

# **Footprint of Financial Crisis in the Media**

ALBANIA country report

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Commissioned by Open Society Institute

December 2009

## **Economy**

2009 was a year of economic and financial uncertainty the world over. While the economic situation in Albania is not as dismal as in some of the other neighboring countries (the economy is still experiencing positive growth), the general market sentiment continues to be negative. This is in part due to the free-floating exchange rate of the Albanian currency, the lek (ALL), which has declined against the euro by 7–8 per cent over the past 12 months, although local customers have reportedly withdrawn about 10 per cent of consumer deposits accounts from commercial retail banks amid fears that the global crisis would engulf the country's small economy.

Additionally, Albanian migrants' remittances, which account for almost a quarter of the country's GDP, fell reportedly by 6.2 per cent in the first six months of 2009 to € 420 million, reflecting the tougher conditions for migrants working abroad.

Inflows of foreign direct investment doubled in the first half of the year to € 460 million, but the bulk of funds came from privatisation deals negotiated before the global crisis, such as CEZ, the Czech energy company that paid € 102 million for OSSH, Albania's only electricity distributor, or other deals, including the sale of ARMO, the state-owned oil refinery, to local investors, and the sale of a residual stake in AMC, a leading mobile telephony operator, to its majority shareholder, Cosmote of Greece.

Despite the credit crunch, the government raised a € 250 million three-year syndicated commercial loan to finance the completion of a € 700 million highway to Kosovo ahead of the election, but as repeatedly warned by industry experts,<sup>1</sup> at 11 per cent, the cost of borrowing was high compared with the 5 per cent interest rate on a € 230 million loan raised in 2008.

## **The media sector**

As 2010 unfolds, the economic climate will do most to determine TV ad spending, which declined in 2008 to € 31 million as opposed to € 33 million in the election year of 2007, and is slowly recovering in 2009–10 (approx. € 43–4 million). Perhaps surprisingly, the highest yoy growth belongs to print and outdoor media.

With the biggest-selling daily circulation at less than 25,000, this still remains an underdeveloped medium. Nonetheless, the number of dailies keeps rising in an already overcrowded marketplace, thus confirming the hypothesis of parallel business funding by their respective owners as the only

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<sup>1</sup> K. Hope, "Economy and banking: the advantages of a profitable market niche", *Financial Times*, 7 December 2009.

possibility of surviving in the market. The internet penetration remains very low (around 16 per cent) and has yet to reach a critical mass for the audience.

Additionally, with a few exceptions, despite their continuing professional development, electronic media continue to remain financially unstable, depending therefore largely on revenues from their owners' other interests. For instance, it is interesting to note that the public broadcaster TVSH and another commercial national TV station, TV Klan, account for a much higher proportion of state advertising, despite their extremely weak audience performance compared with the other outlets, Top Channel and Vizion Plus respectively.

### **Media content**

The majority of respondents affirmed that despite some progress observed over the past few years with very few leading media outlets introducing new programming content or modern broadcasting technology, the rest of the media market is weaker today compared with two to three years ago. As strongly emphasised by most of them, the main reason for the unstable economic situation of the media lies with the perceived strong political and other business interests' interference in the media.

According to the respondents, this situation of the media poses serious threats to the quality of information they provide to the audience, which was a topic that sparked a lively discussion with all of the respondents. All of them, regardless of age, gender and profession, declared that the media are very important in both their personal and professional lives as they have to play a major role in strengthening the country's democratic system and informing the public.

Going deeper into discussion, respondents were asked to describe in a few words their own perception of the changes in the media situation in more detail. The majority of respondents described their environment as more politically biased than a few years ago. As E. Xh. (male, 26) put it, "In my view, the media remain still challenged in their role by the same old problem, and that is excessive interference of politics, which becomes consequently a major obstacle for the media in fulfilling their mission."

