

MAPPING DIGITAL MEDIA: CZECH REPUBLIC



Mapping Digital Media: Czech Republic

A REPORT BY THE OPEN SOCIETY FOUNDATIONS

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20 June 2013

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Mapping Digital Media

The values that underpin good journalism, the need of citizens for reliable and abundant information, and the importance of such information for a healthy society and a robust democracy: these are perennial, and provide compass-bearings for anyone trying to make sense of current changes across the media landscape.

The standards in the profession are in the process of being set. Most of the effects on journalism imposed by new technology are shaped in the most developed societies, but these changes are equally influencing the media in less developed societies.

The **Mapping Digital Media** project, which examines the changes in-depth, aims to build bridges between researchers and policymakers, activists, academics and standard-setters across the world. It also builds policy capacity in countries where this is less developed, encouraging stakeholders to participate in and influence change. At the same time, this research creates a knowledge base, laying foundations for advocacy work, building capacity and enhancing debate.

The Media Program of the Open Society Foundations has seen how changes and continuity affect the media in different places, redefining the way they can operate sustainably while staying true to values of pluralism and diversity, transparency and accountability, editorial independence, freedom of expression and information, public service, and high professional standards.

The Mapping Digital Media project assesses, in the light of these values, the global opportunities and risks that are created for media by the following developments:

- the switch-over from analog broadcasting to digital broadcasting;
- growth of new media platforms as sources of news;
- convergence of traditional broadcasting with telecommunications.

Covering 60 countries, the project examines how these changes affect the core democratic service that any media system should provide—news about political, economic and social affairs.

The **Mapping Digital Media** reports are produced by local researchers and partner organizations in each country. Cumulatively, these reports will provide a much-needed resource on the democratic role of digital media.

In addition to the country reports, the Open Society Media Program has commissioned research papers on a range of topics related to digital media. These papers are published as the **MDM Reference Series**.

Mapping Digital Media: Czech Republic Executive Summary

Digital media are spreading rapidly in the Czech Republic, partly driven by the growth in the number of households owning a computer—which doubled between 2005 and 2010. However, overall internet penetration is still relatively modest, and there remain significant divides along demographic lines, particularly age and education. As of September 2012, half the population remained unconnected to the internet—predominantly people over the age of 50 and without higher education. The most significant barrier to internet access was digital literacy rather than financial or physical access restrictions.

Digital switch-over of television was completed in 2012, bringing expanded choice and services to the majority of households that rely on the terrestrial platform. It followed a transition period in which political stagnation and conflict among regulatory authorities impeded the development of a clear legislative framework and delayed digitization by almost a decade. During this time, incumbent commercial broadcasters lobbied successfully to secure privileged access to the new multiplexes and limit the scope for new entrants. They also benefited from new restrictions on advertising in public service television, much to the lament of the advertisers themselves. Fears of an anti-competitive threat in the advertising market were realized in 2012 when the price of airtime increased by some 10 percent.

The dearth of competition in the terrestrial market, however, is largely a function of structural limits on growth. This was reflected in the failure and closure of one commercial news channel (Z1) within two years of setting up operations. Two other newly licensed stations folded before even going on air. As a result, most of the new channel offerings have been launched by the dominant players from the pre-digital era, including the public service broadcaster, with negligible gains for plurality.

Nevertheless, the launch of new thematic and niche channels has broadened the program offer, and incumbents have developed multi-platform strategies for delivering content. This has ensured that television retains its position as the dominant medium, particularly for news and current affairs. Television viewing time has actually increased steadily over recent years, and just under half of all regular internet users also consume television news on a daily basis.

Although news programs still attract the highest ratings on Czech television, their popularity has faced a decline since digitization—particularly the flagship bulletins of the public service broadcaster. This has prompted a change in the format, style, and content of news programs, which are increasingly targeted at particular audience segments, with a growing emphasis on live news and tabloid stories over serious topics. In the case of the public broadcaster, the launch of a 24-hour news channel has been followed by a reduction of news output on the main channels. The net effect has been an increase in the overall volume of news output but a decrease in the news audience. Commercial rivals have also faced a drop in ratings for primetime flagship bulletins, but for all incumbents this has been offset somewhat by the development of their online services. Indeed, television broadcasters—both commercial and public—account for the most popular online news websites.

Overall, however, conventional media have not lost significant audiences over recent years despite the rapid advance of online platforms. Radio stations have maintained relatively stable audiences and still collectively reached over 60 percent of the population in 2011. Radio switch-over, however, has been delayed as a result of successful lobbying efforts by commercial broadcasters yet to be convinced of its rewards. The latest legislative amendments envisage the switch-over to be completed by 2025.

A steady decline in newspaper readership reflects a significant fall in the circulation of broadsheet or serious news titles, while the tabloids have more or less maintained their readerships. While the sales of printed newspapers are dropping, Czech readers are clearly not ready to abandon print news. But structural pressures have resulted in the growing tabloidization of newspapers, as the serious dailies attempt to retain audiences with the pull of glossy headlines, images over text, and stories centered on celebrities and fashion.

Tabloidization in the newsrooms of both broadcasters and publishers has also been the result of cuts, including waves of lay-offs instituted by the public service broadcaster in 2010. Even before that, journalists had been stretched to the limit by the expansion of news output combined with a reduction in newsgathering investment. Employers' expectations and demands on journalists have grown in tandem with technological advances that have made it easier for journalists to self-edit and publish text and multimedia content online. The problem is that employers have not accounted for the additional burden that digital tools of production have placed on journalists in terms of: filtering and verifying the vast array of sources now available; moderating user-generated content (UGC); and acquiring new skills in areas such as data visualization.

A lack of professionalism within the sector is characterized by low levels of training and trade union organization, making it harder for journalists to resist these pressures. The result has been the growth of “Google journalism” and an accompanying decline in news stories based on primary sources and original newsgathering. For online-only and citizen journalist initiatives, financial pressures have meant not just cuts but an ever-present existential threat. New projects are often short lived, such as the hyper-local news service *Naše adresa* (Our Neighborhood), launched in 2009, funded by a leading financial institution, PPF, and closed a year later. But there have been some notable exceptions. The online-only newspaper website *Aktualne.cz* has managed to survive with a fairly limited audience reach but considerable success in recruiting investigative journalists, producing a number of exclusives in the area of fraud and corruption.

This has complemented a relatively strong culture of investigative journalism in traditional newspapers, sustained by a healthy level of consumer demand for this type of news. Investigative journalists have also embraced digital tools. The online version of one national daily newspaper (*Hospodářské noviny*) now has a section of its website dedicated to data journalism—focusing on analysis of public administration data with interactive visualization and strong links to local communities. Foundation funding has also helped to enhance access to public information through digital platforms.

Still, it is difficult and perhaps too early to assess the wider impact of such initiatives. What seems clear is that those aspects of public interest journalism that digitization has made more cost effective are thriving. But long-form and in-depth news reporting has suffered from resource cuts across the industry. There are concerns that the net effect of this is to promote scandal and sensationalism at the expense of serious investigative reporting. Nevertheless, attempts by authorities in 2009 to tighten legal restrictions on investigative journalists are perhaps indicative of an enduring watchdog culture within Czech newsrooms. Nicknamed the “muzzle law,” the original legislation banned publication of news stories based on evidence acquired via police wiretaps. After considerable public pressure, it was amended in 2011 to allow a public interest justification.

More broadly, civil society activism is still relatively marginal in Czech society. Traditionally, public service broadcasting has been the main platform for civil society groups; as such, their efforts have tended to be more focused on education rather than mobilization. Nevertheless, strong campaigns have been launched online recently around issues such as the environment and healthcare reforms. With regard to the former, environmental activists in 2011 used open-source mapping technology to prevent major plans to cut down trees in a national park, officially due to an epidemic of bark beetles but allegedly due to logging interests. The data collected and interactive maps developed enabled environmental activists to create documentation in time to provide a visualized data repository for future reference and possible legal action. Although the message of such campaigns rarely reaches a critical mass audience, activists are eager to exploit digital tools in a number of novel ways, and integration with social media platforms—particularly Facebook—may yet provide the keys to wider dissemination.

In the meantime, there is a strong culture of commenting on the news websites of legacy media. This often develops into interactive discussions provoked by the original article. While this clearly enhances the digital public sphere, it has also provided a platform for hate speech and what may be considered “uncivil society.” The space for expression of minority groups has grown in tandem with that of nationalist, racist, and xenophobic voices. At the same time, however, digital media have diversified the political landscape in a way that has served as a counterweight to the traditional party-parallelism of newspapers. During the 2010 general elections, a crowd-sourcing initiative dubbed “Change your Politicians” had a substantial impact on voters—enabling them to identify individual politicians from all parties who had underperformed or been involved in corrupt activities. Significantly, perhaps, this initiative also attracted the attention of traditional media that remain, to a large extent, gatekeepers of the public agenda.

Among these gatekeepers, ownership concentration has increased over recent years largely to the benefit of foreign multinationals that dominate the Czech media market. Titles owned by German-Swiss conglomerate

Ringier Axel Springer, for instance, account for some 40 percent of daily newspaper readership. The extent of cross-media ownership is encapsulated by the example of Mafra, the German-owned publishers whose portfolio includes two daily newspapers, one local free-sheet, a digital license for a television music channel, two Prague-based radio stations, and several websites.

Perhaps of more concern from the perspective of plurality, recent years have seen a rise in individual media barons with close ties to political elites. In 2008, Czech financier and coal baron Zdeněk Bakala purchased an 88-percent stake in Economia, one of the top five news publishers in the country by advertising revenue. In the 2010 elections, Bakala financially supported the two main center-right political parties. A decline in print sector advertising revenues has also increased advertisers' pressure on content, but it is not clear what impact this has had. Journalists and editors, on the whole, appear to be at least publicly resisting such pressures, conscious of the need to retain the confidence of their readers by defending their autonomy.

In any case, the traditional advertising model for print media has come under sustained pressure, intensifying the search for alternative ways to fund the news. Publishers have been focusing their efforts on developing applications for tablet and mobile devices as potential areas of revenue growth. They have been less eager to establish paywalls around conventional online news content, other than for specialist or niche news services. Clearly, the goal of monetizing the growing demand for digital news remains beyond the reach of publishers, and which model, if any, will be sustainable in the long-term remains to be seen.

This situation has been exacerbated by the government's decision to raise the VAT on print media from 10 to 17.5 percent, as of January 2013. At the same time, the public service media license fee remains constant in real terms, with increases pegged to inflation. The government's key concession to commercial media was the decision to ban advertising on the main public broadcasting television channel, as well as on its websites. Although this only came into effect in October 2012, it is unlikely to benefit anyone other than the two dominant commercial terrestrial players, whose duopoly has been consolidated by the move.

In terms of licensing procedures, the regulatory authority responsible is broadly seen as transparent and free from political bias. Significantly, it managed to fend off attempts by the media content regulator—seen as more vulnerable to capture—to take control of licensing during the initial stages of digitization. Although the latter has recently been considered less politicized, its member appointment and dismissal procedures still leave room for potential interference. A similar situation pertains through the appointments procedure governing public service broadcasting.

Since the completion of the digital switch-over, media policy has fallen further down the list of political priorities. While this has enhanced the autonomy of regulators to some extent, it has also left a policy vacuum in key areas that warrant intervention. Overall, neither the digital switch-over nor the development of online platforms has diversified the overall news offer in a substantive and meaningful way. Competition in digital terrestrial television—still the dominant news platform—has stagnated, while both print media and new citizen journalist initiatives are facing a crisis of funding that has transcended the economic downturn. As a

result, there has been a marked, if varying, trend toward tabloidization and a pressing need to sustain outposts of serious and quality news in all sectors.

Media policy has not been a top priority for policy-makers in recent years. One key issue that should be addressed is the adoption of new mechanisms to ensure the public accountability of broadcast media, by including civil society representatives on the boards of the Broadcasting Council and the public service media. As matters stand, these bodies are elected directly by the Chamber of Deputies. This leaves the politicians full scope to control the broadcast media.

Context

The Czech Republic is commonly described as one of the most successful (as in stable and prosperous) of the new democracies in Central and Eastern Europe. The country has been a member of the North Atlantic Treaty Organization (NATO) since 1999 and joined the European Union (EU) in 2004. The Czech economy grew annually by over 6 percent between 2005 and 2007, and by 2.5 percent in 2008. In 2009, due to the effects of the world financial crisis, the real economy contracted by 4.1 percent.

The Czech economy is characterized by relatively low and stable inflation, low interest rates, and a fully convertible currency. Given demographic trends, the Czech Republic is one of the EU member states that will be most affected by the aging process. Even though the total debt of the Czech Republic is still significantly lower than that of some other EU member states (such as Greece and Italy), the recent decline in public finances and the growth of state debt are alarming. Household debt, as reported in the Czech Republic, is still relatively low and also relatively positive in terms of its structure: mortgages and home loans slightly outweigh other consumer loans.¹

A closely fought general election in spring 2010 ended a period of political stability under a “caretaker” government appointed in 2009. The current government is a coalition of three center-right parties, under Prime Minister Petr Nečas, favoring tight austerity measures. The head of state through 7 March 2013, President Vaclav Klaus, shared the political outlook of the present government; his center-left successor, Miloš Zeman, does not.

Czech society is homogeneous. Officially, the largest national minority is Slovak (1.9 percent of the total number of inhabitants). However, according to civil society estimates, there are approximately 300,000 Roma (over 2 percent of the total population) living in the country, which would make them the largest minority.

1. Ministry of Industry and Trade, “Analysis of the Competitiveness of the Czech Republic,” 2011.

Table 1.
Key economic performance, 2009–2012

	2009	2010	2011	2012
GDP (% change)	-4.5	+2.5	+1.9	-1.3*
Gross fixed investment (% change)	-11.0	+1.0	-0.7	n/a
Export of goods and services (% change)	-10.9	+15.6	+9.4	+4.2*
Import of goods and services (% change)	-12.0	+15.9	+6.7	-2.4*
Unemployment rate (% average)	6.7	7.3	6.7	9.4
Average gross wage (% change)	+3.3	+2.2	+2.4	+1.4*
Inflation (% change)	+1.0	+1.5	+1.9	+3.3
CZK/US\$1 (% average)	19.1	19.1	17.7	19.6

Notes: * Refers to data from the third quarter of 2012; n/a: not available

Source: Czech Statistical Office (*Český statistický úřad, ČSÚ*)²

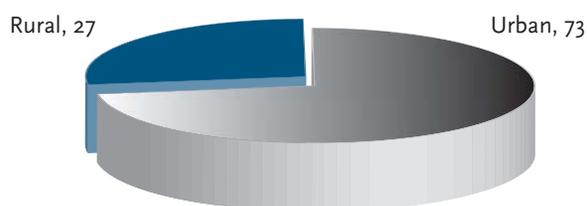
2. Compilation of ČSÚ data.

Social Indicators

Population (number of inhabitants): 10,436,560 (September 2011)³

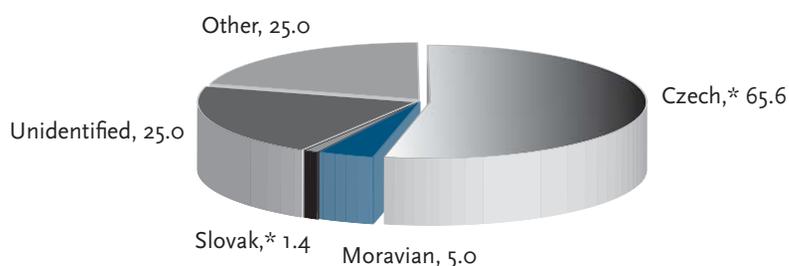
Number of households: 5.62 million (2011)⁴

Figure 1.
Rural–urban breakdown (% of total population), 2011



Source: ČSÚ, 2011 census

Figure 2.
Ethnic composition (% of total population), 2011



Note: * Also includes people who declared that they have double nationality, one of which was either Czech or Slovak. The category “Other” includes increasing numbers of Vietnamese, Roma, and Belorussians

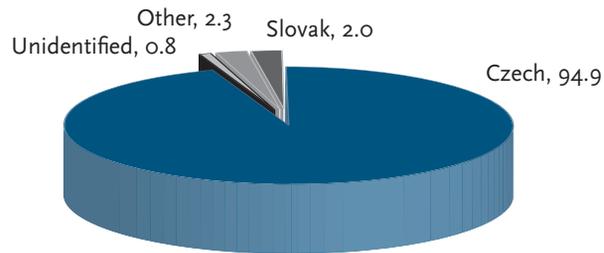
Source: ČSÚ, 2011 census

3. Source: ČSÚ.

4. Source: ČSÚ.

Figure 3.

Linguistic composition (% of total population), 2001

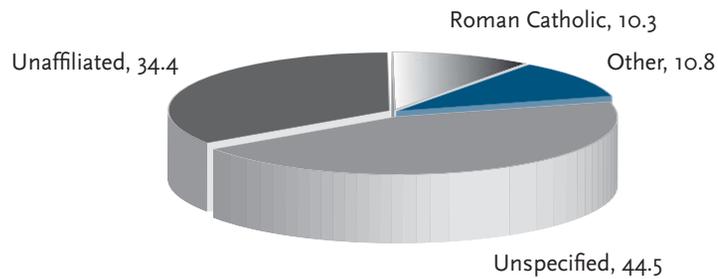


Note: The questionnaire asked people about their mother tongue. The category “Other” includes Moravian

Source: ČSÚ, 2001 census

Figure 4.

Religious composition (% of total population), 2011



Note: The category “Other” includes over 30 small Christian denominations or small churches, including Protestants and Neo-Protestants. It also includes non-Christian religions such as Muslims, Buddhist, or Hindu. However, the share of the non-Christian believers in the total population is insignificant, below 0.5%

Source: ČSÚ, 2011 census

Economic Indicators

Table 2.
Economic indicators, 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012 ^f
GDP (current prices, US\$ billion)	130.066	148.374	180.479	225.427	196.151	197.674	215.265	205.950
GDP (current prices, US\$), per head	12,725	14,473	17,544	21,715	18,738	18,813	20,443	19,515
Gross National Income (GNI), (current US\$), per head	19,450	21,250	22,830	23,690	23,380	22,910	n/a	n/a
Unemployment (% of total labor force)	7.9	7.1	5.3	4.3	6.6	7.2	6.7	7.0
Inflation (average annual rate, % against previous year)	1.8	2.5	2.8	6.3	1.0	1.4	1.9	3.5

Notes: f: forecast; n/a: not available

Sources: International Monetary Fund (IMF) for GDP, unemployment, and inflation data; World Bank for GNI

1. Media Consumption: The Digital Factor

1.1 Digital Take-up

1.1.1 Digital Equipment

Czech citizens are well equipped for the switch-over to digital terrestrial television. The number of households owning more than one television set is increasing each year. They also have a number of radio sets built into various electronic devices, such as mobile phones. Accessing digital content by personal computer (PC) is more limited, since 40 percent of households are not equipped with a PC. Nevertheless, PCs connected to the internet are clearly the most used means or sources of mass communication after television sets. The number of households equipped with a computer doubled between 2005 and 2010. According to a ČSÚ survey, in 2010 there were 5.7 million computer users in the country—64 percent of the population.⁵

Table 3.

Households owning equipment, 2005–2010

	2005		2006		2007		2008		2009		2010	
	No. of HH ⁶ ('000)	% of THH ⁷	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH	No. of HH ('000)	% of THH
TV sets	3,709	100.0	3,699	100.0	3,961	100.0	3,958	100.0	3,979	100.0	4,055	100.0
PCs	1,148	30.0	1,499	35.7	1,678	40.0	2,059	47.7	2,335	54.2	2,400	59.6

Sources: OSF calculations based on figures from the International Telecommunication Union (ITU) and ČSÚ

Seen from a long-term perspective, household spending on computers and other data-processing equipment is increasing: in 2003, each household spent approximately US\$25 per member on computing equipment;

5. ČSÚ, “Kolik nás využívá počítače a internet” (How many of us use computers and internet), at http://www.czso.cz/csu/redakce.nsf/i/kolik_z_nas_pouziva_osobni_pocitac_a_internet (accessed 22 January 2013).

6. Total number of households owning the equipment.

7. Percentage of total number of households in the country.

by 2007, this sum had almost doubled. In 2008, however, it fell to US\$35. The reason behind the drop could be the overall decrease in the prices of electronic goods, maturing penetration, and the economic crisis.⁸

1.1.2 Platforms

The digital switch-over launched in 2008 and completed in 2012 has had a major impact on media consumption. Czechs have been buying new equipment to receive the digital television signal: not only set-top boxes (STBs) but also new television sets with digital tuners. According to data from Médiamétrie, the audience measurement company, the percentage of households receiving the analog signal sank from almost 79 percent in 2007 to 61 percent in 2010. In contrast, there has been a significant increase in satellite and cable reception.

As well as showing a predictable increase in the overall digital terrestrial reception via STBs, Table 4 shows that satellite coverage/reception nearly doubled in 2007–2010.

People started to invest in the equipment to receive the digital signal; some people bought satellite dishes instead of STBs in order to receive a wider program offer (for example, not only Czech but also Slovak and other foreign programs). In the early days of digitization, satellite also provided a better quality digital signal.

Table 4.

Platforms for the main TV reception and digital take-up,⁹ 2005–2010

	2005		2006		2007		2008		2009		2010	
	No. of HH ¹⁰ ('000)	% of TVHH ¹¹	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH	No. of HH ('000)	% of TVHH
Terrestrial reception	n/a	n/a	n/a	n/a	3,961	78.8	2,986	75.4	2,689	67.5	2,483	61.2
– of which digital	n/a	n/a	n/a	n/a	236	5.9	458	11.5	1,207	30.3	1,758	43.3
Cable reception	631	17.0	684	18.4	882	22.2	916	23.1	876	22.0	908	22.3
– of which digital	n/a	n/a	n/a	n/a	77	1.9	268	6.7	510	12.8	666	16.4
Satellite reception	350	9.4	323	8.7	604	15.2	742	18.7	930	23.3	1,097	27.0
– of which digital	n/a	n/a	n/a	n/a	226	5.7	538	13.6	804	20.2	969	23.8
IPTV	n/a	n/a	n/a	n/a	62	1.5	92	2.3	118	2.9	82	2.0
Total	3,709	100.0	3,699	100.0	3,961	100.0	3,958	100.0	3,979	100.0	4,055	100.0
– of which digital	n/a	n/a	n/a	n/a	495	12.4	1,155	29.1	2,306	57.9	3,204	79.0

Note: n/a: not available

Source: Médiamétrie/Eurodata TV Worldwide

8. ČSÚ, “Výdaje domácností za počítače a spotřební elektroniku” (Household expenditures for computers and electronics), at http://www.czso.cz/csu/redakce.nsf/i/2_vydaje_domacnosti_za_pocitac_a_vybranou_spotrebni_elektroniku (accessed 30 January 2011).

