to translate his ideas to the journalism environment.” Tanoë knew nothing about television before he bought the channels apart from watching TV, Sumarkidjo said, but he learned quickly. “As a businessman he saw opportunities when he first entered the business. You could call him a greenhorn who jumped into the jungle of television, but he learned very quickly.”

Sumarkidjo said Media Nusantara Citra (MNC) aimed to get synergy through its structure. The idea was to concentrate all media outlets in one place. But in practice that was difficult and costly. “Because we are not starting from scratch the infrastructures and locations and buildings are already in place. We have space here at RCTI [in west Jakarta]. We have 10 hectares. Ideally we could put every print title and media business here, but it’s very costly [to bring everyone together]. So the board agreed to let everyone continue

working in their current place.” In terms of integration the company was “still working it out”. Sumarkidjo said it was easier to integrate the technical side first. “Editorial takes longer because it is the most difficult. We move slowly. We have pooled our satellite newsgathering (SNG) equipment in one place.”

The RCTI newsroom has almost 240 staff including journalists, editors and camera people, and support staff. RCTI also had the largest network of correspondents around the country, about 50 journalists. TPI TV was the next brother, Sumarkidjo said, and had 120 staff. The youngest brother, Global TV, had about 100 staff. All three channels together reached more than 60 per cent of the national audience, and RCTI attracted the largest share of advertising revenues. RCTI produces 4.5 hours of news each day. TPI has 3 hours of news a day and Global produces 2 hours. All programs are broadcast in Bahasa.

In mid 2007 Sumarkidjo said MNC was in the process of pooling correspondents. Previously each of the three stations had its own group of correspondents. “We are trying to put them together over the next couple of years. We will end up with a small news agency only for the MNC group. We already have it in place in Surabaya in east Java. This regional office provides news for all of the [MNC] newsrooms.” Sumarkidjo said usually two people made up a reporting crew but the company was encouraging the video journalist, or VJ. “At RCTI we have eight VJs. The rest of the journalists work in two-person crews. The other two channels do not currently use VJs. They need special training.” RCTI rewards talent through higher salaries and grades. “With VJs we pay more and give higher grades compared with other reporters. Now we have healthy competition to be a VJ because of the higher pay. All of the VJs are aged 23-25. They are digital natives and familiar with the technologies.”

More and more reporters were editing on laptop computers rather than in editing booths. RCTI provides laptops to its correspondents. “Rather than their filing by satellite – it is very expensive to file that way – we provide laptops and HD cameras, so they stream content online. The quality is lower but it’s much cheaper.” Sumarkidjo said many cafés around the country provided good-quality Internet connections. In terms of cost it was much cheaper compared with \$US 410 for 10 minutes of satellite time. “Correspondents shoot with a digital video camera, use a Firewire cable to put the video on the laptop, edit and send the file to the studio as an email attachment.” The broadband

infrastructure in Indonesia is good in cities but poor quality in remote areas. Sumarkidjo said all broadcast journalists had to face that problem. "Our correspondents know where they can go to file from a good café. They know the best Starbucks to go to. Jakarta has some good wireless connections."

Each of the three television channels sells its own advertising and has its own team of advertising salespeople. But the director for sales for RCTI was the director of sales for the whole company, and the company was looking at multi-media advertising strategies for the company. "He co-ordinates all sales so the various media do not kill each other or overshadow each other." Sumarkidjo agreed that the potential for cross-media advertising to multinational or big companies via an integrated company was strong.

Content from the MNC newspaper, magazines, radio stations and television channels was put on a portal, at <http://www.mnc.co.in/>. Each media organisation was expected to send content to the portal where specialised staff put it online. As of mid 2007 content on the portal consisted of text and still photographs. Video was not offered because of problems with bandwidth; the "pipes" are not big enough. "The infrastructure is not there for people to download video online," Sumarkidjo said.

MNC was still considering plans for a multi-media or central desk for sharing of information and allocation of news assignments. "We still have differences of views about that," Sumarkidjo said. "We have tried to put aside big differences. Every station has their own team for covering political news or news related to the president. It is not efficient. We think we only need one team to report for all three stations." Television and radio stations within MNC shared content. Some of the radio stations relayed the sound of the television news. "Sometimes we dedicate news time to investigative reports. Our investigative magazine has a weekly report and we allocate 10 minutes to it on the television news." Sumarkidjo said MNC aimed to identify younger producers who could become agents of change and work towards integration of content.

Attempts to get the three stations to co-operate have been hampered by historical factors or what analysts call the "burden of the past". During the Suharto era television in Indonesia had a fixed group of owners whose ego was reflected in the structures and infrastructure of each channel. For example, each channel had its own transmission towers and antennas. Sumarkidjo said

MNC planned to have all its three stations use one transmission tower. "It is a long process bringing together three technical groups and transmission towers and deciding which one will best cover the area. Putting this together and setting up such a system takes time."

Sumarkidjo said MNC also planned to provide a common range of equipment for journalists, but this was also a long process. "We tried to standardise all the equipment. We previously used production software called NewsStar. Now we changed to Avid iNews. All three stations use the same software so we can exchange ideas and share content, and communicate." Sumarkidjo said over the next couple of years MNC was moving to introduce high definition television, starting with a new generation of cameras. "Prices are high for equipment because of the exchange rate. Each year we see the figures are getting higher and higher. You must update technology. Slowly we try to get the latest equipment."

In March 2006 a School for Broadcast Media (SBM) opened in Jakarta with state of the art television and radio facilities. The school is supported by the European Commission and the United Nations Development Program and managed by an Indonesian NGO, Institut Studi Arus Reformasi. The BBC World Service Trust and Radio Netherlands provided the trainers. The plan was to provide high-quality training to Indonesian media professionals from all over the archipelago. Sumarkidjo said it was easy to recruit journalists from university. "No TV station in Jakarta ever announces vacancies. Each day we get hundreds of new applications for positions as TV journalists." He taught at a local university, and for the past three years had noted that most students in the journalism department had applied to the faculty of broadcasting because few students were interested in working in the print media. "In the past three to four years the quality of female applications has got higher and higher. I am most likely to take seven females in every 10 new reporters I employ."

Most graduates wanted to be television journalists because salaries were better than at newspapers and magazines. Print journalists started on salaries of 1.7 to 2.5 million rupiah per month while television journalists received 2.5 to 4 million rupiah as a starting salary. Big-name presenters earned substantial money. The "glamour" of being on television was also a strong attraction, Sumarkidjo said, noting the high levels of competition for presenters in Indonesia. Most stations got their staff from other networks, not from within.

“We go to the ‘next door’ station. Once people show the potential to become famous we face the problem of their being hijacked, of being attracted away for more money.”

Sumarkidjo had a low opinion of journalism education in Indonesia because courses contained too much theory and not enough exposure to what was needed at a practical level, or working in the field. “Each time the board of my university meets, I tell them we must face the reality of giving them [students] practical work. And universities have problems finding the money to buy equipment to allow journalism students to do practical work. Digital gear is not cheap. And after a few years it gets out of date.”

Sumarkidjo said some reporters wrote blogs. “It’s the younger reporters born in the digital age who do this. With a blog they have to be able to write clearly, to know about spelling and grammar. Some of my senior staff regard blogs as narcissism or a marketing tool. Most Indonesians are shy and aim for a low profile. When university graduates write job applications they do not promote themselves.” Sumarkidjo said he and senior colleagues had concerns about the new breed of television journalist who paid less attention to detail because they worked so quickly. “They are used to working in an instant way. We are trying to find a way to train them to be real journalists and to focus on detail, and work in depth. It concerns me and my senior colleagues that focusing on detail and good writing is called old-fashioned journalism.”



Chapter 8

PCCW and the Now Business Channel in Hong Kong

In Hong Kong almost 7 million people live in an area of slightly more than 1,100 square kilometres (424 square miles), or about twice the size of Singapore. The region has the world's highest population density of about 6,300 people per square kilometre. Most of the population live in high-rise apartments, which means the city is easy to cable for services like the Internet and telephone. Hong Kong has the world's biggest concentration of subscribers to Internet protocol television (IPTV), also known as broadband TV. This chapter will focus on PCCW, which has the world's largest subscription base for IPTV. Television is delivered to the home via a broadband Internet connection rather than terrestrial or satellite analog or digital broadcast, or cable television.

Hong Kong is probably the world's most competitive telecommunications market. The Hong Kong government's *Yearbook* (<http://www.yearbook.gov.hk/>) notes that the region has the second-highest broadband penetration in the world, at about 60 per cent of households. The market is also the second most concentrated in terms of mobile phone penetration, with 95 per cent of citizens having at least one mobile phone by mid 2007.

Launched in September 2003, now TV is operated by Hong Kong's leading fixed-line telecoms operator PCCW, formerly known as Pacific Century Cyberworks Limited, through its subsidiary PCCW VOD Limited. VOD is an abbreviation for "video on demand" and now is an abbreviation for "network of the world". now TV is a 24-hour pay TV service transmitted

via the Netvigator brand of broadband modem. The PCCW broadband-TV service uses the copper phone lines in people's homes. Information is brought to homes and offices through high-speed digital subscriber line (DSL) data connections.

Eighty-five percent of PCCW phone subscribers had access to broadband fast enough for video when it launched now TV in 2003. In some countries around the world, including the United States and Australia, DSL customers experience download speeds under a megabit per second. But most of Hong Kong's DSL subscribers have connections of 6 megabits a second. That means about 4.5 megabits can be allocated to a TV channel, which still leaves ample bandwidth for surfing the web. PCCW provides a 6-megabit-a-second broadband service to about 93 per cent of its households. PCCW started trials of the now.com.hk Internet service in June 2000, and it evolved to become Hong Kong's premier broadband service. In 2006 PCCW had a market capitalisation of more than \$US 4 billion, an annual turnover of about \$US 2.9 billion, and annual earnings before interest, tax, depreciation and amortisation (ebitda) of about \$US 945 million.

In most parts of the world, cable subscribers pay a flat fee for a group of channels the company offers. But PCCW customers only buy whichever channels they want, paying a monthly price for each. Fees range from about \$US 1.30 to \$US 5 a month. Content providers and PCCW share the revenues. The revenue-sharing formula was not disclosed.

Hong Kong's media

Hong Kong is the base for many of Asia's biggest media players. The territory has one of the world's largest film industries, and it is a major centre for broadcasting and publishing. Its media remains dynamic compared with the rest of China, where official control, particularly over broadcasting, is strong. The media rights organisation Reporters Without Borders noted in 2007 that Hong Kong enjoyed "real press freedom" but said political and financial pressures from Beijing were increasing. The public broadcaster Radio Television Hong Kong (RTHK) was established under British rule in 1928 and currently operates as a government department, with government funding. In 2007 a review committee recommended that a new "independent" public broadcaster be created. It is too early to appreciate the outcome of the

review. Critics say the move could allow the government to install a more compliant public broadcaster. The BBC World Service is available around the clock via RTHK's Radio 6. The other main television broadcasters are the privately-funded Asia TV (ATV) and Television Broadcasts (TVB) terrestrial networks. The BBC reports that TVB and ATV can be seen in neighbouring Guangdong province in mainland China. Hong Kong has 13 radio channels: seven operated by RTHK in English, Cantonese and Mandarin; three by Hong Kong Commercial Broadcasting Company Limited and three by Metro Broadcast Corporation Limited.

A total of 49 daily newspapers are published in Hong Kong. These include 23 Chinese-language dailies and 13 English-language dailies. Eight dailies are bilingual and five publish in Japanese. Of the Chinese-language dailies, 17 cover mainly local and overseas general news; four specialise in finance; and the other two cover horse racing. The main English-language newspapers include the broadsheet daily the *South China Morning Post* and the business-focused tabloid daily *The Standard*. Major Chinese-language dailies include *Ming Pao*, *Oriental Daily News*, *Apple Daily* and *Ta Kung Pao* and *Wen Wei Pao*. The last two follow the Communist Party line and are managed from Beijing. Hong Kong is the base for hundreds of business and trade magazines. Editions of *The Financial Times*, the Asian edition of *The Wall Street Journal*, *USA Today*, *International Herald Tribune*, *China Daily* and *The Nihon Keizai Shimbun* are printed in Hong Kong.

About Hong Kong

China surrendered Hong Kong island to Britain in 1842 after the first Opium War. Britain later added to its holdings parts of the Kowloon peninsula and the many smaller islands surrounding Hong Kong. In the nineteenth and twentieth centuries the arrival of hundreds of thousands of migrants from China boosted Hong Kong's population. Many were fleeing domestic upheavals. By the 1970s Hong Kong had become an "Asian tiger," one of the region's economic powerhouses. Since the return of Hong Kong to China on 1 July 1997 Hong Kong has been governed under the principle of "one country, two systems" under which China has agreed to give the region a high degree of autonomy and preserve its economic and social systems for 50 years.

Hong Kong's constitution, the Basic Law, provides for the development

of democratic processes. But Beijing can veto changes to the political system. Pro-democracy forces have been frustrated by what they see as the slow pace of political reform. China controls Hong Kong's foreign and defence policies, but the territory has its own currency and customs status. The BBC reports that Hong Kong's economy has moved away from manufacturing and is now services-based: The region is a major corporate and banking centre as well as a conduit for China's growing range of exports. Its deepwater port is one of the world's busiest. The official languages are Chinese (mainly Cantonese) and English. Major religions are Buddhism and Taoism. Life expectancy is 79 for men and 85 for women. GDP per head in 2006 was \$US 37,300, calculated in terms of purchasing power parity, meaning incomes were some of the highest in the Asian region.

History of now TV

PCCW launched its interactive pay TV service (iTV) in March 1998. It included a range of information and entertainment services such as news, video-on-demand, music videos, home-shopping, home-banking and educational content. By the end of 2000 iTV had 67,000 subscribers. But the government's liberalisation of the pay-TV market in July 2000 produced ferocious competition, and because of a decline in revenues caused by falling subscriber numbers iTV closed in late 2002. PCCW launched now TV in September 2003 with 23 channels, so iTV can be seen as the parent of now TV. As of mid 2007 now TV offered 136 channels. About 20 of them were free. By the end of 2003 now TV had about 200,000 customers. According to PCCW's annual report the service had 549,000 subscribers two years later. At the 2004 annual convention of the Cable and Satellite Broadcasting Association of Asia, now TV received the chairman's award for its "innovative and proactive marketing of a secure and advanced pay-TV platform" and for "growing its interactive capability resulting in a stellar subscriber take-up". The association represents 120 broadcast corporations with a combined audience of more than 3 billion.