Asked whether they had observed a change in the breadth and depth of media coverage, most of the respondents agreed with one particular comment that perhaps we have seen so far an increase in the number of programmes and shows, that is quantity, but certainly not quality. Additionally, almost all the respondents expressed doubts about the quality of investigative reporting, if there is any, and especially the media coverage of the parliamentary elections last June. According to L. Xh. (female, 23), "Evidently, there is clearly a lack of the investigative component of journalistic reporting in the

Albanian media ... i.e., one of the latest examples was the case of Mero Baze's incident<sup>2</sup>, which in my view was not satisfactorily covered by the rest of the media outlets."

With reference to the media's public function, and especially TVSH, the public broadcaster, absolutely all the respondents stressed that the media in general, with very few exceptions, and especially the public service broadcaster, had so far failed miserably to fulfil their public mission of providing the public with a platform for informed choices. A. D. (female, 26) said: "I am saddened to say that I have almost totally given up watching TVSH, our public broadcaster, because I think its news programming is extremely politicised."

All the respondents claimed not to be sufficiently informed due to the lack of in-depth reporting on important economic, social or other issues. F. Z. (male, 28) said, "We are witnessing a lot a process of tabloidisation, where even well-respected media turn to reporting gossip and lifestyle issues, which I believe is something that should not be happening."

### **Editorial independence**

The majority of respondents said that they see a deteriorating situation in news reporting, despite the significant improvement in broadcasting quality and progress in programming. There is clearly a biased coverage of events and reports by the majority of media outlets, with editorial decisions being taken depending on specific political or business allegiances. One has to search for the news in different mainstream media in order to be able to come up with an informed opinion. As E. K. (female, 23), put it, "If we are to refer to the last election campaign [June 2009] and pay attention to the campaign media coverage report issued by the Media Monitoring Board, it is clear that certain media offered positive coverage for the Socialist Party and other outlets, for the Democratic Party."

Most notably, in this view, all the respondents questioned the performance of the public service broadcaster, RTSH, whose news agenda appears to be pretty close to that of the current governing majority, thus serving the interests of its politically appointed managers and their patrons, rather than the interest of the public.

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<sup>2</sup> Mero Baze, chief editor of the independent Albanian daily *Tema* and host of the prime-time TV show "Faktor Plus" that airs daily Monday to Friday on Vizion Plus, was badly beaten up at a bar in Tirana, on 2 November 2009, and was hospitalised overnight. According to "Balkan Insight", the online publication of the Balkan Investigative Reporting Network (BIRN), the attack on Baze was witnessed by bar patrons, including two colleagues who were sitting with him. Citing local press reports, "Balkan Insight" reported that a local businessman, Rezart Taçi, and his four bodyguards beat him up and then left the bar. In a statement to local news outlets, Taçi said he was present during the attack but was not involved.

Asked about how clear the distinction between advertising and reporting was in today's media, some of the respondents saw this as not an issue of utmost importance. However, according to the rest of the respondents, there is reportedly an increasing number of cases where the thin line between reporting and advertising becomes really blurred. According to E. Xh. (male, 26), "Politics and private business do interfere a lot into media matters, and I strongly believe that the editors and journalists bear much responsibility for this situation."

### **Media ownership**

According to the respondents, there is a total lack of ownership transparency over media outlets' funding, and despite official records deposited in the regulatory bodies' archives or other state business registration offices, the situation remains unclear and unexplored. It is in the interest of the media owners, respondents say, to avoid transparency, because it makes it easier for them to interfere in their relationships with their employees, journalists and editors.

Many media owners use the media outlets they own as a supporting tool for their other business interests, and therefore, according to the respondents' perceptions, they have a decisive say in everyday editorial decisions in Albania. R. Z. (male, 28), says: "A typical example of the relationship owner-journalist would be to simply have a look at Aleksandër Frangaj's [managing director and shareholder at TV Klan] appearances at the nightly talk show Opinion, where it is obvious which political party he is supporting and what kind of 'transparency' lies between him and the talk show host."

### **Labour**

The respondents think that with few exceptions, there are noticeably more inexperienced journalists covering day-to-day issues than a few years ago, and this is related to the young age (almost ten years) of independent privately-owned electronic media in Albania. It will take some time to establish a professional class of specialised journalists. According to A. I. (male, 29), "The issue of critical or unbiased reporting is also related to the professional capacity of journalists ... it is not that they are unprofessional, but it's because, in my view, the owners always keep a 'watchful eye' on them, and of course, as noted earlier, politics is always behind business in Albania, so journalists are not always given a chance to express their professionalism."