9. The figures refer to the main TV set in multi-TV households.

10. Total number of households owning the equipment.

11. Percentage of total number of TV households in the country.

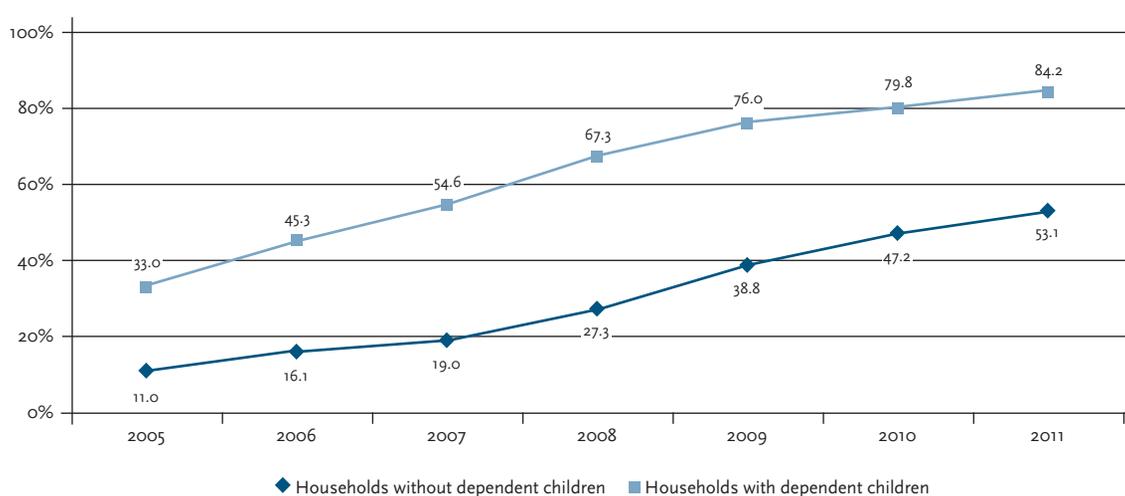
Internet and mobile penetration have been growing steadily. However, internet penetration is still modest, whereas mobile penetration has soared.

As of September 2012, there were 6.1 million internet users in the Czech Republic,¹² fully half of the population. More than 3 million people over 16 years of age use a computer daily, and almost the same number go online every day. Nine out of 10 children aged 10–15 use a computer every day, and two-fifths of all children spend more than five hours a day online. Internet shopping has also increased, by 4.5 times in the past five years, with 2.5 million people having made an online purchase by the second quarter of 2011.¹³

Internet use is very much determined by age, education, and income. According to official statistics, adolescents aged 12–19 are the leading computer users (90 percent), followed by those aged 20–29 (80 percent). Only 37 percent of people aged 50–59 use the internet and only 14 percent of those older than 60 do so.¹⁴ Children are a significant factor when it comes to family internet usage: most need the internet for school and other activities, and having a working internet connection has become a necessity for most families.¹⁵ Older people tend to use fewer internet services, for example only email.¹⁶

Figure 5.

Households with internet connection, with/without children in the house (% of households), 2005–2011



Source: ČSÚ¹⁷

12. SPIR NetMonitor, “Výzkum sociodemografie návštěvníků internetu v České Republice” (Socio-demographic survey of internet users in the Czech Republic), July 2012, at http://www.netmonitor.cz/sites/default/files/vvnetmon/2012_07_total.pdf (accessed 10 September 2012).

13. ČSÚ, *Statistika & My* (Statistics & Us), 2011, at [http://www.czso.cz/csu/2012ediciplan.nsf/t/9C0046663F/\\$File/1804120216_17.pdf](http://www.czso.cz/csu/2012ediciplan.nsf/t/9C0046663F/$File/1804120216_17.pdf) (accessed 3 July 2012).

14. Eurostat, “Internet usage in 2009—Households and Individuals,” 2009, at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-09-046/EN/KS-QA-09-046-EN.PDF (accessed 31 January 2011).

15. ČSÚ, “Internetová infrastruktura” (Internet infrastructure), 2010, at http://www.czso.cz/csu/redakce.nsf/i/internetova_infrastruktura (accessed 5 January 2011).

16. P. Lupač and J. Sládek, “The Deepening of the Digital Divide in the Czech Republic,” in *Cyberpsychology: Journal of Psychosocial Research on Cyberspace*, 2008, 2(1), article 2, at <http://cyberpsychology.eu/view.php?cislocclanku=2008060203> (accessed 5 January 2011).

17. ČSÚ, “Information Society 2012 in figures,” at <http://www.czso.cz> (accessed 30 September 2012).

Education is also a determining factor when it comes to internet usage. Some 91 percent of people with a university education used the internet in the Czech Republic in 2011, whereas only 19 percent of those with a basic education did.¹⁸

A recent trend has been the concern about the behavior of children online. Mandatory courses on media literacy were introduced in elementary schools in 2008, with the goal of teaching children about new communications technologies and helping them to orient themselves amid the overwhelming offer of media products and to take a more critical view of media content in general. There is an ongoing discussion about how to deal with the shortage of qualified experts to teach this subject.

The average Czech internet user is relatively young, well educated, and has a higher than average income. According to data collected in 2010 for the World Internet Project (WIP), Czechs used the internet mainly for emailing (96 percent), while 54 percent took advantage of internet protocol (IP) telephony, 51 percent occasionally shopped online, and 40 percent used online banking. Significant numbers of internet users watched pornography on the internet, played games online, and used IP telephony.¹⁹ Cyberspace experts argue that the reason behind the relatively low internet penetration rate is not the price of a connection but the overall low level of digital literacy. A large percentage of potential internet users are still unaware of all the benefits it can offer.

Unlike the internet market, the mobile phone market is highly saturated. Since 2005, the number of active SIM cards has been significantly higher than the number of mobile phone users. The number of people using mobile internet has also increased, by one-third in 2009, when there were 375,000 mobile internet users in the Czech Republic. All four mobile operators in the country—Telefónica O2, T-Mobile, Vodafone, and U:fon—offer mobile connections to the internet.

Table 5.

Internet penetration rate (total internet subscriptions as % of the total population)
and mobile penetration rate (total active SIM cards as % of total population), 2005–2011

	2005	2006	2007	2008	2009	2010	2011
Internet	19.1	26.7	32.0	41.7	49.2	61.8	62
– of which broadband	19.2	56.5	80.0	79.3	90.2	91.0	95.2
Mobile telephony	112	121	127	132	130	n/a	n/a
– of which 3G	4.0	1.0	1.4	2.0	2.7	n/a	n/a

Note: n/a: not available

Source: ČSÚ and OSF calculations based on ČSÚ data

18. ČSÚ, “Jednotlivci používající internet, vývoj v letech 2006 až 2011” (Individuals using the internet, development during the years 2006–2011), at [http://czso.cz/csu/2011edicniplan.nsf/t/500043D78B/\\$File/97011117.pdf](http://czso.cz/csu/2011edicniplan.nsf/t/500043D78B/$File/97011117.pdf) (accessed 30 September 2012).

19. David Šmahel, “Co Češi dělají na internetu: vedou v sexu, online hraní a IP telefonii!” (What Czechs do on the internet: They are leading in sex, online games, and IP telephony), at <http://blog.aktualne.centrum.cz/blogy/david-smahel.php?itemid=9270>; more information is at <http://www.worldinternetproject.net> (accessed 30 September 2012).

1.2 Media Preferences

1.2.1 Main Shifts in News Consumption

1.2.1.1 Print Media

Seven national dailies, nine regional dailies, and two daily free-sheets are published in the Czech Republic. They are all privately owned. Foreign investment companies from Germany (Verlagsgruppe Passau, Rheinisch-Bergische Druckerei und Verlagsgesellschaft, Bauer Media) and Switzerland (Ringier Axel Springer) control a majority of print media. (For more on foreign ownership, see section 6.)

According to research by Media Projekt,²⁰ the daily press reaches on average about 72 percent of the population. Every day some 1.1 million copies of the national dailies are circulated, along with some 256,000 copies of the regional dailies.

Table 6.
Dailies with the highest readership (reach), in '000, 2005–2010*

National daily	2005†	2006	2007	2008	2009	2010
<i>Blesk</i>	1,536	1,527	1,623	1,477	1,410	1,420
<i>Mladá fronta Dnes</i>	1,227	1,048	1,128	1,076	1,007	874
<i>Právo</i>	555	478	457	411	453	435
<i>Lidové noviny</i>	297	232	239	226	224	222
<i>Hospodářské noviny</i>	188	208	202	197	219	195

Notes: * Reach: estimate of the readership per issue. † Data for 2005 have been collected by a different methodology

Source: Media Projekt, 2012

The readership survey shows that print media reach has been quite stable for a long time. The titles that have consistently been among the national daily newspapers with the highest reach are the sensationalist tabloid *Blesk*, the commercial daily *Mladá fronta Dnes*, the left-center oriented *Právo*, and the regional dailies of the Vltava Labe Press (VLP) group (not included in the table). The moderately right-of-center, intellectually oriented daily *Lidové noviny* and the business daily *Hospodářské noviny* belong to the most read non-commercially oriented daily newspapers, but they do not fall into the category of the top five dailies with the highest readership. *Lidové noviny*'s readership has declined the most since 2005.

20. Media Projekt is a press readership research project that provides generally accepted “one currency” data. It is carried out jointly by the companies GfK Czech and Median, and is contracted by the Czech Publishers Association (*Unie vydavatelů ČR*) and the Association of the Communication Agencies (*Asociace komunikačních agentur*, AKA). Since 2006, the research has been carried out on a representative sample of 30,000 respondents. Information about the Media Projekt can be found at <http://www.median.cz> (accessed 16 June 2012).

1.2.1.2 Radio

There are 12 national radio stations in the Czech Republic. The public service broadcaster, Czech Radio (*Český rozhlas*, ČRo), has eight stations. Commercial radio stations are the three most popular broadcasters—Radio Impuls, Evropa 2, and Frekvence 1—followed by the public service station Radiožurnál of ČRo. In 2011, radio reached around 65 percent of the Czech population daily, 19 percent of whom listened to public service radio channels. The listenership has been tracked since 2006 as part of RadioProjekt, a survey run by the researcher Median. The ranking of the most popular commercial radio stations, as well as their audiences, changed only minimally between 2006 and 2011.

Table 7.
Radio listenership of the main national stations ('000), 2006–2011

	2006	2007	2008	2009	2010	2011
Rádio Impuls	962	1,058	1,125	1,140	1,048	1,039
Evropa 2	940	912	850	928	958	940
Frekvence 1	880	865	813	949	931	871
ČRo1	754	682	750	788	722	700
ČRo2	441	405	398	358	361	382

Source: Median

1.2.1.3 Television

Between 2005 and 2007, the Czech television market was in a stalemate caused by the legal battle over the distribution of licenses granted for digital terrestrial broadcasting, which, in turn, postponed the introduction of a wider program offer for the public. The situation in terrestrial television broadcasting began to change in 2008, when new players were finally allowed to enter the market. The ongoing digitization process has led to a steady increase in the availability of new digital content provided by both commercial and public service stations. The Czech Republic completed switch-over to digital broadcasting on 30 June 2012.

TV Nova still dominates with a share of around 30 percent of the total nationwide audience—a drop of 10 percentage points since 2010. During the summer of 2010, TV Nova experienced a historically low share of 28 percent and has not recovered since. Between 2007 and 2011, the public service broadcaster's traditional channels (ČT1 and ČT2) lost audience share, while the thematic channels (ČT24—an all-news channel, and ČT4 Sport—an all-sports channel) gained audience share.

The ongoing digitization process has led to a constant increase in the availability of new digital content provided by both commercial and public service stations. The three biggest players on the television market (TV Nova, Prima TV, and ČT) have successfully compensated for the loss of their traditional audiences by introducing new thematic channels.

The newly licensed digital stations, which just two years ago were only available to a minority of the population, are now becoming common in most Czech households. In 2010, the digital public service all-news channel

ČT24 reached 90 percent of the population, ČT's digital sports channel ČT4 88.5 percent, and TV Nova's digital commercial movie channel Nova Cinema 85 percent, to name just a few.²¹

1.2.2 Availability of a Diverse Range of News Sources

Market experts claim that Czech news consumers are still conservative and prefer to read news in paper form. Ondřej Tomas, Director General of the polling company GfK Czech, which conducts media surveys, said:

The readers enjoy print media. They represent a pleasant way of obtaining information. Readers connect it to the rituals they do not like to give up. The print media are not only a carrier of information anymore but a symbol of a lifestyle—it is typical to read a paper in the bath tub or with your coffee. The future of print media lies in a more targeted personal style.²²

Seen from a long-term perspective, tabloids have been steadily becoming more popular, while news-oriented, serious dailies have been on the decline, as have regional dailies, albeit only slightly. The print media have had a consistent reach of 80 percent of the entire Czech population for many years. The reach of the internet media is much smaller, but it has increased rapidly, trebling since 2003.

Television and internet news have been the main sources of news in recent years for Czech internet users, according to data from Mediaresearch, a company that has followed trends in news consumption among internet users since 2007. At the end of 2011, approximately three-quarters of all internet users in the country followed television news on the internet at least once a day. Radio news came third. The survey found that 49 percent of all internet users consumed television news several times a day, 43 percent checked news on the internet several times a day, some 39 percent listened to radio news every day, and 9 percent followed news on their mobile devices.²³ Consumption of television news was also boosted by all-news television stations and the growth in online television broadcasting.

The most popular internet news servers are Novinky.cz, iDnes.cz, and Aktualne.cz. However, the most popular internet news providers are run by television channels: Tn.cz, a portal of the commercial TV Nova, and ČT24.cz, operated by Czech public television.

21. 2010 Data from ATO-Mediaresearch. Note: Z1 ceased to exist in January 2011.

22. Tisková zpráva-budoucnost tiskových médií GfK (GfK Press Release on the future of the print media), 28 April 2010 (accessed 23 January 2013).

23. Mediaresearch Press Release, 4 January 2012, at <http://www.mediaresearch.cz/aktualita/tz-televizni-zpravodajstvi-neztraci-dech-mobilni-nabira-rychlost> (accessed 23 January 2013).

1.3 News Providers

1.3.1 Leading Sources of News

1.3.1.1 Print Media

Despite a relatively healthy reach, the circulation of the daily press has decreased in recent years due to the continuous decrease in the readership of serious dailies. The readership of tabloids has been quite steady over the past five years. The decline in circulation has pushed a number of serious Czech dailies to adopt a more tabloid tone in recent years in an attempt to gain readers. An example is the daily *Mladá fronta Dnes*, which in recent years has increasingly adopted the big, glossy headlines and graphic design typical of tabloids. The newspaper has also been running on its website *iDnes.cz* a special gossip rubric covering mainly celebrities and fashion.

In general, the economic crisis has forced the serious press to fight more aggressively for readers; consequently, they have adopted many characteristics of the tabloid press, such as oversimplification, negativism, prioritizing visual elements over text, and promoting “urban mythology” (the euphemism for gossip and rumors).

Table 8.

Paid circulation of the best-selling national dailies, 2005–2010

	2005	2006	2007	2008	2009	2010 (October)
<i>Blesk</i>	524,595	476,892	459,626	435,505	412,238	403,752
<i>Mladá fronta Dnes</i>	299,889	303,355	301,644	291,711	256,118	236,339
<i>Právo</i>	170,583	162,875	153,944	145,031	138,476	126,402
<i>Lidové noviny</i>	69,884	72,634	70,355	70,413	58,543	47,342
<i>Hospodářské noviny</i>	63,476	62,797	59,986	57,390	54,285	44,415

Source: Union of Publishers (*Unie vydavatelů*)²⁴

The most influential current affairs weeklies in the Czech Republic are *Reflex*, with 256,000 readers per issue, published by the Swiss publishing house Ringier, *Týden* (Week), and *Respekt* (Respect). During the past decade, the supply of lifestyle magazines focusing on architecture and home decoration and celebrities has blossomed. Higher readership is seen among lifestyle weeklies targeting mostly female readers; the most influential of these is the gossip-oriented *Rytmus života* (Rhythm of Life).

24. Annual Report of the Union of Publishers, 2010 (Ročenka Unie vydavatelů 2010), at <http://www.rocenkaunievydavateluu.cz> (accessed 10 January 2011).

Table 9.

Paid circulation of prominent national weeklies, 2005–2010

	2005	2006	2007	2008	2009	2010
<i>Respekt</i>	16,674	16,335	19,591	26,893	27,855	28,624
<i>Týden</i>	54,573	52,002	53,689	50,931	47,149	41,465
<i>Reflex</i>	56,605	53,866	51,788	51,326	61,765	63,585
<i>Ekonom</i>	n/a	21,896	19,949	22,609	19,649	15,962
<i>Instinkt</i>	n/a	36,179	35,603	33,779	30,821	26,299
<i>Euro</i>	n/a	23,412	23,328	23,544	22,963	22,469

Note: n/a: not available

Source: Czech Publishers Association (*Unie vydavatelů*)

1.3.1.2 Online

A majority of the print media, including all the national dailies and key weeklies in the Czech Republic, have established online versions of their print products. These news servers are considered the most visited internet services. Novinky.cz, the leading news server by number of real users, is a joint venture of the daily *Právo* and the internet portal Seznam.cz, and it dominates the online news server market. The success of the second most used news website, iDNES.cz—of the daily *Mladá fronta Dnes*—is often ascribed to the fact that it offers information about railway and bus timetables.

According to the latest research, more than half of all internet users in the Czech Republic follow the news online several times a day. Almost 80 percent of users check the news online at least once a day. In the area of news content, the internet is as popular as television.²⁵

Table 10.

The most visited online news platforms by number of real users,* 2007–2010

	2007	2008	2009	2010
Novinky.cz	n/a	2,249,194	2,466,546	2,752,624
Idnes.cz	863,542	914,990	1,011,340	1,054,639
Lidovky.cz	n/a	441,237	390,779	428,071
Aktualne.cz	n/a	n/a	747,853	975,758
Tn.cz	n/a	n/a	449,305	613,117

Notes: * A “real user” is an actual person who visited the server in the monitored period. This indicator is calculated using a unique algorithm based on different information, including the size of the internet population, determined by an external off-line survey. A “unique user” is typically equivalent to the cookie used to identify browsers. A single person (real user) may use more computers/browsers or delete their cookies and thus be identified as multiple “unique users.” Definition at <http://www.netmonitor.cz/en/FAQ-netmonitor> (accessed 16 June 2012). n/a: not available

Source: SPIR, NetMonitor research

25. “Zpravodajství na webu sleduje denně 78 procent lidí” (A total of 78 percent of people follow news on the web), *Marketing & Media*, at <http://mam.ihned.cz/c1-48822670-zpravodajstvi-na-webu-sleduje-denne-78-lidi> (accessed 12 June 2011).

In a separate development, the founder of the business weekly *Euro*, István Lékó, launched the online news server *Ceskapozice.cz* in November 2011. He is the sole owner and publisher of this server. The majority of its editors came to work with Mr Lékó from *Euro*. Launching *Ceskapozice.cz*, he stated, “the content will not be dictated by the tandem of bad politics and business.” The server also ran an English-language section until July 2012.²⁶

However, *Ceskapozice.cz* has subsequently been criticized by journalists from other media outlets (such as Czech Radio and *Respekt* magazine) for hypocritical criticism of corruption in the Czech Republic while its own ownership structures remain opaque.²⁷

1.3.1.3 Radio

Czech public service radio (*Český rozhlas*, ČR) is also a relevant supplier of online news through its website *Rozhlas.cz*. The website unites all ČR's stations and provides online news and internet broadcasting. Audio archives and some programs are available as podcasts.

On 1 April 2011, regular digital radio broadcasting was launched in the Czech Republic, and ČR now broadcasts digitally on several platforms: DAB/DAB+, DVB-T, IPTV, cable, satellite, and internet. The digitization of the radio market should be completed by 2025 (according to the amendment of the Broadcasting Law). In 2012, the DAB signal covered 2.8 million inhabitants of the Czech Republic.

As of January 2013, 15 radio stations were broadcasting digitally, reaching 5.3 million people. Half of the active digital stations belong to ČR. Private radio stations are not much interested in digital broadcasting, fearing much fiercer competition. It was pressure from these stations that led legislators to postpone DAB switch-over until 2025.²⁸

There are 12 national radio stations and around 70 regional radio stations broadcasting in the Czech Republic. In 2011, radio reached around 63 percent of the population daily; 20 percent of the population listened to the public service radio channels daily at that time.

The three most popular national radio stations are private, and their audience share has been steady over the past five years. The long-term number one radio station is Radio Impuls. The other two most popular stations, Evropa 2 and Frekvence 1, belong to a chain of regional stations owned by the French company Lagardère. The top three are followed by the public service station ČRo1 Radiožurnál.

26. Česká pozice (Czech position) positioned itself as “a new independent internet media outlet, an elite information website for discerning readers, with a politically neutral international team of journalists.”

27. See Erik Tabery, “Neprůhledná média” (Untransparent Media), 7 December 2011, at <http://tabery.blog.respekt.ihned.cz/c1-54027310-nepruhledna-media> (accessed 13 December 2012).

28. Act No. 196/2009 Collection: “If a licensed radio broadcaster, broadcasting on the basis of a license granted to it by the Council for Radio and Television Broadcasting (hereinafter referred to as ‘the Council’) before the effective date of this Act, commits itself in writing to support in its broadcasting the transition to terrestrial digital radio broadcasting and switches off analog broadcasting on the basis of the Government Resolution on Transition to Terrestrial Digital Radio Broadcasting, then such a licensed radio broadcaster shall be entitled to request the Council in writing to grant it a transformation license, which will authorize it to continue broadcasting until 10 October 2025.”

All the radio stations air regular news bulletins, but their programs in most cases are a combination of entertainment talk-shows and popular music. The most listened to station, Radio Impuls, for example, airs short news bulletins every hour. The longest of these, seven minutes long, are broadcast at noon and at 7 p.m. The station plays mainly domestically produced popular music.

Table 11.

Audience share of the most popular national radio stations (% of total audience), 2006–2012

	2006	2007	2008	2009	2010	2011	2012
Rádio Impuls	11.6	13.8	12.7	12.1	12.9	12.1	12.2
Frekvence 1	11.4	10.0	11.0	9.9	10.5	11.7	11.6
Evropa 2	9.6	8.5	9.4	9.2	8.9	8.2	8.5
ČRo1	8.3	7.5	7.9	8.2	7.2	7.4	8.1
ČRo2	5.2	4.8	5.2	4.1	4.4	4.9	5.5

Source: RadioProjekt, 2013

1.3.1.4 Television

The television market has diversified, as mentioned earlier, with newscasts offered several times during the day on all major stations as well as on specialized channels. In spite of this, the same three nationwide players have remained dominant: ČT and the commercial stations TV Nova, and Prima TV. New digital stations have managed to gain audiences, slowly, taking market share from the established stations, in particular from TV Nova, which has lost 10 percentage points of audience share since 2008.

The three existing stations with nationwide coverage (ČT, TV Nova and Prima TV) were all licensed to air digitally, and all applied for additional digital licenses to start new channels. Currently, the digital multiplex No. 2 airs the channels of TV Nova and its newly launched Nova Cinema; Prima TV and its new channels Prima Cool and Prima Love; and a wholly new player, TV Barrandov (see section 5.1.1), which began broadcasting in January 2009, and caters to a target audience around the age of 30. TV Barrandov's ambition is to bring back comedy series, crime series, and documentaries. It wants to distinguish itself from TV Nova, which targets a much wider audience (between 15 and 54 years of age). TV Nova's programming is a mix of domestic fiction and non-fiction productions, foreign acquisitions, entertainment shows, and television news. Although TV Nova is still the market leader, its viewership has been steadily declining since the launch of new digital channels, from over 40 percent in 2005 to 21.2 percent in July 2012.

Table 12.