In August 2006, now TV had 654,000 subscribers. Analysts estimate Hong Kong also had about 100,000 illegal cable television services. A pirate with access to a set-top box and the relevant encryption can get all cable channels. But because IPTV delivers only the channel being watched

at the time, theft is more difficult and less efficient for the pirate. This has helped PCCW win over content providers. In June 2007 Paul Berriman, PCCW's chief technology officer, said the company's major focus was television distribution over telecommunications networks. At the time now TV's subscriber numbers had jumped to 800,000. PCCW also had 2.8 million fixed-line subscribers, 1.2 million broadband, and 950,000 mobile phone subscribers. "There is an overlap of the numbers where people take all four services [the so-called quadruple play of fixed line telephone, broadband, IPTV and mobile phone] and that's the sweet spot of users we want to expand. And now TV is part of a wider strategy to help us do that," Berriman said.

Media laws in Hong Kong

Laws in Hong Kong limit cross-media ownership. Broadcasting Authority rules say that any company holding a television licence that also holds more than 15 per cent of another media company's voting rights needs to apply for a waiver from the Executive Council, the city's cabinet. Many analysts believe Hong Kong media ownership rules are out of date in terms of delivery of information via the Internet. Berriman said PCCW often fell foul of the government because of chairman Richard Li's connections with radio and print. In August 2006 Richard Li paid HK\$280 million for a half share in a Chinese-language financial daily, the *Hong Kong Economic Journal*. The purchase was a personal one by Li and was not connected to PCCW, the company's chief executive, Jack So, said at a press conference when the negotiations were announced. "This is an investment by Mr Li himself and it has nothing to do with the company," Mr So said. The purchase made Li the first businessman to control both a Hong Kong newspaper and a local television company. The *Economic Journal's* circulation was about 50,000, though it had a minimal classified advertising base. Its main competitor among financial dailies is The *Hong Kong Economic Times*, which had a daily circulation of 80,000 and was Hong Kong's third-strongest newspaper by revenue. The potential for sharing of content between now TV channels and the *Hong Kong Economic Journal* had not been fully explored at the time of writing.

The government treats Internet protocol television (IPTV, or TV over the telephone line), as a pay-TV service. PCCW had four licences

as of mid 2007: a pay TV licence, a fixed telecommunications licence, a mobile phone licence and an ISP licence. Berriman said his company's version of convergence was to deliver as much as possible of the content and the interactive services in a common look and feel manner across those platforms: "Our view of convergence is more to do with content, applications and transactions being available over multiple devices over multiple access technologies."

This convergence concept had evolved over time, Berriman said. His technology group had developed the original concept about five years earlier. "The re-visitation of the IPTV platform was something we did from my group. We called it the video info-line approach simply because we wanted to take a new telco-based approach to television. Info-line is the name of our premium telephone service, where you dial a number for access to information and it generates a call detail record. You bill against the call detail record and share the money with the content provider." That telco model worked well, Berriman said, because it was very secure.

Berriman said the company had no plans to use content from the *Economic Journal* on now's business channel. "We have been playing with page-view software that allows people to read magazines on a high definition television. We have a magazine called i-dot that we distribute in our shops. It's like a catalogue of the products we sell, plus some feature articles and a program listing at the back. That would probably be the first thing we would put on television. We have yet to look at putting any of our print on TV."

By mid 2007 a decade of competition had meant that most of PCCW's access-type services, such as telephone landlines or broadband access, were being marginalised by competition. PCCW had gone from 100 per cent share in telephony to 65 or 66 per cent, Berriman said. "We managed to restore that to 68 per cent and it has stabilised. The convergence of services has made us more 'sticky'. Price pressure was starting to come in. The market was starting to saturate and our competitors were significantly cheaper." Berriman said PCCW had maintained value by adding services or doubling broadband speed each year but was running out of things to do to get people to continue to buy a premium contract every year. "Plus the fact the cable company was getting into voice over Internet telephony

(VOIP) and IPTV. So we could see that we needed content applications transactions to continue to grow revenues.” It was a case of going back to basics, Berriman said. “We asked ourselves, what do we do best as a telcoms company? We build bandwidth and we bill people.” The company revisited the idea of transactional services, and saw that a telephone call was a perfect example of a micro-payment transaction. “We are excellent at doing micro-payment transactions,” Berriman said. The key issue was extending that process to other types of content. As of mid 2007 people could buy cinema tickets, food and stock quotes through now TV people. “We also have a user-generated content channel called snaap!, a music streaming product, and the now shopping channel which allows for interactive shopping.” Subscribers take a photo on their mobile phone camera and upload it to a personal area on snaap! that is available to all viewers via guest access. “So people can send a text message to someone to say key in my phone number and this guest password and you can have access to my photos.”

TV over mobile phone

PCCW offered television over eight mobile phone channels as of mid 2007. They were all backed onto the original television services, with a delay of a few seconds. They included ESPN, the 24-hour now business news channel and CNN. PCCW received a mobile TV licence in 2005. Berriman described how now TV merged all of its media assets: “On the Internet we have our own streaming music services. We have TV content. We have mobile phone content. We put all this together into one management group. Our major task is to harmonise the rights across all of those platforms.” Content providers were changing, Berriman said. Whereas in the past it was a case of slice and dice to get as much revenue from every different type, the company was starting to hone in on content rights across all platforms. “The only division is whether you have live or delayed rights. For example, we have got the licence for the English Premier League across all platforms.” On 15 November 2006 now TV paid about \$HK 1.56 billion (\$US 201 million) to secure the exclusive licence to broadcast football matches of the Barclay’s English Premier League matches in Hong Kong for three seasons from the 2007-2008 season. Two years earlier, rival i-Cable had paid about \$HK 700 million (\$US 90.3 million) for a three-year contract. In December 2006 now secured exclusive rights to broadcast

the Euro 2008 football championship by agreeing to pay \$HK 400 million (\$US 51.6 million). Monthly subscription prices are available at the web site at <http://www.nowbroadbandtv.com/>.

The now business news channel

PCCW set up a newsgathering facility in Wan Chai in central Hong Kong in mid 2005 and a fully-fledged business news channel launched in March 2006. The company then launched a 24-hour general news channel in October 2007. It also had plans to screen programs to all of mainland China via satellite. CK Cheung, controller of the now business news channel, said news bulletins were broadcast at strategic times at 1pm, 6pm and 11pm. The channel's emphasis was on analysis of the stock market, the trend of the US dollar, and the trend of commodities such as gold. "When we designed the channel we knew that Hong Kong had more than a million small investors. They are actively involved in the stock market or foreign currency trading. Even housewives, on their way to the market, stop at the bank to trade. The trade volume increases every day." On the morning of my visit on 18 June 2007 the total daily trade was 54 billion, a record. Programs on the business channel made extensive use of experts and invited executives onto programs via 12 remote cameras installed in places like HSBC, Citibank and trading houses. This allowed analysts to talk with a reporter in the studio from their city offices with the trading rooms as backdrop. "The remote cameras save time. At first analysts were sceptical about installing cameras in their offices, but it became popular. Some firms even asked us to install cameras, and they are willing to pay for the camera and the leased line," Cheung said.

Finding content for a 24-hour-a-day network can be a challenge. Cheung said most of the programs during the day were fresh. During the weekend the channel focused on general and foreign news, whereas from Monday to Friday it concentrated on business news. "If there is no new news at 6.30pm we will sometimes re-run the 6pm newscast during the week. At midnight we run only updates. Our focus is during the business hours. Our staff is very light at other times. We receive agency images from Reuters and AP but we don't use much." Because no Cantonese-language equivalent of those agencies was available, the channel has a team of translators. The channel had 50 reporters and producers in a total of 170

staff as of mid 2007. The rest were support staff like technicians and video editors. Senior journalists came from other television stations in Hong Kong. “Our strategy is to employ senior staff as the core members of the team. Most of the [rest of the] staff are fresh graduates from college. We train them after we hire them. They come from all universities in Hong Kong. Graduates with journalism majors do better for the first few years but after that they are all equal. Students with other majors all do well.” The starting salary for a fresh graduate was \$HK 11,000 a month. Cheung described the calibre of journalism graduates as “quite good”. In Hong Kong all forms of journalism were popular as a career. “Students are fighting to enrol in university programs. The recruits we get all have good language skills. In Hong Kong inevitably students have to be able to read and write English as well as Chinese.” The channel’s production technology was a Czech product called Octopus, which was similar to ENPS from Associated Press.

The channel does not use any video journalists, the single journalist who shoots video, scripts, edits and packages a story. “We have division of labour here,” Cheung said. “The journalists write the scripts. The cameramen shoot the pictures. The technicians take the satellite feeds. The video editors cut the pictures. We aim to have good quality images and we are not convinced that the VJ does that.” Berriman said he had concerns about the use of video journalists because it was so easy to fake material. “A piece of content hits the news desk and you have to make a snap decision as to whether it’s a fake piece of video or whether it’s real. Digital technology means it’s not just ease of capture but ease of manipulation.”

Reporters at the now business channel had access to compact digital video cameras but only used them for training, or when they reported in China (now TV has an office in Shanghai and had applied for an office in Beijing). “We train all our staff,” Cheung said. “For cameramen we hire graduates from technical universities. For directors and editors we go to places like the Academy of Performing Arts. Once we hire people we train them. During training they use small cameras.” Cheung said the best way to train was through hands-on daily operation and coaching in small groups. Older reporters gave talks to younger reporters. At now TV, an advertising campaign is launched when any new service is offered. The service also offers a help channel that shows people how to use the interactive remote

control, and now TV employs highly qualified staff to install equipment. Berriman said these men “get good feedback” in the sense that they show the customers how to use the remote control and other equipment.

Because of the large number of people in Hong Kong with camera-equipped mobile phones, it should be possible to use this form of audience-generated content on the now business news channel. Berriman said the company was always looking at possibilities but was concerned about copyright issues. “We have audience-generated content with snaap! How it develops remains to be seen. I still want to see how the YouTubes of this world get control of their content. At the moment probably 60 per cent of the content is illegal. People copy a clip from a movie or TV channel and send it to their friends or put it on YouTube. I believe that digital watermarking or some form of digital fingerprinting of the content will take place. Then the Internet service provider will be able to detect these watermarks and cancel downloads if they are illegal. It will become the standard over time. It has to happen.”

Berriman said now TV had three levels of content protection, which meant zero piracy. “We do the protection in the network. With other cable and satellite TV providers all the content is sent to the set-top box so some smart person who can crack the code gets access to the content [which means piracy occurs]. We only send out the channel that has been requested after the address of the set-top box has been identified and authenticated. We know the physical connection of the line and we also know the channels the person has been authorised to see. So we have a really solid system that all the content providers reckon is the best they have seen. We take a telco approach.” The second form of content protection involved digital end-to-end encryption. This stops pirates from getting in between the set-top box and the digital modem to record the signal. The final form of protection involved the analog signal from the set-top box. When now TV launched, it was not possible for subscribers to record programs in analog form and play them back later. That situation had changed by the middle of 2007. “We started off with none of it being able to be recorded. But the copyright authority in Hong Kong permits personal copying so we turned on the ability to copy in analog form.”

PCCW prefers not to encourage bloggers on its online sites. Berriman

said PCCW had invested a lot of money in infrastructure. “We spend 8-10 per cent of revenues on maintenance and R&D for the network, so that’s \$US 300 million a year we put back into the network. Multiply that by many years and it’s a lot of money. Too much to give away for free.” Berriman said PCCW was “not too keen” on providing a platform that other people could take advantage of. His group’s job was to come up with services that would “fill the pipe”. IPTV locks up 4.5 megabits a second of the available bandwidth and the rest was available for normal Internet use. “We would prefer that the YouTubes of the world come to us and say ‘we want to have a peer-to-peer relationship’ so you can guarantee the quality of the service to the customer.”

Personal video recorders are causing concern to commercial broadcasters in many parts of the world. These allow consumers to skip advertisements when a program is replayed. The best-known personal video recorder (PVR) around the world is TiVo. Berriman said content providers around the world were struggling to come to terms with some of these new developments. “Consumers do record content. Storing it in the network is far more secure than letting everyone have a TiVo and recording it on a hard disk in the home. We can make it more convenient for the customer and link the personal video recorder to the program guide on the network, so the PVR will record when people want certain programs. Berriman said storing the content at the network level would bring down set-top box prices because manufacturers would not need to put a hard disk in the set-top box.

Commercial television companies around the world are concerned about personal video recorders that skip advertisements when the program is played back because this bites into their business model. Berriman said if content providers were not happy with advertisement skipping it was possible, with network-based personal video recorders, to retain the advertisements on play back. “We can manage it [the play-back] how the content providers want it. If you start with the network you can control a lot of things. We have the capability; we just have not turned it on yet. We will do it with the English Premier League soccer [in 2007 and 2008]. We can do it partly because we are dealing directly with the content producer. Whereas if you are dealing with a TV channel they probably have thousands of individual suppliers of content that they aggregate and they would have

to get permissions from all of them, and if one held out then the whole thing is not possible.”

The spread of Skype, a peer-to-peer arrangement that allows people with Skype software on their computer to phone others for free around the world, also eats into a telcom company's business model. Berriman said Skype “does not bother us too much”. Over the decade since 1997 competition among telephone providers has seen call charges fall from \$US 7 a minute for a call to the United States from Hong Kong to 7 cents a minute. That was not because of Skype, Berriman said. It was simply the introduction of things like call-back services and the resale of minutes. “So the whole international calling market has gone to the floor. Local calls in Hong Kong are free anyway. And on a mobile phone you can buy 10,000 minutes for \$HK 300. So calls on mobiles are almost free.” Berriman conceded that many people talked computer to computer with Skype, which was free. “With Skype in and Skype out you have to pay the local call access charges and by the time you've paid those there is probably not a lot of difference between that cost and the regular [landline] cost of a call.” Berriman noted that for some of its major customers with large accounts PCCW gave free international calling as part of the contract.

