

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

BULGARIA country report

Compiled by Ognian Zlatev, Media Development Centre

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## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

### **The media sector**

The overall media situation in the country may be considered stable. Basic constitutional guarantees for the freedom of expression and the right to receive information are present. In general, the media in Bulgaria function as independent commercial enterprises aiming at making a profit and by and large are managed professionally. This statement is primarily valid for the big nationwide print and broadcast media, both public and commercial.

A dramatic drop in advertising revenue is visible, especially for the traditional media. But there is a slight rise in investment in internet advertising.

Business in general in Bulgaria has redirected its interest towards internet-based advertising, mainly because of:

- easier targeting;
- lower advertising costs;
- the constant increase in the number of internet users.

Recent years have witnessed the trend of re-definition of the functions of the media, from information to entertainment. In the omnipresent competition environment media are getting more and more commercialised in order to attract wider audiences.

Among other negative trends in media development in 2009 in Bulgaria should be mentioned:

- general degradation of the media products;
- self-censorship;
- clearer political or economic dependency.

### **Media content**

In principle the media report most of the important events in public life. However, the unanimous conclusion was that, in 2009, a negative trend of limitation in the range of reported topics was deepening.

The shift of the media's focus from critical and analytical reporting of political and societal developments to lighter genres and especially emphasising people's private lives and celebrity

## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

journalism are commonly agreed as destroying the balance of the main functions of the media in Bulgaria.

In the year of two national election campaigns (the European Parliament and general elections) as well as a local elections campaign for the capital city Sofia, the actions of the executive branch as well as of the main political parties were the most heavily covered topics. This reporting was quite friendly and not critical. There were a significant number of examples of the over-exposure of certain political figures.

Diverting public attention from the important issues of citizens' lives creates a superficial public agenda, so that certain events, especially those related to conflicts between the public and corporate interests, are not reported.

The mainstream media steadily refuse to invest in investigative reporting. It is common practice that investigations are not published even after their completion because of economic or other pressures. The regional media market is described as even worse since local economic and political relations are much more visible and result in greater oppression of the local media.

It is common practice that important public-interest issues are not reported in-depth because of specific editorial policies of the respective media and/or journalists' lack of professionalism.

The economic crisis directly affects individual media as well as the media environment in general. This can be seen in several ways: on the one hand, the lack of financial resources makes media more dependable on political and corporate interests; on the other hand, the crisis also plays a 'purifying' role because less professional media are forced to reform in order to survive.

Shrinking income for the media results in staff cuts among journalists and supporting staff as well as fewer trips, lower pay and so on, which causes demotivation among the journalists. The general conclusion is that these factors inevitably influence adversely the quality of the media products.

Bulgarian media register a growing lack of information on global issues. Reporting is based on domestic events and there is no connection with international news. This may be explained by lack of interest on the part of the audience.

By the end of 2009 Re: TV, a cable TV news channel providing space for public discussions and debates on issues of general interest, had ceased to exist. Although not that significant a player on

## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

the media market in the country, the channel's role was seen to be a common arena for sharing different viewpoints not present in the mainstream commercial TV channels.

### **Legislation**

The legal framework for the media business in Bulgaria supposes the same treatment as any other business activity. There is a universal VAT rate of 20 per cent and there are no exceptions for the media.

There are notable shortfalls in regulation concerning monopoly. The legislation provides grounds for monopolisation of the market, which has provoked proposals for the separate regulation of media concentration. A new broadcast bill is expected to be voted through Parliament in 2010; at the same time the draft amendments to the existing law are being discussed in parliamentary commissions. These have to address and reflect the latest Audiovisual Media Services Directive as well as the delayed digital switch process. There is a common feeling of discontent in the way this drafting is going on, hidden from the public eye.

### **Editorial independence**

The general conclusion for 2009 is that the media in Bulgaria have become more dependent, and this is supported by several important examples that demonstrate the abuse of influence on the media by both political as well as corporate entities. A common practice in Bulgaria's media environment is that the state or local authorities have become the main advertisers, and they have used that as a tool to exercise influence over editorial policies.