Audience share of television stations (as a % of total nationwide audience), 2005–2011

Channels	2005	2006	2007	2008	2009	2010	2011
ČT1	21.6	21.4	22.5	21.1	18.2	16.4	15.8
ČT2	8.0	9.4	8.2	5.9	4.9	3.6	3.6
ČT4*	—	—	—	1.1	1.4	1.8	3.5
ČT24*	n/a	n/a	n/a	1.4	2.2	3.3	4.5
TV Nova	40.9	41.7	40.8	39.2	39.1	31.9	29.1
Nova Cinema*	—	—	—	0.6	2.2	4.0	4.8
Prima TV	23.1	20.2	19.9	17.5	16.4	19.2	17.9
Prima Cool*	—	—	—	n/a	1.3	2.9	3.4
Prima Love*	—	—	—	—	—	—	0.8
Barrandov*	—	—	—	n/a	2.8	4.9	5.0
AT Media*	—	—	—	n/a	2.5	2.5	2.0
Other	6.1	7.1	8.4	12.8	8.6	9.6	9.0

Notes: * These stations started broadcasting in 2008 or 2011. n/a: not available

Source: ATO-Mediaresearch

1.3.2 Television News Programs

The public channels ČT1 and ČT2 and the commercial channels TV Nova and Prima TV are losing their audiences and their previous dominance of the market. Their managers were therefore forced to adapt to the new situation brought about by digitization and new technologies (challenges including viewers migrating online, increased use of mobile devices, and so forth). They responded by launching new thematic channels (such as Prima Family, Prima Cool, Prima Zoom, Nova Cinema, and Fanda—a TV Nova channel targeting men). They have also made their archival footage available on the internet and broadcast online (for example, the ČT24 news program).

Viewers are slowly starting to prefer the new thematic digital channels, which target specific (niche) audiences.

To illustrate the changes in the television market, Table 13 shows the audience share in 2005 (a year before ČT launched two thematic channels, ČT24 and ČT4 Sport), in 2008 (when digital terrestrial switch-over began), and in 2012 (when it was completed).

Table 13.

Television channel audience share (as a % of total audience),* 2005, 2008, 2012

	2005	2008	2012
ČT1	21.7	21.18	16.36
ČT2	8.1	7.58	4.17
Nova	41.0	37.92	24.66
Prima	23.1	17.93	n/a**
Other TV channels	6.2	12.74	8.59
ČT24	n/a	1.37	5.22
ČT Sport	n/a	0.9	4.41
Nova Cinema	n/a	0.38	4.88
Fanda		n/a	0.31
Prima Family		n/a	18.08
Prima Cool		n/a	3.88
Prima Love		n/a	2.23
TV Barrandov		n/a	5.20
Stanice At Media		n/a	2.01

Notes: * Share of audience aged 15 and over, measured from 1 January to 31 December, 6 a.m. to 6 p.m.; ** In 2012, Prima was replaced by Prima Family, Prima Cool, and Prima Love. The main Prima channel is Prima Family; n/a: not available

Source: Compiled by the reporter from ATO-Mediaresearch (Ato.cz) data

News programs receive the highest ratings among all strands, although their ratings too are falling. “*Televizní noviny*” (Television News) broadcast by TV Nova is traditionally the top-rated television program in the country.

TV Nova’s primetime newscast “*Televizní noviny*” (Television News), at 7.30 p.m., has remained the most watched newscast—and the program with the highest overall viewership in the country—since this channel was launched in 1994. But digitization has contributed toward undercutting TV Nova’s phenomenal success. “*Televizní noviny*” has seen its ratings fall from over 41 percent in 2005 to some 30 percent in 2011, according to data from December 2011.²⁹

However, the biggest decline in news programs ratings among commercial stations over the past five years has been suffered by Prima TV’s primetime newscast “*Zprávy TV*” (TV News), broadcast at 6.55 p.m. daily. This program’s ratings plummeted from almost 18 percent in 2005 to below 9 percent in 2009. But the program managed to recover, and even gain ground, with its audience share rising to 28 percent, according to data from April 2012.

29. See http://www.media-master.cz/files/prehled%20trhu/Mesicni%20TV%20reporty%20o%20sledovanosti/MM%20tv%20report%2012_2012.pdf (accessed 13 May 2013).

Overall, the flagship newscast of the public service broadcaster, “*Události*” (Events), aired at 7 p.m. on ČT’s channel one, experienced the deepest crisis during this period, with ratings falling from almost 27 percent in 2005 to 8 percent in 2010.³⁰

ČT representatives claimed that this decrease was caused mainly by digitization. The same news programs are broadcast simultaneously on several channels, and viewers with digital access can see the news on channels ČT1 or ČT24, or on the internet.³¹

1.3.3 Impact of Digital Media on Good-quality News

Alarmed by the fall in ratings over recent years, commercial as well as public service television news providers have tried innovative ways to present the news, in a bid to regain their estranged audiences. These included focusing on targeted groups of viewers, changing the schedule of newscasts, modernizing the studios, altering the duration of news programs, and diversifying news content. Viewers can watch the news on television several times during the day on several channels, and there is a wider offer of regional, cultural, and economic news.

The battle for audiences has not improved the quality of news content. Gossip, sensationalism, and overall tabloidization seem to be the generic recipe for keeping audiences interested. However, digitization has brought *more* news content to the viewers. The public service broadcaster pioneered the all-news channel model in the country when it launched ČT24 back in May 2005.

The new digital television players in the Czech Republic have been struggling to gain audiences. ČT24 doubled its audience share between 2008 and 2010, but this still remains at a minuscule 3 percent or so. Even worse, the first commercial all-news station Z1 folded after only two years of broadcasting due to poor ratings and insufficient revenue.

On the other hand, in the area of news, the internet is also becoming an equal partner to television. The growing population of active internet users checks the news online several times a day and watches the primetime newscasts on television less. According to a recent Mediaresearch survey, 54 percent of internet users check the news online several times a day, while 49 percent of respondents said they do so via television. As a medium, television still leads the news market in terms of total time spent watching the news, however, and it still poses serious competition to radio and online news portals. Roughly 10 percent of Czech internet users also access news on mobile phones and other mobile platforms.³²

30. Data available on ČT website, at <http://www.ceskatelevize.cz/vse-o-ct/sledovanost-a-spokojenost/aktuality-sledovanosti> (accessed 15 May 2012).

31. “The audience share of news program on ČT1 does not provide overall picture and does not show the amount of viewers watching the same news on other channel,” said Milan Fridrich, News Director of Czech Television; see “Sledovanost zpravodajských pořadů denně na webu ČT24” (Viewership of ČT24 news programs daily online), at <http://www.parabola.cz/zpravicky/8416/sledovanost-zpravodajskych-poradu-denne-na-webu-ct24> (accessed 16 June 2012).

32. Mediaresearch, *Tisková zpráva* (Press release), 4 January 2011, at <http://www.mediaresearch.cz/aktualita/tz-televizni-zpravodajstvi-neztraci-dech-mobilni-nabira-rychlost> (accessed 23 January 2013).

1.4 Assessments

Digitization has made the television market more dynamic in recent years. The majority of Czech households receive a digital signal (74 percent in 2010, and rising). People continue to increase their television viewing time each year as channels offer a wider choice of programs. The reach of the once-dominant analog television channels has decreased somewhat, but this has been outweighed by the increased time spent watching television online, either via live streaming, catch-up, or archival broadcasts.

The “traditional” television channels that have dominated the Czech television scene for the past two decades—ČT, TV Nova, and Prima TV—are devoting more broadcasting time to news, since the audience is spending more time watching news and news programs receive the highest ratings. However, news television players new to the market are struggling as they face stiff competition. The public station’s all-news channel ČT24 has low ratings, and the first commercial all-news channel Z1 ceased operations after two years as it failed to attract audiences and advertising.

The economic crises of 2009–2010 took a heavy toll from other players in the media market as well. With advertising revenues drying up, some titles closed, certain projects were postponed, while others were launched. The changes continued in 2011. The country only came into being in 1993, following the division of Czechoslovakia, and has passed through other crises.

The consumer surveys and experts agree that the most successful news coverage on television—as well as in magazines, newspapers, and online media—is represented by coverage of celebrities, entertainment, and gossip.

As a result of technological advances, Czechs are changing the ways in which they access the news. The family gathering in the living room to watch primetime news on one of the three dominant nationwide channels is much less common today than a decade or even five years ago. Hence, although television is still the most powerful medium, people are migrating to the other platforms and watching the news online, or using the internet and watching television at the same time.³³

33. See, for example, the press release from the Association for Internet Advertising (*Sdružení pro internetovou reklamu*, SPIR), “Lidé jsou on-line při sledování televize i poslechu rádia” (People are online while watching TV), at <http://www.spir.cz/tz-lide-jsou-line-pri-sledovani-televize-i-poslechu-radia> (accessed 10 May 2013).

2. Digital Media and Public or State-administered Broadcasters

2.1 Public Service and State Institutions

2.1.1 Overview of Public Service Media; News and Current Affairs Output

Public service media in the Czech Republic comprise three institutions: Czech Television (*Česká televize*, ČT), Czech Radio (*Český rozhlas*, ČRo), and the Czech News Agency (*Česká tisková kancelář*, ČTK).

Czech Television and Czech Radio were established as public service broadcasters in the early 1990s. As legatees of the communist state-administered institutions, they are still trying to lose their reputation as politically manipulated, inefficient media giants.

Since 2006, ČT has broadcast on four channels 24 hours a day. The station added the all-news ČT24, the only such channel in the Czech Republic, in 2005, and ČT4, an all-sports channel, in 2006, to complement ČT1 (a generalist channel offering entertainment, drama, news and current affairs programs) and ČT2 (focusing on minorities, documentaries, culture, educational programs, and art films).

From the launch of ČT24 to 2011, the share of news programming on ČT1 and ČT2 fell by 7.5 percent. The viewership of ČT24 is still low, but it has steadily increased. In 2010, the channel reached 77.6 percent of the adult population. Its audience share, however, stayed under 4 percent.

The program strands with the highest proportion of viewers on all four channels combined in 2011 were sport (23.9 percent) and news (22.9 percent), followed by drama (12.7 percent), entertainment, current affairs and documentaries, according to data from the public service broadcaster.

Table 14.

Overview of selected program genres (as a % of total broadcasting time)
on ČT1 and ČT2 combined, 2005–2011

Type of programming	2005	2006	2007	2008	2009	2010	2011
News	21.4	20.2	18.7	16.3	13.9	23.0	22.9
Sports	6.4	8.9	5.8	6.5	3.3	25.0	23.9
Drama	22.5	21.5	21.3	24.0	25.2	13.0	12.7
Current affairs	11.4	11.7	13.4	13.8	15.7	10.0	7.2
Documentary	13.5	12.4	13.9	13.8	14.5	8.0	9.8
Entertainment	7.5	8.4	9.2	8.0	7.9	8.0	10.0

Source: Compiled from data on ČT website, at <http://www.ceskatelevize.cz/vse-o-ct/sledovanost-a-spokojenost/statistiky-vysilani> (accessed 15 May 2012)

The audience share of primetime television news also fell significantly for commercial broadcasters, which shows a general loss of interest in watching the mainstream television news programs. Czech audiences are, for example, increasingly switching to other types of programs running at the same time as primetime newscasts, such as soap operas. The other reason for the drop in the share of the dominant television stations (ČT, Nova, and Prima) is the growing overall competitiveness of the television market.

The news on ČT is still considered to be the most sophisticated and objective,³⁴ and its anchors and reporters are generally praised.

ČRo runs four nationwide, 11 regional, and four specialized stations. On an average day, a third of the population aged 12–79 listens to at least one of these stations. According to the data from RadioProjekt, Czech Radio had a combined 20.6 percent share of the national radio audience in the second half of 2011.³⁵

ČRo operates in a competitive environment with the private market currently comprising three nationwide and over 60 regional and local radio stations. In ČRo's network, the most successful in the long-term has remained ČRo1 Radiožurnál (Radio Journal). In the second half of 2011, this station was selected daily by 700,000 listeners, or 7 percent of the population of the Czech Republic aged 12–79.

34. ČT conducts regular content analysis of selected programs—mainly current affairs talk-shows such as “*Otázky Václava Moravce*” (Questions of Václav Moravec), and various newscasts—to determine whether its programs conform to the station's internal rules, and fulfill the station's public service role. Recent analyses have been mainly positive, despite some criticism targeted at the station's moderators or journalists, and they showed where there is room for improvement.

35. RadioProjekt Press Release, 9 February 2012, at http://www.median.cz/docs/RP_2011_3+4Q_zprava.pdf (accessed 29 January 2013).

Table 15.
Overview of ČRo stations in the Czech Republic

Type of station	Station	Programming
Nationwide	ČRo1 Radiožurnál	News and current affairs
	ČRo2 Praha	Entertainment, talk, and family oriented
	ČRo3 Vltava	Culture, classical music, and arts
	ČRo6	Analysis and current affairs
Regional	Network of regional stations in: Brno, České Budějovice, Hradec Králové, Olomouc, Ostrava, Pardubice, Plzeň, Regína, Region Středočeský kraj, Region Vysočina, Region Sever	Generalist programming
Specialized	Rádio Česko	News and current affairs
	Radio D-dur	Classical music
	Czech Radio Wave	Youth radio
	Czech Radio Leonardo	Popular education

Source: ČRo

ČRo puts out far more news than the private radio stations, which focus on music. The share of news and current affairs programs in ČRo's total programming increased in 2009 to 45 percent of the total output—up from a steady share of some 40 percent in previous years.

Table 16.
Program strands in ČRo output (%), 2007–2009

	2007	2008	2009
News and current affairs	40.0	40.0	45.0
Music	44.0	44.0	45.0
Sports	5.0	5.0	4.0
Religious programming	2.0	2.0	3.0
Others	9.0	9.0	3.0

Source: ČRo

The Czech News Agency (ČTK) was established as a public service in Act 517/1992 Collection. It is not financed from the state budget; its income comes solely from selling news to subscribers. Its output is provided on two servers (in Czech and English) as text, images, or video, supplied by an extensive network of correspondents. While not above criticism, ČTK has become an indispensable source of national and regional information.

Its precursor was the Czechoslovak Press Agency, which was established as the national press agency in 1918. During the period of communism (1948–1989), the Agency was officially subordinated to the ruling party. After 1989, it was transformed and adapted to democratic conditions. The public exercises its right of

control over ČTK through the seven-member ČTK Council, elected for a five-year term by the Chamber of Deputies. ČTK Council members cannot be members of any political party or own shares in any media.

2.1.2 Digitization and Services

The launch of digital terrestrial television (DTT) coupled with the growth of the internet has prompted ČT to expand and modify the services it provides. ČT has launched new channels—the all-news ČT24 channel and the sports channel ČT4 Sport—to supplement its first two channels. Its New Media Division was set up in 2011 to develop and update the internet presentation of ČT's output. In January 2011, ČT revamped its website, Ceskatelevize.cz, offering live internet broadcasting and free access to archived programs. The New Media Division plans to make archive and online videos accessible in HDTV, and to develop various applications for tablets, mobile phones, and other gadgets to expand the reach of ČT's programs.

The underlying theme of the new site is “More video, fewer words.” The site also offers new services such as the possibility for viewers to create a personalized online broadcasting profile or “back-stage” video footage and information that is not part of the regular broadcasting. A special children's website is under development.

In May 2012, ČT launched the Hybrid Broadcast Broadband TV platform, Ceskatelevize.cz/hbbtv. The internet broadcasting platform *Ivysílání*, the ČT24 news channel, and the ČT4 sports channel are also available via mobile apps.

Digitization of the radio spectrum has had a much lower profile in the Czech Republic, and has been overshadowed by the digitization of television. ČRo also set up a New Media Division in charge of internet news content. It offers free access to its audio archive and has live broadcasting. For example, ČT video archives are very popular; hundreds of thousands of viewers watch the popular ČT original drama series “*Vyprávěj*” (Tell Me the Story) online at Ceskatelevize.cz, which had 1.5 million views in December 2012.³⁶

2.1.3 Government Support

ČT was granted privileges in government policy on digitization, automatically receiving the right to operate on Multiplex 1, which has the largest footprint. A special provision in the Electronic Telecommunications Act tasked ČT and ČRo to lead the process of digitization, reserving Multiplex 1 for their exclusive use.³⁷ Digital terrestrial broadcasting on Multiplex 1, which has become known as the Public Service Multiplex, was launched in October 2008 after several delays. This multiplex enabled ČT to broadcast four to five channels and ČRo six to eight channels, together with other complementary services, such as Dolby Digital sound and audio tracks in the original language.

36. SPIR NetMonitor, Monthly Report, December 2012, at http://www.netmonitor.cz/sites/default/files/vvnetmon/2012_12_netmonitor_offline_report.pdf (accessed 23 January 2013).

37. Act No. 127/2005 Collection on Electronic Communications and on Amendment to Certain Related Acts (Electronic Communications Act).

The digitization of radio and television is financed mainly from ČT's advertising revenue. (As a result of the financial crisis, this income has fallen in recent years, and the digitization budget has fallen with it.) In 2010, digital switch-over was also supported from the state budget. Parliament had originally planned to ban ČT from carrying advertising by 2011. The costs incurred by the switch-over prompted Parliament to reconsider, but even so, lawmakers eventually voted to eliminate advertising from ČT1, ČT24, and all of ČT's websites, by 11 November 2011. Two channels—ČT2 and ČT4—were permitted to retain advertising (up to 0.5 percent of daily broadcasting time).

Thanks to its privileged status, Multiplex 1, which hosts the public service broadcasters, already managed to reach 96.5 percent of population in the first half of 2010. The advantages and privileges awarded to the public service broadcaster were seen as unfair advantages by commercial broadcasters, who had to go through lengthy legal ordeals during the digital licensing process.

2.1.4 Public Service Media and Digital Switch-over

ČT and ČRo traditionally had no problems reaching nationwide audiences. This continues to be the case in the digital era. The main impact of digitization on public service media was that it helped ČT to diversify its output. Since 2006, ČT has added two channels (sport, all-news) to its services. Between 2005 and 2011, ČT's output increased from some 22,500 annual hours of broadcast content to over 35,000—a growth of over 55 percent.

In 2009, over 60 percent of ČT's programs were produced by the sports and news departments. In 2010, news production accounted for approximately 40 percent of the station's overall production costs.

The news department, with the introduction of the all-news channel ČT24, underwent several major conceptual changes. News and current affairs programs previously broadcast on ČT1 and ČT2 are now broadcast exclusively on ČT24. New studios and graphic designs were introduced, as well as programs. The management also introduced more news bulletins, despite several waves of lay-offs in 2010 of ČT24 staff, mainly editors and moderators, as a result of the then newly introduced cost-cutting measures. According to ČT's management, ČT24 should become an exclusive news channel and the cost-cutting steps should result in increased productivity.³⁸

Several ČT reporters described the situation in 2005, when the new all-news channel was launched, as overwhelming; the same number of reporters and editors had to produce news not for several newscasts but for an entire channel. New technologies have helped ČT to overcome certain problems (such as the live reporting of breaking news), but news production at the station remains extremely demanding. ČT has been introducing reforms to improve the quality of its news programs, but reform focuses more on the form (new studio architecture and graphic design, styling of anchors, and so forth) than on improving news content.

38. Interview with Milan Fridrich, former editor-in-chief of ČT24, Prague, 3 October 2012.

At the end of the 1990s, ČT succumbed to the pressure of the ratings race and adopted many elements used by commercial broadcasters: significantly increasing live news coverage, emphasizing the personality of the moderators, and so forth. The news studios and news bulletin changes were implemented in 2012. According to sector experts, the new architecture is attractive, but longer news bulletins have not improved the quality or depth of coverage.³⁹

Regarding ČT24's low audience share, in the context of the overall fragmentation of the television market, it is slowly picking up and finding its niche. For example, ČT's main newscast “*Události*” (Events), on ČT24, is drawing larger audiences; the final debate before the January 2013 presidential elections achieved a 39 percent share.

Table 17.
Czech TV production overview, 2005–2011

	2005	2006	2007	2008	2009	2010p	2011p
Broadcasting time (in no. of hours)	22,502	31,464	32,694	35,066	34,973	35,040	35,040
Production (in no. of hours)	10,857	13,126	14,127	15,481	14,638	14,500	15,500
Production and broadcasting costs (in '000 US\$)	215,000	268,000	300,000	321,000	325,000	n/a	n/a
Percentage of the total costs incurred by the station	81.6	81.8	84.6	85.4	83.1	n/a	n/a

Note: p: planned; n/a: not available

Source: ČT⁴⁰

2.2 Public Service Provision

2.2.1 Perception of Public Service Media

Although the function of ČT and ČRo is defined by law, the legislation nowhere uses the term “public service”—the definition of which has been much debated. Experts and politicians generally agree that the public service media should fill the gaps the commercial media do not cover. They often refer to the definition of public service in the media provided by the European Broadcasting Union (EBU), which includes the preservation of audiovisual and cultural heritage, for example by supporting Czech cinematography.

Discussion of public service media usually surfaces in pre-election campaigns when the issue of license fee funding comes up. According to a survey before the planned 2009 parliamentary elections (postponed to 2010), two-thirds of Czechs would have preferred the public service media to be financed from the state budget, and the mandatory license fee—which now funds the station—to be canceled.⁴¹

39. Martin Prachař and Vladimír Křivka, “Změna na efekt” (Change for the show), at http://www.lidovky.cz/zmena-na-efekt-obsah-se-nezmenil-hodnoti-experti-udalosti-pmv-/ln-media.asp?c=A120401_195915_ln-media_Pta (accessed 20 May 2013).

40. See <http://www.cesktelevize.cz/vse-o-ct/hospodareni-a-financni-situace/hospodarsky-vysledek> (accessed 15 March 2013).

41. Two-thirds of respondents aged 25–44 favored abolition of the license fees. The representative survey was conducted by the Ipsos-Tambor Agency in August 2009 on 1,000 respondents, aged 18+, at <http://www.tambor.cz/test.tovarna.cz/cz/183-pro-zruseni-koncesionarskych-poplatku-jsou-dve-tretiny-lidi> (accessed 10 March 2011).

For Czech households, the license fee of somewhat under €100 (Czech crowns (CZK) 2,160, US\$ 130) every year for ČT and ČRo is quite a sensitive issue. Some 40 percent of the respondents in a 2009 survey said they would vote for the party that promised to abolish the license fee.⁴² The rate of payment of the fee cannot serve as an indicator of public respect for the public service broadcaster, because since 2007 the fee has been collected through strict and unpopular methods that made its collection more efficient. These methods include collection through joint efforts with electric power companies or collection companies. In 2010, ČT collected license fees from 3.62 million households: up by 175,909 households since 2005.

In 2009, two senators from the center-right Civic Democratic Party (*Občanská demokratická strana*, ODS), Richard Svoboda and Edvard Kožušník, proposed that the license fee should be abolished by law by the end of 2011 and replaced with a contribution from the state budget. The Senate failed to approve this proposal, by a single vote. The sponsors said that funding the station through the state budget would ensure “better control.” Opposition senators argued that the independence of the public service media was at stake.⁴³

Abolition of the license fee is still on the agenda of some parties, but serious discussion of public service media—and of the public service role of the media in general—is still limited to a relatively narrow circle of experts, lobbyists, academics, politicians, and journalists.

When it comes to programming, there are two broad opinions in Czech society. One, held mostly by politicians who are not happy with ČT news coverage, is that too much of ČT’s output resembles that of commercial television’s, which proves—they say—that ČT is failing in its public service role. Prime Minister Petr Nečas (ODS) said in response to a reader’s question on *Aktuálně.cz* that, as a viewer, he thinks the flagship channel ČT1 and the sports channel ČT4 do not fulfill a public service role, as they are basically commercial channels airing chiefly “superficial entertainment and sport.” This criticism has become more common in recent years, as more politicians and experts argue that entertainment (broadcast in some programs on ČT1) and sports should not be supported by public funding.

