

## Edward Lane's views on International Media

### INTERNATIONAL MEDIA

Dow Jones Newswires set up news operations around the world based on a very simple criteria, which is to provide access to the markets by more than the domestic players. The advent of liberalization in India made it possible for the foreign institutional investors to invest in India and the international economic media to write about the country.

***Level of transparency is the key issue.***

You often find quite a few managers who come here and the first thing they tell their bosses "huge country, lots of people to sell to – we are going to make a fortune". Give it a couple of years and they are saying, "well you don't really understand the problems and how difficult it is to do business here. Just give me some time". India is a dynamic country and the story here is complex, beyond explanation sometimes. For that reason, the level of transparency displayed by multinational firms in India and by Indian corporations is the key issue.

***Successful companies understand the need to communicate with stakeholders***

Successful corporations understand that keeping investors informed is the most important thing. Regular release of data, regular interaction with stakeholders and the market allows you to emphasise the risks and the opportunities. Nobody who invests in India is convinced that it is a great market. They are convinced that it is just a lot of risk, but that does not mean that there is no opportunity or that things will not change.

***Regular release of relevant data in a neutral fashion...***

Regular release of data that shareholders care about, that markets can react to, released in a neutral fashion (not leaked to one newspaper that is friendly), and not couched in terms that are inaccurate, helps a great deal in convincing the management's conviction to be honest and transparent.

***We try and explain the risk premium.***

But in a lot of respects, when you hype something or present your project or what your company is trying to accomplish, don't be surprised if an international news organisation just scoffs and says, "I don't believe you". We constantly hear business councils and trade delegations talking about the level of opportunity and potential here. Very few come in on the risk. And it is that risk premium really that we try and explain in a very micro way for a company or for an industry segment or for the economy at large.

***...no international reporter***

On the issue of India facing an internal debt trap, it is in deep trouble, and you cannot get around the fact if a country continues this way. At the same time, you can look at other

**wants to be seen as cheerleading a project.**

economic indicators like low inflation, or that growth seems to be picking up and there may be hope for political stability. So there is a balance. No international reporter wants to get into a situation where they feel they are cheerleading some project because an international company has set up operations here – and that it is going to make lots of money. Very few international audiences and reporters believe that.

**Respect the call, however basic it may sound.**

There are some golden old rules in how you should interact with international reporters. As basic as it may sound, when a reporter makes that extra call to you, you have to respect it. It may seem stupid if they ask how to spell your name or the company's proper name, but when you hear that from a reporter, you should be excited. It means they are accurate and that they are checking basic facts. And any international news organisation that does not follow these rules is not worth taking seriously.

**Announcement to Dow Jones considered being a fully informed market.**

The other thing one should be aware of is that in many countries, news organisations like Reuters or Dow Jones or Bloomberg have very clear rules that they follow for disbursing information. In the US market for example, the Securities & Exchange Commission (SEC) considers an announcement to Dow Jones a fully informed market, because we distribute to many vendors including Reuters and Bloomberg.

**Potentially market-moving news should be disseminated to reach broadest and most immediate markets.**

However, in India the situation is unique. Often a company gives an interview with potentially market-moving news to one newspaper or one agency. What it does not realise is that it is doing a huge disservice to the shareholders. This has no significance when you sign up a celebrity to promote your product, but certainly when the chairman is saying that his company will not be able to make debt payments. When this kind of information comes up, one has to think about how you can optimally reach the broadest and most immediate market. The news agencies (UNI and PTI) are all subscribers to international wires and vice versa. Most newspapers also get one or two international services. So it is really a crossbreeding about them reading our copy and we reading their copy. In terms of broad dissemination, the agencies are really the key for informing the market in a transparent way. Moreover, we feed international newspapers and other media sources that often take our news as the basis. If CNN runs a bulletin or CNBC runs something about a company or a sector, you can bet that about 80 per cent of it come from the wires – at least they get a tip off, if they do not attribute it to the wire media.