Multi-media advertising

Berriman said PCCW sold multi-platform advertising in the sense of one advertising representative selling across all platforms to a client. Over time the company would be “doing more and more”. In Hong Kong 85 per cent of television advertising revenue goes to TVB, a free-to-air provider that has been the stable channel for 35 years. “People have grown up with it. In some homes it's on most of the time. Consequently you talk to advertisers about a new medium and targeted advertising and they are not interested.” Advertisers preferred knowing that it will cost a fixed amount for each commercial on TVB. But PCCW was making progress, Berriman said. “We have put some content across all platforms. First of all it was the Yellow Pages. We have a dial-a-dinner service that is gathering momentum. So is the cinema ticketing service.” The interactive element was the hook, provided the customer got something out of it, Berriman said. “It is not just a case of seeing the content, customers also want to be able to transact as well. With the dial-a-dinner

pizza service, that stimulated the company that provided it to offer TV advertisements before a movie is about to start. So if you want pizza with the movie, press the interactive button and buy it.”

Interactive advertising tended to be at the “high end” of the market, or the AB demographic, Berriman said. Mission Hills golf club had run some interactive advertising on the now business news channel. “When we talk about convergence it’s this quadruple play. We have TV channels on the mobile. With movie tickets you can see the free seats on your TV screen. You pick your seat. We have the option of delivering the ticket as an SMS bar code. So you walk into the cinema and scan the bar code.” And now TV has a movie trailer channel where people can watch the trailer and then book a ticket interactively, and would soon offer an option for buying shares via the television’s remote control. “You can be watching the business news channel and notice a particular stock being talked about. You can go to the interactive mode and see what the stock price is [live]. And soon you will be able to do live trading as well. So the content is the portal. That’s the way we see things starting to develop in the future.”

With a free-to-air television provider like TVB, everyone appears to be watching, but it is impossible to get specific details about the audience. And the people who have the time to watch free-to-air television do not have much money; that’s why they watch free-to-air television. That does not make them attractive to advertisers. Berriman admitted that with now TV’s 130 channels, and the ability to identify specific details about the audience, “once you have 130 channels you really are carving up the eyeballs”. PCCW set out to create specific records. “We know who is watching what channel for how long and we can bill them any way the content provider wants. We can provide the content provider with data on who is watching what and when. It is much better than a Nielsen rating for knowing who is watching.”

PCCW had also set up what it called the “roadblock” where it put the same advertisement on most of its channels at the same time. “Whoever is watching any channel will get the same advertisement at the same time. Then our ratings can be stitched together. We still probably could not get to the 30 ratings of TVB but we could get a 14 to 15 rating instead of the 3 rating we have on some of our major channels.” Berriman said PCCW’s

broadband churn has halved because of the “stickiness” of the television content.

As of late 2007 PCCW's now TV remained the world's largest IPTV deployment. “We are in 38 per cent of homes,” Berriman said. “It will take a long time before other countries achieve that number.” Almost every telcoms and cable company in the world had visited to study PCCW's strategies, he said. The future looks promising for IPTV and PCCW. David Mercer, principal analyst at global research and consulting firm Strategy Analytics, has predicted the number of IPTV set-top box subscribers worldwide would grow to 12 million by 2010. This is a conservative estimate. Analysts at the Multimedia Research Group are projecting 25 million IPTV homes by 2008. PCCW will continue to be a leader, especially in a place like Hong Kong where density of population and high disposable incomes mean that technologies like IPTV will remain popular.

Chapter 9

China Daily Online in China

China contains a fifth of the world's population. About 1.32 billion people live in an area of 9.6 million square kilometres (3.7 million square miles, or slightly smaller than the United States). The country's history reaches back more than 4,000 years and its innovations and inventions such as paper, gunpowder, credit banking, the compass and paper money demonstrate its long contribution to Mankind's development. After more than two decades of stagnation under authoritarian Communist rule, by the early twenty-first century China had developed into the world's fastest-growing economy. This has fuelled huge demand for energy, making China the world's biggest producer and consumer of coal and, after the US, the world's largest oil consumer. China spends billions of dollars on energy to fuel its economic growth. The most conspicuous example is the \$US 25 billion Three Gorges Dam project. When commissioned in 1992 it was expected to provide 10 per cent of China's energy needs. But such is the demand for energy that by 2009 it will only contribute about 3 per cent of the country's energy needs. China's resurgence has been described as a second industrial revolution but the economic boom has produced environmental problems. Fifteen of the world's 20 most-polluted cities are in China. Some critics say pollution and environmental degradation cost China the equivalent of 10 per cent of GDP, which effectively means the economy is not growing.

As a member of the World Trade Organization, China benefits from access to foreign markets. But China's huge trade surplus and the widespread availability of pirated goods has strained relations with trading partners. The

BBC reports that the economic gap between urban and rural Chinese is vast, and this gap has the potential to spread social discontent. Many poor rural dwellers are flocking to the eastern cities, which are enjoying a construction boom. Political reform has not matched the rate of economic change, the BBC says. The Communist Party, the world's biggest political group, retains a monopoly on power and imposes strict controls over the population. Authorities still send dissidents to labour camps, the BBC says. Each year tens of thousands of people travel to Beijing to lodge petitions with the authorities in the hope of finding redress for alleged corruption, land seizures and evictions. Other pressing problems include corruption and the growing rate of HIV infection.

Mandarin Chinese is the main language. Major religions include Buddhism, Christianity, Islam and Taoism. Life expectancy for men is 71 years, and 75 for women. Main exports include manufactured goods, textiles, clothing, electronics and military arms. Rapid economic development, along with educational advances leading to greater literacy, has produced a dramatic expansion of the media and diversification of coverage. The United Nations reports China's adult literacy rate jumped from 65.5 per cent in 1982 to 90 per cent by the last census in 2000. Higher literacy has meant tens of millions of extra readers in the past decade. Per capita gross domestic product has increased four-fold since 1980. Improved incomes have freed many Chinese from concerns about survival and given them the money to buy television sets, newspaper and magazine subscriptions, computers, mobile phones, satellite dishes and Internet connections. This has produced increased desire for media.

Media in China

China's government involves itself in the media. Many of the largest media organisations such as China Central Television (CCTV), the *People's Daily*, and the national news agency Xinhua are agencies of the government. Xinhua and the *People's Daily* are separate government ministries. Their directors sit on the Communist Party of China's Central Committee. The National Propaganda Department appoints publishers, chief editors, and other key officials of the major newspapers. Provincial and local party leaders make similar appointments for party papers in their areas.

The country is trending towards greater autonomy and diversity for the media, and away from government control. But Beijing still tries to influence the media to report favourably on government activities and to limit negative coverage of official policies and actions. Neither the country's Constitution, promulgated in 1982, nor the judiciary, provides the media with meaningful legal protection from the state. Article 35 of the Constitution guarantees citizens the rights of free speech, press, and assembly. But in reality, citizens do not have such rights, the BBC reports. The authorities in Beijing continue to give priority to the principles in the Constitution's preamble: These include upholding Marxism-Leninism-Mao Zedong thought and the leadership role of the Communist Party. The government requires that newspapers be registered and attached to a government ministry, institute, research facility, labour group or some other state-sanctioned organisation. Entrepreneurs cannot establish newspapers or magazines under their own names, though some have set up research institutes and then created publications attached to those bodies.

China has several official journalists' associations. The largest is the All-China Journalist Federation, with more than 400,000 members. The government holds weekly meetings with editors at influential newspapers to alert them to news items they want focused on and stories they want to go unreported, the BBC reports. Journalists are occasionally jailed or fined for unfavourable reporting. The media rights group Reporters Without Borders describes China as the world's "largest prison for journalists". Dr Anne-Marie Brady, from the political science department at Canterbury University in New Zealand, said a "small minority" of China's journalists were interested in pushing the boundaries while "a large chunk" of them were just trying to make a living. She said it was common for Chinese journalists to receive "little red envelopes filled with cash and other benefits" for reporting on a particular story.

Particular issues are taboo in China's media. These include discussion about the Falun Gong spiritual movement, the fate of the island of Taiwan and Chinese rule over Tibet, and questioning the legitimacy of the Communist Party of China. Human rights groups have accused China's authorities of systematic destruction of Tibetan Buddhist culture and the persecution of monks loyal to the Dalai Lama, the exiled spiritual leader campaigning for

autonomy from China. Beijing argues that Taiwan is part of China, and has threatened to invade should Taiwan declare independence.

By 2008 China will be the second-biggest advertising market in the world, after the United States. Professor John Sinclair from the Australian Centre at the University of Melbourne said that in 2007 China was in third place behind Japan in terms of advertising markets. Huge economic growth explained why so many foreign advertising agencies were keen to get established in China. By 2007 most of China's media no longer received government subsidies, which meant they had to pay for themselves through advertising. Withdrawal of subsidies has caused many newspapers, including some owned by the Communist Party, to take bold editorial stands critical of the government. It appears that the necessity to attract readers and maintain a business represent a more pressing fear than government repression. Each major city has its own newspaper, usually published by the local government, as well as a local Communist Party daily. Newspapers have been particularly affected by the loss of subsidies, and have aimed to attract readers through investigative reporting. Even papers nominally owned by the Communist Party sometimes boldly report social issues. Commercial pressures and government restrictions have caused some newspapers to focus on lurid scandals often involving local officials. Some analysts say that Chinese newspapers tend to lack depth in analysis of political events.

Newspapers and magazines

In 1968 China had 42 newspapers, almost all Communist Party organs. Four decades later the number had jumped to more than 2,200. The main newspapers are the *People's Daily*, *China Youth Daily*, *China Daily*, *the People's Liberation Army Daily*, *China Economic Times*, *Legal Daily*, *Workers' Daily* and *The Farmers' Daily*. The official estimate of magazines was more than 7,000. It is difficult to ascertain circulation data: Many publishers have their own distribution networks rather than official channels and some deliberately understate circulation data to avoid taxes. About 25,000 printing houses and hundreds of individual bookstores produce publications. Much of this consists of romance literature and pornography, but these houses also publish political and intellectual journals.

The government sometimes uses state secrecy laws to censor press reports about social and political conditions. But these laws have not stopped the press from discussion of social issues. In recent years these have included the AIDS epidemic in Henan province, unsafe coal mines in mainland China, and the SARS epidemic. The government realises that it cannot control the flow of information because people have access to foreign sources via the Internet, mobile phone conversations and text messages. It actively encourages state media to compete for viewers and commercial advertising, though the opening-up of the industry has mostly involved advertising, not editorial content. Since the late 1970s, China's media has published debates on fundamental issues such as the rule of law, freedom of the press and universal human rights. They have also reported on a myriad of previously untouched social and lifestyle subjects.

Broadcasting

A generation ago China had one television for every 100 people. But by the turn of the twenty-first century, about a billion Chinese had access to television. Professor Michael Curtin from the University of Wisconsin, Madison, in the United States, said the Chinese government claimed 95 per cent of the population, or about 1.25 billion people, had regular access to television. Forty years ago China only had 12 television and 93 radio stations. Until 1991, for example, the 14 million people of Shanghai received only one radio station, Radio Shanghai, which mostly aired pro-government information. Today China has about 700 terrestrial television stations, and about 3,000 cable channels and 1,000 radio stations. Broadcasting is highly influential in China because of the huge audiences it reaches. "Television is pervasive in China," Professor Curtin said. An audience of more than a billion is more viewers than the audiences for Europe and the United States combined. Chinese Central Television (CCTV) dominates television broadcasting. It has 16 channels and is the country's sole national network. The Propaganda Department and the State Administration of Radio, Film, and Television jointly run CCTV. A vice minister in the latter ministry serves as chairman of CCTV. The state appoints the network's directors and main officers. In 2004 CCTV had an annual income of 1.12 billion yuan (\$US 138 million). Broadcast executives tended to be cautious, Professor Curtin said. "Chinese ministries that control

radio, film [and] television are ministries where there are regular backlashes that clear out people who take too many risks.” But within those ministries and the Chinese government in general were “very sophisticated people” who were very good at managing and achieving their objectives by recognising the boundary lines and the grey areas, Professor Curtin said.

CCTV International (CCTV-9) is the English-language news channel, which broadcasts 24 hours a day. It launched in September 2000 and is available to satellite viewers in the United States and United Kingdom. All provinces have channels which re-broadcast CCTV content. The government will only allow relays of foreign broadcasts that do not “threaten national security” or “political stability”. Pay television is expected to evolve this decade in China, with 128 million subscribers predicted by 2010.

CCTV broadcasts news three times a day and has a monopoly on purchase of overseas programming. All local stations are required to carry CCTV’s main news bulletin at 7pm. An internal CCTV survey reported that almost 500 million people regularly watched this bulletin. Professor Sinclair from the Australian Centre at the University of Melbourne described CCTV as the sole “national medium” in China. But not everybody watched CCTV because of a boom in regional and local television that competed with the national channel. Thus CCTV gets about 30 per cent of overall audience share. Talk radio in China allows a freer exchange of views than other media. It has shifted the paradigm from authorities addressing the people to people addressing the authorities. Because callers usually do not identify themselves, discussions are more candid than would be possible on television. The main radio broadcasters are state-run China National Radio and China Radio International. The latter is an external broadcaster with programs in more than 40 languages.

China has two news agencies: Xinhua or the New China News Agency and Zhongguo Xinwen She or the China News Service. Both are state-run. The latter concentrates on overseas Chinese. Xinhua fuels China’s print media. It employs more than 10,000 people (compared with about 2,400 worldwide for Reuters) and has more than 100 international bureaus and another 31 in China – one for each province plus a military bureau. Most papers rely on Xinhua to fill their pages. About a quarter of *People’s Daily* content comes from Xinhua. It is also a publisher, owning about 30 newspapers and magazines, and it prints in Chinese and five other languages, including English.