Another opinion, expressed by various journalists and media experts, is that ČT does fulfill its public service role. According to media analyst Milan Šmíd, “Contrary to the prime minister, I believe that ČT1 and ČT4 do provide a public service [...] at least by offering programs that commercial television cannot produce. I mean by this predominantly Czech production in case of ČT1 (documentaries, children’s programming, current affairs), while ČT4 covers sports that are not interesting for the commercial sector.”⁴⁴

42. The representative survey was conducted by the Ipsos-Tambor Agency in August 2009 on 1,000 respondents, aged 18+, at <http://www.tamborczech.test.tovarna.cz/cz/183-pro-zruseni-koncesionarskych-poplatku-jsou-dve-tretiny-lidi> (accessed 10 March 2011).

43. B. Říhová, “Senátoři zamítli návrh na zrušení koncesionářských poplatků” (Senators rejected the proposal to cancel the license fees), 10 September 2009, at http://zpravy.idnes.cz/domaci.asp?c=A091210_151426_domaci_bar (accessed 18 June 2012).

44. M. Šmíd, “Je vysílání ČT1 a ČT4 veřejnou službou?” (Is broadcasting by ČT1 and ČT4 a public service?), *Česká média*, 27 July 2010, at <http://www.ceskamedia.cz/article.html?id=343148> (accessed 13 July 2011).

2.2.2 Public Service Provision in Commercial Media

Only minimal public service provisions are imposed on the commercial media by law.⁴⁵ The need to introduce public service provisions in the commercial sector has rarely been a topic of formal debate.

2.3 Assessments

Czech public service media have gained more channels and more diversified audiences from digitization. Gradual legislative changes and a relatively stable financial situation enabled the launch of the public service multiplex and several new television channels and radio stations.

The financial crises of 2009–2010, however, forced the Czech public service media to downsize and implement a series of cost-cutting measures. Compared with the situation of the commercial media, which also faced lingering uncertainty stemming from the unclear legal provisions on the distribution of digital licenses to commercial players, the state of the public service media in the country has been much more stable.

Digitization has increased the number of channels on Czech television without diversifying the advertising market. The three most powerful television broadcasters in the country—TV Nova, Prima TV, and ČT—have so far succeeded in offsetting the potential leakage of viewers by launching new thematic (niche) channels.

New legislation connected to digitization has radically reduced the amount of advertising that ČT can carry (see section 2.1.3). While this has not affected ČT's revenues (the main source of income remains the license fee), it has affected the diversity of the television advertising market, which is now de facto controlled by TV Nova and Prima TV.

ČT has managed to launch a well-functioning, graphically attractive, and easily navigable website. Continuous improvement and upgrading of the website is one of the main tasks for the recently established New Media Division, which is tasked with making the ČT website a complementary service and a new distribution platform for the station's programs.

45. "According to the Broadcasting Act, broadcasters must provide the State authorities with the broadcasting time needed for important and urgent announcements in the public interest. They must also provide open captions for people with hearing difficulties in at least 15 percent of their output." OSI, *Television Across Europe*, 2005, p. 528 (hereafter OSI, *Television Across Europe*, 2005).

3. Digital Media and Society

3.1 User-Generated Content (UGC)

3.1.1 UGC Overview

In terms of user and visitor numbers, the Czech Republic has been a battlefield between established websites associated with Seznam.cz—the most popular portal and search engine in the country—and international websites such as Google, Facebook, and YouTube.

Table 18.

The 10 most popular websites in the Czech Republic, 2012

No.	Website	
1	Seznam.cz	Czech search engine and internet gateway
2	Facebook.com	International social network
3	Google.cz	Local engine of the international search engine Google
4	YouTube.com	Video-sharing website
5	Google.com	Search engine
6	Novinky.cz	Czech online news portal run by <i>Právo</i> daily newspaper
7	iDNES.cz	Czech online news portal run by <i>Mladá fronta Dnes</i> daily newspaper
8	Centrum.cz	Czech search engine and internet gateway
9	Super.cz	Czech tabloid website
10	Aukro.cz	Online auctions website

Source: Alexa.com (accessed 15 May 2012)

Some of these sites may be defined as having user-generated content (UGC). Novinky.cz, iDNES.cz, and Super.cz all allow for some UGC or interactive content. They are all embedded in established media (newspapers). Novinky.cz is the most popular Czech news portal and has built up this position thanks to its connection and cooperation with Seznam.cz.

These sites typically allow users/readers to comment and express their opinions on published articles. This form of expression is popular on the Czech internet. Generally, there are now flows of comments on various articles and stories. It also quite often happens that readers react to each other and thus set up a fresh

discussion that is more or less detached from the original article. Czech news portals also arrange live chats with politicians and other personalities. This has become a widespread form of UGC in the Czech Republic.

iDNES.cz is the most popular news portal. It is linked to the largest newspaper in terms of circulation, *Mladá fronta Dnes*. Although considered a right-leaning newspaper and often biased in its coverage, it has also become known for investigative journalism that has revealed numerous political and corruption scandals. Reactions and comments by readers to iDNES.cz articles are more numerous than on Novinky.cz; iDNES.cz also lets readers create free blogs and publish their opinions next to blog entries from celebrities in various areas of life. The website, however, maintains some level of censorship to make sure extremist opinions and obscenities are not published.

The online-only newspaper website Aktualne.cz does not have so many unique visitors, but it has succeeded in recruiting some investigative journalists and has worked on a number of publically known and closely followed topics, such as corruption, non-transparent financing of the political parties, and financial fraud in state-owned companies. Aktualne.cz also provides a platform for many personalities, both Czech and foreign, including politicians, experts, journalists, scientists, and artists, to publish contributions. These blogs are usually of a high quality and cover a broad array of issues in politics, society, science, history, art, and culture.

The Czech Republic has also seen an ambitious citizen journalism initiative focused on hyper-local news. A weekly, with printed and electronic versions, *Naše adresa* (Our Neighborhood) was launched in 2009, fully funded by the PPF financial group, one of the largest businesses in the Czech Republic by turnover. The idea behind this initiative was to bring to people news that concerns them directly and to use their input through a network of “news cafés” located in every town, where people could come and share their experiences with journalists. A number of veteran journalists were recruited to work on this project, including its conceiver, Roman Gallo, formerly the editor-in-chief of the leading business daily *Hospodářské noviny* (Economic News). The project was not successful and folded in 2010 when PPF sold its media division. This initiative and its collapse showed the deep roots of traditional Czech media, and the very limited space for innovative projects.

3.1.2 Social Networks

In 2011–2012, Facebook was the most popular social network website in the Czech Republic. By the end of 2012, Facebook had 4.2 million registered users—almost half of the total Czech population, and at least half of all Czech internet users.

Czech social networks have seen a decrease in the number of users, at least since the beginning of 2009. Nevertheless, those that preceded Facebook, such as Lide.cz, which is associated with the leading portal Seznam.cz, do not seem to be completely defeated, mainly thanks to the language barrier, as many Czechs prefer Czech websites.

Twitter is not much known or widely used, with registered users only in the tens of thousands. There has been a rapid increase of unique visitors to this network since 2009, however, and Twitter is likely to become increasingly important. As far as the video-sharing networks are concerned, YouTube has started to prevail

over the local Stream.cz, run by Seznam.cz. Even so, the two sites' numbers of monthly unique visitors do not differ much: YouTube had 4.2 million visitors in May 2012 (according to Google Ad Planner) and Stream.cz some 2.8 million visitors in December 2012. On average, a YouTube visitor spends 10 times more time watching 10 times more videos on YouTube than does an average Stream.cz visitor, according to ČT24.⁴⁶

Table 19.

The most popular social networks in the Czech Republic, 2012

No.	Social network	Number of users	Source (for number of users)
1	Facebook	3,672,900	Facebook
2	YouTube	n/a	n/a
3	Uloz.to	n/a	n/a
4	Stream.cz	2,499,296	NetMonitor (July, 2012)
5	Lide.cz	925,570	NetMonitor (July, 2012)
6	Blogspot.cz	n/a	n/a
7	LinkedIn	n/a	n/a
8	Twitter	290,000	DoubleClick Planner Estimate (2012)

Notes: Alexa ranks social networks without disclosing exact figures. n/a: not available

Source: Alexa.com

3.1.3 News in Social Media

Social networks in the Czech Republic are used predominantly for personal communication. Political use is still in its infancy, as political parties and politicians have only recently discovered their potential, mostly in the context of the 2010 general elections (see sections 4.4.1 and 4.4.2). The first campaign for a direct presidential election in 2013 represented a breakthrough, as a significant portion of the campaign was conducted on social networks (predominantly Facebook, but also on Twitter, Google+, and YouTube). The strongest Facebook following (with 197,000 supporters) was enjoyed by Karel Schwarzenberg, center-right party TOP 09 candidate and foreign minister, who entered the race as an outsider with 7 percent support, and finished as runner-up with 23.4 percent support. It is worth noting that the winner, Miloš Zeman, with 44,000 Facebook followers, focused his campaign on television debates.

3.2 Digital Activism

3.2.1 Digital Platforms and Civil Society Activism

Civil society groups mostly campaign through educational activities, advancing their causes through mobile exhibitions, film festivals, and documentaries broadcast mainly on public service media. One of the most visible examples of civil society activism is the “One World” International Documentary Human Rights Film Festival organized by People in Need, a foundation affiliated with Czech Television.

46. “Počet uživatelů youtube se za rok zdvojnásobil” (Number of YouTube visitors doubled over a year), 12 February 2010, at <http://www.ceskatel-evize.cz/ct24/media-it/80823-pocet-uzivatelu-ceskeho-youtube-se-za-rok-zdvojnasil> (accessed 7 September 2012).

Since the 1990s, one of the most popular ways for civil society to collect money for a variety of charitable activities and causes—mainly humanitarian and environmental projects—are the so-called “donation sms” (which became known as dms), whereby people can donate money to a charity of their choice, by sms.⁴⁷

Civil society’s use of digital platforms is a new phenomenon, not yet rooted in Czech society. There are a number of websites for civil society organizations, provided or funded by established institutions, such as *Neziskovky.cz*, a non-governmental organization (NGO) that promotes philanthropy through information and educational services. Many initiatives by civil society organizations, citizens’ or other interest groups usually have their own websites and Facebook profiles. One such example is a massive campaign against the current national energy policy launched in 2011 by the environmental NGO *Hnutí Duha* (Rainbow Movement), called *Velká výzva* (A Great Challenge), at *Velkavyzva.cz*, a site linked to the NGO. Another such example of massive mobilization was the nationwide protest in 2011 by doctors at state-run hospitals, *Dekujeme-odchazime.cz* (Thank you, We Are Leaving), against proposed health reforms: the underpaid physicians threatened to leave the country en masse if various demands were not met.

Political parties also use the internet to disseminate their initiatives, but these are mainly negative campaigns. For example, before the 2010 elections, the ODS launched a website against its political opponents, the Social Democrats (*Česká strana sociálně demokratická*, ČSSD). The name of the website, *Cssdprotivam.cz*, means Social Democrats Against You.

Change Your Politicians

Most digital platforms gather small numbers of people directly concerned about the issue at hand. Nevertheless, on the occasion of the 2010 general elections, there was one major civil society movement that can be considered to be relevant to mainstream society. The initiative was called “Vyměňte politiky,” *Vymentepolitiky.cz* (Change Your Politicians), and without any bias against any political party, it appealed to voters to “cross out” politicians they were not satisfied with, for various different reasons (corruption, underperformance, etc.). It was an appeal to the voters to make active use of the electoral system to somehow reduce the power of political parties. This initiative, which also featured on all the major social networking sites, was extensively covered by the offline media as well. The outcome of the 2010 elections showed that this initiative also had a concrete impact, as a high number of long-serving politicians were not re-elected. However, having fulfilled its initial mission, the movement has struggled to find a further *raison d’être* and faces the risk of gradual expiry.

47. See <http://www.darcovskasms.cz> (accessed 7 September 2012).

3.2.2 The Importance of Digital Mobilizations

It can be said that overall online mobilizations do not get significant offline media exposure in the Czech Republic.

Recognizing the vast and constantly evolving possibilities that the internet has brought, there has been a growing interest within civil society to learn how to use digital technologies and new communication tools for campaigning and otherwise engaging citizens.

In 2011, environmental activists used open source mapping technology to prevent the planned massive tree felling in the Šumava National Park, supposedly due to an epidemic of bark beetle, but—critics allege—really because of logging industry interests. The activists involved the local community and volunteers in what has become known as balloon-mapping; they sent a camera up on a balloon or kite to snap photos, and using the application MapKnitter.org, stitched them onto a map. The data collected and the interactive maps that were thus developed enabled environmental activists to create documentation in time to provide a visualized data repository for future reference and possible legal action.⁴⁸

In 2012, in another major case of digital activism, Czech public television's (ČT) New Media Division launched "Crisis Map of the Czech Republic," a citizen journalism project inspired and prompted by the unprecedented involvement of television viewers in helping with the news coverage of the floods in 2010 through Facebook. ČT invited Czech civil society activists with experience in humanitarian and rescue missions, in places such as Haiti and Pakistan, to join this project. The project used the open-source platform Ushahidi.com, a website initially developed to map reports of violence in Kenya after the post-election fallout at the beginning of 2008.

ČT plans to use this platform during crises (such as floods or other calamities) to allow people in affected areas to report, send photographs and videos through social networks, email, or online via a specially created page, Krizovamapa.cz. The information will be categorized, combed through, and verified by professionals involved in the project (rescue experts, humanitarian activists, journalists, and so forth).⁴⁹

In February 2012, a new digital platform, [NášStát.cz](http://NasStat.cz) (Our State), was launched by the Czech Otakar Motejlek Fund, supported by the Open Society Foundations in Prague. This platform's main objective is to use open-source data to fight corruption by improving citizens' access to public information. The website offers public data from various ministries, mainly the Ministry of Finance, in a form that is easy to understand. The website has, for example, sections such as "Where do my taxes go?" or "What does my elected official do?" It also hosts links to similar open-source data initiatives whose number has been steadily growing.

48. Jaroslav Valůch, "How to use online tools for climatic campaigning," Workshop, Creative Gate, Prague, 26 June 2012.

49. Veronika Matyášová, "Krizová mapa Česka: Diváci v roli novinářů při krizových situacích" (Crisis Map of Czech Republic: Viewers in the role of journalists during crisis), 16 February 2012, at <http://www.ceskatelevize.cz/ct24/media-it/164631-krizova-mapa-ceska-divaci-v-rolu-novinaru-pri-krizovych-situacich> (accessed 8 September 2012).

3.3 Assessments

Digitization has definitely contributed to enlarging the news offer and providing opportunities for civil and political activism. It is quite a new area in the Czech Republic, so undoubtedly there is still hidden potential in it, which is yet to be uncovered by media, companies, political parties, and civil society organizations (CSOs). There is growing interest among small groups of activists and journalists for using open-source data as a tool for digital activism as well as investigative reporting. Internet media are already popular in the Czech Republic as more and more people prefer to read news on the internet, even though reliance on traditional paper media or television/radio is still quite high. The question is whether Czech internet users would still prefer online media if they were not for free but with paid access.

UGC and usage of social networks are still underdeveloped in the Czech Republic in comparison with other EU countries. Independent blogging is not yet a typical activity of Czech internet users, even though anonymous contributions to reader forums and similar kinds of platforms are very popular. Unfortunately, thanks to the possibility of remaining anonymous, they often serve as a channel to express vulgarisms or extremist and racist opinions. There is currently a discussion among the mainstream online media and bloggers as to whether these comments should be moderated. Some bloggers (such as those at Motejlek.com/tema/blog) do not allow discussion under their texts.

Having in most cases limited access to regular media, independent citizen initiatives have embraced the internet as their main communication tool. The impact of such initiatives on mainstream society is, however, quite low, due to the fact that most people are simply unaware of them.

4. Digital Media and Journalism

4.1 Impact on Journalists and Newsrooms

4.1.1 Journalists

The journalists interviewed for this report first of all mentioned the technological advances that over the past years have dramatically changed the pace of their work as well as their methods of research and access to sources. Thanks to mobile phones and the internet, information and sources are now more easily accessible than ever before.

Advances in technology have made it much simpler to edit text, audio, and even video on a laptop. Journalists are expected to have more skills, although there are still only a few truly new media journalists in the Czech Republic who are capable of writing, photographing, editing video, and uploading the finished material.

Online technologies and the internet have made many public sources easily accessible. Journalists are learning how to take advantage of open sources, such as various state registries. Inspiration from abroad has also played its part. Among the pioneers of data journalism is iHNed.cz, the online version of the daily *Hospodářské noviny* (HN). Inspired by the *Guardian Datablog*, iHNed.cz has created the “Data iHNed” blog,⁵⁰ focusing on the investigation and analysis of public administration data (such as the Czech National Bank and the Czech Statistical Office), the creation of online visualization, and cooperation with local communities.⁵¹ (For more on open-source data, see section 3.2.) The drawback of data journalism is that it requires journalists to gain new skills in using software and statistics.

On the one hand, technological progress gives journalists more flexibility to work on external contracts for several media outlets simultaneously. Although there are few freelancers, many journalists work part-time for several outlets. On the other hand, such work has all the disadvantages of regular employment without its benefits, in terms of paid vacation and sick leave.

50. See <http://data.blog.ihned.cz> (accessed 20 December 2012).

51. One of the data journalism projects that involved local communities was the map of Prague streets showing where city police were towing away cars more and where less.

Publishers and media owners want more, faster, and cheaper original content. Jakub Unger, founder and former editor-in-chief of one of the most progressive online news servers, Aktualne.cz, praises online journalism for its low production costs, which allow online portals to invest almost 90 percent of their income in employees.⁵²

More than 20 years after the Velvet Revolution of 1989, which toppled the communist regime in the former Czechoslovakia, journalists are still reluctant to unite in professional membership organizations and unions, which are still viewed as relics of the socialist era.

The lack of journalism training and recognized professional organization continues to present problems. The negative impact of this situation is the spread of what has become known as “Google journalism,” with content culled from web searches and void of original reporting and interviews, according to Unger.⁵³

Traditional newsrooms have been faced with cost cutting along with the need to produce news for a growing number of online platforms within the same media company. Media outlet projects focused on regional news, multimedia, and citizen journalism have not survived, but existing media outlets have been slowly turning their newsrooms into modern multimedia news production facilities.

Spring 2009 saw the launch of the most ambitious media convergence project in the country. The Prague-based PPF, one of the largest international financial and investment groups in Central and Eastern Europe (CEE) by sales revenue, launched a network of 150 hyper-local weeklies, 900 websites, and 90 news cafés called Naseadresa.cz (Our Address). After having invested some CZK 200 million (US\$ 10.3 million), PPF shut down the operation after a year, following mounting losses.⁵⁴ The project was based on the assumption that there was a growing hunger for local information, while the demand for national and political reporting was falling (see section 3.3.1).

The local teams working in “hyper-local” newsrooms functioning in local internet bistros were supported by a central newsroom, Futuroom, which produced news combining text, pictures, audio, video, and interactive graphics. Approximately 40 journalists working in Futuroom were supposed to provide national and international content to the network of the hyper-local online and print media. The Futuroom was also designed to serve as an international training facility for multimedia news production, and to fill in the gap in multimedia training in CEE. Partners in this project were companies such as Google, WEF, and Atex (see section 3).

52. Interview with Jakub Unger, Prague, September 2012.

53. Interview with Jakub Unger, Prague, September 2012.

54. “PPF group analyzed the one-year pilot phase of the hyper local news project and decided not to take part in it,” at <http://ekonomika.ihned.cz/c1-46080590-ppf-konci-s-lokalnim-zpravodajstvim-prodala-ho-novemu-investorovi> (accessed 15 December 2012).

4.1.2 Ethics

Ethical and professional standards in Czech journalism still lag behind Western European best practice. After 1989, the Czech media at first did not feel the immediate need to adopt formal codes of ethics. The emergence of tabloid media in the mid-1990s sped up the process of adopting such codes, mostly because these publications were championing sensationalistic content, often at the cost of blatantly breaching basic rules of ethical behavior observed in the profession. Most of the internal codes of ethics, in the print, electronic, and online media started to be introduced after 2000. Most focus primarily on issues such as breach of privacy, conflicts of interest, bribes, plagiarism, deception, and personal involvement in a story being reported.

Traditional media are under greater pressure from their owners to produce much more exclusive content. New channels of communication have been forcing traditional media to put increased emphasis on the fast publication of a story, which raises more worries about the ethical standards violated because of this.

It is quite common, especially in the case of online reporting, for media to copy one another without verifying or attributing the original sources, or doing any additional reporting. This often leads to superficial reporting and in worst-case scenarios to disinformation that can seriously harm people who are covered in a story.

Factual mistakes and disinformation are some of the main characteristics of existing online media reporting. At times, even fictional stories get published by many news servers as well as by the national media. Such was the case with a story about the new Roma political party's treasurer, who reportedly ran away with all the party's cash. The story was never verified and it turned out that neither the party nor the treasurer ever existed.⁵⁵

According to the code of ethics of Aktualne.cz, the third most popular online news portal by number of visitors and an outlet praised for its high-quality journalistic content, objectivity must be achieved by “giving space to all parties concerned or making a maximum effort to give space to all parties involved within the available timeframe.”⁵⁶ This almost appears as if the online media are aware of their constraints and are trying to find a way out of taking responsibility.

The Czech Republic is still lacking a strong media watchdog that can oversee the ethical standards in news reporting. The socialist-era journalists had compromised themselves, and media often began to be managed by young and inexperienced people without professional journalistic training. Formal journalistic training is still not viewed as a big or necessary asset by editors or managers. Journalistic training is rather sporadic, mainly initiated by civil society organizations (CSOs) focusing on human rights issues.

55. Interview with Filip Rožánek, New Media editor, Český rozhlas, May 2011.

56. The Code of Ethics of Aktualne.cz can be found at <http://aktualne.centrum.cz/blogy-a-nazory/clanek.phtml?id=747>.

4.2 Investigative Journalism

4.2.1 Opportunities

Since 2000, journalists in the Czech Republic have begun to gain more influence over the government and society at large. Several well-known investigative journalists are cherished by their media outlets.⁵⁷ A few outlets—such as the magazine *Respekt* and the online daily *Aktualne.cz*—allow reporters to undertake long-term investigations.

Most investigative reporting focuses on uncovering corruption and political scandals, and is published in traditional print media or aired on television. However, new platforms are beginning to be used. *Insider*, for example, a digital evening paper linked to *Aktualne.cz* and available to subscribers only for CZK 990 (US\$50) a year, markets itself as “an investigative, analytical online paper, with taking a behind-the-scenes approach to the daily news.”

Data-mining journalism is also used increasingly, for example, to investigate corruption and other malpractices through open-source data (see section 4.1).

Despite these positive trends, media insiders agree that Czech investigative journalism needs to be strengthened. Its impact on society has not been researched, and it is inherently difficult to estimate. It is clear, however, that most of the corruption cases uncovered by the media do not end in court.⁵⁸

4.2.2 Threats

Although digitization and new technology have slashed the cost of investigative journalism, budgets for investigative work have become tight.

Early in 2009, Sabina Slonková, with *Aktualne.cz*, was fined CZK 20,000 (approx. US\$ 1,000) for refusing to disclose her sources to the state prosecutor. In February 2008, the online news portal *Aktualne.cz* had posted CCTV footage from Prague’s Hotel Savoy and leaked it to Slonková. The footage showed a meeting between Jiří Weigl, chief of staff to then President Václav Klaus, and Miloslav Slouf, a lobbyist with alleged links to the Czech underworld, shortly before the last Czech presidential election. *Aktualne.cz* paid the fine imposed.