**International**

International media want to be skeptical about this country because they think it is their job. International audiences

***media wants to be skeptical about India...because it is their job.***

want to hear a variety of news from corporations. It may not only be about how macro economic environment is likely to effect your company performance, but also specific company related information broken down and released regularly – whether it is earnings or sales or any other parameter that impacts the bottom line.

***If there is bad news, inform the market and take the heat... before it is too late.***

If there is a project that is not working, the news is going to leak and people will speculate about it sooner than you may know. The risk here is that the news may become inaccurate and confusing, after which it may be difficult to control. It is important to take the ride, inform the market and take the heat.

## **QUESTION & ANSWER**

***International publications picking up stories from your wire service***

Dow Jones is the publisher of The Wall Street Journal and so the story could well appear in that newspaper or any other newspaper in the world that subscribes to the wire. We have a relationship with CNBC, for example. Often Dow Jones journalists appear on CNBC programmes to comment on companies or macro economic events. The same story probably gets sold ten times. It goes through interactive database, third party subscribers, or it could appear in a variety of publications, trade or newspapers. It could also be used for the basis of a radio story. Dow Jones Newswires has 300,000 subscribers around the world and many of them media. Might even say that we are on the desk of the Reserve Bank Governor and The Finance Minister! When we write something, they probably read it!

***Tracking system for hits***

There is an Internet product that could probably track hits. Dow Jones is a little bit unique amongst the news agencies because we are an independent financial news agency. Most have single distribution, like Reuters has a screen or Bloomberg has a screen, but we just drop the wire off and it appears with a number of vendors. So if somebody reads us on a Reuters or a Bloomberg screen, I guess they could track which story they clicked. That is not generally the standard we use. We go by a basic market impact and time, accuracy and speed (hopefully in that order) that we compare ourselves with other agencies.

***Access to archives***

Dow Jones and Reuters have just signed a deal for something called a Dow Jones and Reuters Business Interactive. It is a web site [www.djinteractive.com](http://www.djinteractive.com) and has some 6000 sources including Indian newspapers and magazines that go back almost ten years. So you could access our news or Reuters news or access a wide variety of information on India. You

can retrieve just about any publication and go back several years on each of them.

For searching the site you can use commands like India and/or and you could also specify a date range. There is something called custom clips – you could specify the kind of information you are looking for and then everyday it would pop up as a folder or it would come by e-mail directly to you. For example, if you took Indian software, and you selected the sources of news, you could find out what somebody said about software in India. The information on the wires is so diffused that you never know who is going to read it or when.

***On the variety of news...***

Basically, a wire works like this: We have a relationship with the Associated Press (AP) of America (the PTI of USA). We pick up AP copy and run it on a composite wire. So at any given day if The Wall Street Journal or Far Eastern Economic Review had a story, we would have it on the South Asia report too. If the AP files something from Kargil or Drass, we would have it and we would have our own news also.

For example, we have a very large equity live wire that runs about 8000 items a day. There is a foreign exchange and money market wire, commodities wire, energies service wire, a report called The Dow Jones Australia-New Zealand Report, an Asian Equities Report, reports on Latin America or even more specific for example, there is a web site on coffee. Every single thing that Dow Jones writes about coffee around the world goes to this web site. People who are members of this site can read just coffee news or automobile news.

***Individual company news vs. macro country related news***

We keep a list of blue chip companies and expand the list or drop a company out of the list. A basic criterion would be market capitalisation and how actively it is traded. There are 8000 listed companies at the BSE and NSE – in my opinion about 300 or even less are worth covering. Part of the selection for covering those companies aggressively is basically how progressive their management is. The Tata companies – they are a mess. Telco has splashy launches of Indica and then say they can only make 10,000 cars in a year. Further, they add that they are going to be exporting within a year, when they are not able to meet local demand!

***Brokers as reliable sources of information.***

Brokers are sometimes an honest source of information on a company because they have detailed conversations with management on performance. We often take tips from brokers about which company seems to be coming clean or which one seems to be displaying enough data, so that some investor looking at the company can make an informed decision. We relate that to what is happening in the economy, to economic indicators. If industrial production jumps and

cement production is higher, we call the cement companies to find out what is happening with them.