### **New media**

Asked whether they think the financial crisis has influenced internet users' behaviour and preferences, the respondents answered that they see generally a trend, especially among the young generation, of increasingly turning to the internet as their primary source of news. Despite the low level of internet penetration nationwide (around 16 per cent), there is clearly a tendency of Albanians turning to internet forums and online discussion for news as opposed to the traditional media, and this would be one of the few overall biggest changes in recent developments in the media in Albania.

However, as most of the respondents said, these blogs, forums or portals are run or managed, for the most part, by non-professional news people, and this may lead to misinterpretation of facts. There is not much original news produced by online portals, but merely translations from other outlets. That is why, as a few respondents put it, they would rather search for confirmation in the mainstream media, if they have any special topics of interest in the news. It is true that there is much more information now online as opposed to a few years ago, but this does not necessarily mean an improvement in its quality. A. D. (female, 31) said, "The quality of information, I would rather say that it has deteriorated, as we are experiencing only an increase in its volume and not its quality."

### **Conclusions**

The quantitative and qualitative findings of the study suggest that the crisis-related financial constraints have had an impact on the breadth, depth and overall quality of media coverage of the relevant current affairs issues and news. More broadcasting and print space is increasingly dedicated to entertainment and tabloid-style information, rather than current affairs, news or educational information.

With reference to the standards of editorial independence, journalists are still vulnerable to the arbitrary decisions of media owners and unregulated employment agreements between the latter and the editorial staff, which has also many implications for media content, namely, it may result in information being produced that is neither impartial nor fair.

There is quite a lot to be done before the media become a more influential player in Albania's democracy. Despite progress and significant developments in new programming content and improved broadcasting technology, the ability of media to push for change is yet to be explored. A self-sustainable media market, perhaps with fewer players, but well-established and consolidated ones, disconnected from vested political or business interests, would pave the way for the media outlets to be more powerful to set the agenda of the country's democracy. At the moment, the media consumers, that is the citizens, are not receiving enough information to make considered decisions.

**Methodological note and respondents**

In the framework of the study Footprint of Financial Crisis in the Media, which aimed to explore the correlation between the crisis and citizens' ability to make informed decisions, a focus group meeting was convened in Tirana, at the OSFA premises, on 12 December 2009. A total of 12 focus group discussion participants were selected to be representative of the study's media audience target group: academics, media-savvy advocacy activists, rural community leaders, librarians, students, youth organisation activists, bloggers and business leaders. The composition was also highly representative of the main target groups, middle-class and young voters.

| Name of respondent    | Education               | Age | Sex | Employment                     |
|-----------------------|-------------------------|-----|-----|--------------------------------|
| J. V.                 | social sciences         | 24  | F   | market research firm           |
| E. Xh.                | journalism              | 26  | M   | student (graduation year)      |
| I. B.                 | business administration | 21  | F   | commercial retail bank         |
| L. Xh.                | economics               | 23  | F   | student (3 <sup>rd</sup> year) |
| E. K.                 | economics               | 23  | F   | specialist at a telco firm     |
| A. D.                 | finance                 | 26  | F   | student (2 <sup>nd</sup> year) |
| R. Z.                 | electric engineering    | 28  | M   | student (graduation year)      |
| J. B.                 | social sciences         | 25  | F   | teacher elementary school      |
| N.T.                  | law                     | 25  | M   | public administration          |
| A. D.                 | foreign languages       | 31  | F   | commercial retail bank         |
| A. I.                 | law                     | 29  | M   | law consulting firm            |
| F. Z.                 | agro-business           | 28  | M   | marketing & distribution firm  |
| Average age 25        |                         |     |     |                                |
| M/F Ratio 41.6%/58.3% |                         |     |     |                                |