Soon after this incident, Parliament voted to amend the Criminal Code with Act No. 52/2009, which came into force on 1 April 2009. It introduced jail sentences of up to five years, or a fine of up to CZK5 million (US\$ 260,000), for journalists making use of the sort of information that is now often employed in

57. Such journalists include Jaroslav Kmenta from the daily *Mladá fronta Dnes*, at <http://www.kmenta.cz/cz/>; Sabina Slonková from the online news portal *Aktualně.cz*, at <http://aktualne.centrum.cz/autori/profil.phtml?slug=sabina-slonkova>; Janek Kroupa from the daily *Mladá fronta Dnes*, formerly of Prima TV and Nova TV; and Jaroslav Spurný from the weekly *Respekt*.

58. Petr Jansa, Radim Bureš, et al., *National Integrity Study—Czech Republic*, Transparency International, at http://www.transparency.cz/doc/projekty/NIS_report_English/NIS-CZ-11-Media.pdf (accessed 23 January 2013).

investigative journalism, such as police wiretaps. Nicknamed the “muzzle law,” the new law provoked heated debate in the media and in society. It was criticized by the OSCE Representative on Freedom of the Media:

The problem of the law is its restrictive nature towards the freedom of expression and of dissemination of information, which can be limited only in cases “necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.” (Art. 10 of the Convention for the Protection of Human Rights and Fundamental Freedoms, similarly Art. 17 of the Czech Charter of Fundamental Rights and Liberties)⁵⁹

The law was amended at the beginning of 2011 to ameliorate its negative impact. One amendment permits the publication of information obtained through wiretapping if the public interest trumps the protection of privacy. The final decision in such cases rests with the courts.

4.2.3 New Platforms

Online investigative reporting carried out through blogs or other new media platforms has become a trend over the past few years. The two such most prominent websites publishing investigative content are Motejlek.com and Ceskapozice.cz. They both claim to cover issues with greater integrity and independence than mainstream media, but can hardly be categorized as investigative reporting websites. Both claim to pursue independent, investigative reporting, uncovering corruption. Often in the Czech Republic, exclusive content is understood by journalists as investigative journalism.

Motejlek.com, the personal website of the financial reporter Miroslav Motejlek, is a well-known and respected source of inside business information for a number of financial reporters who work for major newspapers and magazines. Mr Motejlek became the most successful online blogger in the area of finance. His subscribers are chiefly the business sections of major newspapers and magazines in the country, as well as other businesses such as the analysis departments of some banks. The yearly subscription for Motejlek.com costs €400 (US\$ 520), and his blog is frequently quoted as a source in many financial stories. He also represents an example of a successful business model for online journalism (see section 6.3).

4.2.4 Dissemination and Impact

The new media outlets mentioned in section 4.2.3 show that digitization has opened a whole new spectrum of opportunities for disseminating investigative, and in particular, niche reporting, such as exclusive news content sought by specific audiences such as businessmen and decision-makers. It also shows that there is actually a market for investigative reporting. They also indicate that there is potentially a successful business model for online investigative media outlets.

59. See HDIM.DEL/0506/09, 7 October 2009, at <http://www.osce.org/odihr/39500> (accessed 30 January 2012).

Recently, political corruption and scandals involving major businesses have appeared much more regularly on websites as well as print editions of major newspapers and magazines. There is even an audience, albeit still small, willing to pay for good-quality investigative reporting, especially when it comes to business and financial news.

4.3 Social and Cultural Diversity

4.3.1 Sensitive Issues

The Czech Republic is a homogenous country. There is a general lack of knowledge and understanding of issues related to minority integration processes among the majority of society, which presents dangers of populism, xenophobia, and intolerance. One of the most sensitive issues in terms of social and cultural diversity for Czech society has traditionally been the Roma ethnic minority. Roma (derogatorily known as “Gypsies”) are the most frequent targets of racist discourse by politicians as well as the general public.⁶⁰ After the 2004 admission of the country to the European Union, immigration and issues related to foreigners became part of Czech social discourse.

The Roma community has been traditionally viewed by society and portrayed by the media as a homogenous, peculiar group with similar characteristics, difficult to integrate into mainstream society. Non-governmental organization (NGO) representatives have documented the fact that Roma or foreigners are automatically associated by the general public—and also the authorities—with criminality, an association that has been cemented by the stereotypical language used by the media. Crimes perpetrated against the Roma or foreigners by Czechs tend to be downplayed by both the authorities and the general public.⁶¹

Besides the Roma, other sensitive topics are foreigners and migrants.

4.3.2 Coverage of Sensitive Issues

There are no generally accepted standards or regulations regarding media coverage of minorities in the Czech Republic. Minority rights are protected by several sections of the Czech Criminal Code.⁶² Section 352 of this code prohibits violence against a group of inhabitants and individuals; Section 355 prohibits the defamation of a “nation, race, ethnic or other group of persons,” including on the grounds of an individual or group’s “real or perceived race, membership of an ethnic group, nationality or political or religious convictions or lack thereof;” in this case, racist motivations can only be considered as an aggravating circumstance where the offence was committed via the press, film, radio, television, a publicly accessible computer network, or another similarly effective means.

60. “ECRI Report on the Czech Republic, 2009,” at http://www.coe.int/t/dghl/monitoring/ecri/country-by-country/czech_republic/CZE-CbC-IV-2009-030-ENG.pdf (accessed 25 June 2012).

61. Interview with Lucie Medková, project manager, Organization for Aid to Refugees (*Organizace pro pomoc uprchlíkům*, OPU), 13 June 2011.

62. Penal Code, Act No. 40/2009 Collection of 8 January 2009.

The Press Code holds publishers accountable for the content in their publications. Protection of minority rights is embedded in various forms in the ethical codes of all major media outlets. The code of ethics followed by the public service media is the most specific when it comes to the protection of minorities. Another such example of a code of ethics covering in detail the rights of minorities is the code of the daily *Lidové noviny*, which forbids its reporters, among other things, to use phrases such as “drunk Roma” or any other defamatory comments about Sudeten Germans, Vietnamese, Kurds, or members of any other national minority.”⁶³

Roma and minority issues in general are marginalized in the media. There is a general perception even among mainstream journalists of the Roma as an inadapted group with criminal tendencies. Reporting on minorities has, however, progressed since the 1990s; today it is, for example, unacceptable according to editorial codes to refer to the ethnicity of criminal delinquents in the mainstream media. Editors and journalists, however, are more aware of how to cover minorities in theory: in practice they do not know how to handle such issues and tend to avoid covering them or often marginalize them.

Media coverage of Roma issues reflects the social complexity of the issue. Several Czech journalists understand Roma issues and have covered them for many years, respecting all journalistic ethical and professional standards. There is also a new generation of young journalists who studied abroad and are aware of ethical standards and unbiased reporting. On the other hand, there are still many journalists who are not well trained and easily succumb to the stereotypes of mainstream society.

In 2012, Hana Čápková wrote about Czech media coverage of Roma issues in the magazine *Respekt*:

Increased public interest in Roma issues, especially those fitting the stereotypes—Roma threatening their orderly surroundings—are also copied by the media. With unprecedented enthusiasm and seriousness, they plunge into covering the events that deserve rather a mention in the “Black Chronicle” section of the local news pages. Keywords “Rom,” “social benefits,” and “attack” are popular.⁶⁴

According to Martin Kontra, a journalist and editor who has covered Roma—and minority-related—issues since the 1990s, editors and media in general in the Czech Republic are not always biased against minorities; rather, they are still learning how to cover this topic. Editorial guidelines and training on reporting such issues are still lacking.

63. Renata Buchalová and Eva Vernerová, “Nečitelní cizinci” (Unreadable Foreigners), Theses, Jihočeská Univerzita, at http://theses.cz/id/vxr22z/downloadPraceContent_adipldno_4137 (accessed 14 June 2011).

64. Hana Čápková, “Zle matičko, zle—Zprávy o pobodaných a zbitých Čechách se množí. Ale často nejsou, čím se zdají být” (Reports of Czechs stabbed and beaten are multiplying but they are often not what they seem), *Respekt*, 12 December 2012, at <http://respekt.ihted.cz/c1-54664270-zle-maticko-zle> (accessed 15 December 2012).

4.3.3 Space for Public Expression

According to the Broadcasting Act and the Czech Television Act, the broadcast media are obliged to strike a responsible balance in reporting and, in particular, not to instigate intolerance. This being said, commercial broadcasters continue to have no specific public service obligations imposed by legislation, such as requirements to air regional or minority programming.

There are no special quotas for minority programming on Czech public television. One of ČT's main tasks, stated by law, is "the development of the cultural identity of the inhabitants of the Czech Republic, including members of national or ethnic minorities." The station's ethical code also states that ČT must emphasize in its programming the importance of minority genres and topics that other stations do not cover at all or only to a limited extent. Thus, Czech public television is obliged to devote part of its broadcasting to topics related to senior citizens, people who are ill or have disabilities, people living in poverty, young families, and national or ethnic groups.

The ČT code of ethics states that another primary function of Czech public television is to create programs "able to attract a large proportion of the public while remaining sensitive to the needs of minority groups."⁶⁵

As much as the internet has opened up a public space for minority groups, it has also played host to broader and louder nationalistic and xenophobic voices. CSOs working on minority issues have drawn attention to the trend of overwhelmingly negative and defamatory comments on magazine and newspaper websites. This being said, the state authorities have sponsored a number of projects for digital inclusion by civil society groups that aim at countering these waves of xenophobia and nationalism.⁶⁶

According to the Ministry of Interior's report on extremism in the Czech Republic, the internet is the main tool of right-wing extremists for spreading their ideology (including sharing videos and visual material):⁶⁷

The internet became the number one propaganda platform for right-wing extremists [who] significantly increased their activities within the [internet] discussion forums and social networks, especially Facebook. These communication tools represent a very simple way for right-wing extremists to actively communicate and present their ideas. The apparent anonymity of the internet makes it possible to express otherwise muted racist, anti-Semitic and other intolerant attitudes.

65. Czech Television, "Kodex Česká Televize, zásady naplňování veřejné služby v oblasti televizního vysílání" (Czech Television Code, principles of fulfilling public service in the area of television broadcasting), Prague, 2003, pp. 3–4, available (in English) at <http://www.czech-tv.cz/english/pdf/code.pdf> (accessed 10 May 2005).

66. The best-known projects for digital inclusion are: Multicultural Centre Prague (Migrationonline.cz), Euraxess.cz, Brno Expats Forum (Brnoexpats.com), Office for International Studies, Masaryk University (Czs.muni.cz/en/in/home), Britské Listy, Focus on the Czech Republic (Czechfocus.cz), Museum of Romani Culture (Rommuz.cz), Ministry of Labor and Social Affairs of the Czech Republic (Cizinci.cz), Roma Global Stories (Roma.globalstories.org), Romea (Romea.cz), International Organization for Migration (IOM), based in the Czech Republic (En.domavcr.cz), and Meta Inclusive School (Inkluzivniskola.cz).

67. Ministry of Interior of the Czech Republic, "Zpráva o problematice extremismu na území České republiky v roce 2010 a vyhodnocení koncepce boje proti extremismu v roce 2010 a ke koncepci boje proti extremismu v roce 2011" (Report on extremism in the Czech Republic in 2010 and evaluation of the concept of the fight against extremism in 2010, and the concept of the fight against extremism in 2011), Prague, 2011, p. 9.

In connection with the use of social networking there has been a relatively new phenomenon, of creating discussion groups and forums concerning socially sensitive topics to which extremists as well as ordinary citizens contributed. In essence, this phenomenon contributed to the hidden popularization of extremist views and their public dissemination.

4.4 Political Diversity

4.4.1 Elections and Political Coverage

In the Czech Republic, the digitization of the media has not triggered any changes in the regulation of election media coverage. The conditions for media coverage of elections are enshrined in electoral laws: the Law on Parliamentary Elections (both of the Lower House and the Senate), the Law on Election of the President, and the Laws on Regional and Municipal Elections. A recurrent provision in all the electoral laws is a ban on the publication of election polls three days or less before the polls open. Both printed and online media are treated in the same way, and there is no difference between them in this regard.

Laws regulating media coverage of elections include: the Charter of Fundamental Rights and Freedoms (Article 17.3), prohibiting censorship; the election laws (Article 16.3 for Parliamentary elections and Article 35.5 for Presidential elections), requiring each of the publicly funded broadcasters (ČT and ČRo) to offer a total of 14 hours of free airtime between the 16th day before elections and 48 hours before elections for electoral campaigning (this number of hours must be equally divided between all parties registered with the State Election Commission; specific times and dates for each party's free time is decided by lot and responsibility for the content of the party spots lies solely with the parties).⁶⁸

The Broadcasting Act obliges all broadcast media to provide objective and balanced information on political parties and forbids preferential treatment of any political party (Article 31-2.3). It expressly prohibits all broadcasters in the country from running advertising by political parties and independent candidates—penalties for non-compliance range from € 250–250,000 (US\$ 325–325,000). Private electronic media are only allowed to cover election-related issues as part of their regular programming (debates, interviews, talk-shows, etc.) and to cover the electoral campaign in their news and current affairs programs, respecting all the norms on objective and neutral coverage.

In contrast, print media are allowed to offer paid political advertisements without any restrictions, provided the same conditions are applied to all parties without discrimination.

4.4.2 Digital Political Communications

Digital media development has greatly influenced political communication in the Czech Republic. The internet has become a common tool of political campaigns, including the use of social networks. Politicians

68. Czech election-related laws can be found at <http://www.mvcr.cz/clanek/pravni-predpisy-65479.aspx> (accessed 4 March 2011).

have recently become active in writing their own blogs on news websites such as iDNES.cz and Aktualne.cz, presenting their political views in a more open way than in the traditional media. Websites profit from this because politicians provide them with commentaries and texts free of charge.

As traditional media are often perceived as biased in favoring one or another political party, or closed to independent opinions, alternative websites covering Czech politics and advocating fundamental changes in Czech political life and systems have been mushrooming in recent years. Most of them are financed by private foundations including the Open Society Foundations (OSF). Some of them mainly just cover political news (Parlamentnilisty.cz and Ceskapozice.cz); others look more thoroughly at Czech politicians and parties and analyze them. For example, Jakhlasovali.cz specializes in voting behavior analyses. Some offer guidelines for elections (Kohovolit.cz), and others let readers rank politicians and parties or organize virtual elections (I-volby.eu). Politicians and parties can run their profiles on those websites, too.⁶⁹

Digital media are contributing to political diversity in the Czech Republic. Nevertheless, their impact is still quite limited as traditional channels of political communication and media prevail.

4.5 Assessments

Journalists agree that during the past decade the way in which the news is produced has changed drastically. Newsrooms are more or less successfully pursuing media, technological, and organizational convergence. The initial enthusiasm and trust in online growth was put on hold by the lingering financial crises in the Czech Republic.

The combination of technological change and financial crises affected journalists in particular, as many of the large publishing houses resorted to lay-offs in a move to stave off financial losses. Digitization provided journalists with technological gadgets to get easier and faster access to sources, but at the same time they have been increasingly put under the pressure of a nonstop news publication cycle. One danger from this pressure is the growing tendency to publish without proper verification of information from primary sources.

Recent new journalistic initiatives have been launched in the Czech Republic in a move to provide alternative sources of solid journalism. They bring fresh hope for a new era of digital, financially sustainable, investigative journalism models.

The sole digitization-related legal development was new legislation passed by Parliament in 2009 that has become known as the “muzzle law” (see section 4.2.2).⁷⁰ It prohibits publication by any media of information

69. “Stále nevíte, koho volit? Po internetu koluje návod, jak se rozhodnout” (You still don’t know whom to vote for? There is a guideline on how to make your decision on the internet), IHNED.cz, at <http://volby.ihned.cz/c1-43796520-stale-nevite-koho-volit-po-internetu-koluje-navod-jak-se-rozhodnout> (accessed 4 March 2011).

70. Act No. 52/2009.

acquired from police wiretaps. However, the chilling effect of this law has been tempered by the government's decision to introduce an exception if the information obtained in this way proves to have been the public interest.⁷¹

Civil society organizations (CSOs) have been working to use digital platforms as a tool to close the gap between minorities and mainstream society, but at the same time the internet helps to spread extremist and nationalist voices rapidly.

There have been no changes in the legal regulation of election coverage or politics in general prompted by digitization. The digital media have established themselves as specific communication tools that contribute to more political diversity, but their impact is still limited in comparison with traditional media.

71. "Vláda chce zmírnit 'náhubkový' zákon, bič na novináře" (Government wants to relax the "muzzle act," scourge of journalists), Aktualne.cz, at <http://aktualne.centrum.cz/domaci/politika/clanek.phtml?id=687844> (accessed 4 March 2011).

5. Digital Media and Technology

5.1 Broadcasting Spectrum

5.1.1 Spectrum Allocation Policy

Digital switch-over is regulated by the government's administrative order 161/2008 Collection on the Technical Plan of the Digital Switch-over (TPDS). According to the Regional Agreement GE06 (the Geneva 2006 Final Acts of Regional Radiocommunication Conference (RRC06) of the ITU and its Regional Agreement GE06), the Czech Republic is enjoying a generous allocation of frequencies.⁷²

The transmission networks are regulated by the Czech Telecommunications Office (*Český telekomunikační úřad, ČTÚ*), which divided the spectrum among four digital multiplexes. When tenders were opened for multiplex operators in 2006, the level of interest was much lower than anticipated. Multiplexes 1 and 2 went to the privately owned transmission operator České Radiokomunikace, multiplex 3 to the privately owned Czech Digital Group, and multiplex 4 to the telecoms operator Telefónica O2. Currently, three of the four multiplexes belong to České Radiokomunikace, which in autumn 2010 took over the multiplex from Czech Digital Group, which went out of business then, and multiplex 4 is not being developed as Telefónica O2 froze its investments.

At the beginning of the digital multiplex rollover process, the Czech government planned to build a new, second network of transmitters, but later rejected it as too costly and time consuming. Under these circumstances, České Radiokomunikace now holds a monopoly in setting prices for the use of digital multiplexes by television broadcasters, albeit under close scrutiny by the ČTÚ.

The digitization of terrestrial television was hindered by intensive lobbying by the two established analog commercial stations, TV Nova and TV Prima, which had themselves started the digitization process rather late. They lodged after 2006 several complaints during the licensing of digital stations by the broadcast regulator, the Council for Radio and Television Broadcasting (*Rada pro rozhlasové a televizní vysílání, RRTV*), and initiated a couple of litigations against the Council to delay the process.⁷³

72. See http://www.ctu.cz/1/download/Mezinarodni%20aktivita/konecna_zprava_RRC_04_06.pdf (accessed 15 December 2012).

73. For details, see OSI, *Television Across Europe*, 2008, chapter on the Czech Republic.

The reason for these efforts was the broadcasters' fears that digitization would allow for more competition in the Czech television market, which would eat into their advertising revenues. The established commercial television operators thus managed to postpone the process by two years, helping to push some of the newly licensed broadcasters out of the market even before they had launched operations (Z1 TV and TV Febio).

Moreover, the lack of interest from established commercial broadcasters in airing digitally led to a situation where the multiplex operators could not, according to the law, conclude long-term contracts with other potential clients, as the frequencies reserved for established broadcasters by law had to be retained. As such, the TPDS was finalized only in August 2008 after both TV Nova and TV Prima agreed to it.

In contrast, following the TPDS, multiplex 1 hosting the public service television, ČT, started to operate successfully.

The deadline for the digital switch-over was set for 11 November 2011, with the exception of the Jeseník and Zlín areas, where another deadline—30 June 2012—was imposed because of special technical conditions. A gradual switch-off of analog broadcasting has been taking place since mid-2008. The TPDS envisaged up to 16 established and new television channels to operate digitally. Currently, multiplex 1 covers 96.5 percent of the Czech Republic and full nationwide coverage is expected to be achieved, according to the TPDS. Multiplex 2, airing the channels TV Nova, Nova Cinema, Prima, Prima Cool, and TV Barrandov, covers almost 78 percent of the country and is expected to reach 98 percent coverage.

Multiplex 3 is developing at a slower pace, covering at the time of writing some 61 percent of the country with at least 96 percent coverage envisaged by the TPDS. Multiplex 4 covers somewhat more than 22 percent of the country, but is not transmitting at all now as its operator, Telefónica O2, has failed to secure contracts with broadcasters; it has been generally referred to as “the sleeping multiplex.” In 2012, Telefónica O2 transferred the rights for multiplex 4 to the company Digital Broadcasting.⁷⁴ The transfer was approved by the ČTÚ.

The digitization of radio broadcasting differs from that of television. The digitization of television broadcasting is a state-managed process with the analog broadcasting switch-off coordinated at state level. With the exception of the Czech public service radio, ČRo, commercial radio broadcasters are not keen to go digital as it only raises their expenses without bringing any benefit. However, commercial radio broadcasters jointly lobbied the lower house of Parliament (Chamber of Deputies) to have their existing analog licenses automatically renewed until 2025, with the promise to present to Parliament by that date their own plan for digital switch-over. Parliament agreed to the proposal, and what have become known as transition licenses have already been issued to several broadcasters. Thus, the Czech radio market has been closed to any newcomers.

The digital dividend (meaning the extra spectrum released by switching over from analog to digital broadcasting) falls within the 790–862 MHz spectrum and is reserved for broadband mobile services, as

74. Telefónica O2, Press Release from 25 January 2012, at http://mobile.o2.cz/osobni/200437-tiskove_zpravy/274599-Telefonica_prevadi_prava_ke_4_digitalnimu_multiplexu_na_spolecnost_Digital_Broadcasting.html (accessed 15 September 2012).

recommended by the EU.⁷⁵ As in other EU countries, the dividend was supposed to become available by January 2012. The digital dividend became available even earlier. The ČTÚ has been running a series of workshops dedicated to the use of the digital dividend since 2008; the process has been closely scrutinized and covered by specialized media.⁷⁶

5.1.2 Transparency

The ČTÚ has been considered transparent and unbiased in the distribution of multiplexes among network operators via public tenders. The content licenses are awarded by the content regulator, the RRTV. Relations between the two regulators have changed: the power struggle ended when a new management was appointed at both institutions. They now cooperate more than in the past.

Developments in the digitization of radio broadcasting, with switch-over postponed until 2025, have complicated the ČTÚ's efforts in this segment. As spectrum had to be used by a certain date, in parallel with Parliament's decision to postpone digitization until 2025 after lobbying by the incumbent commercial broadcasters (who agreed to support digital switch-over, including state support for digitization),⁷⁷ the ČTÚ launched a first tender for digital radio broadcasting networks in 2010. Neither of the two companies which participated in the tender was selected, in one case because of formal mistakes in the application, in the other because the application was thin in terms of substance. The selected frequencies then went to public auction, when the last to bid, České Radiokomunikace, offered a price above the ČTÚ's expectations.

Public tenders to license regional digital radio broadcasting networks operators followed. There were at least three competitors in 10 of the 13 regions in the country. The ČTÚ selected operators in all of them. In most of the regions, Teleko Company, which has been testing digital radio broadcasting for 10 years in Prague, received the license. A public tender to select the operators who will run the radio broadcasting networks in the main cities at county level was underway at the time of writing. To prevent any one operator achieving a dominant position in the regions, a company that succeeds in a regional tender cannot take part in the competition for the corresponding metropolitan broadcasting license.

5.1.3 Competition for Spectrum

There has been no major competition for spectrum in the Czech Republic as part of multiplex licensing. But this was mainly due to the low interest in taking over the management of such multiplexes and to the scarce expertise of this kind.

75. Decision 2010/267/EU, and according to the Commission's Recommendation of 28 October 2009 facilitating the release of the digital dividend in the European Union.

76. The documents and recommendations can be found at <http://www.digitalni-dividenda.cz/en> (accessed 15 December 2012).