In principle, part of the Bulgarian media operates on a business model in which economic logic is not related to editorial independence. These media are simply an adjunct to other businesses of certain economic groups or companies, which are frequently related to political actors. The model leads to distortion of the overall media environment and to the expansion of the grey zones of media dependency.

The issue of the differentiation of the commercial and editorial content in the Bulgarian media is related to the expanding use of PR instruments. Nonetheless, there are still certain media that continue to separate editorial from commercial content. At present the separation between PR and reporting is fading.

## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

There has been a change in political rhetoric about the role of the media, which was predominantly noticeable during the election campaigns. Increasingly politicians tend to openly use the media as a tool to humiliate their opponents; they sometimes bluntly remind the media (especially in the countryside) about the variety of means that exist to influence them (like state-controlled advertising).

### **Media ownership**

One of the greatest problems of the Bulgarian media environment is the non-transparency and lack of clarity in media ownership.

The best option for media ownership is a clear separation between the owner and the editorial staff. The influx of international media investors in the mid-1990s raised hopes for good management practices in media, including strict editorial independence. While such developments could be seen in the broadcast media, international ownership of some of the print media has not necessarily resulted in greater editorial independence. Management could still be described as poor, thus providing grounds for an owner to interfere in editorial policy.

Media concentration in Bulgaria has not brought about an improvement in quality. On the contrary, in most cases this has led to a diminished diversity of opinion.

### **Labour**

A number of media experts and consumers confirm that there is a strong trend of deterioration in the quality of media content in recent years, especially in 2009. Among the main reasons for that are:

- low level of linguistic, stylistic and writing skills of journalists;
- lack of in-depth knowledge;
- migration of labour to PR industry;
- lack of competition in the labour market in the media field;
- non-compliance with codes of ethics and professional conduct<sup>1</sup>;
- self-censorship.

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<sup>1</sup> In 2004 Bulgarian media introduced a Code of ethics which was adopted by the ority of media outlets. A self-regulatory mechanism (Press council) was introduced subsequently. Both the Code and the Press council are arguably among the best in SEE and CEE.

# FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

## **New media**

The internet is expanding dynamically. There are visible processes of segmentation of audiences. As opposed to traditional media, which are losing both audiences and advertising income, internet-based media enjoy solid increases in revenues and growing audiences, especially among the younger generation.

To a certain extent this is related to the change in the media culture of young people, who more and more prefer to get their information from the internet and who use the communication features of the web for organising themselves. Among the main things in which the internet played a significant role in public participation in 2009 were the election campaigns, various environmental initiatives, and the defence of basic freedoms and rights.

The main characteristics of the internet that attract growing audiences are:

- interactivity;
- lack of censorship;
- diversity of opinions and viewpoints.

The significant differences between the traditional and the new media are people's trust and the reliability of the information provided. Despite the fact that the internet and the new media become increasingly popular, the trust in the content provided by traditional media is still prevailing.

Social networks increase and enhance media consumption. More and more they become a mediator and connecting tool between the traditional media and the public.

In recent years, and especially in 2009, the growing role of blogs is noticeable. Visible activity of web-logs and new information portals provide a greater pluralism of opinion and more reporting of a greater number of public-interest events which mainstream media sometimes ignore.

## **Conclusions**

The media still play a significant role in promoting and sustaining democracy in the country. Nevertheless, the registered shortcomings in their work directly affect the sustainability of the media environment. As a result of the financial crisis, there is a patent regression in certain basic characteristics of free and democratic media, such as:

## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

- professional commitment to the information function of the media;
- wide range of coverage of topics of significant public interest;
- complying with the principles of editorial independence
- pluralism of opinions and viewpoints;
- long-term investment in human resources development.

### **Respondents**

The focus group session took place on 29 December 2009.

