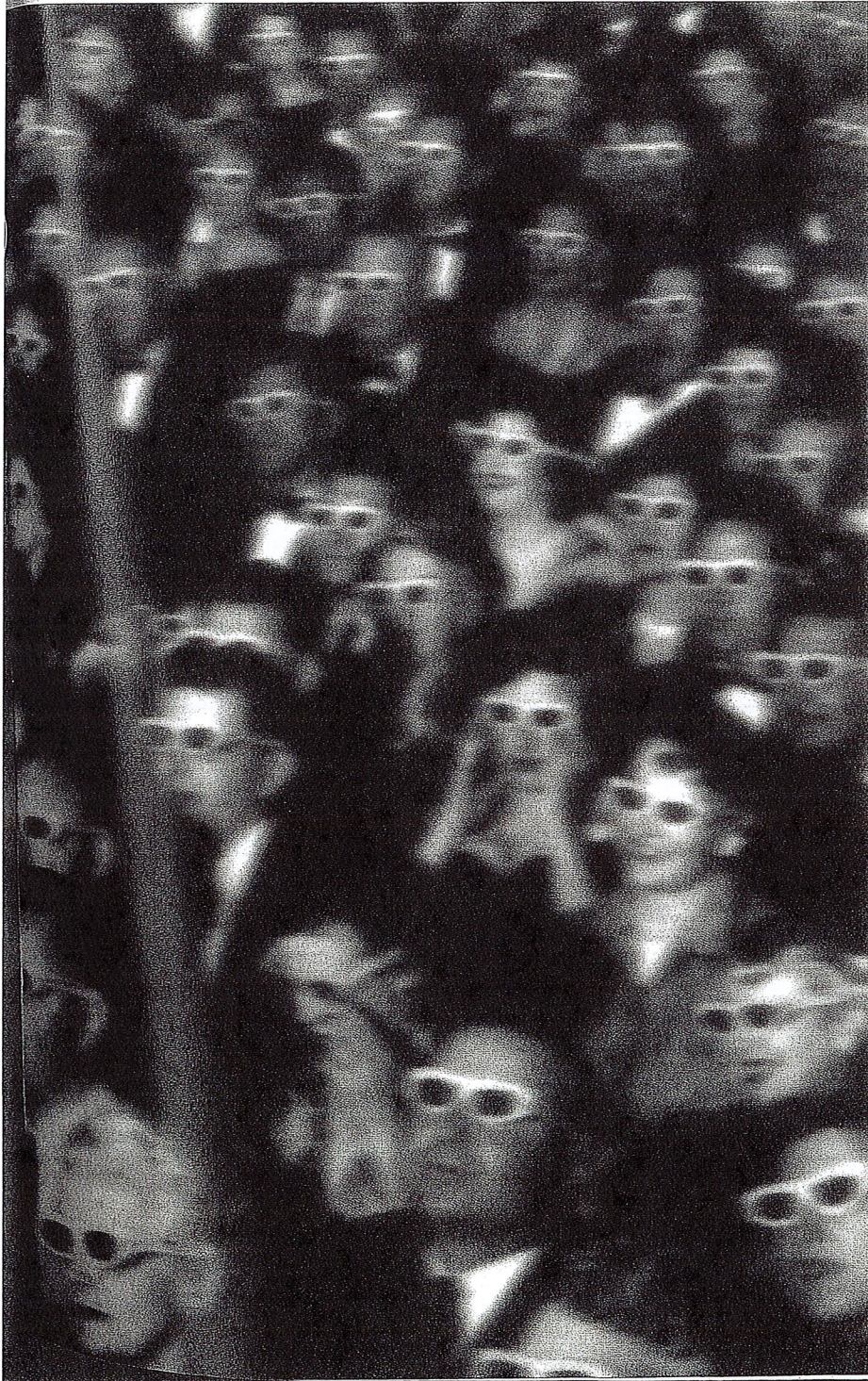


# media & culture

an introduction to mass communication

FOURTH EDITION



**RICHARD CAMPBELL**

Middle Tennessee State University

**Christopher R. Martin**

University of Northern Iowa

**Bettina Fabos**

University of Northern Iowa

*Cable 2*

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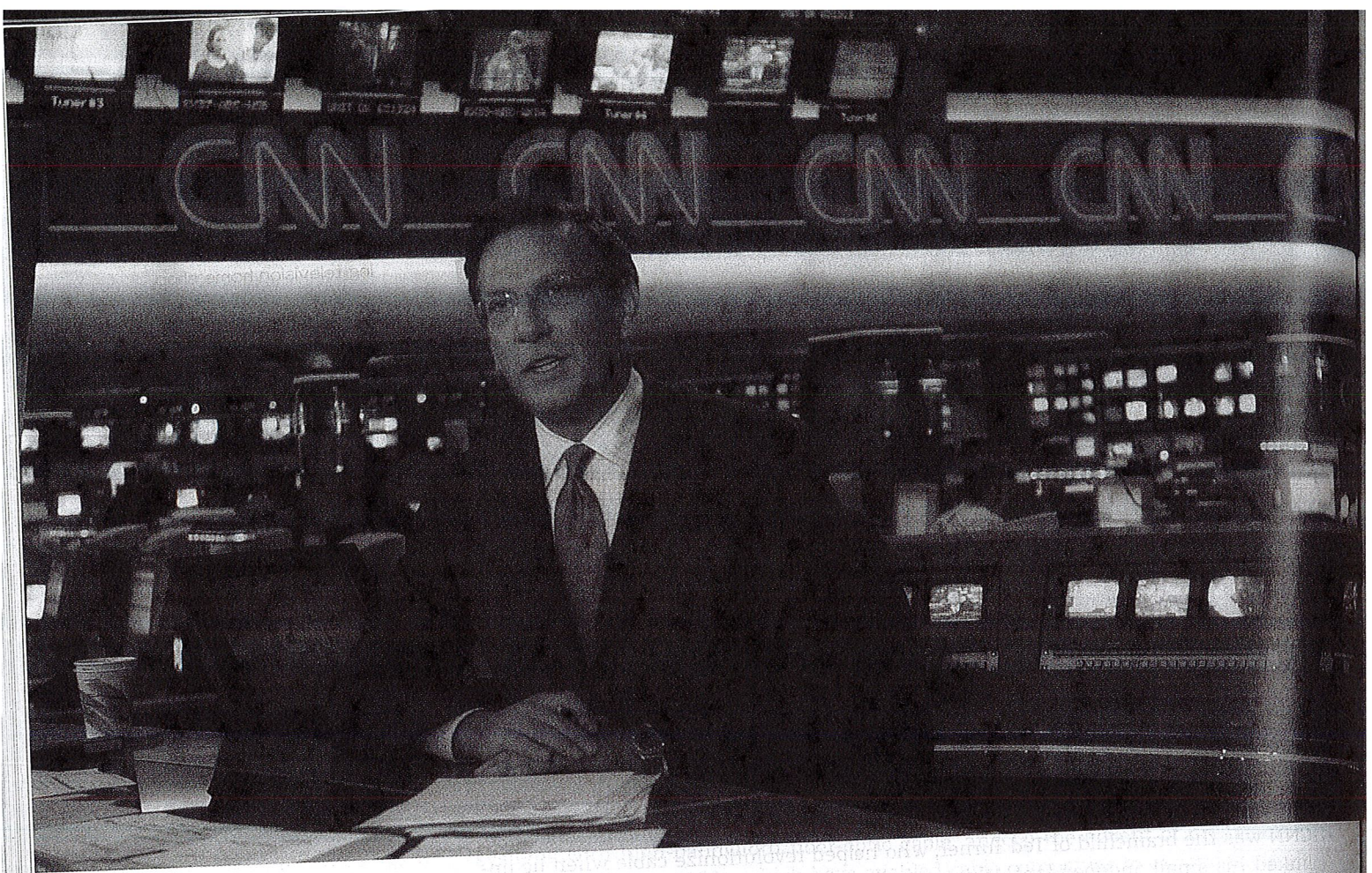
● With a base of more than 83 million cable subscribers in the U.S., QVC is the leading television home shopping network. According to the cable network, more than 190,000 people shop with it every day. Founded in 1986, the channel has spawned QVC channels in the United Kingdom, Germany, and Japan.

