

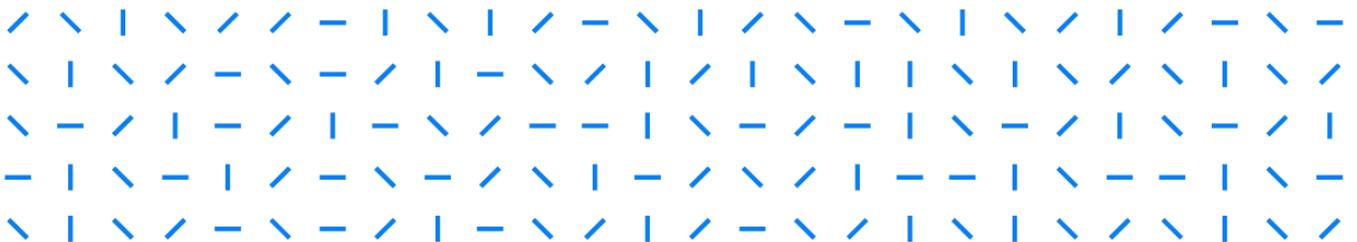


Baltic Centre for
Media Excellence

Baltic Media Health Check

2015 / 2016

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Baltic Media Health Check is an annual journalistic snapshot study aimed at measuring the current ‘temperature’ of the media markets in the Baltics, identifying the present trends, leaders and threats, as well as examining the most significant common issues, which, in this year’s study, is **the regional and hyperlocal media** and their future scenarios in the environment of growing pressures - digital, political, financial and other. Conceived and designed by the Baltic Investigative Journalism Centre Re: Baltica in collaboration with the Centre for Media Studies at the Stockholm School of Economics in Riga in the aftermath of the financial crisis, Baltic Media Health Check was reassigned to the Baltic Centre for Media Excellence (BCME) in 2016. BCME is a hub for smart journalism in the Baltics and beyond. Founded in 2015, this grassroots media NGO promotes professional growth, media intelligence and critical thinking and strives for positive change in journalism and communities it serves. Media research is one of the primary activities of BCME.

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Baltic media: crossing borders for sustainability

Aija Krūtaine

For the last decade, traditional print and broadcast media have been grappling with falling audiences and advertising revenues in addition to changing habits of news users. Media companies have been experimenting with different strategies to find new ground and top up their budgets. In the Baltics, this has led them to expand beyond country borders and media types.

In 2015, the 75 most popular media titles in the Baltics were directly owned by 48 companies. Of these 48 owners, 33 were profitable and 29 had increased their turnover, which is in line with the 2014 financial results of the Baltic media businesses. This data should be approached with caution as most of media owners provide only combined revenue data for all segments they operate, but do not specify, for example, which are the revenues of a news website and which – of a newspaper.

The number of businesses, which directly own the most popular media titles in 2015, have fallen compared to 2014 when there were 53. While some titles have dropped out of the top and others have made it in, mergers within the biggest media holdings in the Baltics - Eesti Meedia and Ekspress Grupp – are the main reason why there are fewer media owners. Both media groups have combined some of their previously separate business operations to optimise the organisational structure and create more opportunities for selling advertising packages.

Ekspress Grupp in 2015 [merged](#) its Estonian *Delfi* operations with Eesti Ajalehed, the publisher of the popular newspapers *Maaleht*, *Eesti Ekspress* and *Eesti Päevaleht*, into one company – Ekspress Media. This merger followed Ekspress Grupp's positive experience in combining the operations of Lithuania's *Delfi* and local magazine publisher Ekspress Leidyba a year earlier. Ekspress Grupp's biggest foothold in the Baltic media market is online as they are the dominant player in all three countries with the *Delfi* website. The group is investing in digital platforms of its print publications in Estonia as well as in the development of a *Delfi* TV platform, thus creating new channels for news distribution digitally.