China has an internal publication system with limited circulation to government and party officials. These internal reports, known as *neibu wenjian*, contain much of China's most controversial and high-quality investigative journalism. Senior journalists at Xinhua and other media organisations produce reports for these journals. Academic He Qinglian discusses *neibu wenjian* in her book *Media Control in China*, which the Human Rights in China group published online in Chinese (with an English language summary) in 2004. The publication system follows a strict hierarchical pattern designed to facilitate party control. A publication called *Reference Information* includes translated articles from abroad as well as news and commentary by senior Xinhua reporters. Xinhua staff deliver it to officials rather than through the national mail system. A report called *Internal Reference*, usually three to 10 pages, is distributed to officials at the ministerial level and higher. The most highly classified internal reports, known as *Redhead Reference*, are issued occasionally to senior party and government officials. The level of classification is linked to officials' administrative levels. The higher the administrative level, generally the more secret the document, Professor Ite said.

Internet in China

Mainland China's first Internet connection was established on 20 September 1987 between the Institute for Computer Applications at the Technical University of Peking (later renamed the University of Science and Technology) and Karlsruhe University in Germany. In two decades China's Internet has grown to host the second largest group of users in the world, after the United States. According to the 19th *Statistical Survey Report on The Internet Development in China*, published by the China Internet Network Information Centre (CNNIC), the number of Internet users reached 137 million by the end of 2006. This represented about 11 per cent of the world's Internet population. The 90.7 million broadband users were the biggest single group. China's Internet penetration rate was almost 10 per cent of households. The CNNIC report said 58.7 per cent of Internet users were male, 57.9 per cent were unmarried, and 70 per cent were aged under 30. Students make up almost a third of China's Internet users, and business people account for another 30 per cent. The majority of Internet users have at least a university diploma. Half of the Internet users (50.9 per cent) earned less than 1500 yuan a month.

The price of a broadband connection is well within the reach of the country's middle class. It costs about 120 yuan a month for unlimited broadband access. The CIA *World Factbook* reports that China's GDP per head, expressed in purchasing power parity, was \$US 7,700 a year in 2006, or 4,857 yuan a month. So 120 yuan a month is a low cost relative to monthly income. Surveys show two main reasons people are not online: One in three lacks the skills to use a computer or the Internet, and another 30 per cent simply do not have Internet access. Most of this latter group live in rural areas.

The first four major national networks, CSTNet, ChinaNet, CERNet and CHINAGBN, are the backbone of China's Internet. They are the only networks allowed international access. Metropolitan and provincial telecom companies provide public Internet services and public dial-up access is available in most cities.

China Science and Technology Network (CSTNet) was the first public non-commercial network for research and education in China. It was built by the Chinese Academy of Science Network (CASNET) and the National Computation Facilities of China (NCFC) and has headquarters in the Chinese Academy of Science. ChinaNet is the primary national commercial network run by China Telecom and is probably the largest Internet network in the world. As of late 2006 it had 25 million broadband subscribers. The China Education and Research Network (CERNet) was the first nationwide education and research computer network in China. This non-commercial network provides Internet access to academic institutions. Premier Zhu Rongji proposed the China Golden Bridge Network (CHINAGBN) to the State Council in 1993 and it was approved in 1996. CMNet is the Internet protocol backbone network of China Mobile, which provides the country's GPRS wireless Internet access services.

All Internet services are under the jurisdiction of the Ministry of Posts and Telecommunications, the Ministry of Electronics Industry, and the State Education Commission. Much of China's Internet comes under the so-called "Great Firewall of China," launched in November 2000, which blacklists certain websites and blocks chat sessions. A firewall over such a large network has not proved effective. Blocking of websites can easily be circumvented. People tend to respond more to the "chilling effect" of prohibition rather than the actual blocking. Online service providers hire moderators known

as “big mama” to monitor user-provided content. Dr Anne-Marie Brady from Canterbury University in New Zealand said she had identified up to nine agencies whose role was to supervise the Internet in China. She said she had seen estimates of 40,000 Internet police, but believed that figure was “probably an underestimate”. She suggested it was possible to have many definitions of Internet police: “You have these retired people, they might have been propaganda cadres or maybe they worked for a Chinese news service or another newspaper, and they’re given the role of readers, and they will be responsible for a particular newspaper or watching a particular TV channel or an Internet site, and checking that everything on those sites is politically acceptable ... if there’s a problem they report ... back to the local provincial propaganda departments.” She concluded China had “many sorts of people who are involved in policing the Internet”.

On 10 October 2007 Reporters Without Borders and the group China Human Rights Defenders published a report detailing the workings of a censorship machine that spans the information ministry, the State Council or cabinet, the Communist Party’s propaganda department and the police. Reuters ran stories about the report a few days later. “Prior to 2005,” the report said, “Beijing authorities had not really organised an Internet control system.” But now it closely monitors online public opinion, reporting its findings daily and weekly to senior leaders, and employs various tactics to keep web sites in line, the report said. Many web sites receive as many as five messages a day from supervisory bodies instructing them how to handle sensitive issues or ordering those sites to reject or remove certain content. The methods censors use to monitor and communicate with web sites include weekly meetings, emails, online instant messages through a handful of programs and even SMS text messages, the report said.

Text messaging represents both a way to make money for China’s mobile phone companies and a new media distribution channel. Indeed, increased use of the Internet and mobile phones has hindered government efforts to control the flow of information. Dr Brady said that during the SARS crisis in China in 2003, before the government had decided it would announce details of the problem, information spread through the country via SMS text messages telling people how to protect themselves against this virus. “People were actually arrested for spreading rumours through SMS when actually they

were releasing information that the government had decided they were not yet ready to release.” Dr Brady said China’s telecom providers acted as censors. “They sieve information. If there’s anything negative that’s coming through the SMS system, then they’re required to hand it on to the Public Security Bureau.”

An article in the online English edition of the *People’s Daily* on 21 June 2007, headlined “Democracy in China’s Internet politics,” noted that democracy had influenced the Internet’s politics from when the Internet started. The Internet was “without a doubt an ideal democratic medium”. So the healthy development of Internet politics would be “of great importance to the development of a socialist democracy,” the article said. It did not have a by-line. “Internet technology seems to provide a natural breeding ground for the development of democratic politics,” the article said. “People should note that developing Internet politics well would enrich the development of socialist democratic politics. However, it [the Internet] does not represent all people yet. Only by comprehensively and objectively mastering Internet politics, and rationally understanding it, can we better promote its development,” the article concluded. China’s tenth five-year plan from 2001-2005 emphasised the importance of information technology in the country’s economic development. The government said the Internet and information technology were “crucial factors for building international economic competitiveness and overcoming inter-regional development gaps at home”.

The plan said building of an information society was key to China’s economic development and modernisation, and IT development would boost the economy in poor areas. But statistics suggest many parts of rural China are being left behind while the urban areas reap the benefits of technology. The China Internet Network Information Centre (CNNIC) said growth in Internet use had been “predominantly [an] urban phenomenon”. Internet penetration of households ranged from 30.4 per cent in Beijing and 27.4 per cent in Shanghai, to as low as 3.8 per cent in the province of Guizhou. Users come from a relatively privileged section of the population in the major cities in the prosperous eastern regions. The same situation occurs in other large land mass nations such as Australia. Internet service providers have little incentive to expand into poor regions with low purchasing power and/or population densities.

China Daily

Established in 1981, *China Daily* has the largest circulation of any English-language newspaper in the country – more than 200,000 per issue, with a third circulated to about 150 countries and regions. As with most state-owned enterprises, *China Daily* no longer receives government subsidies and is expected to make a profit. The paper has adopted a more commercial approach and increasingly its editorial content is being pitched at younger readers to attract more advertising. The newspaper has branch offices in all major cities of China. As with other Chinese media, subjects such as Taiwan, Tibet and the Falun Gong religious group are usually considered too sensitive for regular reporters to cover. The group that runs *China Daily* also publishes the *Shanghai Star*, *China Business Weekly*, *Reports from China*, *Beijing Weekend* and *21st Century*. The last has five editions aimed at various levels of schooling from primary to tertiary. Some of the group's revenues come from real estate, including a major commercial centre being built at the newspaper's compound at Huixing Dongjie in north Beijing. *China Daily* is regarded as one of the country's most authoritative English media and is the most popular newspaper among expatriates. It is often called the "voice of China".

China Daily online

The newspaper has an extensive web site at <http://www.chinadaily.com.cn/> that publishes content from the print edition but also offers other options. Its logo is "Connecting China, connecting the world." The site, which launched in December 1995, gets more than 9 million hits a day, putting it among China's top 10 news portals. The site has three major parts – the English portal, World Online and English Study – and totals more than 50 sections. The English portal contains breaking news and multimedia. The latter includes audio-visual slide shows. The main sub-sections in the English portal are culture, city life, a public forum for reader feedback, Olympic news, entertainment and lifestyle. World Online is the Chinese-language pages of the site. Its main sub-sections are a weekly focus, China central, international news, opinion, world headlines, defence news and entertainment. The English Study section is aimed at helping people learn English. Main sub-sections are bilingual news, Word and Story, translation tips, audio and video, a book channel and kids' English channels. A sub-section called Language Tips helps

people practise oral and written English. Photo and cartoon sections showcase events in China and around the world. Content comes from both professional and amateur photographers and cartoonists.

The online traffic reporting site Alexa.com said 64 per cent of the site's audience came from outside mainland China. Li Hong, chief editor of the site, said that of those people, the bulk were from the United States, Britain and Australia. Readers also came from Canada, India, Japan, Singapore, Germany, France, Iran, Malaysia and Hong Kong. "These are all countries with English as a first or main language," Li said. Slightly more than a third of the audience came from mainland China, and the biggest single group of that 36 per cent (about a third) were university students. Most were from the big eastern cities of Beijing, Shanghai and Guangzhou. Other readers were white-collar employees from banks and other multinational companies who had good English. Li said many high school students who wanted to practise their English language skills read the site. "We give them tips on how to improve their English, both written and spoken," he said. Three in five of the audience were men, and 40 per cent women. "Men like this new broadband technology," Li Hong said.

Political and business news is the most popular topic, along with news about China. "On average a reader will click on 12 page views. That's about seven to eight minutes per viewer. We get 9.15 million page views each day, and 1.25 million unique visitors each day. We do not compare with cnn.com or some of the Chinese web sites, which are huge. In terms of English language sites we compare with the *Financial Times* and Bloomberg in terms of unique visitors," Li Hong said. Site traffic peaks on Wednesdays and Thursdays, and declines at weekends. Gao Jinan is deputy editor in chief of ChinaDaily.com.cn and editor of the English news section. He said people travelled more at weekends and played sport. "They have other things to do than to log on to the Internet. They go out with their families."

The newspaper and the online site work together. Every Monday morning Li Hong attends an editorial meeting organised by *China Daily*, along with the heads of the newspaper's editorial departments. "We compare notes and interact over stories. If the newspaper wants to do a survey we can run it on our web site and provide them with the initial analysis. When the newspaper interviews an important person such as the US secretary of state, we put a perspective on the site about what the secretary of state is talking about."

China Daily also uses some of the comments from the online readers' forum to develop stories. Sometimes reporters from the web site and the newspaper cover the same event and come back with different stories. "Our stories are quicker, whereas their [newspaper] reporters are more structured because they have more time to write them. They have more than 200 editorial staff in Beijing plus staff in many bureaus."

The web site is financially independent. It is a company and responsible for its own profits and losses. As of mid 2007 ChinaDaily.com.cn earned about 70 per cent of its funds. The rest came from the government. "It is a company in the sense we are responsible for the hiring and firing of our employees," Li Hong said. "Our editorial policy is the same as the newspaper." The site's content comes from *China Daily*, supplemented by material from the site's own reporters, such as stories about each morning's stock market, and wire service copy. The site has five "polishers" – journalists who are native English speakers – who edit copy, as happens with the daily newspaper. (*China Daily* has about 25 "polishers"). The site is staffed 24 hours a day, in three shifts. The night shift runs from midnight to 7am. The morning shift is 7am to 4pm, and the afternoon shift 4pm to midnight. "Most people are rostered on for the morning shift. Our audience wants the news during the day," Li Hong said. The web site has 150 staff in total. About 100 of those work in editorial. They consist of editors, reporters and seven producers for the multi-media section. The last group produces video for the web. Video footage comes from CCTV. The web site shares its content with CCTV in exchange for video. "We are complimentary," Li Hong said. On the day of my visit I saw video of Premier Wen talking about China's economy in the Japanese Diet (Parliament).

Usually video staff work in pairs, and carry compact Sony cameras to shoot video. They produce two to three packages each day. Gao Jinan is deputy editor in chief and editor of the English news section of the site. "We do not have any video journalists yet. It takes time to train VJs. These people need good English writing skills and also need to know about editing, and have good visual skills." He predicted the site would have some VJs later in 2007 or 2008. Both worked for the newspaper before they moved to online. Li Hong started on the site in 1999. "We have print backgrounds," he said. "We worked on the news desk, and as copy editors." All reporters take photographs with digital stills cameras. "When they go out to interview people they take

photos and we put them online. Groups of reporters share cameras, two or three people for each camera. But every Chinese family has a digital camera, so they are always available. And people have cameras on their mobile phones.”

Li Hong confirmed that the bulk of Internet users in China had fast broadband. “At home every evening my son, aged 12, spends at least an hour on the Internet. It’s the same for the 14-year-old son of Gao Jinan, chief editor of our English news section.” Children chatted with classmates, searched for information using search tools such as Baidu.com or google.cn. “They spend many hours a day listening to music and chatting via MSN. In big cities like Beijing and Shanghai, and in medium-sized cities like Guangzhou or Shenzhen, people have broadband. These are the people who are driving this country forward.” Many Chinese listened to music and watched video or films on broadband Internet, Li Hong. China’s ministry of education allocated special funds to universities to extend data and phone lines to university and college dormitories. “It would be safe to say that all university students have at least dial-up Internet access, and probably broadband. I have seen broadband in several dormitories I’ve visited,” he said.

ChinaDaily.com.cn has blogs in Chinese, but none in English. Li Hong said major Chinese web sites like sina.com and sohu.com, the two biggest news portals, had huge numbers of blogs. “I know that American newspapers like *The New York Times* and *The Washington Post* have blogs, but not yet for ChinaDaily.com.cn because we are afraid we would not get many good writers in English.” Most of the English-language contributions appeared in the English Study section. “When the time is right we will invite people to write,” Li Hong said. Anyone can apply to be a blogger. They do not necessarily have to be invited. “But as a first step we invite people to blog, otherwise the site will be empty. Perhaps we could invite *China Daily* newspaper reporters to blog,” he said.