### CNN's Window to the World

Cable News Network (CNN), a 24-hour TV news channel, premiered in June 1980. CNN was the brainchild of Ted Turner, who helped revolutionize cable when he uplinked his small, independent Atlanta station (later named WTBS) to superstation stature. In 1982, Turner also launched Headline News, adapting the concept of format radio to TV news. Every thirty minutes, Headline News rotates brief versions of the top national and international news stories, followed by sports, business, and entertainment segments. Together, these two cable services—CNN and Headline News—lost nearly \$80 million before turning a profit of \$13 million in 1985. By the early 1990s, the two news channels were making more than \$200 million in annual operating profits. In addition, CNN started a radio news service in 1992 that now provides news to five hundred radio affiliates in the United States. By 2003, CNN was available in more than eighty-six million U.S. homes and 890,000 hotel rooms worldwide. It was also carried part-time by more than 1,700 local broadcasters in the United States and Canada, and more than nine hundred worldwide.

CNN emerged as a serious news competitor to ABC, CBS, and NBC during the Persian Gulf War in 1991, when two of its reporters were able to maintain a live phone link from a downtown Baghdad hotel during the initial U.S. bombing of the Iraqi capital. Even Iraq's military leaders watched the channel to get the American point of view. CNN's ratings soared—from 930,000 U.S. households before the crisis to as many as ten million homes after the war began. About two hundred local broadcast stations with CNN agreements, including many network affiliates that ordinarily carried regular network coverage, switched to its crisis coverage. (Many of these local stations had already been carrying CNN during the night, when the networks did not offer news to affiliates.) Affecting more than network news, CNN's late-evening reports often made morning newspaper accounts obsolete because the newspapers had deadlines the previous evening.

Before Turner launched CNN in 1980 and well before the meteoric rise of the Internet, there were basically two major news cycles during a given day: in the morning, when many people read the day's newspaper or tuned in to a radio or TV news show; and in the evening, when people listened to the radio on the way home from work or watched the evening news on TV. Most industry experts thought CNN would



● CNN anchor Aaron Brown delivers the news from the cable network's headquarters in Atlanta, Georgia.

fail because they didn't believe most viewers wanted access to a twenty-four-hour news station.

Although economic loss characterized CNN's first five years, Turner eventually proved that his formula for delivering the news had some distinct advantages over the offerings of the broadcast networks. First, CNN emphasized the news itself and created a reporting style that refused to transform news anchors into celebrities. Second, unlike network news departments, which had to edit and condense the day's news into a handful of stories for a half-hour show, the 24-hour format enabled CNN to deliver more timely news in greater detail, often offering live, unedited coverage of news conferences, press briefings, and special events. Third, CNN mastered continuous coverage of breaking news events such as natural disasters, the 1989 student uprising in Beijing, and the 1991 Persian Gulf War. Liberated from the rigid program scheduling of the broadcast networks, viewers no longer had to wait for the revered evening network news to find a version of what was happening in the world.

CNN has also made a big impact on international news coverage, a topic most networks devote little time to. While the networks were cutting costs by closing foreign news operations in the 1980s and 1990s, CNN was opening them. Although CNN had started to back away from its international focus by 2000, it was still the only U.S. news network with correspondents in Afghanistan when terrorist attacks struck the United States on September 11, 2001. Today, CNN appears in more than 212 countries and territories around the globe; more than one billion people have access to a CNN service. In fact, CNN's growing presence in Europe expedited the development of a rival news service, EuroNews, in 1992. A consortium of eleven state-owned European TV groups, EuroNews emerged for cultural as well as economic reasons. One of its chief executives argued that "CNN is an American channel, an American point of view. The point of EuroNews is to give the viewer back his memories."<sup>6</sup> Though Turner's CNN brought the world its first 24-hour TV news service, it continues to reflect American viewpoints and values.