At the end of 2015 Eesti Meedia, the biggest competitor of Ekspress Grupp, announced [it would create](#) Postimees Grupp by merging the most popular Estonian newspaper *Postimees* with the publisher of regional newspapers Uhinend Ajalehed. Eesti Meedia, owned by one of the Estonia's richest men, the country's pharma king Margus Linnamäe, did not stop at merging only its newspaper assets. After buying a pan-Baltic news agency BNS in 2014, Linnamäe's investment holding UP Invest acquired Latvia's biggest news agency LETA. To get the green light for the deal from Latvia's Competition Council, the Latvian unit of BNS was [sold](#) to an Estonian company AMP Investeeringud as keeping both news agencies in one hand would mean a monopoly in the market. Yet, speculations arose that the deal was just smoke and mirrors as the new owner of BNS was an insolvency administrator with no experience in media. Compared to their rival Ekspress Grupp, Eesti Meedia and Linnamäe own more assets across different media categories – newspapers, TV and radio stations in Estonia, online websites in Latvia and Estonia, as well as an advertising network.

Benefits of merging

“The merger has both improved cost efficiency of various departments as well as notably increased competitiveness on the advertising market,” Ekspress Grupp explains the benefits of the *Delfi* and Eesti Ajalehed merger in its 2015 annual report. As a result, the company’s earnings before taxes, interest and depreciation (EBITDA) in 2015 increased by 45% compared to the previous year. The combined company serves approximately 100 thousand subscribers, many of whom buy more than one title published by the group, and sold advertising in 2015 for more than 10 million euro.

“Common ground of the two news producers kept growing from day to day and therefore it makes sense to bring them together under common management,” CEO of Eesti Meedia Sven Nuutmann [explained](#) the reasoning behind the merging of *Postimees* and regional newspaper publisher Uhinenu Ajalehed.

Ekspress Meedia and Eesti Meedia financial results, 2010-2015

Media company	Financials	2010	2011	2012	2013	2014	2015
Ekspress Meedia	Consolidated Sales (mln EUR)	51.814	57.391	59.706	58.442	61.384	61.528
	Net Profit (mln EUR)	-0.146	1.683	2.525	1.081	5.11	2.707
Eesti Meedia	Consolidated Sales (mln EUR)	72.2	75.6	78.9	78.34	78.386	84.872
	Net Profit (mln EUR)	0.865	3.645	1.32	3.15	5.727	3.003

Source: Ekspress Meedia annual reports. For Eesti Meedia - net profit for all years and consolidated sales for years 2015 and 2014 taken from company's annual reports, sales data for years 2010, 2011 and 2012 - taken from annual reports of Schibsted, the previous owners of the group. Consolidated sales in year 2013 calculated taking information from both - Schibsted and Eesti Meedia financial reports.

The optimisation achieved by combining the administrative functions of companies, cuts costs, of course. Yet, there may lie even more synergies as companies like Ekspress Grupp and Eesti Meedia own not one, but several news distribution channels. Many media outlets have added online presence and some are trying to test more waters outside their main category of activity. For example, Latvian media holding Baltijas Mediju Alianse primarily broadcasts various Russian-language TV channels, but it also owns a newspaper and, of course, a news website. While Swedish MTG Broadcasting has TV channels, radio and online presence.

Eesti Meedia is the rare case which has set a footprint in all media categories – print, online, radio and TV broadcasts. In such cases, traditional journalism may be replaced by a converged model, so content management across various media channels. The same news piece can be altered to create a video, online and print article and make an audio file for a radio broadcast.

Eesti Meedia’s acquisition of news agencies LETA and BNS, as well as owning internet websites tvnet.lv, raised some concerns about the creation of a “super medium” in Latvia. The group’s CEO Sven Nuutman [deflected](#) these speculations, saying he saw a news agency and online website as two different business models. As media businesses around the world are looking for ways to optimise news creation and sponsor it, Eesti Meedia with its scope and

foothold in all media categories may be well equipped to advance well ahead of other competitors in the Baltics if it sensibly uses resources available to it.

Who are the frontrunners now?

