



General section

Albanian media and the specifics of the local market

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ARTICLE INFO

Keywords:

Albanian media
Media diversity
Media competition
Privatized media

ABSTRACT

After the fall of communism in 1991, Albanian media rode a wave of privatization, bringing with it a load of new market entrants and a high level of disorder. As the media market began to grow and private outlets captured larger audiences, holes appeared in Albanian media legislation, making it difficult to enforce fiscal transparency and competition amongst participants.

As a result of their market advantage, large private media companies are now outspending smaller competitors in order to boost innovation and technology. As media companies continue to grow in all major forms of Albanian media, large stations exploit the lack of government oversight to increase their advantage in advertising, programming, and technological innovation.

By implementing legislation designed to stabilize growth, the diversity of Albanian media outlets will increase along with widespread advancements to technology and infrastructure.

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Changes to the political system in Albania are associated with the evolution and radical transformation of the media field. The establishment of both political pluralism and a market economy in 1991 brought with it the collapse of the state's monopoly over the Albanian media market. Subsequently the transition from a centralized system to a private media system was accompanied by fundamental changes to the market. In contrast to the former communist East, where the transition from controlled media markets to free markets was done in a gradual manner, in Albania this change was done radically.

From 1991 until 1997, almost all newspapers and magazines controlled by the communist state disappeared from circulation (with the exception of the newspaper *Zëri i Popullit*, the main paper of the communist party in power), and in their place emerged new newspapers which functioned mainly as private businesses. These new media businesses fundamentally transformed the Albanian media landscape. Before 1990, only two daily national papers were printed, *Zëri i Popullit* and *Bashkimi*. By 1991 four daily papers were printed, and in 1994 that number doubled to eight. Currently 28 national dailies (distributed in all Albanian territories) are printed, a feat when compared to the number of print media outlets in countries with populations much larger than Albania's.

The same pattern has also occurred in the audiovisual market where the only state-run radio-television station, RTSH, is dominated by a large number of private competitors who have overtaken

the Albanian-speaking media scene. According to statistics from the National Council of Radio and Television KKRT (KKRT 2011, p. 34) in Albania today, four national television stations are in operation, 65 local stations, 33 cable television stations, three national and 47 local radio stations.

1. A market with minimal regulation

The flood of private companies entering Albania's media market propelled the system into a state of chaos, due largely to outdated legislation and a lack of fiscal transparency. The state continues to lack oversight in a market that developed rapidly and has the tendency to bypass government regulations. This somewhat anarchic situation has been especially visible in the field of electronic media. While, newspapers and magazines have begun their operations by registering and becoming legally licensed as private businesses, electronic media outlets regularly begin without receiving legal licenses from the state. Even after the Law on Electronic Media was passed in September 1998, little has changed due to implementation inconsistencies.

2. One of the primary traits of Albanian media is the lack of financial transparency

For starters, private media businesses often fail to declare their initial investments when beginning a new venture. This causes periodic imbalances within the market, because large investors from other fields enter the market and alter the media landscape. This has occurred periodically with the entry of construction businessmen like Koço Kokëdhima, Irfan Hasanbelliu, Genc Dulaku, and

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coffee businessman Dritan Hoxha. As a result of large investments from the first two businessmen, their respective newspapers are the most printed in the country while Dulaku and Hoxha have two of the largest Albanian private television platforms.

When competitive media outlets first enter the market, changes occur quickly and pricing is an important part of their market impact. The newspaper *Shekulli*, entered the market with a price three times lower than the other papers. It sold for 10 Lek (approximately 70 Cents), while the other newspapers sold at a price of 30 Lek (\$2.10). Later, the newspaper *Panorama* followed suit, causing other owners to react by seeking legal protection from the Competition Authority. Price imbalances are due to the fact that newspaper publishers often cover printing costs with profit that comes from other businesses.

3. In the field of television media, imbalances to the media market are mostly reflected in advertising costs, as well as program content

Various television channels have been unable to accept the prices of advertising commercials. On August 5, 2003 the directors of five main television channels, *RTSH*, *Klan*, *Vizion Plus*, *Top Channel*, and *Arbëria*, because of the lack of a regulatory Act on TV advertising, signed a memorandum of cooperation with regard to the setting of same prices for television advertising. According to this memorandum, every 30-second commercial spot transmitted on the five signees would cost 100 Euros. In spite of this, however, the memorandum has remained unimplemented, as each channel applies its own fees.