The success of CNN proved that there is both a need and a lucrative market for 24-hour news. Spawning a host of competitors in the United States and worldwide, CNN now battles for viewers with other 24-hour news providers, such as MSNBC, CNBC, Fox News Channel, EuroNews, Sky Broadcasting, and countless Web sites. But the legacy of CNN remains, and what was first dismissed as a silly idea is now considered a major force in the Information Age.

### “I Want My MTV”

The second basic cable service to dramatically change the world’s cultural landscape is MTV (the Music Television Network), launched by Warner Communications in 1981 and purchased by Viacom in 1985. Now a highly profitable subsidiary of the merger that joined Paramount and Viacom in 1994, MTV and its global offspring—including MTV Asia (including MTV Mandarin, MTV Southeast Asia, and MTV India), MTV Europe, MTV Brazil, MTV Japan, MTV Latin America, MTV Russia, and MTV Australia—reach about 400 million homes worldwide. When Poland became free of Soviet control in the late 1980s, its national television operation immediately began broadcasting MTV. By the late 1990s, more than a quarter of MTV’s revenue came from international sources.

Although today MTV exerts a powerful influence on global culture, it was slow to develop in at least one significant way. In its formative years, MTV gave little airtime to African American artists. This history recalls the 1950s and the problems black rock and rollers faced in getting mainstream radio play. In the early 1980s, however, MTV’s reluctance to play music videos by black artists was related not to racial tensions but to the economics of the cable system. At that time, most cable companies were operating primarily in affluent white communities in U.S. suburbs. These were the areas that could most easily afford cable. Because rock had been dominated by white male groups throughout the 1970s, MTV determined that white suburban teens probably wanted to see similar groups in their music videos. It took Michael Jackson’s *Thriller* album in 1982 to break down music video’s early color barrier. The album’s large crossover appeal, coupled with the expansion of cable into more urban areas, opened the door to far more diverse videos. With hip-hop’s rise in popularity throughout the 1980s and 1990s among both black and white audiences, MTV began to add more rap, soul, and R&B videos to the rotation, as well as programs like *Yo!* and *Jams Countdown*. Through its daily programming, MTV helped sell African American hip-hop culture—with its rap beats, baggy clothes, urban sensibility, and street language—to suburban America and the world at large.

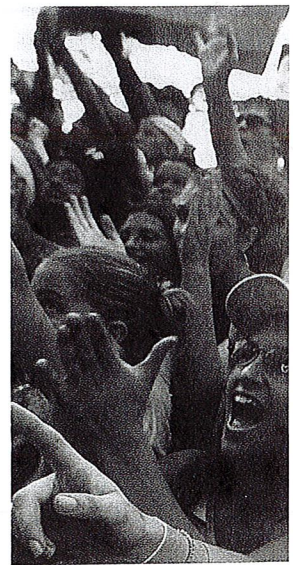
Throughout the 1980s, MTV sought more and more control over music-video distribution and exhibition, employing two monopoly tactics to ensure dominance. First, MTV paid record companies for exclusive rights to the most popular music videos (for periods ranging from thirty days to one year), thereby preventing access by other music-video services. Although this was a form of payola, federal laws prohibiting this practice applied only to broadcasting, not to cable. According to *Billboard* magazine, MTV paid CBS Records \$8 million in 1984, covering CBS’s total music-video production costs for a two-year period. During the mid-1980s, MTV also signed exclusive deals with RCA Records, MCA, Geffen, Warner Music, Atlantic, PolyGram, and Capitol Records.<sup>7</sup>

Second, MTV signed agreements with the major cable companies to ensure that it would become the music-video network in all the main cable markets. Those cable companies with limited channel capacity were often reluctant to carry more than one music channel. Competing services, like Ted Turner’s attempted music-video channel in 1984, were quickly countered by MTV’s launch of VH1, which was geared toward the baby-boom generation and the parents of the MTV crowd. Within a month, MTV then bought out Turner’s music-video channel; it also began to impose

“We’re up on the bird. Now people can watch us from all over the country.”