77. Interview with Jan Potůček, editor-in-chief, Digizone.cz, Prague, May 2011.

5.2 Digital Gatekeeping

5.2.1 Technical Standards

The digital technical standard adopted in the Czech Republic was partly based on the recommendation of the European Commission, but was largely the outcome of competition and commercial decisions taken by the broadcasting networks operators, according to the experts interviewed for this report. Currently, the ETSI EN 300 744 V1.5.1 standard for digital terrestrial television broadcasting used in the Czech Republic primarily supports the signal coding in MPEG-2 and DVB-T standard most of the receivers in the EU can decode. One of the main reasons for selecting this standard is the affordable price of the set-top box (STB) compliant with this standard, around CZK 2,000 (US\$ 110).

5.2.2 Gatekeepers

Charging prohibitive fees for access or any other problems related to control of access to digitally broadcast content has not materialized in the Czech Republic. Providers of cable televisions and IPTV operators were obliged to comply with must-carry rules and have to provide digital terrestrial broadcasting in the package of their services free of charge. The must-carry obligation ended on 30 June 2012, when the last analog transmitter was switched off. Charging fees for access does not seem to be a future option either, according to the experts interviewed for this report, as Czech consumers are unwilling to pay for specialized channels. Another factor that will discourage charging of fees for access is the high-quality and wide coverage of the digital broadcasters in multiplexes 1 and 2.

Other experts see the introduction of paid access as the only way to move forward with multiplexes 3 and 4.

5.2.3 Transmission Networks

As far as division of spectrum is concerned, the transmission network operators have not intervened directly. Spectrum distribution was carried out according to rather the size of the market and the funding available. The financial resources required to run a nationwide digital broadcast operations are still enormous and only affordable for large companies. As a result, some digital broadcasters, such as Z1 TV, went bust; others cannot start operations for the same reasons despite being licensed to do so (Febio TV and Pohoda TV).

Moreover, transmission network operators are closely monitored by the ČTÚ, according to the Law on Electronic Communications. They have to, for example, publish their long-term price offers.⁷⁸ The transmission network operator České Radiokomunikace, which gained control over multiplex 3 in December 2010, made it clear that it wanted to clear the multiplex to allow solvent clients to operate and thus pushed Z1 TV out of the multiplex—and thus the market—as the broadcaster refused to conclude a long-term contract under the conditions offered by České Radiokomunikace. Multiplex 3 currently runs the third channel of TV Prima only.

78. Act on Electronic Communications 127/2005 Collection.

5.3 Telecommunications

5.3.1 Telecoms and News

There are about 70 companies active in the Czech cable television market, but only a few offer data transmission services. The main reason for this is the high level of investment needed for the necessary technical equipment to carry data. Therefore, only cable companies with a large number of clients and which enjoy fast returns on investment (ROI) can afford to offer data transmission.

Some small companies in this market lease out their data transmission networks for a fee. Moreover, cable television providers were bound until June 2012 by must-carry rules, and have to provide digital terrestrial broadcasting in the package of their free-of-charge services, which further makes dents in their revenues.

The latest iteration of the must-carry rule was implemented by the regulators RRTV and ČTÚ. This is the 2012 amendment of the broadcasting law, which allows the regulators to publish the list of television channels in the free-to-air package—not only public service channels, but also licensed channels including TV Nova, Prima TV, and TV Barrandov.

The impact of the cable market on the availability of media content and news has not been substantive so far, but the situation can change in the future. The role of telecoms companies in the distribution of media content and news has been increasing. All three telcos in the Czech Republic (Telefónica O2, Vodafone, and T-Mobile) offer IPTV services, which are regulated in the same way as television services offered by cable operators, including must-carry regulations.

5.3.2 Pressure of Telecoms on News Providers

There has been no evidence of pressure by telecoms on news providers.

5.4 Assessments

With the main responsibility for allocating spectrum to the transmission network operators resting with the ČTÚ, the process has not been widely politicized, and has been kept transparent. Parliament's recent decision to renew the licenses of the incumbent radio broadcasters until 2025 was largely the result of intensive lobbying. As a *quid pro quo*, the broadcasters agreed to support digital switch-over with all its consequences, including state support for digitization.⁷⁹

The attempt in the early days of the digitization planning process by the content regulator, the RRTV, to also control the distribution of spectrum and the licensing of multiplexes failed following a series of clashes

79. Interview with Jan Pořůček, editor-in-chief, Digizone.cz, Prague, May 2011.

with the telecoms regulator, the ČTÚ. The latter managed to defend its control over the frequency allocation process, and this prevented the whole process from being biased.

The market proved to be less robust than expected. As a result, there is only one transmission network operator in the digital television transmission market, namely České Radiokomunikace, which operates three out of the four digital multiplexes. On the other hand, multiplex operators are being closely scrutinized by the ČTÚ as far as pricing conditions are concerned.

The digitization of television broadcasting has been largely influenced by the established commercial television stations, which managed through aggressive lobbying to delay this process and prevent new actors from entering the market. Television digitization was supposed to boost pluralism and liberalization of the market, increasing program diversity and increasing the number of broadcasters in the market. This goal has not been wholly achieved. The program offer is broader today than in 2005, but it is supplied by the same established analog broadcasters. Instead of two channels, the public service television operator now shows four; instead of one channel, the commercial channel TV Nova today airs six; and instead of one channel, Prima TV now offers five.

Out of the original six new digital television license holders, there is only one operating nationwide (TV Barrandov). Paradoxically, the digitization process not only helped established broadcasters to defend their market positions, but it allowed these operators to strengthen them.

The public interest is defined on the basis of EU legislation⁸⁰ and is thus embedded in Czech legislation and the government's administrative orders. There have been several public consultations on the issue of white space and the digital dividend involving different stakeholders, including civil society. There are several specialized media (such as Lupa.cz and Digizone.cz) following the process closely and monitoring how state authorities guard the public interest during the process of digitization.

80. See "2008/2099(INI): Reaping the full benefits of the digital dividend in Europe: A common approach to the use of the spectrum released by the digital switchover," at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2008-0451+0+DOC+XML+V0//CS> (accessed 13 May 2013).

6. Digital Business

6.1 Ownership

6.1.1 Legal Developments in Media Ownership

The Czech Republic media market has few ownership restrictions. Foreign ownership is not limited, and the bulk of the capital in the media is in foreign hands.⁸¹ In 2006, the amendments to the Broadcasting Act⁸² introduced provisions on preventing cross-ownership between the operator of an electronic communications network and the holder of a broadcasting license. This provision represents the strongest legal limit restricting cross-ownership in the media. The Broadcasting Act also sets limits on horizontal and cross-media concentration by not allowing a single entity to hold a license for more than one nationwide terrestrial television or radio station (defined as reaching more than 70 percent of the population).⁸³ There are no other limits on cross-media ownership involving potential mergers between print and broadcasting sectors.

Like other industries, the Czech media market is also regulated by the Economic Competition Act, which forbids the abuse of a dominant position in the market. The act defines “dominant position” as having a share of 40 percent of the market or above. All mass media are considered a single market.

6.1.2 New Entrants in the News Market

The Czech television market has been dominated by the commercial station TV Nova, currently owned by U.S. Central European Media Enterprises (CME), a media company operating across Central and Eastern Europe that was founded by Ronald S. Lauder in 1994.

Although digitization was expected to increase the number of television players significantly, this has not happened. Out of the six new digital channels licensed back in 2006, only one, TV Barrandov, had a good start and is now on air. Febio TV, another channel licensed that year, has not yet gone on air, whereas TV Pohoda, another licensee, began broadcasting only in June 2012. However, none of these channels is a major player in the news market. The sole new private news channel that was licensed in 2006 to air digitally, Z1,

81. OSI, *Television Across Europe: Follow up Reports*, 2008, p. 35.

82. Act of 25 April 2006, which amends the Broadcasting Act.

83. Broadcasting Act of 2001.

folded in January 2011 after less than three years on the market. Z1 was an all-news channel, set up and financed by the local financial group J&T. The investor in this station decided to pull the plug following two years of galloping losses. The failure of Z1 was also the result, according to some media analysts, of competition from the public service broadcaster's all-news channel, ČT24.

The radio market has changed little over the past decade. Three nationwide private radio stations control about 30 percent of the radio market audience. There are also eight national radio channels belonging to the public service broadcaster. Radio Impuls, the leading station by audience share, is controlled by the German-based consortium Eurocast GmbH Radio Venture & Management. Numbers two and three, Evropa 2 and Frekvence 1, are owned by the French conglomerate Lagardère, which is also active in the Czech press market through its subsidiary Hachette-Filipacchi, which publishes lifestyle magazines.

In the print media, the Swiss publisher Ringier Axel Springer controls around 40 percent of the daily readership, mainly through its tabloid newspapers *Aha!* and *Blesk*. It also publishes the sole Czech sports daily, *Sport*. Ringier is also present in the weekly market, where it publishes the influential weekly magazine *Reflex*. Other major daily publishers are the German-based Verlagsgruppe Passau, which controls through the local publisher Vltava Labe Press (VLP) the entire regional dailies market (its daily *Deník* is published in 73 different regional versions); and the publishing house Mafra, which is in the hands of another German company, Rheinisch-Bergische Druckerei und Verlagsgesellschaft, and publishes the dailies *Mladá fronta Dnes* and *Lidové noviny*.

The most significant entry into the print media news market in the Czech Republic in recent years is the free-of-charge daily *E15*, published since 2007 by the publisher Mladá Fronta. The newspaper is often cited by other media for some of its exclusive stories. Another major player in the news and information media market is the online newspaper *Ceskapozice.cz*, launched in November 2011 by the founder of the business weekly *Euro*, István Lékó. The server ran in parallel an English version, which shut down in summer 2012 as it was not lucrative for the company (see section 1.3.1.2).

6.1.3 Ownership Consolidation

Ownership concentration in the print media market in the Czech Republic is high. The market is dominated by the German-Swiss conglomerate Ringier Axel Springer, which controls some 40 percent of the daily readership.⁸⁴ VLP, with its 71 regional dailies, has a monopoly on the regional dailies market. Lifestyle and fashion magazines are, next to tabloids, the leading genres in the Czech print media market; most belong to a few companies, the most significant being Bauer Media (owned by German Heinrich Bauer Verlagsgruppe) and Sanoma Magazines (owned by the Finnish Sanoma WSOY).

84. Ringier Axel Springer Media AG controls in the Czech Republic 21 daily and weeklies as well as 12 web portals, at <http://www.ringieraxel-springer.cz/kategorie/1122/tituly> (accessed 31 March 2011).

Concentration has also been growing in recent years in the online media sector. In 2007, the second and third most visited web portals in the country, Centrum.cz and Atlas.cz, were bought by the U.S. investment fund Warburg Pincus. The market leader Seznam.cz still belongs to its Czech owner and founder Ivo Lukačovič. There has been speculation in the media that he also wanted to sell, with one of the prospective buyers again being Warburg Pincus, but Mr Lukačovič has repeatedly denied this. Media observers think that such a transaction in the middle of the ongoing financial crisis is unlikely.

The best example of cross-media ownership is Mafra, owned by the German publishing house Rheinisch-Bergische Druckerei und Verlagsgesellschaft. Its portfolio includes two daily newspapers, *Mladá fronta Dnes* and *Lidové Noviny*; a local edition of the free-of-charge newspaper *Metro*; the digital license for the television music channel Óčko; two Prague radio stations, Expresradio and Rádio Classic FM; and several web portals. Mafra also partly controls the print media distribution company PNS.⁸⁵

Other companies have tried to follow suit and expand diagonally as well, with online ventures attracting most interest from buyers. CME, the owner of TV Nova, announced in 2008 that it was going to focus predominantly on developing its internet portfolio. It held true to its promise, launching its own news portal, Tn.cz, offering, among other things, so-called “naked news.” It also purchased the company Jyxo, which owns the largest blogging server in the country, Blog.cz.⁸⁶

The main change of ownership in the Czech television market since 2005, however, was the purchase in September 2005 by MTG of a 50 percent stake in GES Media Holding, the owner of Prima TV, for the sum of €96 million (US\$ 125 million). MTG holds three out of six board seats and appoints the CEO.⁸⁷ In reality, having co-owners with equal stakes in the station made decision-making more difficult and less flexible.

Recent years have also seen powerful businessmen increasingly interested in building media empires. The most active in this field is Zdeněk Bakala, who is regarded as the biggest player in the coal market in Central Europe and who had close ties to the former president, the late Václav Havel. Bakala financially supported the center-right political parties ODS and TOP 09 during the parliamentary elections in 2010. In 2008, Bakala bought an 88 percent stake in the publishing house Economia from Germany's Verlagsgruppe Handelsblatt. Economia, among the five leading publishing houses in the country by advertising revenue, publishes the business daily *Hospodářské noviny*, the business weekly *Ekonom*, and more than a dozen other magazines; it also operates the internet news service iHNed.cz.

In a separate development, the insurance and banking magnate Petr Kellner—the richest man in the country according to *Forbes*—has also showed significant interest in the media industry, not only in the Czech Republic but throughout Central Europe. In 1998, he became a minority shareholder in the publishing

85. PNS has four main stakeholders, and all are major publishers of daily newspapers: Ringier—27.5 percent, VLP—26 percent, Mafra—26.5 percent, and Economia—18 percent.

86. See the “2009 Czech Publisher Association Yearbook,” at <http://www.rocenkaunievydavatelu.cz/2009/index.php> (accessed 30 October 2012).

87. MTG Press Release from 30 September 2005, at <http://wpy.observer.se/wpyfs/00/00/00/00/06/49/44/wkr0001.pdf> (accessed 30 March 2011).

house Euronews, which publishes the weekly *Euro*, an influential economic weekly. In 2008, Mr Kellner also purchased the Slovak publishing house Ecopress and expressed interest in the privatization of the Polish publishing house Przedsiębiorstwo Wydawnicze Rzeczpospolita (PWR), but he eventually withdrew his bid.

In 2002, Mr Kellner bought the majority stake (85 percent) in TV Nova, but he sold it back to the initial owner CME only two years later; however, as part of the deal, he kept more than 8 percent of the shares in CME. In 2006, he established the company East West Media BV as a base for future media expansion in the post-socialist countries; this company bought the Ukrainian cable and internet provider UKR CATV in 2007. In April 2009, through the media division in the financial group PPF he controls, Mr Kellner launched a network of hyper-local media in the Czech Republic (see section 4.1.1).

6.1.4 Telecoms Business and the Media

The only case of a telco involved through ownership in the media is Spain's Telefónica O2, which ran digital multiplex 4 between 2010 and 2012 (see section 5.1.1). However, this is not a case of a telco owning content production media, but rather a technical distribution platform. Other than that, telcos have not bought or expressed interest in buying media outlets.

6.1.5 Transparency of Media Ownership

Lack of transparency of media ownership is a major problem that the Czech media industry has been confronting for decades. Transparency International wrote:

The public does not have access to comprehensive information regarding the ownership structure of private media ... While public service providers publish extensive information on their websites, including the list of their managerial staff and annual reports on their activities and financial management, not all private media make public information concerning their ownership or their management. Most major dailies disclose their ownership as well as the list of their editorial staff, but other private media (radio and TV outlets) rarely disclose information on their ownership.⁸⁸

There are no effective mechanisms in place to force media to disclose their ownership. As several cases described in this report show, there are no legal requirements enforcing ownership transparency in the media, nor are there cross-media concentration restrictions in place.

The only provisions in this respect are a set of requirements for media companies to inform the regulator about changes in ownership. Radio and television owners must inform the RRTV about any mergers involving their stations. Companies or individuals possessing “substantial interest” in two or more television or radio stations must also notify the RRTV. “Substantial interest” is defined as control of at least 34 percent of the voting shares in a company.

88. Transparency International, “National Integrity Study—Czech Republic.”

A number of bitter ownership disputes that have had a negative impact on the Czech broadcasting market and its functioning took place before the digitization of television broadcasting. These were caused by weak broadcasting regulations, including a lack of methods of implementation mechanisms on transparency of ownership.⁸⁹ Moreover, Czech law does not regulate concentration of media ownership, which is only subject to general restrictions by the Law on Competition. As with other industries, the media market is regulated by the Economic Competition Act, which forbids the abuse of a dominant position in the market. The act defines “dominant position” as having a share of 40 percent of the market or above. All mass media are considered as a single market; hence, such a position can hardly be formed.

In fact, lack of ownership transparency is an issue concerning all industries in the Czech Republic. Although data on companies, their owners, and statutory representatives are available online in the country’s Trade Register, ownership-related information is not available in this source either.⁹⁰

6.2 Media Funding

6.2.1 Public and Private Funding

The economic crisis has forced advertisers to make massive cuts in their advertising budgets in recent years. The recession was reflected in the Czech media market most significantly in 2009 and had a negative effect on the funding of private media.

The public service media in the Czech Republic were not harmed by the economic crisis because the main source of their income—the license fees paid monthly by each household or any venue with a television set—is regulated by law.⁹¹ In 2009, ČT’s total revenues were CZK6.9 billion (US\$ 367 million), with license fee income accounting for some 85 percent of this sum. The planned budget for 2013 stands at CZK7 billion (US\$ 358 million). ČT also generates income from other business activities, such as limited advertising and sponsorship, sales of services and rights. Since 2004, ČT has succeeded in balancing its accounts.

Table 20.

Key financial data of Czech TV (CZK '000), 2005–2013

	2005	2006	2007	2008	2009	2010	2011	2012p	2013p
Costs	4,596,687	5,538,370	6,139,407	6,760,158	6,925,930	6,886,996	6,664,625	6,970,000	7,060,000
Revenues	4,596,687	5,538,370	6,139,407	6,760,158	6,925,930	6,886,996	6,664,625	6,970,000	7,060,000
– of which license fee	3,239,638	4,103,678	5,065,250	5,786,967	5,828,617	5,792,441	5,772,000	n/a	n/a

Note: p: planned; n/a: not available

Source: Czech Television⁹²

89. These disputes have been described in detail in previous OSI Media reports. See in particular OSI, *Television Across Europe*, 2005, p. 529.

90. Act No. 90/2012 Collection, Business Corporations Act.

91. Act No. 348/2005 of 5 August 2005 on Radio and Television License Fees, amended in 2007.

92. See <http://www.ceskatelevize.cz/vse-o-ct/hospodareni-a-financni-situace/hospodarsky-vysledek> (accessed 15 December 2012).

Table 21.

Key financial data of Czech TV (US\$ '000),* 2005–2013

	2005	2006	2007	2008	2009	2010	2011	2012p	2013p
Costs	187,497	251,688	291,603	434,921	367,053	327,965	390,958	340,618	358,000
Revenues	187,497	251,688	291,603	434,921	367,053	327,965	390,958	340,618	358,000
– of which license fee	132,144	186,489	240,584	372,310	308,899	266,006	265,483	n/a	n/a

Note: * Average annual exchange rates; p: planned; n/a: not available

Source: Czech Television⁹³

At the same time, the budget for public service radio in the Czech Republic has not suffered either because of the economic downturn. The radio's revenue has increased steadily since 2006.

Table 22.

Key financial data of Czech Radio (CZK million), 2006–2011

	2006	2007	2008	2009	2010	2011
Costs	1,829.7	1,953.6	2,082.8	2,183.6	2,084.2	2,099.1
Revenue	1,980.7	2,129.9	2,242.6	2,237.4	2,205.4	2,188.8
Balance	151.0	176.3	159.8	44.7	110.5	62.0

Source: Czech Radio annual reports for 2008–2011

The recession of the advertising market also reflected in the television market most significantly in 2009, when television advertising revenues fell by almost 20 percent. The two largest commercial television stations, TV Nova and Prima TV, both suffered declines in sales revenues in that year.

Table 23.

Income of commercial broadcasters (CZK million), 2008–2010

Station operating company	Television station	2008	2009	2010
CET 21	TV Nova	6,353	5,202	5,111
FTV Prima	Prima TV	2,242	1,879	1,996
Barrandov TV studio	TV Barrandov	31	81	138
Stanice O	Óčko TV	133	110	121

Source: Mediaguru

The television advertising market, in particular, and the advertising market as a whole, was influenced by the agreement of the main Czech political parties in the Czech Parliament to ban advertising from the main public television channel, ČT1, including ČT's website. The act legalizing this decision came into force

93. See <http://www.ceskatelevize.cz/vse-o-ct/hospodareni-a-financni-situace/hospodarsky-vysledek> (accessed 15 December 2012).

in October 2012.⁹⁴ The ban on advertising on ČT1 was the result of the successful lobbying of the two biggest commercial television stations, TV Nova and Prima TV. Advertising had only marginal importance for ČT's budget following the increase in the license fees in 2008, but according to media buyers in the country, advertising on public television prevented TV Nova and Prima TV from monopolizing the television advertising market.⁹⁵ Industry associations representing media buyers and advertisers in a common statement protested the ban on commercials on ČT:

If advertisements completely vanished from ČT stations, TV Nova and TV Prima would control approximately 95 percent of the segment of television advertising, and could freely dictate their terms to advertisers, including price. The Czech television market can maintain a fair competitive environment only if there continues to be a significant alternative to these two commercial television stations.⁹⁶

These fears were confirmed, as in 2012 all the digital terrestrial television stations (TV Nova, Prima TV, and TV Barrandov) announced an increase in the prices for advertising slots for 2012 by approximately 10 percent.⁹⁷

Digitization did not fragment the television market according to expectations, and the only alternative to TV Nova and Prima TV is TV Barrandov, which is not established in the market firmly enough to pose strong enough competition in television advertising. The television sector has defended its leading position in the whole advertising market; in 2011, it accounted for almost 47 percent of all the advertising spend in the country.

Table 24.

Advertising spending (CZK million), breakdown by sector, 2008–2011

	2008	Share of total advertising market (%)	2009	Share of total advertising market (%)	2010	Share of total advertising market (%)	2011	Share of total advertising market (%)
Television	26,687,270	45.4	28,369,155	47.2	25,587,562	43.1	29,162,723	46.8
Print	19,955,363	33.9	17,911,402	29.8	21,553,641	36.3	19,500,741	31.3
Internet	5,044,280	8.6	6,402,997	10.6	7,716,453	13.0	8,900,469	14.3
Radio	3,313,459	5.6	3,932,157	6.5	1,284,310	2.2	1,122,994	1.8
Other	3,842,828	6.5	3,547,992	5.9	3,285,289	5.4	3,676,360	5.8

Sources: SPIR, Kantar Media (for 2008, 2009); Admosphere (for 2010, 2011)

94. Act No. 483/1991 Collection.

95. In June 2011, Štěpán Wolde, operating director with the advertising time buyer AT Media, said he believed roughly CZK 500 million (US\$25 million) worth of advertising would shift to private channels the following year, two-thirds of which would be going to TV Nova if the change was adopted. See <http://uk.reuters.com/article/2011/06/20/czech-advertising-idUKLDE75J16720110620> (accessed 31 September 2012).

96. News release, “Změna zákona o České televizi může přinést zvýšení cen spotřebního zboží” (The Amendment of the Act on Czech Television could result in the increase of prices of goods), 8 July 2011, at http://www.media-master.cz/files/Ivca/tiskove_prohlaseni_001.pdf (accessed 10 September 2012).

97. Jan Potůček, “Nova zdrazí reklamu v roce 2012 o pět až devět procent, méně než Prima” (Nova will increase the prices for advertising in 2012 by 5 to 9 percent, less than Prima), 26 October 2011, at <http://www.digizone.cz/clanky/nova-zdrazí-reklamu-v-roce-2012-o-5-az-9-pct> (accessed 10 September 2012).