Moderator: Ognian Zlatev, Managing Director, Media Development Centre

Consultant: Dr Dobromir Zhivkov, Research Director, Market Links agency

#### Participants:

Dragomir Nenkov, regional business community leader

Rossitsa Lissichkova, Employers and Industrialists Confederation

Ognian Kamenov, Health Problems of Minorities Foundation

Kapka Panayotova, Centre for Independent Living

Krassimira Velichkova, Bulgarian Donors Forum

Ivan Bedrov, blogger

Ralitsa Kovacheva, blogger

Teodora Petrova, university professor

Denitsa Sacheva, university professor of communications

## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

### ANNEX: TABLES

**Table 1. Main economic indicators**

|  |       |       |       |                   |           |
|--|-------|-------|-------|-------------------|-----------|
| Population, total                                    |       |       |       |                   | 7,606,551 |
| Working population                                   |       |       |       |                   | 3,360,700 |
|  | 2006  | 2007  | 2008  | 2009*             |           |
| GDP per head (€)                                     | 3,278 | 3,753 | 4,454 | n.a.              |           |
| GDP growth (%)                                       | 6.3   | 6.2   | 6.0   | n.a.              |           |
| Unemployment (%)                                     | 9.0   | 6.9   | 5.6   | 8.03 <sup>2</sup> |           |
| Average wage (€)                                     | 2,211 | 2,642 | 3,215 | n.a.              |           |
| Internet users (per 100 people)                      | 21.8  | 28.4  | 33.0  | 39.7              |           |
| Broadband availability (% of the total) <sup>3</sup> | 6     | 7.6   | 11.2  | n.a.              |           |
| Mobile telephones (per 100 people) <sup>2</sup>      | 107   | 130   | 138   | n.a..             |           |

\*Here and henceforth, year-on-year (yoy) using the latest available data.

Source: National Statistical Institute (NSI) unless otherwise indicated

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

|   | 2006 | 2007  | 2008  | 2009 |
|---|------|-------|-------|------|
| Dailies <sup>1</sup>  | 63   | 64    | 70    | n.a. |
| Regional newspapers <sup>1</sup>  | 201  | 212   | 220   | n.a. |
| Weeklies <sup>1</sup>   | 194  | 194   | 188   | n.a. |
| State-funded broadsheets  | 1    | 1     | 1     | 1    |
| No. public TV channels  | 1    | 1     | 1     | 1    |
| No. public radio channels   | 1    | 1     | 1     | 1    |
| Commercial TV stations <sup>2</sup>   | 102  | 110   | 119   | n.a. |
| Commercial radio stations <sup>2</sup>  | 95   | 107   | 114   | n.a. |
| News websites (est)   | 22   | 38    | 55    | 80   |
| Advertising revenue in print media (% , yoy, compared with 2006) <sup>3</sup> | 100  | 110.5 | 118.8 | n.a. |
| Advertising revenue in TV (% , compared with 2006) <sup>3</sup>               | 100  | 129.5 | 165.7 | n.a. |
| Advertising revenue in radio (% , compared with 2006)                         | 100  | 122.4 | 178   | n.a. |

<sup>2</sup> September, 2009; Source: stat.bg

<sup>3</sup> Source: State Communications Regulation Commission.

## FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

|  |     |     |     |      |
|--|-----|-----|-----|------|
| Advertising revenue in new media (% compared with 2006) <sup>4</sup> | 100 | 160 | 180 | n.a. |
|--|-----|-----|-----|------|

<sup>1</sup> Source: NSI.

<sup>2</sup> Source: NSI, licensed and registered TV operators.

<sup>3</sup> Source: TNS 'TV Plan AdEx Monitoring'

<sup>4</sup> Source: Association of Advertising Agencies in Bulgaria.

### Author

**Ognian Zlatev** holds a MA in Classical Philology, specialising in ancient Greek culture and Bulgarian language and literature. He has obtained qualifications in political communications, media relations, journalism training, international PR, European Union communications, election campaigning, media development. He currently runs the Media Development Centre in Bulgaria, which he established in 1998 to promote the development of independent media in Bulgaria, foster capacity-building of the media and boost the networking and cross-border cooperation in south-east Europe. He is a founding member (1999) and board member of the South East European Network for Professionalization of the Media (SEENPM) and in 2002–4 he was president of the organisation. Ognian Zlatev is board member of the National Council for Journalism Ethics of Bulgaria. He sits on the Steering Committee of the Global Forum for Media Development.