— Ted Turner, walking down the halls of his television station, after TBS went live on satellite, 1976

● Fans of MTV’s popular afternoon program *Total Request Live* cheer outside the network’s studios in New York City. *TRL* features the most requested music videos, as well as interviews and live performances.



fees on cable companies if they refused to carry the new MTV-VH1 package. Late in the 1980s, a would-be competitor called Hit Video USA, trying to compete with MTV, charged that exclusive contracts constituted an MTV monopoly over music-video distribution and exhibition. The case was settled out of court, and by the late 1990s, MTV remained the only major player in rock videos.

Other countries and companies have tried to challenge MTV's dominance. To date, Canada's MuchMusic channel represents MTV's toughest competitor, due in large part to Canada's strict regulations that blocked MTV's access to many of the country's cable systems. MuchMusic, and its VH1-like counterpart, MuchMoreMusic, began offering service in the United States in 1994; by 2003, MuchMusic USA had twenty-seven million cable and DBS subscribers.

The major recording labels, spending as much as \$50 million a year to produce videos in the 1990s, have grown dependent on MTV's power to certify a hit recording. These companies have also criticized the small group of MTV executives who wade through the hundreds of new videos released each week and judge which 10 to 15 percent are fit for MTV play. The recording companies want to see more of their products on MTV's regular music rotation, which usually accommodates about sixty recordings per week.

MTV began to stray from a rotation of music videos in the early 1990s to incorporate more original programming, including the reality-based soap opera *The Real World*, the cartoon *Beavis and Butt-head*, and the dating show *Singled Out*. The shift was an effort to provide advertisers with more regular audiences during specific viewing times, but it ended up infuriating record labels and many MTV viewers by further narrowing the channel's video playlists. By the end of the 1990s, the cable channel was attempting to put the music back into MTV by developing new programming that organized video airplay around artist promotion, band biographies, and fan interviews. For example, *Total Request Live* (TRL) features music videos requested by the young viewing audience via telephone and MTV's online site. The show's host, Carson

Daly, has become a teen idol, as popular as the artists he introduces from his studio overlooking New York's Times Square. The MTV Music Video Awards have also become a significant MTV staple, rivaling the Grammy Awards as a television event. The retooling, along with an interactive Web site that allows users to sample videos online, join chat rooms, and submit comments to be read on the air, lifted ratings and reenergized the cable channel. MTV also created MTV2, a music video-only channel, as an additional response to its critics. By 2003, MTV2 had about thirty-seven million subscribers, mostly through direct broadcast satellite services.

As a subsidiary of Viacom, one of the world's largest media conglomerates, MTV actually draws more fire for its cultural than for its economic impact. Many critics worry that its influence has eroded local culture-specific traits among the world's young people and has substituted an overabundance of U.S. culture in its place. Others argue that MTV has contributed to the decline of conversation and civil discourse through its often sexually suggestive and rapid-fire style. Defenders of the network, however, point out that MTV and cable have created a global village, giving the world a common language. They also applaud a variety of MTV's special programs on issues ranging from drug addiction to racism and social activism. The visual style of MTV—from shaky camera footage and quick cuts to bright colors and dazzling visual innovations—has also had, and continues to have, an influence on the media landscape. Touching everything from movies to TV drama and commercials, the MTV style is one that constantly breaks rules and establishes new conventions. Besides turning to MTV for visual inspiration, Hollywood now looks to the channel as a

**ITV—Music Television. You may think of it as a channel that rattles your china . . . and intimidates your children, but what you may want to know is that MTV is responsible for a complete revolution in the music business.**

—Diane Sawyer, *Primetime Live*, 1990

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farm league of sorts for its hot new directors; indeed, a well-produced music video is considered an ideal audition reel. For many critics, however, MTV has become a virus, with its ceaseless succession of disconnected three-minute mini-musicals and compressed narratives infecting most major sound and visual media with plenty of style but little substance.