***On sections and news not having any direct financial implication***

There is a column in The Asian Wall Street Journal and The Wall Street Journal called 'Who's Who'. A lot of information in these columns comes from the wires. We stay in touch with executive search firms like Korn/Ferry to track important personnel changes and to track companies that are headhunting for possible expansion. We do keep an eye on that kind of information that is often interesting. For example, if AlliedSignal is expanding here and is looking out for an Indian manager, we want to know who they are going to hire – local hire or offshore hire and what the incumbent is going to bring in. Frankly, quite a lot of people offshore want to know the people who are running the company – even what books they read!

***Indian wire services, PTI and UNI modelling themselves after you...***

Indian media and telecom law is a big hindrance to the further development of this market. PTI and UNI suffer from it – the platforms for delivering news are few and expensive and news is not widely disseminated. That is not to say that a lot doesn't get written.

The domestic news agencies do a good job and there are a lot of good reporters there. It is very healthy that India has two domestic news agencies. In the US the loss of UPI and having just AP has really destroyed newspapers. Most cities only have one news agency, consequently they are tired of news – it is pretty bland. At some point there is going to be a major breakthrough in electronic & broadcast media, cable and the Internet, which is going to make papers less and less the most preferred source for news. Eventually there will be a dramatic change in how you contact and notify people and where your news appears.

***How do wire agencies compete with each other***

We spy! We have a person sitting in London and monitoring the headlines of Reuters or Bloomberg wire and the headline of our wire. Bloomberg or Reuters do the same. It is really a matter of seconds. If somebody is sitting-in with a mobile phone when the Finance Minister is making an announcement, we flash it right away. Each fill-out comes within 10 minutes of the flash headline and there could be a series of flashes and fill-outs. For example on budget day, Reuters carried about 125 flashes. The judgement of what news to send out sometimes gets carried away, and too much of information is disseminated. In general the criteria is that if a financial market participant or policy maker or a newspaper editor is watching the screen, you have to get the information out -- maybe piecemeal but highly accurate.

The classic wire service story is of President Kennedy's

***President Kennedy's assassination is a classic wire service story.***

assassination. The first bulletin that went out said that they had heard a shot, not that he had been shot or anything. Then that he had been shot, soon afterward that he had been shot in the head, next that he was in hospital and finally after a series of bulletins, that he was dead. But each bulletin was only released after each fact was confirmed and each piece put together in a coherent way. That is the way wires operate today also. Sometimes we may want to be dramatic but only when it is confirmed.

***Aggregating all information at one place.***

Most Indian newspapers have web sites, which are good. However, one important thing is aggregating all that information into one place, which is what the djinteractive does. Instead of going to the Times site or The Pioneer site one at a time, it is how you aggregate or look at the composite news of the country. More and more of these firms are trying to either become extremely specific like give you information on one specific topic or aggregate huge amounts of information and let you navigate on one site for several sources.

***The PR Newswire... makes life simple...***

In the US for example, there is PR Newswire, which just streams out release after release and comes ticking over on a screen. So if a company or PR firm has a press release, instead of sending tens and thousands of faxes, send it to PR Newswire and newswires subscribe to PR Newswire. The mechanics of distribution to the media will have to change in India too. We have about 80 people at our desks in New York, London and Singapore, who are constantly monitoring news from various sources including CNN, BBC the radio and the different wires. They just can't handle one more fax!

***...it will have to be that way in India too.***

Here in India too, we are constantly monitoring Star TV, the All India Radio, we watch UNI and PTI, and are simultaneously talking to the market. The distribution of your company information is going to change as a result of the way people in media are monitoring the media.

***Responsibility and onus of correct and responsible news***

If we tape an interview, we normally hold it for some time to dispute any direct quotes. In general, I would almost never send somebody a story before publication to have it vetted. I would send them copies of direct quotes that we have. It is always a good idea to tape the interview and that leaves very little room for disputes.

(Excerpted from the presentation made by Edward Lane, Managing Editor, South Asia, Dow Jones Newswires, at PR Pundit's workshop – Your Practical Interface With Media, held in New Delhi on August 24, 1999)