The internet has seen major growth in recent years. From a medium whose share in the total advertising expenditure in the country hovered around 4 percent in 2006, online advertising surged to account for over 14 percent of the advertising market in 2011, when it was worth almost CZK9 billion (US\$ 500 million).

In 2012, the advertising market was showing some recovery from the economic crisis.⁹⁸ But while the internet and television markets grew in 2011 and 2012, the print market at best stagnated at some CZK19 billion (US\$1 billion), mainly as a result of falling readership and pressure from the internet, which in recent years has attracted much of the cash previously going into print media. The two largest publishing houses by advertising revenue, Mafra and Ringier Axel Springer, experienced significantly lower profits in 2011.

Table 25.

Net profits of the main publishers in the Czech Republic (CZK million (US\$ million)), 2008–2011

Publisher	2008	2009	2010	2011
Mafra	221 (11.6)	216 (11.4)	130 (6.8)	89 (4.7)
Ringier Axel Springer Czech Republic	696 (36.6)	370 (19.5)	552 (29.1)	356 (18.7)

Sources: for Mafra, see Motejlek.com;⁹⁹ for Ringier Axel Springer, see Podnikatel.cz,¹⁰⁰ at <http://www.podnikatel.cz/hospodarske-vysledky/40766713> (accessed 20 June 2013)

Decline in turnover is evident for all publishers of daily newspapers, including Mafra, Ringier Axel Springer Czech Republic, *Economia a.s.*, and *Borgis a.s.* In the second half of 2012, sales of *Blesk* (Ringier) and *MF Dnes* (Mafra) fell by approximately 20,000 printed copies a month, while the sales of *Hospodářské noviny* (*Economia*), *Právo* (*Borgis*), and *Lidové noviny* (Mafra) dropped by only 1,000 printed copies.¹⁰¹ Daily newspapers continue to sell less advertising, but the magazine market has experienced a slight rise in advertising income.

Editors at Czech print outlets interviewed for this report, or expressing their views in the media, agree that the decline in print sector advertising revenues has increased advertisers' ability to influence these publications' content. At the same time, journalists and editors have been trying to resist such pressure as much as possible, as they are aware that succumbing would lead to a loss of confidence among readers and alienate other advertisers.¹⁰²

License fees are the main source of income for ČRo and ČT, and are regulated by the Law on Radio and Television License Fees.¹⁰³ The license fees stand at CZK 135 (US\$7.1) a month for television, and CZK45

98. Zuzana Kartáková, "Mediální trh letos poroste, ale jen mírně" (Media market will grow this year but only slightly), at http://m.ihned.cz/c4-10000005-51407930-700000_d-cesky-medialni-trh-letos-poroste-ale-jen-mirne, 30 March 2011 (accessed 10 September 2012).

99. See <http://www.motejlek.com/pad-mafry-pokracuje-pokud-nedojde-k-radikalnim-zmenam-skonci-letos-ve-ztrate> (accessed 20 June 2013).

100. See <http://www.podnikatel.cz/hospodarske-vysledky/40766713> (accessed 20 June 2013).

101. Audit Bureau of Circulations Czech Republic (ABC ČR), at <http://www.abccr.cz> (accessed 13 May 2013).

102. Jakub Unger, content director with Aktualne.cz, and Lucie Tvarůžková, editor-in-chief of *Hospodářské noviny*, speaking at the Inspiration and Innovation Conference, Prague, 27 July 2012.

103. Act No. 348/2005 Collection.

(US\$ 2.28) for radio. After the first six digital licenses were awarded in April 2006, MPs decided to help commercial broadcasters by reducing advertising on ČT and raising the television license fee. No move was made, however, to keep raising the license fees in line with inflation or the retail price index.

Table 26.

Turnover of the major publishers in the Czech Republic (US\$ '000), 2007–2010

Publisher	2007	2008	2009	2010
Mafra	172,166	175,213	151,175	149,918
Ringier	126,882	140,150	126,795	121,837
Vltava Labe Press (VLP)	102,586	95,853	74,392	64,914
Bauer Media	52,314	58,922	57,626	52,920
Borgis	43,760	46,714	39,538	40,398
Economia	44,831	42,566	39,272	37,868
Sanoma Media	44,550	38,819	30,631	30,183
Burda Praha	22,003	25,591	25,074	26,475
Stratosféra	18,095	19,394	14,870	12,643
Metro ČR	14,801	13,440	12,414	11,638

Source: Mediaguru, “Vydavatelům klesají obraty, ziskovost se ale zlepšila” (Publishers’ turnovers declined, while profitability increased), 9 January 2012¹⁰⁴

The internet has become over the past five years the medium with the most dynamic growth and has been strengthening its position in the media market, mainly at the expense of the print sector. Despite forecasts that investment in advertising on the internet will soon overtake newspaper advertising, however, print still enjoys larger advertising revenues than does the online sector.

6.2.2 Other Sources of Funding

Many Czech media outlets have increasingly seen potential for growth and offsetting losses from the decline of print media in new forms of online advertising and sales of their media products through online applications. They are trying to react to the growing popularity of tablets and mobile devices, and to the fact that people have been increasingly using mobile internet to read news and access information. Research also shows that customers are willing to pay for online information.¹⁰⁵ According to Jakub Unger, content director for Aktualne.cz, approximately one-third of internet users in the Czech Republic are currently willing to pay for information, and there is growing enthusiasm among publishers about new forms of internet and mobile advertising targeting specific groups of customers. They see in this a fresh source for financing the media.¹⁰⁶

104. See at <http://www.mediaguru.cz/2012/01/vydavatelum-klesaji-obraty-ziskovost-se-ale-v-roce-2010-zlepsila> (accessed 10 September 2012).

105. NetMonitor research on mobile internet users from 7 February 2012, at <http://www.netmonitor.cz/tz-vyuzivani-internetovych-sluzeb-z-mobilniho-telefonu-rychle-roste> (accessed 10 September 2012).

106. Interview with Jakub Unger, director of content, Aktualne.cz, Prague, September 2012.

Piano Media, a Slovak company (with some Czech employees) with affiliates in Slovakia, Poland, and Slovenia, has implemented paid-content systems (paywalls) on more than 60 websites owned by 25 international and local media groups. They are planning to expand in the region but not, currently, in the Czech Republic, as publishers there are still hesitant to adopt such platforms.

Since 2010, newspapers and magazines have started to make profits on sales of their content through mobile internet applications. In 2012, there were about 300 newspapers and magazines available through mobile applications in the Czech Republic.¹⁰⁷ But despite this growth, the income from advertisements in the print media still significantly exceeded the income from mobile applications disseminating this content in 2012.

Table 27.

Daily average sales (printed and electronic) of daily newspapers and magazines

Title	Printed edition (sold copies)	Electronic edition (sold subscriptions)
<i>Hospodářské noviny</i>	188,106	2,173
<i>Lidové noviny</i>	39,485	366
<i>Mladá fronta Dnes</i>	43,330	553
<i>Respekt</i>	209,878	1,434
<i>Týden</i>	32,734	274

Sources: Union of Publishers; Audit Bureau of Circulations Czech Republic (ABC ČR)

6.3 Media Business Models

The economic crisis hit the Czech media market, coinciding with the process of digitization. According to the consultancy PricewaterhouseCoopers's (PwC) "Global Entertainment & Media Outlook 2009–2013," the market is becoming more dynamic, especially thanks to digitization and despite the economic downturn. Media companies, however, face the problem of adjusting their business models to ensure a return on investment (ROI) in digitization by pulling in sufficient revenues from digital formats.

The new media sector is the most dynamically growing sector in the entire media industry, but television and print still generate the bulk of advertising profits. Czech media have been feverishly looking for more successful business models. All the big publishing houses (including Mafra, Ringier Axel Springer, and Economia) have begun to sell media content through mobile applications in a move to boost revenue.

At the same time, some online media are experimenting with selling exclusive content to targeted groups of consumers. These include the online publications Motejlek.com and DenikInsider.cz, which specialize in business news and investigative reporting, respectively. Whereas Motejlek.com has been on the market for

107. Czech magazine and newspaper applications can be found, for example, at <http://www.publero.com> (accessed 10 September 2012).

many years now, the digital daily *Insider* was launched in December 2011 by Centrum Holdings, the online company that also runs *Aktualne.cz*. *Insider* aims to deliver exclusive, paid news from the areas of business and politics each afternoon to the customer's mobile devices. The yearly subscription for the service is CZK 990 (US\$51), and the yearly subscription for the Kindle 3 device goes up to CZK 3,599 (US\$ 184). *Insider* is an experimental laboratory for Centrum Holdings. Its reporters work on data collection and investigative reports, and weekly and monthly news formats rather than daily reports. The platform had 2,500 readers in spring 2012.¹⁰⁸

6.4 Assessments

The major disputes over ownership in the broadcasting sector have been settled over the past decade, and the ownership structures in broadcasting are now less opaque than they were in the early 2000s.

The bulk of the capital in the media, including in broadcasting, is foreign, and there are tendencies toward media ownership concentration. Thanks to the introduction of new platforms—particularly online newspapers and delivery services to mobile devices—media pluralism is not completely endangered. However, a growing number of businessmen have shown a strong interest in investing in the media market in a bid to defend their business or other interests. If this becomes an overwhelming trend, it could be a serious threat to the independence of the Czech media.

The recession has taken its toll on advertising spending, unbalancing the accounts of most private media operating in the Czech Republic. In contrast, thanks to the license fee imposed by law on all households in the Czech territory, the public service broadcasting operators remained the most resilient to the economic crisis.

The internet has grown massively in the past decade, evolving from a sector that was harvesting only around 1 percent of the total advertising cash spent in the Czech market to more than 14 percent in 2011. Despite the economic gloom, the Czech media market has remained vibrant when it comes to searching for new business models. Investments and research into testing new digital platforms and gadgets are massive. New applications for media content have been mushrooming, but digital formats are not generating hefty sales when compared with their print counterparts.

108. Interview with Jakub Unger, Prague, September 2012.

7. Policies, Laws, and Regulators

7.1 Policies and Laws

7.1.1 Digital Switch-over of Terrestrial Transmission

7.1.1.1 Access and Affordability

The overall digital switch-over of terrestrial transmission is governed by the Technical Plan for the Transfer to Digital Broadcasting (*Technický plán přechodu ze zemského analogového na zemské digitální televizní vysílání*, TPP), approved by the Czech government in April 2008.¹⁰⁹ The entire process of digital switch-over in the Czech Republic has been managed by the state, and the TPP—after initial resistance and criticism from the private television stations—was made into law and therefore accepted by all stakeholders as the official digitization timetable.¹¹⁰

The basic conditions and requirements for the transition to digital broadcasting are defined in Section 4 of the TPP, which states among other things:

Terrestrial analog television broadcasting may be discontinued only if coverage of the relevant geographical area with terrestrial digital television broadcasting broadcast is ensured at least to the extent covered by the existing analog terrestrial television broadcasting, and the information campaign lasts for at least three months prior to the date on which terrestrial analog television broadcasting is to be discontinued, as indicated in Annexes 3 to 5 to this Regulation.

109. Government Regulation No. 161 of 28 April 2008 on the technical plan for the transition from terrestrial analog television broadcasting to terrestrial digital television can be found at <http://www.download.mpo.cz/get/39700/45821/553641/priloha007.pdf> (accessed 28 June 2012).

110. When the government originally adopted a Technical Plan for the Transfer to Digital Broadcasting in 2006, the ČTÚ, the technical regulator in charge of implementing the plan, did not have the legal tools to force existing broadcasters (specifically the commercial stations TV Nova and Prima TV, and the regional analog TV stations) to comply. These broadcasters had their analog licenses automatically extended until 2018. The Technical Plan was further institutionalized by the Amendment of the Broadcasting Act in 2008 when the Technical Plan for the Transfer to Digital Broadcasting became a legally binding document, obliging broadcasters to release their analog licenses in order to make room for digital channels. (See OSI, *Television Across Europe*, 2008, pp. 20 and 34.)

At the beginning of 2010, the public service multiplex 1 reached 95 percentage coverage of the entire population of the country. The commercial multiplex 2 (broadcasting TV Nova, Prima TV, and TV Barrandov) covered three-quarters of the population, and the commercial multiplex 3 covered 55 percent. Multiplex 4 covered 22 percent in 2010. The analog signals currently being broadcast in parallel were gradually switched off in 2012.

Digitization of the satellite and cable networks has been left solely in the hands of the market players, without significant state interference. Terrestrial digital broadcasting is being managed by the state mainly to avoid the digital divide and to fulfill the legal obligation to provide the requisite conditions for digital broadcasting for the public service broadcasters.¹¹¹ There are no affordability requirements concerning the prices of set-top boxes (STBs) or other equipment necessary for digital reception. The average price of an STB on the Czech market, starting at €30 (US\$39), turned out not to be an issue that would require the involvement of the state.¹¹²

Money and effort have been invested in the state communication campaign about digitization organized by the National Coordination Group (*Národní koordinační skupina*, NKS). This has been financed from the advertising revenues of Czech public television.

Mainly commercial television stations criticized the NKS for not providing sufficient information about the digital switch-off, especially in Prague in 2009. They pointed out that the switch-off in the capital and other big Czech cities was problematic because people living in large blocks of flats did not have enough time to install new television antennas for terrestrial digital broadcasting. However, the catastrophic forecast about the failure of digital coverage put forward by private television stations did not come true, and the Prague analog switch-off ran “surprisingly smoothly,” as even Petr Dvořák, the TV Nova director, admitted in 2009.¹¹³ Television commercials and shows informing viewers about the switch-off were produced by both television stations and the NKS.

7.1.1.2 Subsidies for Equipment

The only state subsidy available to those who cannot afford an STB or digital television sets is for institutions for handicapped or other socially disadvantaged people. This subsidy comes from the state budget and is provided on the basis of an application submitted by concerned institutions.

7.1.1.3 Legal Provisions on Public Interest

The legislation adopted between the years 2005 and 2007 secured the public service broadcasters the leading position in deploying digital terrestrial broadcasting.

111. These obligations are stated in § 3, Section 1, Act No. 483/1991 Collection, on Czech Television and § 3, Section 1 of Act No. 484/1991 Collection, on Czech Radio.

112. Interview with Marek Ebert, deputy chair of the ČTÚ, 15 April 2011. Information about the state information campaign on digitization can be found at <http://www.digitalne.tv> (accessed 29 June 2012).

113. Juraj Kojš, “Petr Dvořák: připravenost pražanů nás překvapila” (Petr Dvořák: Readiness of inhabitants of Prague surprised us), 19 May 2009, at <http://www.digizone.cz/aktuality/petr-dvorak-pripravenost-prazanu-prekvapila> (accessed 15 May 2012).

The crucial policy documents and legal instruments concerning the digital switch-over were the adoption of the Electronic Communications Act in May 2005, the amendments to the Broadcasting Act in 2006 and 2007, and the already mentioned Technical Plan for the Transfer to Digital Broadcasting (TPP).

The Electronic Communications Act introduced the term of Public Service Multiplex, a multiplex reserved in full for the public service broadcasters Czech Television and Czech Radio.¹¹⁴ The amendments to the Broadcasting Act in 2006 and 2007¹¹⁵ provided the legal framework for digital broadcasting, but under conditions that greatly favored the existing broadcasters.

Besides the fact that Czech Television was granted the position of being the flagship for digitization, the amended Broadcasting Act brought radical changes in the distribution of television licenses, introducing a registration system similar to the one already in place for cable and satellite broadcasting. The amendments also aimed to motivate current nationwide license holders to give up their analog frequencies in exchange for digital licenses. TV Nova and Prima TV were automatically awarded “compensatory” digital licenses in exchange for their analog ones. The TPP became a legally binding document, obliging broadcasters to release their analog licenses in order to make room for digital channels.

It also awarded “compensatory licenses” to the first six digital broadcasters after a court did not allow them to start broadcasting, and allowed the public service broadcaster to carry advertising until the analog switch-off.¹¹⁶ The advertising revenues of public television, estimated at approximately €18 million (US\$23 million), were, in line with the amendment, invested in the construction of the digital transmitters and the information campaign about switch-over. The cable broadcasters were obliged to air all the terrestrial television channels.¹¹⁷

The adoption of legal provisions to enable the digitization process was a long-drawn-out and convoluted process, dominated by political wrangling among the most influential interest groups.¹¹⁸ Digitization brought more plurality to the television market up to a certain point. There are now more channels, but the majority of them are offshoots of the established television stations. The only new full-format television station is TV Barrandov. The other stations that received digital licenses in 2006 either did not start broadcasting or went bankrupt.

After the analog switch-off in 2012, the liberal licensing system, where all requests for digital licenses are to be processed on a first-come-first-served basis, is likely to bring major changes to the market—although many media observers and market insiders stress that the market is already quite saturated, and several of the

114. Act No. 127/2005 of 22 February 2005 on Electronic Communications and on the Amendment to Certain Related Acts (Electronic Communications Act).

115. Act No. 231/2001 on Radio and Television Broadcasting Operation and on amending other laws, *Sbírka zákonů*, 4 June 2001, further amended (274/2003, 341/2004, 501/2004, 626/2004, 82/2005, 127/2005, 348/2005, 235/2006, 160/2007, 296/2007, 304/2007, 124/2008, 384/2008, 196/2009, 41/2009, 132/2010, 227/2009, 153/2010, 132/2010).

116. The Act allows ČT to air advertisements on 0.75–1 percent of broadcasting time on its first channel and 0.5 percent of the total broadcast time on other channels (Act No. 304/2007 Collection, Art. IV/12).

117. OSI, *Television Across Europe*, 2008 Report, Section 1.1, p. 20.

118. OSI, *Television Across Europe*, 2008 Report.

digital television projects failed even before launching (for example, Febio TV, TV Pohoda) or lasted only briefly (the all-news channel Z1) due to financial constraints. The expectations from digitization have not been fulfilled, either due to lack of finances and flawed business strategies that forced many players out of the market, or because of the lack of political will. Many viewers who invested in new digital equipment are so far disappointed with the poor variety of the programs brought by digitization.¹¹⁹

7.1.1.4 Public Consultation

Discussion about digitization started to heat up around 2005 when newcomers wanted to enter the digital market and end the long-running duopoly of TV Nova and TV Prima. The legal delays and political wrangling encouraged frustrated stakeholders to initiate a debate on digitization. Primarily advertisers, broadcast media professionals, journalists, and the new applicants for digital licenses took part in this debate. These heated discussions also led to legal changes that contributed to unblocking the digitization process and opened the market to the new players.

The biggest influence on the legal changes was nevertheless exerted by the strongest market players, namely the commercial television stations (especially TV Nova and TV Prima), politicians, and government officials. Stakeholders continue to organize various debates to discuss issues concerning the digital switch-over and the new issues and challenges of the digital market. Civil society involvement is, however, limited as media-oriented NGOs are practically non-existent in the Czech Republic. There are several NGOs with human rights-oriented media programs that only provide ad hoc journalism training.

7.1.2 The Internet

7.1.2.1 Regulation of News on the Internet

On 1 June 2010, the Act on Radio and Television Broadcasting in the Czech Republic (Act No. 231/2001 Collection) was amended and expanded to include the regulation of so-called on-demand audiovisual media services.¹²⁰ The Act incorporates the relevant legislation of the European Union and regulates the conditions for the provision of on-demand audiovisual media services.¹²¹ The Czech Republic failed to implement the EU Directive by the 2009 deadline. The implemented EU Directive is the only provision regulating the news content on internet and mobile phones.

119. For example, Lukáš Polák, “Digitalizace analogového vysílání je u konce” (Digitization of analog broadcasting is at the end of the road), at <http://www.digizone.cz/clanky/digitalizace-analogoveho-vysilani-je-u-konce> (accessed 30 January 2013).

120. The full text of the amendment can be found at <http://www.senat.cz/xqw/xervlet/pssenat/htmlhled?action=doc&value=54657> (accessed 30 January 2013).

121. Council Directive of 3 October 1989 on the coordination of certain provisions laid down by law, regulation, or administrative action in Member States concerning the pursuit of television broadcasting activities (89/552/EEC). Directive 97/36/EC of the European Parliament and of the Council of 30 June 1997 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation, or administrative action in Member States concerning the pursuit of television broadcasting activities. Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation, or administrative action in Member States concerning the pursuit of television broadcasting activities.

In practice, the monitoring of compliance with this law is carried out by the RRTV, the content regulator. All commercial video services on the internet are obliged to register with the RRTV. The law also defines the criteria for internet audiovisual service providers falling under the control of the RRTV. At the time of writing, there were several hundred video services registered with the RRTV, which has been closely cooperating in regulating these services with self-regulatory bodies, such as the Association for Internet Advertising (*Sdružení pro internetovou reklamu*, SPIR)¹²² and the Association of Television Organizations (ATO),¹²³ to inform operators about the new regulations.¹²⁴

The RRTV's regulation of the internet has sometimes been criticized as improper. Some media covered in the past some absurd situations, for example when the IT giant Microsoft had to withdraw its instructional video from its Czech website at the request of the RRTV as Microsoft was not registered as a commercial video on-demand entity in the Czech Republic.¹²⁵

7.1.2.2 Legal Liability for Internet Content

The responsibility of the service provider for internet content is stipulated in Act No. 480/2004 Collection on Certain Services of the Information Society, which transposed the E-commerce Directive to national law. Under the law, internet service providers are responsible for content posted by third parties on their site if they have actual knowledge of the allegedly illegal nature of the content. In such cases, they may be required to take down the content. The law makes hosting providers responsible for failing to block or remove illegal content it was made aware of.

There is a problem, however, with the interpretation of the wording of this law. The legislation speaks about "service providers" (not internet service providers), which leaves room for much interpretation, allowing some lawmakers or regulators to also include under this definition short message service (SMS) gateway providers and others.

The providers of on-demand audiovisual media services are also required to ensure that minors in the area of transmission will not normally hear or see broadcasts that may seriously affect their physical, mental, or moral development.¹²⁶

To avoid legal infringement, internet publishers often do not allow readers' discussions below controversial articles (to avoid, for example, racist verbal attacks), or they at least moderate such discussions, which can often be time-consuming and costly.

122. SPIR is a professional association active in the field of internet advertising since 2000. One of its main goals is promotion of content on the internet. The association has in place an ethical code for internet advertising. The members of SPIR's general assembly include representatives from internet advertisers and online media. The association actively cooperates with RRTV in implementing the audiovisual on-demand services directive.

123. The ATO has been in existence since 1997 and its main activity is the implementation of electronic television audience measurement in the Czech Republic.

124. The amendment of the Broadcasting Act with the audiovisual services on-demand provision came into force on 1 June 2010.

125. See <http://www.zive.cz/clanky/rada-radi-chnce-mit-internetova-vidoa-pod-kontrolou/sc-3-a-155715/default.aspx> (accessed 20 June 2013).

126. Article 6(3) of Act No. 132/2010 Collection on Audiovisual Media Services On-Demand.

7.2 Regulators

7.2.1 Changes in Content Regulation

Both public and private electronic media are regulated by the RRTV, an administrative authority independent of the government. The first Federal Council for Radio and Television Broadcasting was established in 1991. It folded at the end of 1992, when Czechoslovakia split into two states (the other being Slovakia). The first Czech Broadcasting Council took over the competencies of the Federal Council in 1993.¹²⁷

The tasks of the RRTV are laid down in the Broadcasting Act of 2001, which replaced the 1991 federal law governing the broadcasting regulator. The Broadcasting Council's competence covers, among other issues, decision-making in the areas of licenses for the operation of radio and television broadcasting, the operation of retransmission, and monitoring compliance with licensing conditions and broadcasting legislation. Since the introduction of the audiovisual media services on-demand directive into Czech legislation (described in section 7.1.2.1), the RRTV has taken over the role of regulating commercial video services on the internet.¹²⁸

Besides the Broadcasting Council, the media market also falls under regulation of the ČTÚ, which administers the country's broadcasting frequencies,¹²⁹ and the Office for the Protection of Economic Competition (*Úřad pro ochranu hospodářské soutěže, ÚOHS*), the country's antitrust watchdog, which enforces prohibition of cartels, rules on the abuse of a dominant position, and approves any concentration of competitors.