Beyond the world of music, one of MTV's major programming innovations has been the Nickelodeon channel. Tom Freston, chairman of Viacom's MTV Group, says Nickelodeon provides "as wide a variety of television for children as exists anywhere." Freston believes that Nickelodeon has changed the way children and teens think about television: "It's interesting—if you talk to kids who are nine years old, they don't see CBS, NBC, and ABC as being the big places. And that generation is going to grow up a generation in whose mind there's more parity between cable networks and broadcast networks."<sup>8</sup> In an era in which the major networks abandoned children's programming—except for cartoons—because they weren't lucrative enough, competitors such as PBS and Nickelodeon have tried to fill the gap. As Nickelodeon and MTV kids reach adulthood, they no longer view broadcast programs as superior to cable.

● MTV's biggest competitor is the Toronto-based MuchMusic music video channel. It features Canadian acts such as Bare-naked Ladies, The Tragically Hip, and rapper Choclaire, but it also presents south-of-the-border groups from the United States and elsewhere. Like MTV, MuchMusic has an annual awards program called the Juno Awards.

“Sometimes you feel like you're sort of sitting in on a frat house party.”

—NPR's Brian Naylor, about ESPN's *SportsCenter*, 2002

“HBO now has the first television megahit ever to be unavailable to the majority of viewers.”

—Bill Carter, *New York Times*, on HBO's *The Sopranos*, 2002

## Premium Cable Services

Besides basic programming, cable offers a wide range of special channels, known as **premium channels**, and other services. These include movie channels, such as HBO and Showtime; pay-per-view (PPV) programs; and interactive (two-way) services that enable consumers to use their televisions to bank, shop, play games, and access the Internet. Subscribers to such services pay extra fees in addition to the fee for basic cable. In the early days of cable, there was only a single monthly charge; but with HBO providing movies, a new source of revenue—the premium, or deluxe, tier—was added to the subscription mix. In fact, luring customers to premium channels has plenty of incentives for cable companies: The cost to them is \$4 to \$6 per month per subscriber to carry a premium channel, but they then charge customers \$10 or more per month and reap a nice profit.

## The HBO Alternative

By far the oldest and most influential premium channel is Home Box Office (HBO), a subsidiary of AOL Time Warner, one of the nation's largest owners of cable companies. Although HBO reaches less than one-third the audience of a popular basic channel, it has remained the dominant premium channel, selling monthly subscriptions to more than 25 million homes by 2003. HBO and Cinemax, the second-highest rated premium channel, bring a combined total of about 38 million premium subscribers to parent corporation AOL Time Warner. Competing premium channels include Liberty Media's Encore, STARZ!, and MOVIEplex channels, which combined had 38 million subscribers in 2003; and Viacom's Showtime, the Movie Channel, and Flix, which had 31.3 million combined subscribers. New premium film channels such as the Sundance Channel (operated by Showtime and owned by actor Robert Redford, Universal Studios, and Showtime) and the Independent Film Channel emerged with the growing market of independent films in the mid-1990s.

The movie business initially feared that HBO would be a detriment to film attendance in theaters. Eventually, though, HBO and the other premium channels brought a lucrative source of income to the movie studios, which earn roughly a 15 percent share of premium cable's profits. With premium cable channels locking up the rights to feature-length movies after their initial theater runs, film companies recognized that they could recoup losses from a weak theater run by extending a film's life. This could be done not just via television or neighborhood second-run theaters but through lucrative arrangements with premium cable. Today, HBO runs more than ninety theatrical motion pictures a month.

In the early 1980s, when there was little competition, HBO dictated to movie studios which films it wanted and how much it was willing to pay. HBO and other premium channels ran into trouble, however, as videotapes became the preferred method of viewing movies after their theater runs. Both VCRs and PPV (pay-per-view) options brought competition to the movie channels. In the mid-1980s, film studios started releasing movies to PPV and to video stores before offering them to movie channels. The new competition forced the movie channels to expand their services. HBO, for example, began developing its own programming—from children's shows like *Fraggle Rock* to comedies like the *Larry Sanders Show*, an Emmy-winning satire of late-night talk shows. HBO's successes in original programming