Content also comes from the site’s audience. Li Hong said people emailed photographs to the site. “They register first and send digital material to us, and we put them online. We have editors who choose what pictures will appear and where on the site.” In mid 2007 many of the pictures were of pretty women. This reflects the male demographics of the site’s audience. But it also had photographs of accidents and fires, and a compelling photo essay about some men who rescued a woman who tried to commit suicide by

jumping off a bridge. Sometimes the print newspaper uses photographs sent by the audience. “If we think a photo is authentic and newsworthy they [the newspaper] will use it,” Li Hong said. Most of the judgement is made by the site’s duty editor. If an image is horrible, they have to make a judgement call. They might blur the face of the victim: “With gory or bloody photos we would show the photo but blur the face.” Gao Jinan, the site’s deputy editor in chief, said some Chinese language newspapers published photographs from their audiences. It was difficult sometimes to assess the validity of an image. “That is the responsibility of the duty editors. They have to check, make calls to the location, to check.” Li Hong agreed that it was easy to fake photographs. “It is hard to tell what is real and what is not.”

Four photographs cycle in a large box at the top of the home page. Each picture is designed to tell a different story. “One is light, one is hard news like a disaster or fire, for example. The photos come from Xinhau, the international wires and NewsPhoto [the name of *China Daily*’s own photographic team]. We archive photos back to 2003,” Li Hong said.

How does working online compare with working in print? Do journalists need a different mindset when they work online? Deadlines 24 hours a day meant reporters had to be quick, Li Hong said. They also had to take a global perspective, thinking not only about China, but other parts of the world. Li Hong said it was important to be considerate to the readers. “You have to be friendly to be able to interact and communicate with readers because you don’t know where they are from.” Audiences could have a hostile attitude to China so it was important “to try to make friends,” he said. “Our editorial policy is more liberal and free than most Chinese media, so you can criticise the government. It is our belief that this country needs to listen to different, constructive opinions. We have a responsibility to make friends and promote China. The Internet is a powerful medium. Some of our online readers before they come to ChinaDaily.com.cn have an idea that China is closed and controlled by the government. When they come to the forum on our web site they see criticisms of the Chinese government and the Communist Party, they change their mind and see that China is free. It is healthy.”

The site recruits about 70 per cent of its staff from the big universities in Shanghai and Beijing. Most have majors in English literature. The first selection criterion is good written English. They must have an interest in news

and know how online news works. Gao Jinan said some of the journalists were students in the United Kingdom, the United States and Australia. "They return home and we hire them after they finish their studies. Most of the staff are young. The average age is 24. They need training in what is news. Most are not from journalism majors. So they need training in what makes news." Every Tuesday from 3 to 5pm Li Hong and Gao Jinan organise intensive in-house training in English. It is compulsory. Teachers are professors from Beijing universities or foreign "polishers". Starting salary depends on ability. Salaries are confidential. Li Hong said it was a company rule that employees could not compare salaries. "This company discourages employees to compare salary, because that would not be healthy. It makes people unhappy if they compare salary. If you are not satisfied with your salary you can go directly to the top managers of the company." Gao Jinan said executives assessed every staff member's performance at the end of each year. It was part of the criteria for deciding on pay rises. "If someone is a very good English writer they can expect a better pay rise."

Li Hong said he and Gao Jinan were excited about working online. "It's the kind of place where we can see different opinions about China. More and more people come to the site from overseas countries. And after spending time on the site their concept of China changes. We enjoy the multi-culture nature of what we do."

Chapter 10

Hindustan Times Group in India

After several decades in which its economy was effectively closed, India has emerged as a major world power. Its gross domestic product in 2006 was \$4.156 trillion, up 9.2 per cent on the previous year. The economy has grown an average of 7 per cent a year in the decade since 1996, reducing poverty by about 10 percentage points.

India contained about 1,130 million people as of mid 2007, the second largest population in the world. This huge population is a blessing and a curse, and reflects the paradox that is India. Two of the world's five richest people live in India, and India has the largest number of dollar billionaires outside the United States and Russia. The country has a large and growing middle class of about 300 million. The country has launched its own satellites and plans to send a spacecraft to the moon. It continues to spend more on defence than any Asian country, and has the world's fourth largest army. Military spending rose by 7.2 per cent to 890 billion rupees (\$US 19.8 billion) in the budget for the year to March 2007.

Yet the World Bank estimates 300 million of the rural population remain illiterate and exist on \$US 1 a day, their lives dominated by the Hindu caste system that assigns each person a fixed place in the social hierarchy. Millions of people live in debt bondage, enduring involuntary servitude in brick kilns, rice mills, and embroidery factories. Some children working as domestic servants

are effectively slaves. The government estimates that 90 per cent of India's sex trafficking is internal: the transport of women and girls for the purposes of commercial sexual exploitation and forced marriage. India is also the world's largest democracy. Some analysts see democracy as the great pressure valve for this society. About 380m people voted in the 2004 election when the Congress party led by Sonia Gandhi won power in a coalition with minor parties.

The vast Indian sub-continent covers almost 3 million square kilometres, about a third the size of the United States. It ranges from the mountainous Afghan frontier to the jungles of Burma. India is an ancient land. The Indus Valley civilisation, one of the oldest in the world, has been around at least 5,000 years. Aryan tribes from the northwest moved onto Indian lands about 1,500 BCE, and their merger with the earlier Dravidian people created classical Indian culture. Other major influences included the Arab and Turkish invasions from the 8th and 12th centuries, respectively.

European traders started arriving from the late 15th century. Britain assumed political control of almost all of India by the early 19th century. Non-violent resistance led by Mohandas "Mahatma" Gandhi and Jawaharlal Nehru brought independence in 1947. The subcontinent was divided into the secular state of India and the smaller Muslim state of Pakistan. This partition sowed the seeds for conflict. India has waged three wars with Pakistan since 1947, two of them over the disputed territory of Kashmir. After the third war in 1971, East Pakistan became the separate nation of Bangladesh.

India carried out nuclear weapons tests in May 1998 in defiance of world opinion. Pakistan replied with its own tests. In recent years the two countries have improved their ties, and have even agreed to share nuclear technology. A peace process, which started in 2004, has stayed on track despite tension over Kashmir and several high-profile attacks such as the bombing of Mumbai's rail network in July 2006. Police blamed Pakistani militants and a banned Indian group.

Major religions include Hinduism, Islam, Christianity, Sikhism, Buddhism and Jainism. The major languages are Hindi and English, but the country has at least 16 other official languages. Life expectancy is 62 years for men and 65 for women. Main exports include agricultural products, textiles, gems and jewellery, software services and technology, engineering goods, chemicals and leather products. Main resources include iron ore, manganese,

bauxite, titanium ore, chromite, natural gas, diamonds, petroleum, and the world's fourth-largest reserves of coal. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services.

Services account for almost 61 per cent of India's economic output from less than a third of its labour force. Three in five people work in agriculture but they produce only a fifth of the country's gross domestic product. According to the World Bank, per capita income in 2006 was US \$720. India is capitalising on its large number of well-educated people skilled in the English language to become a major exporter of software services and workers. But strong growth plus easy consumer credit and a real estate boom are fuelling inflation worries.

Literacy rates continue to rise. The 2001 Census said the average literacy rate was 61 per cent, with 73.4 per cent for men and 47.8 for women. By 2007 the average literacy rate had risen to between 65 and 69 per cent, depending on sources. Despite impressive gains in economic investment and output, India faces pressing problems such as the continuing dispute with Pakistan over Kashmir, significant overpopulation (with an average of 2.81 children born per woman, according to 2007 estimates), environmental degradation, extensive poverty, and ethnic and religious strife. The 2007 edition of the *CIA World FactBook* noted: "The huge and growing population is [India's] fundamental social, economic, and environmental problem."

Pratibha Patil became India's first woman president in July 2007. A member of the ruling Congress Party, she was previously governor of the north-western state of Rajasthan. India has had several women in powerful positions. In 1966 Indira Gandhi became one of the world's first female prime ministers. Mrs Patil succeeds APJ Abdul Kalam, a scientist and the architect of the country's missile programme. The prime minister is Manmohan Singh, who came to power in May 2004 after the Congress Party's unexpected success in general elections. Party president Sonia Gandhi, widow of former prime minister Rajiv Gandhi, declined the top post, apparently to protect the party from damaging criticism over her Italian origins. Mr Singh made his reputation as finance minister in the early 1990s under the Narasimha Rao government, when he was the driving force behind economic liberalisation. A Sikh born in West Punjab, Mr Singh is a former International Monetary Fund

official and governor of India's Central Bank. He was educated at Oxford and Cambridge.

India's media

Broadcasting in India has flourished since 1992 when state television's monopoly was removed. The array of channels is still growing. Doordarshan, the public television service, operates 21 channels including its flagship DD1, which reaches about 400 million viewers. India's cable TV market is one of the world's largest, with almost 65 million subscribers by the end of 2005. Star Plus, run by the global media giant News Corporation, is one of the most popular. News broadcasts are popular, often outperforming entertainment shows. Two multi-channel, direct-to-home television operations, the Zee Group's subscription-based Dish TV and a free-to-air offering from Doordarshan, are recent arrivals on the satellite scene. A third direct-to-home venture, Tata-Sky, launched August 2006. Terrestrial television reached 80 per cent of homes in cities, and 53 per cent of rural homes, as of 2003. Cable and satellite television was seen in almost half of urban homes and a fifth of rural households. In 2000 India had about 70 business channels. In 2006 the total had soared to 300. By the end of 2007, 80 new channels will have launched.

Private radio is a relative newcomer. Music-based FM stations have blossomed in the cities since 2000, and hundreds more licences are being sought. But only All India Radio can broadcast news. Most families seem to own a portable radio. India and neighbouring Pakistan sometimes engage in a war of words via their respective media, occasionally banning relays of broadcasts from the other country.

News agencies

India has more than 40 domestic news agencies. The Press Trust of India (PTI) and United News of India (UNI) are the two main agencies. The former was formed after it took over the operations of the Associated Press of India and Reuters soon after independence on 27 August 1947. PTI is a non-profit cooperative of the Indian newspapers. UNI began on 21 March 1961.

Newspapers

It is difficult to give an accurate number of publications because media houses often register many names but only publish one actual newspaper. In 2001, the Registrar of Newspapers for India listed 45,974 newspaper titles. These included the names of 5,364 dailies published in more than 100 languages. By 2006 the number of registered newspaper titles had jumped to 58,469.

Regardless of the actual number of newspapers, the high level of competition means that India's press is lively. Compared with many other countries in the region, the press is relatively free. Total newspaper circulation has jumped in recent years, driven by the growing middle class and improvements in literacy. Many new titles compete with established dailies. *The Times of India*, with daily sales of 3.3 million and readership of about 6.8 million, has the highest circulation of any English-language daily in the world. CEO Ravi Dhariwal told the June edition of *Asian Newspaper Focus* magazine he believed the company could continue to grow by 30 to 40 per cent a year. Other major English-language dailies included *The Hindu*, based in Madras, *The Statesman* (Calcutta), and *The Hindustan Times*, *Mint*, *The Indian Express*, and *The Asian Age*, all based in New Delhi. Major magazines include *India Today* and *Outlook*, both based in New Delhi.

Almost 79 million newspapers are sold each day in India. This is the second highest total in the world, after China with 93.5 million. Raju Narisetti, managing editor of *Mint*, the new business daily that launched in February 2007, said the newspaper industry was booming. "Readership is growing. In 2006 all Indian newspapers added 13 million extra readers compared with the previous year." He said the country's literacy rate was 69 per cent, which suggested the industry had another 300 to 400 million potential readers, assuming literacy levels improved further.

Pankaj Paul, managing editor of the *Hindustan Times*, agreed that newspapers were flourishing in India. "It's like being at Mardi Gras here rather than a funeral in the United States." Print tends to be a city phenomenon. Newspapers reached 46 per cent of urban households in 2003, but only 25 per cent of rural households. In 1991 the press received 63 per cent of the total advertising pie and television 23 per cent. Fifteen years later television had boosted its share to 41 per cent while the press had 49 per cent. What is significant is the rise in the size of the advertising pie, from just under 17

billion rupees (\$US 431 million) in 1991 to 162.7 billion (\$US 4,120 million) in 2005. The pie grew in 2006.

The Internet and telecommunications

Telephone density remains low, especially in rural areas. India had about 39.7 million landlines in August 2007. More than a million people were on a national waiting list for a landline. That same month the *Economic Times* reported India had about 201 million mobile phones, with another 8.3 million added each month. One of the main drivers has been a liberalisation of telecommunications laws and policies.

Internet use is rising rapidly, though from a small base. By the end of 2006 about 60 million Indians were online. About 4 per cent of households had the Internet and a PC by late 2007. Broadband penetration was 1 per cent. The Internet tends to be an urban phenomenon. *Mint's* Raju Narisetti said it would take a while before the Internet threatened print newspapers the way it had affected newspapers in the Western world. Most of India's Internet usage was from work. From 6am to 10am people have no access to the Internet unless they are wealthy enough to have it at home. Internet use in offices was growing rapidly, Narisetti said, though it was difficult to measure. "Most companies do not allow employees to surf the Net, so nobody will admit their staff are using the Net." But it would be safe to assume that people were using the Internet at work, he said. "The number of people who work in corporate jobs in India with PC access is still pretty low. In urban areas among young people Internet use is huge – 150 to 200 per cent growth quarter by quarter."

Narisetti said a lot of companies had laid copper cable. "It's just the last 50 metres that is an issue, because of local regulations. At some point the Internet will take off, to 20 per cent of households. The issue is when." Pankaj Paul, managing editor of the *Hindustan Times*, suggested the Internet could do the same damage to Indian newspaper circulations that it did to the United States newspaper industry. "It could happen here. I estimate five to seven years." So why not get ready now, he asked rhetorically.