## ANNEX : TABLES

Table 1. Main economic indicators

|                           |                        |
|---------------------------|------------------------|
| Population, total (2008)  | 3,170,048 <sup>3</sup> |
| Working population (2007) | 2,052,000 <sup>4</sup> |

|  | 2006  | 2007  | 2008        | 2009                    |
|--|-------|-------|-------------|-------------------------|
| GDP per head (\$)  | 2,883 | 3,423 | 4,006 (est) | n.a.                    |
| GDP growth (%) <sup>5</sup>                                    | 5.4   | 6.0   | 6.8 (est)   | 3.0 (est)               |
| Unemployment(%) <sup>6</sup>                                   | 14.1  | 14.1  | 12.7        | 13.0                    |
| Monthly average wage (public sector, \$)                       | 312   | 364   | 391 (est)   | 410 <sup>7</sup> (est)  |
| Internet users (per 100 inhabitants)                           | 12.4  | 14.7  | 18.4        | 19.1 <sup>8</sup> (est) |
| Fixed-line penetration rate (per 100 inhabitants) <sup>9</sup> | 9.14  | 9.26  | 10.29       | n.a.                    |

<sup>3</sup>Population Projections for Albania 2001–21, based on the data of the Population and Housing Census of Albania, April 2001; Institute of Statistics; Tirana: INSTAT, 2004; European Bank for Reconstruction and Development.

<sup>4</sup> Bank of Albania, *Monthly Statistical Report*, September 2009; [www.bankofalbania.org](http://www.bankofalbania.org); records on employment and unemployment indices are based on INSTAT's Labour Force Power Questionnaire, 2007.

<sup>5</sup>Data for 1997–2007 represent the most recent official estimates as reflected in publications from the national authorities, the IMF, the World Bank and Eurostat. Data for 2008 are the preliminary actual data, mostly official government estimates. Data for 2009 represent EBRD projections.

<sup>6</sup> Figures do not include emigrant workers abroad; EBRD Economic Statistics and Forecasts; INSTAT/WB/IMF LSMS Study 2002–8.

<sup>7</sup> Bank of Albania, Real Sector Time Series 1990–2009; [www.bankofalbania.org](http://www.bankofalbania.org) (accessed 29 November 2009). The table figures for the average wage for 2006–9 reflects the denominations as of the end of the 4th quarter respectively, while for 2009 the denominations are the latest available, that is the 2nd quarter of 2009.

<sup>8</sup> Internet World Statistics; [www.internetworldstats.com/stats4.htm#europe](http://www.internetworldstats.com/stats4.htm#europe). The available source for 2006–8 was EBRD Economic Statistics and Forecasts, while for 2009 the denomination corresponds to a projection by the editor based on figures published by the Albanian Regulatory Entity of Telecommunications; [www.akep.gov.al](http://www.akep.gov.al).

<sup>9</sup> Assessment Report Albania, December 2008; comparative assessment of the telecommunications sector in the transition economies by Cullen International under the auspices of EBRD Legal Transition Programme Telecommunications Regulatory Development; [www.ebrd.com/country/sector/law/telecoms/index.htm](http://www.ebrd.com/country/sector/law/telecoms/index.htm). Currently, there are no reliable data on the number of subscribers who have broadband access to the internet, but there are thought to be approximately 40,000. Based on these data, penetration of broadband services is less than 1 per 100 inhabitants.



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|  |                    |                    |       |            |
|--|--------------------|--------------------|-------|------------|
| Mobile telephones penetration rate (per 100 inhabitants) <sup>10</sup> | 60.27              | 72.54              | 94.16 | 96.9 (est) |
| Households with at least one TV set (%)                                | 90.1 <sup>11</sup> | 90.2 <sup>12</sup> | n.a.  | n.a.       |

