

Footprint of Financial Crisis in the Media

MACEDONIA country report

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FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

General state of the media market

Macedonia has seen a continuous growth of the media market since 2006, both in terms of total revenue and of the number of media outlets. The year 2008 was crucial in this respect for two reasons – a huge investment cycle was under way and government advertising reached a peak. These two factors will be looked separately though they are connected.

The investment cycle started in the broadcast media during 2006–2007, when cable penetration reached 50 per cent of households. Up to this point the cable operating systems had been in the hands of a couple of dozen small operators, but then an American/Bulgarian company named Cabletel began buying them out to create a single consolidated system. In 2008 T-Home launched its IP-TV service with an investment of around 30 million euros, and in 2009 a joint operation by DVB-T and Slovenian Telecom made a similar investment in infrastructure, programming and sales. Also in 2008 additional licenses were issued for 18 satellite TV channels. This prompted the established media to open a second service and enriched the market with new players.

The print media were not part of this investment cycle but they benefited from the expansion of government advertising. This grew steadily during 2007 and 2008, by which time the central government had become the second biggest advertiser in the country. Indeed, if advertising from all branches of government (central, local, public services and government agencies) is taken into account it was the biggest. Largely thanks to this the media were cushioned against the world financial crisis during 2008 and the first half of 2009, and the income was used not only to cover day-to-day running costs but also for buying programmes -- mostly sport, TV series and licensed entertainment such as reality and quiz shows. The level of investment in their own productions remained much as before.

In the view of most of our interviewees the reason for the government's willingness to provide more cash to the media by expanding its advertising was to try and influence coverage of government activity. This interpretation is supported by the fact that when the level of government advertising fell significantly in the second part of 2009 the amount of critical coverage of the government went up. In effect the government was using taxpayers' money to buy media support.

By contrast with broadcasting, the print media have experienced steadily falling circulation figures. It seems newspapers have come under huge pressure from competition by the new media, whose websites are receiving almost the same number of visits as the papers sell copies. The culture of internet use is strong in Macedonia (of whose 2 million population no fewer than 400,000 have profiles on Facebook), and it poses a threat to the sustainability of the older media.

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The full effects of the crisis on the media should be visible in their financial reports due at the end of fiscal 2009 (February 2010), but what is likely to prove a foretaste has already been given by the major radio news station Channel 77, which has reported a fall of nearly 72 per cent in income in 2009 compared with 2008, and over 90 per cent compared to 2007. We expect similar results for 2009 in the case of other media organisations.

Public and minority media

The public broadcaster Macedonian Radio and TV (MTV) is a special case. It is not a significant player in terms of the market because of legal restrictions on the amount of advertising it can carry in prime time. It is supposed to compensate for this by collecting licence fees, but in practice it has been largely kept going by money from the state budget because of its poor performance in collection. In the past three years the rate of collection has varied from 1 to 5 per cent and at one point the process was abandoned altogether. Now, however, the state budget is feeling the effect of the financial crisis and MTV is finally being forced to operate the licence fee system in earnest. During the period that it was being funded by the government its coverage was heavily biased, such that it is generally regarded as a state, rather than public, broadcaster.

In what is overall a small market, the minority media face particular difficulties. For instance, ethnic Albanians, who are the largest minority, make up about a quarter of the population, but they are also consumers of the mainstream Macedonian language media and are not exclusively dependent on Albanian sources. In addition, most have access to the Albanian language transmissions from neighboring Kosovo and Albania. This places great strain on Albanian media outlets.

New media

The growing penetration of broadband has brought about big changes in the pattern of media consumption, especially among the younger population. But despite the apparent rise in the use of new media at the expense of traditional providers, mentioned above, the two phenomena are not as closely connected as they might seem, in the view of new media specialist, Professor Darko Buldioski. He believes the growing popularity of internet sources is largely due to the failure of the mainstream media to produce quality content and to adapt to the demands of their audience.

ANNEX: TABLES

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Table 1. Main economic indicators

Population, total	2048619			
Working population	636156			
	2006	2007	2008	2009*
GDP per head (\$)	2398	2646	2980	2980
GDP growth (%)	4.0	5.9	4.9	-2.0
Unemployment (%)	36	34.9	33.8	31.9
Average wage (\$)	312	336	371	459
Internet users (per 100 people)	25.2	29.7	41.5	50
Mobile telephones (per 100 people)	63.5	67.7	78.7	n.a.
Households with at least one TV set (%)	99.6	99.6	96.5	n.a.

Sources: Statistical Office of the Republic of Macedonia

**Here and henceforth, year-on-year using the latest available data*

Table 2. Main economic indicators of the media sector

	2006	2007	2008	2009
Dailies	12	13	13	13
Weeklies	5	5	6	7
Number of public TV channels	3	3	3	3
Number of public radio channels	30	21	20	20
Commercial TV stations	55	52	78	78
Commercial radio stations	68	60	68	71
News websites (unattached to the traditional media)	3	4	3	3

Sources :Macedonian Journalists Association

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Author

Roberto Belicanec has an extensive experience in both media and non-profit sector. He has taken part in drafting the broadcasting law and the national strategy of broadcast development as well as conducted research of the broadcast audience and media consumption habits. Currently, Roberto Belicanec is the executive director of the Media Development Center, a Skopje based NGO focused on media policies.