Innovation at the Hindustan Times Group

Mint is one of the most innovative papers to be published in India in recent years. At the same time the parent company, Hindustan Times Group, has

embarked on a program of integration for its flagship daily, the *Hindustan Times*. The parent company had record returns for the 2006-2007 financial year: Profits leapt from 372 million rupees the previous year to 1.15 billion rupees. Revenues were also up 28 per cent to 10.7 billion rupees. The company spent 193 million rupees on new ventures, including *Mint*. Eight months after the launch in February 2007 the paper was the second-highest circulating business paper in Delhi and Mumbai. In October 2007 *Mint* columnist Amit Varma won the Bastiat prize for journalism. The International Policy Network, based in New York, awards the prize each year to a writer “whose published works eloquently and wittily elucidate the institutions of a free society”. Varma was chosen from 280 entries in 60 countries. The six finalists included writers from *The Atlantic Monthly*, *The Independent* in the UK, and *The Los Angeles Times*.

Mint's launch was supported by a 99 million rupee (\$US 2.5 million) advertising campaign that included print, television, outdoor and online. The paper initially published in Delhi and Mumbai, but HT Media proposes to take *Mint* to cities such as Kolkata and Chandigarh at a later date. The initial print run when the paper launched on 1 February 2007 was 80,000. By October the circulation had grown to 103,000 and of those 85 per cent were subscribers. “They are real people who pay subscriptions,” Narisetti said. The market leader is the *Economic Times*, which has 70 per cent audience share. “In Delhi, we are ahead of numbers three to five combined. The audience has an appetite for a paper like ours,” Narisetti said. *Mint* is the only publishing house in India that uses the same front-end system for print and online, from Eidos in Italy. It is XML based so the web team does not have to re-key content from the paper. Narisetti wanted a system that was transparent, so anyone working anywhere in the country could see what others were working on. “Someone sitting in Bangalore knows who is editing their story in Delhi, [and] what page it is going on. This democratizes the newsroom.”

Given the healthy prospects for newspapers, why invest in costly integration? Pankaj Paul, managing editor of the *Hindustan Times*, said the company's role was to provide information to audiences “whenever they want it, wherever they are”. That process was audience focused. Audiences should not have to wait 20 hours until the next morning to read in the newspaper what happened at 10am today. “To get information to people when they want it,

you have to move beyond a single platform.” The *Hindustan Times* was already a 24/7 newsroom, he said, and the goal was to build on that foundation to create the “kind of content that audiences expect 24/7”. The paper planned to introduce the integration-focused software from Eidos that *Mint* used. “But if I do not know how to drive, there is no point in getting a 7-series BMW right away.” Paul said he would figure out the processes, and then introduce tools and training. “If you bring the tool in first and you do not know how to use it, it becomes a waste of time and money, and it makes people angry. Our web site will integrate with Eidos as we move forward. The tools will come.”

Paul returned to India in June 2007 after almost 20 years at newspapers in the United States. He said his job was to modernise the newsroom, to introduce an integrated model. “Our goal is to do great journalism, but also to have fun. I mean, we spend 14 hours a day in the office, so we had better have fun.” Paul said the newsroom would split into two distinct groups: content gatherers and content delivery people. “The content gatherer will not care what the content is. It could be text, video, images, audio, anything. They bring the content in and it goes into a giant bucket, and the delivery person sifts through that content and chooses where to send it.” Content could include a one-line text message, a 16-line web story, a 30-second video clip, or an audio clip overlaid over pictures. “The content gatherer does not get into the minutiae of worrying where it will go. Once we start we will integrate the content all together, using Eidos technology.”

The group planned to offer news via text alerts. These would be free but the messages would have advertising at the bottom. “People in the streets have two mobile phones. If they are not talking they are texting. The delivery platforms are out there. We just have to work out the most appropriate and quickest way to get to audiences,” Paul said. The company was just starting the journey to turn print content into video “instead of just being people who produce great content only on dead trees,” Narisetti said. “If my staff think of themselves as people who write on dead trees, we have no future. But if they think of themselves as producers of great content that will go where readers want it, then our future is very bright. The challenge is the reporter’s mindset, to get them to think differently,” he said.

Mint represents an example of a new mindset for a business paper. On average an Indian businessperson spends about eight minutes reading a business

newspaper, which means essentially they mostly skim the headlines. Narisetti said *Mint* had a clear choice: it could be a six-minute newspaper, a cursory read, or a 20-minute newspaper. “My view was that we were not competing against the other business newspapers but we were competing for readers’ time.” *Mint* needed to be forward-looking and analytical. “A newspaper can act like a lamp post, giving some light for a small area around it, or it can act like a lighthouse. In the latter case it can tell readers what lies ahead, what the trends are, where things are going. We opted to do a 20-minute paper that would be much more forward looking.”

Narisetti said newspapers still needed to publish yesterday’s news, especially in a country like India where the newspaper’s capacity for serendipity gave it an edge over television. “But we could also take things forward from yesterday’s news.” Narisetti said India was finally taking its rightful place in the global economy. But too many Indian newspapers were inward looking. “We wanted a business paper that would connect India to the world and the world to India.” *Mint* has an exclusive content partnership with *The Wall Street Journal*. Prior to starting at *Mint*, Narisetti was deputy managing editor of *The Wall Street Journal* in the United States as well as editor of the European edition, in charge of Europe, Africa and the Middle East.

Much research has shown that no newspaper suffered by going from broadsheet to compact, as long as the journalism was kept intact. Narisetti was responsible for taking the *Journal’s* European and Asian editions from broadsheet to tabloid, so he was familiar with the process. He had worked with Mario Garcia senior on a re-design of the European edition of *The Wall Street Journal*. “He is very forward looking in terms of where things ought to go [in terms of its location in paper]. And he had already re-designed more than 400 papers.” Narisetti employed Mario Garcia senior to design *Mint*, and Mario Garcia junior to do the web site.

Narisetti was *Mint’s* first editorial employee. He spent the first six months conducting and attending focus groups. Most of those groups said Indian business newspapers forced readers to work too hard to understand the content, and they talked down to readers. Physically the newspapers were difficult to navigate: They were very busy with poor use of graphics and photographs. “Why is it so hard to get through these papers,” Narisetti asked rhetorically. *Mint* was designed to be as convenient as possible. “We wanted to make the

paper as easy as possible to navigate and read. The main premise of *Mint* is clarity. That is what I promise. Whatever people read in the paper they will understand; they will know what it is about. That is the goal of the paper. That is what differentiates us in the market.” Narisetti also decided against using pink paper because other business papers in the country had adopted the UK *Financial Times* look. “We wanted to get away from the stereotype of a business paper.”

Choice of the paper's name was deliberate. “Because focus groups told us they find business papers hard to digest, we set out to be easy to read and navigate. If you are successful in India, people say you are ‘minting money’. So we wanted the idea of success. And the modern connotation of mint is freshness. We are the only Berliner newspaper in India. It was a fairly large financial risk because advertisers are accustomed to broadsheets.” *Mint* is almost entirely full colour, on high-quality paper.

Research showed that on average readers spent about 22 minutes with *Mint*. “They are not giving up other papers for us yet,” Narisetti said. “That’s because newspapers are very cheap in India. You cannot get a cup of tea for that price.” *Mint* costs 2 rupees during the week. In Delhi a cup of tea costs 4 rupees from a stall in the street, and anywhere up to 200 rupees for a pot in a 5-star hotel. Narisetti said people were keeping a few stories to read in the evening, so they spent a longer cycle of time with the paper. “This helps with advertising because our salespeople can tell potential advertisers that readers spend more time with *Mint* than with any other paper.” Most readers of other business newspapers average about eight minutes.

India has about a million business newspaper readers, a small market given such a large population. But they are an elite and very influential. India also has about 1.2 million business magazine readers, with only about 200,000 overlap between the audiences. Most Indian business journalism is very male focused, almost macho. Yet more and more Indian women are entering the workplace. Narisetti said the decision-making in households was becoming a shared decision rather than the man's. “So we saw an opportunity to produce a newspaper that addresses the household rather than individuals. We address business and we also address the business of life: things like personal finance, education, things to buy in your personal life. So every day, for example, we have a centre spread that focuses on the business of life. It's like a sorbet

between the entrée and the main course.” Narisetti said *Mint* received a lot of emails from women who said they were reading a business paper for the first time.

As of late 2007, the supply and demand for business journalists in India was skewed towards demand. Because of the boom in television business news outlined earlier, television tended to “suck up” journalists from newspapers and magazines. The supply from training institutions was inadequate. So India was experiencing an acute shortage of journalists. Narisetti said he had had to offer people anywhere from 40 per cent to double what they had previously earned to hire them. And in the eight months since launching, journalists of his staff had been offered 50 to 100 per cent raises to go elsewhere. “So it’s very hard to keep people, especially if you are doing something different and successful. My design team, for example, is constantly being poached.” Narisetti said as well as paying people well it was vital to create an environment where staff felt empowered and appreciated. “There are other factors apart from salary.” Most Indian newspaper offices are gloomy, with grey panels. “We have done a lot to make our office open and attractive. Here we have glass walls and an airy environment.” The paper is on the sixteenth floor of HT House, in the city centre near what used to be called Connaught Place.

Narisetti said he had deliberately structured the newspaper so it had very little hierarchy. A panel on page 22 of each edition has details. “I have to have my title because under Indian law we have to have a managing editor for registration. But there are few other titles. We do not give designations like senior reporter with people’s by-lines; we only provide email addresses with stories. We have an editorial leadership team but there is no hierarchy among them, which is unusual for an Indian newspaper. All the reporters are staff writers; we do not give titles like ‘special correspondent’, which again is very unlike most Indian newspapers. Readers do not care about titles. We should not get too hung up on them.”

Narisetti deliberately established an explicit and clearly stated code of conduct, which can be found on the web site (<http://www.livemint.com/>). Occasionally he runs stories in the paper telling readers about it and asking them to hold the paper to those standards. Every editorial staff member has to sign the code of conduct when they start, and re-sign it every six months to say they have lived by it. “We also have very strong guidelines on ownership of

shares, conflict of interest issues, sourcing issues, and things like that.” *Mint* is the only Indian newspaper that details corrections every day, on page 2. “We correct all errors ungrudgingly, and we tell readers if they are not happy, here is how to reach the editor.” Narisetti said it was a sackable offence if a member of the audience asked for a correction and that information was not passed on to a member of the editorial team. “We are trying to do things differently,” he said. Business ethics and journalism ethics in India are weak. Large Indian companies routinely try to buy journalists. They shower them with gifts and even put them on payroll. Narisetti described this as a “troubled scenario”, noting it was difficult to do honest journalism in that environment. “We are trying and I think we are succeeding. But it’s a lonely battle. Very few papers do it.”

Pankaj Paul, managing editor of the *Hindustan Times*, said he was appalled after he returned to India in June 2007 to discover that advertisers bought positive editorial coverage. “I could not believe it when people told me about this. I thought they were yanking my chain.”

In March 2007 the editorial pages of *The Times of India*, *The Hindu*, *Business Standard* and *Hindustan Times* carried extensive debate about a new agency, Medianet, launched by Bennett, Coleman and Company Ltd, publishers of *The Times of India* and other popular dailies such as *The Economic Times* and *Navbharat Times*. Advertisers could buy editorial space through Medianet. Other dailies described the process as sacrilege but managers at *The Times of India* defended the agency, saying they were doing what everybody else did. They were merely being open about it. Narisetti said advertisers could get articles written about whatever they liked through Medianet. “They have a line at the bottom that says ‘a MediaNet initiative’. Most readers don’t know what that is. My fear is that they are so successful at it that other companies will want to do it.” Narisetti described a situation such as Medianet as a “sad state of affairs”.

Andrew Lynch, editor of Ifra’s *Asian Newspaper Focus*, featured *The Times of India* in the June edition of his magazine because of the paper’s booming circulation and influence in India. Lynch said the paper did not believe in the “separation of church and state, the editorial and commercial sides of the paper”. He quotes CEO Ravi Dhariwal as saying “We don’t believe in the separation. There’s a constant dialogue between the journalists and the

management. Our whole approach is to ask if there is going to be value for our readers. If there is, we'll figure out the business model to make it possible."

The larger issue for India, Narisetti said, was the media had no watchdog. "India has virtually no tradition of media criticism, which is leading to bad behaviours. The biggest threat to the newspaper industry is the fact that too many people do not believe what they read." In countries like the United States, professional associations such as the Society of Professional Journalists or the Society of American Business Editors and Writers, and independent watchdog publications such as Columbia University Graduate School of Journalism's *Columbia Journalism Review*, play an important role monitoring professional media practices. Courses in media ethics are compulsory at Western undergraduate and post-graduate journalism programs. But even well-regarded independent journalism schools in India such as The Asian College of Journalism in Chennai devote only a few lectures to ethics. Thomas Oommen, who runs the Manorama School of Communications in Kottayam, Kerala, said most Indian journalism schools were "ineffective" at raising awareness of ethical conduct among students or working journalists. "So the question of their having or even attempting to assume an active voice in issues relating to media ethics is irrelevant," he said. Oommen said newspaper owners and managers were "entirely to blame" because they made "little effort to improve the quality and professional character of youngsters coming into journalism".

Some Indian journalists and media owners argue for self-regulation, saying they do not need government regulation. Some say readers are the best judges of what a newspaper does. But those readers have little influence in newsrooms. Some niche journals such as *Critique*, a journal from Nagpur, and *Vidura*, published by the Press Institute of India, are dedicated to analysing the media. The latter is a not-for-profit trust that says it aims to work towards sustaining high and responsible standards of journalism. B.G. Verghese, a columnist and a former editor of the *Hindustan Times* and *The Indian Express*, noted that India's media enjoyed privileges and wielded immense power. "It has an equal responsibility to be self-critical," he said. "There are many issues that need to come under scrutiny – trial by the press, intrusive reporting, sensationalism, [and] insinuations, to name a few. The question is, who watches the watchdog?" Narisetti said many Indian universities offered BAs and MAs in journalism. "But a lot of them are terrible. The professors have

not set foot in a newsroom for a decade.”