Failure to abide by these rules is also evident in the financial treatment of the journalists and technical personnel.

The salaries of journalists vary drastically from one media outlet to another as a result of competition. For example, *Top Channel* and *Vizion Plus* pay employee salaries which are two to three times higher than other smaller outlets. The salaries of television journalists are also much higher in comparison to print and radio journalists.

Since 1992 there have been continuous attempts to establish regulations to police the media sector. In many aspects, the market today is more stable than a few years prior; yet a majority of the business environment continues to be erratic, unstable, and to a certain degree, informal.

4. A small market in crisis

With a population of roughly 3 million residents, Albania remains a small and unfavorable market for media. Small markets create ample obstacles for the consolidation of media businesses because the cost of their product is basically the same as those produced by media outlets who operate in larger markets, while the incomes remain much smaller.

However, apart from their size, Albanian-speaking media markets are also fragmented due to liberal politics practiced by the Albanian government in the media field. A large number of actors, while promoting pluralism in Albanian media, ultimately fragment the market and reduce profitability. Regardless of the creation of media groups designed to promote consolidation, the market remains vast due to the inability to remove or restrict new entrants. The difficulties of a small market are not only reflected by low circulation numbers, but also by the minimal amount of advertising in electronic media (accurate measuring of the audience of these media is still lacking and is measured approximately with various surveys).

The daily circulation of all Albanian newspapers and magazines is no greater than 70,000, and of this number, only *Panorama* and *Shekulli* have a circulation between 15,000 and 25,000 copies

(according to declarations from these outlets). The other outlets have a circulation of less than one thousand copies each.

5. The long crisis of print media

Print media, which was the first form of private media in Albania following the fall of communism, has endured a long crisis that continues even today.

From 1991 until 1994 print media enjoyed favorable fiscal standing due to financing from political parties, and as a result had three stable financial resources:

- Political parties.
- Sales from circulation.
- Advertisements, which during this period were modest because the market economy was still in its infancy, and the ability for the first capitalist enterprises in Albania to spend money on advertising was minimal.

In spite of this, print media had other advantages. First, it had a large, stable audience – due mainly to the electorates of political parties which belonged to the given paper. In addition, the parties spent a portion of their budget on print media, because at the time this form of media was still the most powerful in Albania and played a key role in terms of producing propaganda.

The first large daily newspapers that emerged after 1994 were faced with many challenges. The first private daily, *Koha Jonë* was originally sold for 1 Lek (1 Cent), though for economic reasons this price was later increased progressively until ultimately reaching 30 Lek in 1997. In that year, the majority of papers sold for between 20 and 30 Lek and prices have since stabilized approximately in that range – with the exception of *Gazetës Shqiptare* and *Shqip*, which cost 50 Lek. This increase in the cost of newspapers ran parallel to the rise of inflation as well as the depreciation of the Lek in comparison to international currencies.

Low circulation contributes to the rising production costs of Albanian newspapers. According to statistics provided by the administrators of *Panorama* newspaper, the cost to print 25,000 copies is 10.5 Lek per copy (10 Cents), of which 3.5–4.0 Lek is allocated directly towards the cost of printing (Rakipllari, 2000). The rest of the production costs are from the of buying paper – which is very expensive due to the 1991 closing of the only Albanian paper-producing factory and the consequent need for paper to be imported from other European countries (mainly from Slovenia). For newspapers with smaller circulations, the cost of production material is even larger. For example a newspaper with a circulation of 15,000 has a production cost of 15.5 Lek (13 Cents) per copy, and the majority of newspapers with circulations under this number have higher material production costs.

The circulation of magazines is even lower when compared to the rest of the print media market. Leading titles such as *Klan*, *Mapo*, *Jeta*, *Spektër*, and *Femra Moderne* have much lower circulation: from 1000 to 2000 copies. The price for the majority of Albanian magazines is 300 Lek (approximately 2.5 Euros), with the exception of *Spektër* and *Femra Moderne* which sell for 200 Lek. Naturally this price is not high when compared to other magazines printed in Europe, but if we take into consideration the low income in Albania, this creates an obstacle for magazines attempting to increase circulation. On the other hand, this price is too low if we take into consideration the high production cost of magazines, stemming from inflated paper costs and photo expenses.

In addition to production costs a great deal of the financing needed to maintain a print media outlet is the cost of intellectual production (Les coûts de “production intellectuelle”), a term used by Nadine Toussaint-Desmoulin, 2006, (36) in “L’Economie

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