**Table 2. Main economic indicators of the media sector**

|   | 2006             | 2007              | 2008              | 2009              |
|---|------------------|-------------------|-------------------|-------------------|
| No. dailies <sup>13</sup>                               | 25               | 24                | 23                | 26                |
| No. regional newspapers <sup>14</sup>                   | 4                | 4                 | 4                 | 5                 |
| No. weeklies <sup>15</sup>                              | 13               | 15                | 13                | 15                |
| No. of public TV channels                               | 4                | 4                 | 4                 | 5 <sup>16</sup>   |
| No. public radio channels                               | 5                | 5                 | 5                 | 5 <sup>17</sup>   |
| No. commercial TV stations                              | 98 <sup>18</sup> | 121 <sup>19</sup> | 118 <sup>20</sup> | 126 <sup>21</sup> |
| No. commercial radio stations                           | 45 <sup>22</sup> | 54 <sup>23</sup>  | 56 <sup>24</sup>  | 60 <sup>25</sup>  |
| No. news websites (unattached to the traditional media) | n.a.             | n.a.              | n.a.              | 23 <sup>26</sup>  |

<sup>10</sup> Regulatory Telecommunications Entity of Albania, 2009; [www.akep.gov.al](http://www.akep.gov.al).

<sup>11</sup> Instant/World Bank LSMS Study, Tirana, 2002–5.

<sup>12</sup> BrandPuls Survey Study of Albania's Population, Strategic Marketing Research, Tirana, 2007.

<sup>13</sup> Çelësi i Tiranës, Botimet Çelësi, 2006–2007–2008–2009 (Albanian Yellow Pages). This document refers to data on the number of dailies, weeklies and regional newspapers, including broadsheet, tabloid, metro titles, sports and official party papers.

<sup>14</sup> Çelësi i Tiranës, Botimet Çelësi, 2006–2007–2008–2009.

<sup>15</sup> Çelësi i Tiranës, Botimet Çelësi, 2006–2007–2008–2009.

<sup>16</sup> National Council on Radio Television (KKRT) at [www.kkrt.gov.al](http://www.kkrt.gov.al). The public terrestrial network is run by the RTSH Company (Albanian Radio-Television). Public television includes: one national terrestrial television network (analogue): TVSh, and TVSh 2; and three regional terrestrial television networks (analogue): TV Gjirokastra, TV Korça and TV Shkodra.

<sup>17</sup> KKRT at [www.kkrt.gov.al](http://www.kkrt.gov.al).

<sup>18</sup> *Television across Europe: regulation, policy and independence*, OSI, Budapest, pp. 223–4.

<sup>19</sup> KKRT at [www.kkrt.gov.al](http://www.kkrt.gov.al).

<sup>20</sup> *Television across Europe*, p. 35.

<sup>21</sup> KKRT at [www.kkrt.gov.al](http://www.kkrt.gov.al).

<sup>22</sup> *Television across Europe*, pp. 223–4.

<sup>23</sup> KKRT at [www.kkrt.gov.al](http://www.kkrt.gov.al).

<sup>24</sup> *Television across Europe*, pp. 223–4.

<sup>25</sup> KKRT at [www.kkrt.gov.al](http://www.kkrt.gov.al).

<sup>26</sup> [www.alexa.com/search;3?q=lajme&tr=home\\_home&p=top](http://www.alexa.com/search;3?q=lajme&tr=home_home&p=top).

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|  |          |           |           |           |
|--|----------|-----------|-----------|-----------|
| Advertising revenue in print media (% , yoy, compared with 2006) <sup>27</sup> | 100<br>% | +<br>83.8 | +<br>80.2 | +<br>69.0 |
| Advertising revenue in TV (% , yoy, compared with 2006) <sup>22</sup>          | 100<br>% | +<br>31.2 | +<br>25.7 | +<br>48.3 |
| Advertising revenue in radio (% , yoy, compared with 2006) <sup>22</sup>       | 100<br>% | +<br>52.0 | +<br>48.0 | +<br>58.1 |
| Advertising revenue in new media (% , yoy, compared with 2006) <sup>22</sup>   | 100<br>% | n.a.      | +<br>32.3 | +<br>63.2 |

**Author**

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<sup>27</sup> Advertising expenditure data in this document are author’s estimates, analysis and forecasts based on non-continuous adex monitoring findings 2006–9. For 2006–8 adex and other funding data on TVSH, KKRT, Raport Vjetor në Kuvendin e Shqipërisë 2006–8 (Annual Report to the Albanian Parliament), see <http://www.kkrt.gov.al> ( accessed 26 November 2009).