Journalists at the *Hindustan Times* will move into a brand new newsroom in the HT Media building in March or April 2008, said Pankaj Paul, the paper's managing editor. In the spirit of integration, people will be co-located based on their content area. “The sports online team will sit with the sports print team, features with features, metro with metro.” Every manager will sit with every other, in a format similar to the hub and spoke of *The Telegraph* newsroom in London. A seat would be provided for marketing “because they are the ones who are constantly out there getting information for us about our audience”. Paul integrated online with the existing print newsroom in September 2007 as an early statement. “It's a little squeezed at the moment. But that symbolic move helped tremendously. Every print section head is now responsible for the [same] content [area] online.” Paul intended for much of the initial integration training to take place before the move to the new newsroom. “We have 750 full-time journalists nation wide. That's a lot of training,” he said with a laugh. Paul will provide a description of the physical newsroom he wants, and then an architect will make the final plan.

Initially Pankaj Paul did all the training. “I've been doing it because a) I have the domain knowledge and b) it sets a great example. People think ‘the ME himself is doing this, this is how big a deal it is’.” Paul plans to hire more specialised people to run specialised courses, such as multi-media and video. Some of the training will be viral: “People will train with me and return to train other people. That has worked for me in the past and there is absolutely no reason why it should not work here.” All journalists had a core competency in gathering and delivering content, Paul said. “So when reporters take their Dictaphone with them, they can record audio. Or they can take a video camera and record video.” Not everyone was required to do all forms of multi-media. The company planned to encourage people. “But what everyone has to do is have a digital audio recorder and digital camera with them when they go [to a story].” The company would provide those tools, and they had become relatively cheap. “For a lot of reporters, all you have to do is show them the possibilities. They just run with it.” Paul planned to train his print photographers to become video-graphers. All the photographers at his previous paper in Delaware in the United States had become video-graphers.

On average that paper created about 400 pieces of news video a month. “That’s slightly more than a medium-sized television station,” he said with a smile.

The *Hindustan Times* has 14 photographers. A handful of print reporters said they were willing to become video-graphers. “I cannot see any reason why this will not work. Photographers already have a good visual eye,” he said. The newspaper had not offered any financial incentives, Paul said. “But what we have done is to reward people who do a great job. We recognise them in front of their peers.” In Australia, photojournalists at the *Sydney Morning Herald* have been shooting video and then slicing frames from the video to use as stills in the newspaper since the middle of 2007. Few people can tell the difference between those images and still images taken with a professional stills camera.

Narisetti believes the future lies with mobile delivery of news. Print would remain strong for a decade, perhaps two. “But I think the future lies with mobile, as the screen gets bigger. We’re looking at ways to use the blank screen. So when you are not using your phone, the screen updates.” It was an exciting time to be a journalist, Narisetti said.

Paul urged journalists to “let go of the platform and go for content”. Find the most appropriate medium for storytelling. Fresh graduates should teach themselves multi-media tools because that was the direction journalism was heading. “Forget broadcast. We are all now sliver-casters.” Journalists needed to accept that they were the bridge between audiences and information. “It is no longer good enough to be a good writer. You have to also be a good photographer and a good video-grapher, and a half-way decent editor. There will always be jobs for people who create and deliver content.”



Chapter 11

Conclusion

Many pockets of innovation have emerged in Asia's media in the past few years and are flourishing. From South Korea to Indonesia, through to India, vibrant examples of innovative or converged media companies are making a mark, underscoring the relationship between technology and media.

But for innovation to develop further, appropriate physical and human infrastructure must exist. The journalists who produce the content need high levels of education and professionalism. Both journalists and their employers need to embrace the idea that learning is a life-long process, rather than something that ends with graduation from high school or university. In the general population, literacy rates affect the market's ability to absorb the content that media companies produce, while income levels determine the audience's capacity to buy televisions, computers, mobile phones and Internet access. Generally, the better the broadband infrastructure the more sophisticated and innovative the multi-media journalism via the web.

Freedom of expression is another relevant factor in the innovation equation. Of the nations discussed in this article it should be noted that Malaysia, China and Singapore do not have a free press, while India, Thailand, the Philippines and South Korea have a vibrant and free press. So it can be argued that another key infrastructure is the degree of freedom of expression available to journalists, along with the availability of information and relevant freedom of information legislation.

One of the policy implications of the research I have conducted in this area is the need for governments to focus on education and training as it

relates to information and communication technologies (ICT). South Korea provides a classic example of this correlation between education and economic growth. It has almost no natural resources, but it does have a high respect for education and a diligent population: A greater percentage of Koreans go from high school to university and from university to graduate school than anywhere in the world. Measured by gross domestic product (GDP), Korea was among the top 10 economies in the world in 2006. Yet when the Japanese occupation ended in 1945, Korea's economy was a basket case. Much of the country's infrastructure was destroyed during the Korean War from 1950-53. As late as 1960, South Korea's per capita GDP lagged behind countries like Nigeria and Bangladesh.

In a generation, by focusing, among other things, on ICT and education, the country has pulled itself into the ranks of the world's leading economies. Hoick Suk, president of Korea's Information Society Development Institute, said ICT contributed 16.1 per cent of the country's GDP in 2006. Increased affluence boosted by a collective mindset that appreciates the benefits of technology has seen a leap in mobile phone and Internet adoption. On average, Korean households spend 7 per cent of their income on telecom services, 3.5 times more than the average for member nations of the Organization of Economic Cooperation and Development (OECD), the world's most prosperous economies.

Ironically, South Korea's relatively small population initially helped its progress. But now it faces the problem of too low a birth rate. At the other end of the scale, it could be argued that India's biggest asset as well as its major problem is its large and growing population. Media also has the potential to become a big business in the region. Cyril Pereira is a member of the executive board of the Society of Publishers in Asia and a noted media analyst. He believes global influences have produced a re-energising of Asian broadcasters. As Asian publishers partner with global print brands he has noted a distinct upgrading of local publishing products and content. Competition for talent was increasing the salaries of Asian journalists. "The skills and disciplines of English-language titles are flowing into all forms of publishing in Asia." Pereira predicts a growing demand for good business and financial analysis. Asia has seen alliances of content and co-branding such as between the *Financial Times* and *The Wall Street Journal*, and the *International Herald Tribune* with

Bloomberg. “Given the borderless nature of electronic money flows, analysing markets in the context of global situations is the only way to go,” Pereira concluded. Crony capitalism and collusion in public-private sectors of many Asian economies have become less easy to hide. Increased satellite and Internet access means authoritarian regimes can no longer block inconvenient news and commentary. And alternative Internet publications such as blogs and digital broadcasts online are also having an impact.

Another policy implication of my research points to the advantages of liberalising laws which limit the growth of media companies. The 2006 edition of *Asia Pacific Pay TV and Broadband Markets* notes that broadband and pay television are “entering a phase of convergence” in the region. The pay TV market, worth \$18 billion in 2005, is projected to grow to \$32 billion by 2010. The publication said its financial prediction was conservative because of regulatory constraints. “Policy makers in Asia’s largest media economies remain uneasy about transitioning from utility-driven frameworks to structures that encourage growth and investment ...” (page 14). The number of households with broadband would also leap, the book said, from 84 million in 2005 to 221 million 2015.

The case of Indonesia shows what can happen when the media environment is liberalised. Until the fall of Suharto in 1998 the country’s media were heavily regulated, with a handful of owners linked to powerful families controlling the scene. Under Suharto, newspapers needed a licence and only those that toed the official line were given one. In 1998 the country had fewer than 300 newspapers and radio was also tightly circumscribed. During most of Suharto’s rule the country had one government channel and just three private networks controlled by his children. Soon after Suharto’s fall Indonesia had more than 2,000 newspapers and had experienced massive growth in radio broadcasting. By 2007 the country had 10 commercial television networks.

Companies run by leaders who embrace innovation have tended to increase in value. Businessman Hary Tanoesoedibjo gathered all his media assets under the umbrella of Global Mediacom, and in a handful of years turned it into Indonesia’s largest and richest integrated media company. In the 2007 financial year, Mediacom had revenues of \$US550 million and earnings before interest, tax, depreciation and amortisation of \$170 million. The previous year Mediacom’s market value jumped almost 10 times to 1,200 rupiah a share.

Hong Kong also illustrates the benefits of a liberal market environment. There, a combination of high population density and innovation has produced the world's biggest concentration of Internet protocol television (IPTV). In many countries, including the United States and Australia, digital subscriber line (DSL) broadband customers get download speeds of under a megabit per second, but most of Hong Kong's DSL customers connect at 6 megabits a second. PCCW, the region's biggest telecoms company, through its "now TV" subsidiary allocates 4.5 megabits to a TV channel, which leaves ample bandwidth for surfing the web. A traditional cable subscriber pays a flat fee for a range of channels, many of which are never watched. By contrast, now TV customers select favoured channels, paying a monthly fee for each. Prices per channel range from about \$1.30 to \$5 a month.

PCCW also offered television over eight mobile phone channels as of mid 2007, reformatted from the original television broadcast. They include ESPN, a 24-hour "now" business news channel and CNN. PCCW's chief technology officer, Paul Berriman, said the company has merged all its media assets under one platform: "On the Internet we have our own streaming music services. We have TV content. We have mobile phone content. We put all this together into one management group," he said in an interview in Hong Kong in June 2007. The company, which had struggled as a fixed-line telephone provider, has found greater success with an integrated strategy. In 2006 PCCW had a market capitalisation of more than \$US4 billion, an annual turnover of about \$US2.9 billion, and annual earnings before interest, tax, depreciation and amortisation of about \$US945 million.

CK Cheung, controller of the 24-hour-a-day "now" business news channel, said main news bulletins in money-focused Hong Kong are broadcast at strategic times: 1pm, 6pm and 11pm. The channel focuses on analysis of the stock market and foreign exchange movements, to cater to its audience. "When we designed the channel we knew that Hong Kong had more than a million small investors. They are actively involved in the stock market or foreign currency trading. Even housewives on their way to the market stop at the bank to trade. The trade volume increases every day."

Audience-generated content

One of the major developments in the region's media is the growth of

audience-generated content, which the mainstream media then publishes and broadcasts. Contributors usually do not get paid. Probably the most developed example is “Stomp” in Singapore. “Stomp” stands for “*Straits Times* online mobile and print.” Somewhere between 80 and 85 per cent of the site’s content comes from its audience. Stomp was an alternative voice, said Felix Soh, who is responsible for online media with the parent company, Singapore Press Holdings (SPH). “Stomp is not serious journalism in the form that *The Straits Times* offers,” Soh said, “though it does deal with journalism that affects people’s lives.”

Stomp launched in June 2006 and averaged more than 7 million page impressions a month a year later. Jennifer Lewis, Stomp’s editor at the time, said the site had about 300,000 unique visitors a month. “From what we can see we have a fair number of young people and students. But at the same time we also see an older demographic aged in their 40s who are very active in what we call Singapore Scene, which is our citizen journalism section.” Lewis said that when Stomp began, most of the user-generated content centered around people complaining about things that upset them. But it has evolved to the point where people were contributing a range of images and stories. “We are seeing a change in the tone of the contributions.”

Contributors phone, email or send SMS to Stomp, then site producers interview them and re-write the story. Lewis said Singapore academics believed this behavior was unique to Singapore, where citizens would rather talk to a reporter than write the material themselves. “When we post the story we tell the citizen journalist to read it and check it for accuracy. If it doesn’t reflect what you meant to say, call us back and we’ll adjust it.” Lewis said this approach was different from how citizen journalism worked elsewhere, such as at the pioneering OhmyNews citizen journalism site in South Korea. “Much of what we are doing is new to everybody, and given some of the cultural preferences here, our audiences would rather relate their story (to a reporter).”

SPH’s Soh said technology allowed Stomp to cover stories that would not see the light of day in the national newspaper. He cited the example of a lover’s quarrel on a train on the city’s underground rail system, the MRT. “A guy pushed his girlfriend onto the track. He was arrested for attempted murder. The only photo of the girl stuck on the MRT track with a train approaching was sent to the Stomp portal.” That image came from a mobile phone camera

and was transmitted via a short code number (75557) the site promotes for receiving content by mobile phone. By the end of 2006, Stomp was receiving about 100 photographs a day, Soh said, and almost all were published on the website at www.stomp.com.sg. Only low-quality photographs and offensive images were rejected. Newsworthy images are shared with SPH newspapers. In November of 2006, 15 photographs made it into the pages of *The Straits Times*, including several on page 1.

One key policy implication of citizen-generated content is an appreciation of the ability of the mobile phone to deliver still and moving images, and the power of images that can be damaging to individuals whose indiscretions are caught on camera. The power of sites like YouTube has become increasingly obvious in the lead-up to the 2008 US presidential election, as candidates work to ensure their message is available online. A federal election occurred in Australia in late 2007, and the Coalition government tried to use YouTube both to reach young audiences and to release policy away from the scrutiny of political journalists. This backfired and potentially damaged some politicians' reputations. For example, on 23 July 2007 prime minister John Howard released part of his party's health policy via YouTube at 5am, a most unusual time for release of policy. Within hours, scores of parodies of Howard's video appeared on YouTube. Two weeks later the number had soared to more than 200. The level of creativity was high in the way the original videos were modified. Other parts of the body replaced the prime minister's mouth.

More than one billion mobile phones were sold worldwide in 2006 and almost half of those had a built-in camera. Soon virtually all mobile phones will contain a camera. Asia is expected to be the biggest growth market for mobile phones in the next few years, effectively turning society into a huge potential newsgathering force, capable of photographing anyone. In India, for example, the number of new mobile phone accounts totalled 100 million in 2007. The total for China was about 65 million. Politicians and policy makers need to be aware of these developments as they prepare relevant laws. The Internet and the mobile phone loom as major influences on the distribution of information and the dissemination of political campaigns.

Technology and breaking news

Many media groups in the region also have developed innovative in-house

technologies for delivering breaking news. In Malaysia, when a reporter at *The Star* newspaper phones in with a story or taps it out as an SMS text message, a senior editor gets it into the editorial system and then turns around an SMS news alert that goes to the country's main telecommunications companies for national distribution. News radiates to all the platforms through which the company provides news. In 2007, as well as mobile phones, these consisted of display screens at shopping centres, electronic billboards and the company's radio stations. Subscribers pay RM 5 a week for general news alerts, and RM 8 for general and business news.