One of the main changes resulting from the regulation of digitization was a changed relationship between the ČTÚ and the RRTV. Both are administrative authorities independent of the government: the RRTV for radio and television broadcasting, and the ČTÚ for electronic communications and postal services. There had been an ongoing conflict between the two over which office should be in charge of the distribution of the broadcasting frequencies.

The conflict between the two regulators escalated in 2004 over the issue of who would license terrestrial digital broadcasting. Experts and insiders say that this conflict delayed the digital switch-over for several years. The digital amendment of the Broadcasting Act ended the dispute. Currently, there is a clear understanding of the division of responsibilities: the regulation of content lies with the RRTV, and the regulation of transmission is carried out by the ČTÚ.¹³⁰

127. OSI, *Television Across Europe*, 2005 report, p. 492.

128. Jan Potůček, "Začal platit zákon o audiovizí a regulaci webu" (The act on audiovisual and internet came into force), 5 May 2010, at <http://www.digizone.cz/clanky/zacal-platit-zakon-o-audiovizi-a-regulaci-webu> (accessed 13 June 2012).

129. Czech Telecommunication was established on the basis of Act No. 127/2005 Collection, on Electronic Communications and on the Amendment to Certain Related Acts (the Electronic Communications Act) (the "Act") as of 1 May 2005 as a central administrative body for the execution of state administration in matters set out in the Act, including market regulation and definition of the conditions for business activities in the areas of electronic communications and postal services. See <http://www.cto.cz> (accessed 15 December 2012).

130. Interview with Marek Bert, deputy chair, ČTÚ.

The changes in the market over the past five years have also led to an increase in the number of channels and therefore the volume of programming to be monitored by the RRTV. The RRTV also started to be more proactive in monitoring the broadcasters' compliance with the law. In the past, the RRTV mainly reacted to complaints by viewers and listeners and was less proactive. Some of the past council members admitted that this system was in a way unfair to the channels with larger audiences. Currently, RRTV outsources professional analysts to monitor mainly terrestrial television broadcasting.

7.2.2 Regulatory Independence

There have been no legislative initiatives aimed at reforming the structure of the RRTV, in order to increase its independence over the past five years. Its membership continues to reflect the distribution of power in the Chamber of Deputies (the lower house of Parliament). Following the latest round of appointments of RRTV Council members, Kateřina Kalistová—an active supporter of the center-left Social Democrats (ČSSD) with open political ambitions—became the RRTV chairwoman.

The criteria for appointing and dismissing members of the RRTV, as well as the funding mechanisms of this body, have remained unchanged since the end of the analog era.

The RRTV Council comprises 13 members who are nominated by the Chamber of Deputies and then appointed by the prime minister, who can also remove them, based on a proposal by the Chamber. Members' mandates are for six years and can be renewed once. Their terms are not staggered.

Members are forbidden to work for political parties or movements, or to act in their favor. There are no stipulations concerning the required professional experience of members. The real power in the system of nomination and appointment of the RRTV Council is in the hands of the Chamber of Deputies. In reality, the prime minister's approval is a formality: it is the lower house of Parliament that appoints and fires RRTV members. This system of nomination is seen by media experts as inevitably allowing for political influence over the RRTV. Members are nominated exclusively by the political parties represented in the Chamber and then appointed by it, rather than by another entity, such as the Senate (the upper house of Parliament), where the distribution of power is sometimes different.¹³¹

Although the RRTV has in the past couple of years been considered less politically biased, the procedures for the appointment and dismissal¹³² of members leave room for political interference. The RRTV Council members have in recent years been chosen from among people with more media background and expertise. One reason for the decreased politicization of the RRTV is also that media have been pushed further down the political agenda. Most Czech political parties do not have a concrete media policy as part of their program.

131. OSI, *Television Across Europe*, 2005 report, Section 3.1.2, p. 498.

132. The RRTV can be dismissed as a whole by MPs rejecting the annual report. See OSI Report, *Television Across Europe*, 2005 report, p. 499.

If the media were part of the official Czech government program in the past 20 years at all, it was in the form of very general declarations about the protection of the freedom of speech, support for the dual system of broadcasting, and independence and plurality of the media. From time to time, the program would mention concrete issues, such as digitization; copyright protection; a promise to support cinematography; or changes in the election processes of the so-called media councils. But that is all.¹³³

The new center-right government and political parties also introduced as part of their austerity package reducing parliamentary bodies in size. Part of this was the closure of the permanent commission for the mass media. The media is currently handled by the election committee of the Chamber of Deputies.

7.2.3 Digital Licensing

One consequence of the digital switch-over in the Czech Republic has been a major change in the licensing system. This change was introduced in a 2007 amendment to the Broadcasting Act in reaction to problematic licensing procedures in the past.¹³⁴

According to the new provisions, following the digital switch-off, the licensing tenders and application procedures administered by the RRTV will be dropped and replaced by a short application procedure almost identical to the application and registration procedure for cable and satellite broadcasters. Any party interested in airing digitally, whether via cable, satellite, or terrestrially, will only be required to apply for a license from the regulator. The RRTV will no longer organize contests for licenses, instead receiving individual applications with information about the applicant's financial, organizational, and technical readiness to start broadcasting, and an agreement with the multiplex operator to host its programs. The RRTV is obliged to interview the applicant within 30 days and can reject the application only if the individual is late in paying taxes, has been imprisoned, or has already had a license withdrawn for violating legal provisions on programming.

Politicians claim that the amended legislation is a breakthrough that will liberalize the television market in an unprecedented way and strengthen pluralism in broadcasting. In total, the country will have up to seven nationwide digital multiplexes, able to host up to five channels each. As is now the case with cable and satellite, there will be no limit to the number of programs. The state will be able to withdraw licenses in cases of breaches of legislation. Following the analog switch-off in 2012, anybody with enough money and ideas to launch a new television station should be able to enter the market.

The plus side to this system of awarding licenses is that there will be no need for powerful lobbying to gain a license. The multiplex operators will have a rather hard time filling dozens of channels available in four multiplexes and will chase such opportunities. A much harder task for the newcomers will be their ability to survive in what is to become an overly saturated market. With the television market governed fully by market

133. Milan Šmíd, "Nová vláda—starý přístup k mediální politice" (New Government—old approach to the media policy), 13 July 2010, at <http://www.louc.cz/11/2220713.html> (accessed 9 September 2012).

134. Described in detail in OSI's *Television Across Europe* 2005 and 2008 reports.

forces, every application for a license is most likely to be considered independently of the applicant's political, religious, ethnic, or any other affiliation.

7.2.4 Role of Self-regulatory Mechanisms

The Czech Republic has been lacking the mechanisms for enforcement of media self-regulation ever since the fall of communism. The Czech Press Council, along with a Press Code (*Tiskový Kodex*), was formally established by the Union of Publishers (*Unie vydavatelů denního tisku*, UVDT) in 2000. The members of the Press Council were never publicly named and until today exist only on paper.¹³⁵

The only functioning professional organization in the country is the Czech Syndicate of Journalists. It introduced a code of ethics as early as 1998, when it also established the Syndicate's ethical committee in a move to fulfill the Charter of the International Federation of Journalists (IFJ). As a self-regulatory body, the Syndicate is relatively ineffective and has little real authority. It was never formally endorsed by media organizations in the country. The Syndicate issues recommendations and deals with public complaints against the media, but its recommendations do not have any actual influence.

The vast majority of media outlets introduced in the past decade their own internal code of ethics or codes of conducts that often form part of working contracts, but in reality these codes are not used as a tool of accountability to the public. The country is also lacking media-oriented NGOs.

Self-regulation is much more advanced in the advertising industry, where professional organizations such as the Czech Association of Communication Agencies (*Asociace komunikačních agentur*, AKA) established self-regulatory mechanisms, such as codes of ethics and conduct in the area of commercial communication. This organization is also much more proactive than journalistic organizations, and has a much better reputation among professionals and with the general public.

7.3 Government Interference

7.3.1 The Market

In a long-term perspective, the most significant form of state interference in the media market is through the regulators, including the RRTV, the Czech Television (ČT) Council, and the Czech Radio Council. The members of all three councils are appointed by the Chamber of Deputies after nomination by the political

135. Paragraph XII of the Statute of the Union of Publishers, at <http://www.uvdt.cz/Upload/867.pdf>. The initiative to establish the Press Council in the Czech Republic was a reaction by the Union of Publishers to the draft of the Amendment of the Press Act in 1999, which originally intended to impose quite strict sanctions against the media. Media expert Milan Šmíd wrote: "Scared publishers promised the politicians to take care of the morality of the media on their own. Therefore, the Press Code was drafted and 12-member Czech Press Council was promised to be created. Also thanks to this initiative, all the restrictive paragraphs were removed from the press law." See Milan Šmíd, "Čeští vydavatelé se dodnes sami neregulují, Česká tisková rada byla mrtvě narozené dítě" (Czech publishers do not regulate themselves, the Czech Press Council was a stillborn child), at <http://www.mediar.cz/samoregulace-vydavatelu-mrtve-narozene-dite-ceska-tiskova-rada> (accessed 15 May 2011).

parties represented in Parliament. The lower house of Parliament also has the power to dismiss the councils as a whole, which has happened several times. Control over this body often has consequences for the market.

For example, in 2003 the RRTV was dismissed when MPs unanimously rejected its annual report. Council members were accused of having instigated the legal dispute between the Czech Republic and TV Nova's former owner, CME, which sued the government in an international court of arbitration, accusing the state of failing to protect its investment in TV Nova. CME, following skirmishes with its local partner with whom it had launched TV Nova, was kicked out of the market also as a result of RRTV's bad decisions, according to CME's own representatives. In March 2003, a London-based arbitration court ordered the Czech Republic to pay CME a total of CZK 10.4 billion (€350 million, US\$ 455 million) in damages for its lost investment. While some media analysts blame the RRTV's technical incompetence in the dispute, others claim that politicians were to blame as they forced the regulator to make the decision that led to CME's forced exit.¹³⁶ In the pre-digital media market, the RRTV became one of the most criticized—and the most lobbied—institutions in the media sector.¹³⁷

7.3.2 The Regulator

The licensing procedure in the pre-digital era was heavily politicized, as was the distribution of the first six digital licenses in 2006. The Chamber of Deputies' overwhelming control over the system of nomination of RRTV members often resulted in the appointment of political allies to both public service media councils. However, the current RRTV is seen by media observers as more competent and less politicized despite the fact that its members are still openly nominated by political parties.¹³⁸

The public service media councils are also heavily under political control. The attempt to dilute this control by adopting legislation that allows civil society organizations to submit proposals for candidates for the Czech TV Council, the main governing body at Czech public television, proved to be futile; political parties managed to work around this and continued to exert their control.¹³⁹

7.3.3 Other Forms of Interference

In the past few years, journalists and editors have been alarmed by the legislative activities of the state authorities that have exerted extra pressure on the media. The so-called “muzzle law” came into effect in 2009 (see section 4.2.2). The act restricts the publication of information about individuals involved in criminal investigations. For example, it bans the publication of content from wiretapping carried out by the police and bans publication of information originating from the police services. Any infringement can mean prison terms of one to five years and fines of up to €180,000 (US\$ 234,000)—exorbitant for a Czech journalist or media outlet. Following protests by journalists and editors and heated discussions in the media, the Chamber of Deputies in May 2011 passed an amendment relaxing this law. The amendment, proposed

136. OSI, *Television Across Europe*, 2005 report, pp. 499, 507, 508.

137. For more details, see OSI, *Television Across Europe*, 2005 report, p. 499.

138. For example, the current RRTV chair, Kateřina Kalistová, is an active member of the Social Democratic Party (ČSSD).

139. OSI, *Television Across Europe*, 2005 report, p. 251.

by the government, allows the media to publish information from investigations if they believe the public interest outweighs the protection of privacy. According to the Ministry of Justice, such cases could include recordings of politicians that suggest they have broken the law.¹⁴⁰

The editors-in-chief of the 13 biggest Czech newspapers and magazines by readership similarly united to protest against a Ministry of Finance proposal to increase the Value Added Tax (VAT) for newspapers, magazines, and books. The amended act was approved by Parliament in June 2012¹⁴¹ and came into force on 1 January 2013. The VAT for newspapers, magazines, and books is 10 percent. It was increased to 17.5 percent as of 1 January 2013. The publishers argued that such a level of VAT on publishers is unprecedented in Europe (it is 0 in the United Kingdom, 2.9 percent in France, and 7 percent in Germany), and that this is a way of increasing the influence of the state over the media.

The increase in VAT is mainly harmful for the print dailies, and it has already forced them to think of alternative ways of publishing. By 2012, all the major Czech dailies were offering subscriptions for mobile applications on devices such as the iPad. The daily *Insider* (Insider.cz), launched in December 2011 by the company Centrum Holding, is available only as a paid version online or for tablets.

7.4 Assessments

The digital switch-over went through a slow and painful birth. The biggest obstacles to its implementation were not caused by financial or technical difficulties, but by legislative stalemate. Politicians, under the influence of commercial television lobbyists, minimized the importance of adopting effective media legislation and allowed the chaotic legislative process to delay the digital switch-over by almost a decade.

The Czech government adopted its first policy document concerning digital switch-over in 2000; it took another five years to adopt the first law allowing the launch of digital television channels—but only for the public service provider. The newly licensed private television stations had to wait until 2006 for legislation allowing them to apply for digital licenses, and another two years to be able to broadcast.

Political interference in media policies has dried up since 2005. As media policy became a marginal interest as the financial and other political crises took over, the debate over the media and digitization became a forum of discussion between experts and other stakeholders only. There has been a growing number of expert forums on media policy and digitization initiated by the media industry.

One of the main goals of the digitization of television broadcasting—to bring more channels and diversity to the Czech television market—remains unmet. There is only one new provider (TV Barrandov); all the other new digital channels are in the hands of existing providers (TV Nova, Prima TV).

140. The amendment came into force during the summer 2011.

141. Act No. 235/2004 Collection.

8. Conclusions

8.1 Media Today

The digitization of terrestrial television was completed in 2012, and has brought more programs, more services, and new multi-platform content to the public. The number of households owning a computer has increased rapidly as a result of digitization. The internet now offers access to a broader offer of news, information, and entertainment.

The end of advertising on public service television has brought increased revenues to commercial channels. The gradual legislative changes and the stable financial situation of the public service broadcaster has enabled the launch of the public service multiplex and several new public service television channels and radio stations.

The adoption of legal provisions to enable the digitization of the television market was a long, drawn-out process dominated by wrangling among the most influential interest groups and conflict between the regulators. More than a decade has passed since the government adopted its first Decree on the digitization of broadcasting,¹⁴² and the Broadcasting Act—the centerpiece of legislation—has been amended more than 10 times since 2003. The legislative delays prevented new digital television stations from entering the market and allowed the incumbent commercial broadcasters to secure privileged access to the new multiplexes and limit the scope for new entrants. The digitization of terrestrial television did not contribute to the plurality of the market, as most of the new channels were launched by existing dominant players. The digitization of radio is lagging behind and is expected to be completed only in 2025.

The main consequences of digitization in the Czech media, most of them negative, were as follows:

- The content of television news programs deteriorated as tabloid news prevailed over serious and in-depth news content.
- The growth of online platforms contributed to the loss of audience share for the conventional media. Most significant is the decline in newspaper circulations. The print market is suffering through the

142. Government Decree No. 696/01.

migration of consumers to free internet news websites and the economic downturn caused by the global financial crisis. The number of readers of the print versions of newspapers has declined by one-third since 2005. Publishers are very aware that the younger generation is not used to reading print versions of newspapers, perhaps with the exception of news magazines.

- The websites of Czech newspapers often offer rather mediocre content and flashy headlines in place of quality reporting. Consequently, in an attempt to attract readers, print versions of newspapers are now adopting the tabloid style of internet publications. The result of this panic is often a lack of substance in the news reporting.¹⁴³
- Public service television and radio are still considered to be under direct political influence through their councils, which are directly nominated by the Chamber of Deputies. The law also allows the lower house of Parliament to hand-pick members of the broadcast content regulator, the RRTV. There is no political will to cut the ties between the public service broadcasters, broadcasting councils, and politicians. The independence of the news media is under permanent pressure from political and/or economic forces. Over the past five years, the media in the Czech Republic have successfully campaigned against the new amendment of the Criminal Code banning the publication of the content of wiretapping by the police, namely the so-called “muzzle law,”¹⁴⁴ as well as the increased VAT imposed on the print media.¹⁴⁵
- The representatives of the print media still warn that the economic pressure on daily print and the news servers run by established dailies will lead to a disproportionate increase in the influence of the already powerful broadcast media.
- As news has become an ongoing process rather than a finished product, the staff of many newspapers and magazines face lay-offs as well as exhaustion.

8.2 Media Tomorrow

Will social media replace newspapers? Do we need newspapers as a source of quality content? These are the issues publishers face today. They are coming to the realization that readers will eventually switch from reading print versions of newspapers to reading them from mobile applications. Publishers and journalists will have to decide how to justify the existence of print newspapers in the digital era as institutions, tools of democracy, and areas of public space,¹⁴⁶ although the relatively stable number of sales of several major broadsheets suggests that Czech newspaper readers are not ready to go digital just yet.

143. Erik Tabery, editor-in-chief of *Respekt* political weekly, speaking at the conference VIZE 2012–2021, at <http://strategie.e15.cz/zurnal/vize-2012-2021-o-mediich-a-lidech-718044> (accessed 12 November, 2012).

144. Any infringement could mean prison terms of one to five years and fines of up to €180,000 (US\$ 234,000).

145. Since 2007, the VAT on printed media increased from 5 to 14 percent in 2010 and is planned to rise to 17.5 percent in 2013.

146. Media experts speaking at the conference VIZE 2012–2021, at <http://strategie.e15.cz/zurnal/vize-2012-2021-o-mediich-a-lidech-718044> (accessed 12 November, 2012).

User-generated content (UGC) and the usage of social networks are still underdeveloped in the Czech Republic in comparison with similarly developed EU countries. Non-professional blogging is not yet a typical activity for Czech internet users, even though anonymous contributions to readers' forums and similar kinds of platforms are very popular (unfortunately, due to anonymity, they often serve as a channel for expressing vulgarisms or extreme opinions).

Czech media experts are anticipating revolutionary changes in the next decade. The print media market will decline and will be replaced by internet and mobile applications. Television stations should keep their audiences thanks to the introduction of new technologies and changes in programming. Publishers are now looking for new business models, as advertising revenues from the print versions of newspapers are declining and internet advertisement is not bringing in sufficient revenues.

List of Abbreviations, Figures, Tables, and Companies

Acronyms and Abbreviations

ATO	Association of Television Organizations (<i>Asociace televizních organizací</i>)
CEE	Central and Eastern Europe
CME	Central European Media Enterprises
ČNB	Czech National Bank (<i>Česká národní banka</i>)
ČRo	Czech Radio (<i>Český rozhlas</i>)
CSO	Civil society organization
ČSSD	Social Democrats (<i>Česká strana sociálně demokratická</i>)
ČSÚ	Czech Statistical Office (<i>Český statistický úřad</i>)
ČT	Czech Television (<i>Česká televize</i>)
ČTK	Czech News Agency (<i>Česká tisková kancelář</i>)
ČTÚ	Czech Telecommunication Office (<i>Český telekomunikační úřad</i>)
CZK	Czech crown (<i>česká koruna</i>)
DAB	Digital Audio Broadcasting
DTT	Digital terrestrial television
DVB-T	Digital Video Broadcasting—Terrestrial
EBU	European Broadcasting Union
ETSI	European Telecommunications Standards Institute
EU	European Union
GDP	Gross domestic product
GNI	Gross national income
HBTV	Hybrid Broadcast Broadband TV
HDTV	High definition television
IMF	International Monetary Fund
IPTV	Internet protocol television
ITU	International Telecommunication Union
NATO	North Atlantic Treaty Organization

NGO	Non-governmental organization
NKS	National Coordination Group (<i>Národní koordinační skupina</i>)
ODS	Civic Democratic Party (<i>Občanská demokratická strana</i>)
OSCE	Organization for Security and Co-operation in Europe
OSF	Open Society Foundations
PC	Personal computer
PNS	First press company (<i>První novinová společnost</i>)
PwC	PricewaterhouseCoopers
ROI	Return on investment
RRTV	Council for Radio and Television Broadcasting (<i>Rada pro rozhlasové a televizní vysílání</i>)
SMS	Short message service
SPIR	Association for Internet Advertising (<i>Sdružení pro internetovou reklamu</i>)
STB	Set-top box
TPDS	Technical Plan of the Digital Switch-over
TPP	Technical Plan for the Transfer to the Digital Broadcasting (<i>Technický plán přechodu ze zemského analogového na zemské digitální televizní vysílání</i>)
UGC	User-Generated Content
VAT	Value added tax
VLP	Vltava Labe Press
WIP	World Internet Project

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Companies

AT Media	Eurocast GmbH Radio Venture & Management
Atex	Eurodata
Bauer Media	Facebook
Borgis	GES Media Holding
Burda Praha	GfK Czech
Central European Media Enterprises (CME)	Google
Centrum Holdings	Hachette-Filipacchi
Česká televize	Heinrich Bauer Verlagsgruppe
České Radiokomunikace	International Telecommunication Union (ITU)
Český rozhlas	Ipsos-Tambor Agency
Economia	J&T

Lagardère	Sanoma Media
Mafra	Sanoma WSOY
Mediaguru	Stratosféra
Médiamétrie	Telefónica O2
Mediareserach	Teleko Company
Median	T-Mobile
Metro ČR	Verlagsgruppe Passau
Mladá fronta	Vltava Labe Press (VLP)
MTG	Vodafone
Piano Media	Warburg Pincus
PPF	WEF
Rheinisch-Bergische Druckerei und Verlagsgesellschaft	YouTube
Ringier Axel Springer	

Mapping Digital Media: Country Reports (published in English)

1. Romania
2. Thailand
3. Mexico
4. Morocco
5. United Kingdom
6. Sweden
7. Russia
8. Lithuania
9. Italy
10. Germany
11. United States
12. Latvia
13. Serbia
14. Netherlands
15. Albania
16. Hungary
17. Moldova
18. Japan
19. Argentina
20. South Africa
21. Turkey
22. Lebanon
23. Macedonia
24. Bosnia and Herzegovina
25. Poland
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27. Georgia
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29. Colombia
30. Croatia
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32. China
33. Peru
34. Chile
35. Spain
36. Kenya
37. Bulgaria
38. India
39. France
40. Estonia
41. Kazakhstan
42. Malaysia
43. Pakistan
44. Slovakia

Mapping Digital Media is a project of the **Open Society Media Program** and the **Open Society Information Program**.

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The Media Program works globally to support independent and professional media as crucial players for informing citizens and allowing for their democratic participation in debate. The program provides operational and developmental support to independent media outlets and networks around the world, proposes engaging media policies, and engages in efforts towards improving media laws and creating an enabling legal environment for good, brave and enterprising journalism to flourish. In order to promote transparency and accountability, and tackle issues of organized crime and corruption the Program also fosters quality investigative journalism.

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Cover Design: Ahlgrim Design Group

Design and Layout: Judit Kovács | Createch Ltd.