The most profitable media companies in the Baltics in 2015 were TV broadcasters. Lithuanian *Laisvas ir Nepriklausomas Kanalas* had the highest profit, just short of 4 million euros. It was followed by Swedish MTG Broadcasting subsidiaries operating TV 3 channels in Lithuania and Latvia, which had a net profit of 2,85 million and 2,62 million euros respectively. At the same time MTG's other TV channels – LNT in Latvia and TV 3 in Estonia - suffered losses. Publishing houses such as the Latvia's biggest magazine publisher *Žurnāls Santa*, Estonia's *Ekspress Meedia* and *Äripäev* and Lithuania's *Savaitė* and *Lietuvos Rytas* also rank as top earners with profits higher than half a million euros.

Print still holding on

While in the United Kingdom, [The Independent](#) in 2016 became the first newspaper to cease as a print publication and going digital-only, the papers in Estonia, Latvia and Lithuania are still holding onto their print versions. In 2015, seven of 15 most popular newspapers managed to increase their average number of readers in a target group for a single issue of the print version (cover, %)¹. That is a significant improvement from 2014 when only one newspaper had increased its cover percentage.

Latvia still is the only country in the Baltics where three of five most widely read newspapers are Russian-language ones *МК – Латвия*, *Вести Сегодня* and *Латвийские Вести*.

In 2015, Estonian's weekly newspaper *Eesti Ekspress*, for which *Ekspress Grupp* introduced a new digital version, has seen the biggest increase in the average number of readers in the target group of a single issue of the print version by 2.2 percentage points. On the other hand, Lithuania's *Vakaro žinios* lost 1.6 percentage points of its cover percentage.

Four of the 13 publishers of the most popular newspapers have suffered losses in 2015. *Postimees Grupp*, the publisher of Estonia's most widely read newspaper *Postimees*, has posted the biggest losses of 1.13 million euros in 2015. While its revenues increased by 3.7%, the company says in its annual report that its expenses grew by 16%, including around 20% increase in personnel costs which make up around 40% of *Postimees Grupp*'s total expenses. The publishers of Latvian daily *Diena* and Lithuanian *Kauno diena* have managed to bring down their losses from more than half a million euros to tens of thousands of euros.

Magazines going strong

The magazine publishing industry in the Baltics is in good shape. 11 magazines of 15 most popular ones have managed to increase their readership. The average percentage of readers in a target group for one print issue of the 15 most popular magazines across Baltics has increased by 8%.

In Latvia, all Top 5 magazines have seen their cover percentage increase and publishing house *Žurnāls Santa* has seen its profit increase by nearly 40%. Estonia is a close call as only one of its Top 5 magazines, *Kodu & Aed*, in 2015 had lower cover than in 2014. The publisher of the magazine *Kodu & Aed*, *Ühinenud Ajakirjad*, is also the only one among the most popular magazine publishers that has operated with losses. In Lithuania, the average number of readers of three magazines has fallen, yet, as a whole, magazine publishers still have managed to make a profit in 2015.

¹ The proportion of the *target group* who have seen at least *one* of a given group of publications.

Growth continues online

While few media companies have fully figured out how to monetise their digital presence, it is where the money lies as online is the one media category which sees steady growth in audience. The reach of the 15 most popular news websites in the Baltics in 2015 has increased by around 20%.

While the leaders among the most popular websites have seen an increase of the reach within the range of up to 5%, the biggest winner in 2015 was TV3. The TV channel in all three countries has managed to significantly increase the number of visitors of its website where it aggregates its news and entertainment content. The growth in the reach of TV3 websites in all countries most likely is because the popularity of video as a source of news or entertainment is growing.

Ekspress Grupp's *Delfi* still reigns as the most visited website in all three Baltic countries. The titles of the second most popular news websites vary across the countries, but they all still belong to Eesti Meedia. This market split has not changed over the past few years.

Broadcasters – big in Baltics

TV broadcasting companies are among the biggest media companies in terms of both their revenues and profits. As mentioned before, TV broadcasters had the biggest profits in 2015. TV 3 is the most popular TV channel with the highest viewing time share in Latvia and Lithuania, while in Estonia Eesti Meedia's Kanal2 has kept its top position. The public broadcaster ranks as the second most watched in Latvia and Estonia and third most popular in Lithuania.