In the Philippines, Inquirer.net has one of the most innovative web sites in the region through its use of multimedia. Reporters file breaking news as text messages with their Blackberry mobile phones into Inquirer.net's own content management system (CMS) used to organize breaking news for the web site, and distribute news alerts for mobile phones. More than 70,000 subscribers pay 2.5 pesos per alert. All reporters receive a standard set of technologies: A Blackberry for sending text and making voice calls, and a separate phone, a Nokia N80, for taking videos and still photographs. The Nokia also serves as a back-up in case anything happens to the Blackberry. Editor-in-chief JV Rufino said he wanted a unified phone, but at that time RIM, the maker of the Blackberry, was not offering a phone with a camera. "Reporters like the Blackberry because they can actually file a story while running after the interview subject, so basically they have a whole tool kit for getting the story."

With breaking news, reporters are trained to write one or two paragraphs and submit the story as soon as possible. Reporters shoot video with their Nokia phones but only send it wirelessly if the story is urgent, because of high data transfer costs. If the story is not urgent, they upload it from the office via an SD card. Inquirer.net operates more like a wire service than a newspaper, gathering news on a 24-hour cycle. Editor-in-chief JV Rufino described breaking news as a different discipline compared with the sister newspaper's coverage. "A print reporter would wait until the end of the day to begin writing it. But my staff are multimedia reporters. They are taking photographs, and while they're taking photos they're taking videos during the press conference and all the while they're still writing the story." Breaking news on the web is very "blow by blow," Rufino said, while the newspaper provides

a wrap-up at the end of the day. Inquirer.net posts about 300 stories each day – about 120 as breaking news.

The site has several special sites for elections, typhoons and issues of immediate concern, like a recent rape case involving American servicemen in Subic Bay. All are updated using the latest technology. Inquirer.net editors tag all stories by key word. If an editor inserts a specific key word, that story is automatically added to the site. Inquirer.net has more than 1,000 key words, based on the news industry text format list of key word tags regulated by the International Press Telecommunications Council. That list appears on the Inquirer.net site as a “tag cloud.” Rufino’s technology staff designed the software so that tags that have more articles associated with them appear in a larger type size so a glance at the “tag cloud” provides an editor with a quick content analysis. “I can tell at a glance if we’re doing too many stories on crime, or not doing enough on another topic.”

In Singapore, breaking news also appears on mobile phone screens. Felix Soh of SPH said the mobile phone was ideal for breaking news, describing it as “now media” rather than “new media,” which will continue to develop rapidly. “Video is going to be big. It is more engaging than, say, a podcast. Multimedia storytelling means using video to tell the story. But it is not as slick as what is being done on mainstream television.” Soh said he wanted multimedia storytelling on the Internet to be raw. “If it is too slick it looks too contrived.”

In South Korea, citizen journalism site OhmyNews.com provides wireless live webcasts for its version of now media. OhmyNews sends reporters with compact video cameras to all major news events. Most of the editing happens at the event, using laptops and a stripped-down version of Avid editing software. Reporters can access high-speed Internet from anywhere in Seoul, and most parts of the country because a new wireless form of broadband known as WiBro has blanketed South Korea since April 2007. WiBro allows people to get multimedia content like movies wirelessly even while travelling at speeds of 120 kph. Some parts of the capital provide free Internet, and commercial operators blanket the city with wifi for \$US10 a month, at upload speeds of at least 1 megabit per second. South Korea has the world’s second-lowest broadband costs.

Jean Min, director of the English-language site OhmyNews International, said audiences appreciate live coverage of news events, and that some OhmyNews TV events are more popular than terrestrial TV because they screen uninterrupted by advertising breaks. “Live web cam TV is one of the killer applications for getting people glued to our screen. From our server we can broadcast live to everyone in the country.” (Disclosure: The author contributes to OhmyNews as a citizen reporter).

The number of Korean citizen reporters on OhmyNews totalled more than 60,000 by late 2007. When the site launched in February 2000, it had just over 700. OhmyNews International has 4,000 citizen reporters in more than 100 countries. By mid 2007, the in-house editorial staff in the Seoul headquarters of OhmyNews had risen to 65 editors and reporters, plus another 30 software developers and engineers. The gender balance in the newsroom is split almost evenly between men and women, unusual in South Korea, where the bulk of journalists are men. Most of the staff are between 20 and 30 years old, but the role of the office-based journalists is more like that of an editor than a reporter. “We are trying to combine traditional journalism with citizen journalism,” Min said. “This requires good communication skills to maintain this community of citizen reporters. Our model of community journalism and web sites is a unique model that no-one has done before, so everyone needs to be multi-skilled.”

In Thailand, the Nation Multimedia Group also saw that the future was in new media. When news breaks a reporter telephones the desk and the news is distributed via SMS so that audiences get news headlines first on their mobile phones, and then on the web, paying 49 baht a month for the service. The software for this was built in-house. A central desk in the company’s headquarters looks after breaking news for all the company’s media. Pana Janviroj, president of the Nation’s English-language division, said the company was diverting more print reporters to the Internet because they see this as the way of the future.

Blogging, podcasts and vodcasts

On the last day of 2006, the Nation Multimedia Group launched an innovative site called OKNation.net to stimulate audience-generated content. It was the brainchild of Adisak Limprungpatanakij, president of the Nation Broadcasting

Corporation. Senior executives went to Seoul to study OhmyNews as a possible model. Charlee Waradee, the editor of OKNation, said, "We wanted everyone to be a reporter. It is a new model for Thailand." The most active contributors, though, are the company's photojournalists, who all have the latest equipment. "We encourage them to have blogs, with their own pictures," Pana said. The company seeded the OKNation.net site with good content by requiring about 300 of its newspaper reporters to write blogs, and it became the first newspaper-produced blog site in Thailand. "It took off because we had so many reporters writing for it. We used the reporters to jump start it, and our reporters gave the blog diversity of substance," Pana said. "We used newspaper reporters because they knew their area of expertise. Initially they wrote about the things they wrote for the newspaper, but then it evolved. Blogs gave them something to try beyond what they did for the newspaper."

Charlee said using *Nation* writers at the start was a magnet for readers. "Now more and more citizens are getting involved. In the cyber world people are more free to speak their mind." By March 2007, the site had about 2,000 blogs. It also offers a photo gallery and video clips, but ultimately the company did not follow the OhmyNews route. "We concentrate on opinion pieces and blogs rather than citizen journalism," said Pana Janviroj, president of the group's English-language division. "A lot of Thais do not know how to write well enough for citizen journalism. So we started with blogs and will develop from there."

Pana noted that it is not possible to take a model from one culture and impose it on another culture. "You have to understand different cultures, and appreciate different ways of doing things." The photographs on the OKNation site, for example, are small because mobile phone cameras and cell phone infrastructure is not as sophisticated in Thailand as in Korea or Hong Kong. "We do not have 3G. The mobile phone network in Thailand is not even 2.5, more like 2.25," joked Pana.

Inquirer.net in the Philippines launched its blog network early in 2007, and also started podcasts for senatorial elections. Editor-in-chief JV Rufino said the podcasts were a "runaway success." "We sit the candidate down in our office for a panel session with reporters and we record the interview for more than an hour. I was not satisfied with the one-minute sound-bite mentality on television where candidates did not have time to discuss an issue fully.

Our podcasts are in-depth. For our audiences it's like sitting in on a panel interview." Rufino said he believes audiences learn a lot from an in-depth interview. "It's the things that candidates say when they relax, what they say unconsciously, that reveals an insight into their character, which is something you lose in a sound bite. Any idiot can sound intelligent via a sound bite. It depends on the art of selection. We give the whole interview, so it's in context." The transcript is published on Inquirer.net so people who don't have iPods can read it online. Sections on specific policies such as a candidate's views on same-sex marriages are published in the newspaper with a link to the full transcript on the web site.

Inquirer.net set up a video channel on YouTube and also has a radio page, RadioInquirer.net, where it streams more than 40 radio stations. "Lots of Filipinos are on Friendster and YouTube. You can either play in the space where your audiences are, or you can ignore the whole phenomenon and wake up one day to discover that the average age of your newspaper audience is 65," Rufino said. The average reader of *The Inquirer* is in the mid 50s, he added, which was not a good sign for the future. "My site's audiences are aged 20 to 40. These are the peak working years with lots of spending power. Nowadays kids in their 20s do not read newspapers. They read but they do not read newspapers. They read online, they read blogs, but not print."

In Malaysia, only a handful of reporters at the Star Group produced blogs or podcasts as of mid 2007, but a trio of *Star* reporters assemble a weekly video-based "vodcast" about football during the English Premier League and the European Champions League season. A new episode is recorded each Monday after the weekend's action and uploaded in the evening. The Star Group's vice president for IT, Davin Arul, said the program was so popular the company had decided to make it a regular feature when the English season resumes in September 2007. "English Premier League is the big thing in Malaysia when it comes to soccer sponsorship and advertising," Arul said.

The traditional print newspaper business is booming in India and China. Almost 79 million newspapers are sold each day in India. This is the second highest total in the world, after China with its 93.5 million. Raju Narisetti was the founding managing editor of *Mint*, a new business daily that launched in Delhi and Mumbai in February 2007. He said the newspaper industry was booming. "Readership is growing. In 2006 all Indian newspapers added

13 million extra readers compared with the previous year.” The country’s literacy rate was 69 per cent, which suggested the industry had another 300 to 400 million potential readers, assuming literacy levels improved further, because of the huge population of 1.13 billion. Pankaj Paul, managing editor of the *Hindustan Times*, agreed that newspapers were flourishing in India. He returned to India in June 2007 to become managing editor after almost 20 years in the United States. “It’s like being at Mardi Gras here rather than a funeral in the United States.” In 1991 India’s press received 63 per cent of the total advertising pie and television 23 per cent. Fifteen years later television had boosted its share to 41 per cent while the press’s share had dropped to a still-healthy 49 per cent. What is significant is the radical rise in the size of the advertising pie: It jumped from just under 17 billion rupees in 1991 (\$US 431.74 million) to 162.7 billion rupees (\$US 4,130 million) in 2005.

Some Indian newspapers like *Mint* and *the Hindustan Times* are hotbeds of innovation, embracing integration. Given the healthy outlook for newspapers, why invest in costly integration? Pankaj Paul said the company’s role was to provide information to audiences “whenever they want it, wherever they are”. That future required greater audience focus. Audiences should not have to wait until the next morning to read in the newspaper what happened at 10am today. “People should not have to wait 20 hours to find out what happened. To get information to people when they want it, you have to move beyond a single platform.” The *Hindustan Times* was already a 24/7 newsroom, he said, and the goal was to build on that foundation to create the “kind of content that audiences expect 24/7”.

The future is here

The companies highlighted in this book all represent examples of how innovation and an embrace of technology can be good for business. Researchers at Carnegie Mellon University and the Massachusetts Institute of Technology (MIT) in the United States have provided strong empirical evidence for the claim that broadband Internet access drives economic growth. They looked at data from 1998 to the end of 2002 and found a strong correlation between business broadband access, and job and IT growth plus a rise in property values, *Broadband Properties* magazine reported in December 2005 (www.broadbandproperties.com). The Australian government came to the same

conclusion. Senator Helen Coonan, the federal minister for communications and information technology, said in 2007 that broadband access created knowledge that drove productivity and economic growth. “Broadband is critical for both the private and public sectors to compete in a modern global economy. It will underpin Australia’s productivity gains and lock-in Australia’s continuing economic prosperity and social well-being,” she said in a media release dated 17 April 2007.

The future is bright for Asian media companies that embrace technology and innovation, in a region whose future is promising if a little unclear. “Asia is set to shape the future of globalisation,” said Professor Brahma Chellaney, of the Centre for Policy Research, in Delhi. The new great game we were witnessing could well influence the future world order, he said. Historically Asia has been affluent. A century and a quarter ago, China and India provided 50 per cent of global GDP. But Asia missed out on the fruits of the industrial revolution. As the new century unfolds, Asia has returned to a dominant position and now represents 40 per cent of global GDP. Asia has 60 per cent of the world’s population. But more than a billion people, mostly in sub-saharan Africa, are still living on the margins, having gained nothing from globalisation. The world needs to invest to bring these people into the mainstream of globalisation. We end where we began, with a call for investment in people. Because it is human brain power that drives innovation, combined with digital technology.



Biography

Dr. Stephen Quinn

Associate Professor Stephen Quinn of Deakin University in Australia has taught journalism and information management in Australia, New Zealand, the UK, the United Arab Emirates and the United States since 1991.

Between 1975 and 1990 Dr Quinn worked in all areas of the media in Australia, Thailand, the United Kingdom, New Zealand and the United Arab Emirates. In that time he has worked for regional newspapers in Australia; the *Bangkok Post*; the Press Association, BBC-TV, Independent Television News and *The Guardian* in London; the Australian Broadcasting Corporation in Sydney and Television New Zealand. He also worked for the Middle East Broadcasting Centre in Dubai in 2003.

Since 1997 Dr Quinn has written 11 books and 3 training manuals, 13 book chapters and 29 refereed journal articles. Another 4 books and 3 book chapters are due for publication in 2008 and 2009. Most recently Dr Quinn is the co-author with Dr Stephen Lambell of *Online Newsgathering: Research and Reporting for Journalism* Boston: Focal Press (2007). He is the author of *Convergent Journalism* (2005) and *Conversations on Convergence* (2006), both published by Peter Lang in New York, and *Convergence: An Introduction* (2005), written with Dr Vince Filak, also with Focal Press in Boston. In the decade to 2007 Dr Quinn has presented 66 papers and seminars in 21 countries. More than a third of the papers have been by invitation.

Since becoming an academic, Dr Quinn has maintained industry links by contributing to newspapers and magazines, working as a newspaper sub-editor and as a freelance television scriptwriter and producer, and delivering training courses. As of December 2007 he had run courses in 11 countries.

Most covered multi-media journalism, information management, knowledge management, and computer-assisted reporting. He is the only academic on the international advisory counsel for the Ifra Newsplex, a member of the international committee of the Online News Association, and a senior consultant with Innovations International, based in Spain.

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