However, most of the popular TV channels in 2015 have seen a slight decline in the percentage of the total viewing audience within a given period. The share of viewing dropped for 10 TV channels and increased only for 5, including Latvia's and Lithuania's public broadcasters. Russian-language channel NTV Mir ranks as the 5th most watched in all three Baltic countries. In Latvia, another Russian-language channel, PBK, is among the most popular ones, yet its share of viewing declined and thus it slipped to the third position behind the public broadcaster's channel LTV.

While most of the TV broadcasters have the highest revenues among media companies, five of them, including Latvia's public broadcaster LTV, operated with losses in 2015.

Radio over the years has proven to be the most stable of the media businesses in terms of audiences and revenues. Yet, during 2015 most of the popular radio stations lost the average number of radio station listeners per week (reach, %). But still, only one out of 10 owners of the 15 most popular radio stations suffered losses in 2015 – it was Latvia's public radio broadcasting company Latvijas Radio.

The healthiest radio station owner with biggest profit is in Lithuania where the owner of the M-1 radio station in 2015 had sales of 3 million euros and a profit of more than 1 million euros.

All in all, the Baltic media markets have had a reasonably robust year, and proved the capacity for finding new partnerships and business opportunities. The search for funding and sustainability has pushed the Balts towards expanding multimedia cross-border companies. And it is these companies that increasingly look like a key to the future of media business in the Baltics.

TOP 5 online media in the Baltics

	Lithuania	Latvia	Estonia
#1	Delfi.lt	Delfi.lv	Delfi.ee
If the Internet Media Website a Part of Other Media Outlet	No	No	Part of the content comes from Ekspress Grupp newspapers
Visitors, Real Users, December 2015	1205 325	836 947	539 314
Reach, %, December 2015	64.86	57.63	62.96
Reach, %, December 2014	63.25	57.73	62.15
Changes in reach, pp, 2015 vs 2014	1.6	- 0.1	0.8
Owner	Delfi, UAB	Delfi, AS	Ekspress Meedia, AS
Turnover in 2015 (euros)	8,622,663	3,051,949	11,801,949
Turnover in 2014 (euros)	8,260,068	2,478,217	4,814,965
Changes in Turnover 2015 vs 2014, %	4.4%	23.2%	145.1%
Profit/Loss 2015 (after tax, euros)	1,142,948	79,464	1,392,108
Profit/Loss 2014 (after tax, euros)	961,344	-1,784	449,667
Changes in Profit 2015 vs 2014, %	18.9%	nm	209.6%
Global Ultimate Owner	EKSPRESS GRUPP AS (EE) (100.00%)	EKSPRESS GRUPP AS (EE) (100.00%)	EKSPRESS GRUPP AS (EE) (100.00%)
#2	15min.lt	Tvnet.lv	Postimees.ee
If the Internet Media Website a Part of Other Media Outlet	No	No	Part of the content comes from the newspaper Postimees
Visitors, Real Users, December 2015	1009 515	812 607	454 766
Reach, %, December 2015	54.32	55.95	53.09
Reach, %, December 2014	52.95	55.99	50.58
Changes in reach, pp, 2015 vs 2014	1.4	0.0	2.5
Owner	15min, UAB	TV NET, SIA	Postimees Grupp, AS
Turnover in 2015 (euros)	3,097,595	2,441,406	14,427,000
Turnover in 2014 (euros)	2,477,452	1,940,899	13,906,000
Changes in Turnover 2015 vs 2014, %	25.0%	25.8%	3.7%
Profit/Loss 2015 (after tax, euros)	-66,243	-186,595	-1,133,000
Profit/Loss 2014 (after tax, euros)	311,953	-147,016	499,000
Changes in Profit 2015 vs 2014, %	nm	nm	Nm
Global Ultimate Owner	AS EESTI MEEDIA (EE) (99.99%)	AS EESTI MEEDIA (EE) (100.00%)	AS EESTI MEEDIA (EE) (100.00%)

#3	lrytas.lt	kasjauns.lv	ohtuleht.ee
If the Internet Media Website a Part of Other Media Outlet	Part of the content from the newspaper Lietuvos Rytas	Part of the content from the magazine Kas Jauns?	Part of the content from the tabloid Õhtuleht
Visitors, Real Users, December 2015	871 490	365 132.00	258 648
Reach, %, December 2015	46.90	25.14	30.20
Reach, %, December 2014	44.12	25.05	30.36
Changes in reach, pp, 2015 vs 2014	2.8	0.1	- 0.2
Owner	Lrytas, UAB	Izdevniecība Rīgas Vilņi, SIA	SL ÕHTULEHT, AS
Turnover in 2015 (euros)	2,640,616	5,956,456	7,973,202
Turnover in 2014 (euros)	2,550,430	5,790,117	7,540,460
Changes in Turnover 2015 vs 2014, %	3.5%	2.9%	5.7%
Profit/Loss 2015 (after tax, euros)	118,709	184,159	663,249
Profit/Loss 2014 (after tax, euros)	409,430	188 671	442,586
Changes in Profit 2015 vs 2014, %	-71.0%	-2.4%	49.9%
Global Ultimate Owner	UAB "LIETUVOS RYTAS" (Lt) (100.00%)	IZDEVNIECĪBA PULSS PLUS (LV) (100.00%)	EKSPRESS GRUPP AS (EE) (50.00%); OÜ SUITS MEEDIA (EE) (50.00%)
#4	tv3.lt*	skaties.lv	tv3.ee
If the Internet Media Website a Part of Other Media Outlet	Part of content comes from TV channel TV3	Part of content comes from TV channel TV3	Part of content comes from TV channel TV3
Visitors, Real Users, December 2015	808 719	346 702.00	103 754
Reach, %, December 2015	43.52	23.87	12.11
Reach, %, December 2014	27.33	13.34	5.66
Changes in reach, pp, 2015 vs 2014	16.2	10.5	6.5
Owner	TV3, UAB	TV 3 Latvia, SIA	TV 3, AS
Turnover in 2015 (euros)	23,479,075	17,036,512	13,956,929
Turnover in 2014 (euros)	22,517,294	16,621,373	12,579,034
Changes in Turnover 2015 vs 2014, %	4.3%	2.5%	11.0%
Profit/Loss 2015 (after tax, euros)	2,853,507	2,621,162	-893,485
Profit/Loss 2014 (after tax, euros)	2,172,357	3,079,054	-1,205,531
Changes in Profit 2015 vs 2014, %	31.4%	-14.9%	Nm
Global Ultimate Owner	MTGBROADCASTING AB (SE) (100.00%)	MTG BROADCASTING AB (SE) (100.00%)	MTG BROADCASTING AB (SE) (100.00%)
#5	alfa.lt	lsm.lv	parnupostimees.ee
If the Internet Media Website a Part of Other Media Outlet	Part of the content from TV channels LNK and Info TV	Most of the content from public broadcaster's TV and Radio channels	Part of content comes from Postimees newspaper
Visitors, Real Users, December 2015	602 776	250 470.00	87 589
Reach, %, December 2015	32.44	17.25	10.23
Reach, %, December 2014	28.14	15.46	8.62

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Changes in reach, pp, 2015 vs 2014	4.3	1.8	1.6
Owner	Alfa Media, UAB	Latvijas Televīzija, VSIA	Postimees Grupp, AS
Turnover in 2015 (euros)	902,727	16,949,847	14,427,000
Turnover in 2014 (euros)	771,306	17,270,325	13,906,000
Changes in Turnover 2015 vs 2014, %	17.0%	-1.9%	3.7%
Profit/Loss 2015 (after tax, euros)	-38,615	-1,197,677	-1,133,000
Profit/Loss 2014 (after tax, euros)	-194,532	-254,521	499,000
Changes in Profit 2015 vs 2014, %	-80.1%	370.6%	-327.1%
Global Ultimate Owner	UAB "MG BALTIC MEDIA" (Lt) (100.00%)	Public broadcaster	AS EESTI MEEDIA (EE) (100.00%)

* Balsas.lt was bought by UAB Tele-3 in 2015 and has become tv3.lt

Sources:	Lithuania	Latvia	Estonia
Audience data	Gemius	Gemius	Gemius
Reach	The percentage of visitors (real users) who generated at least one page view on the monitored web site within the given time period to the total number of internet users within a given time period.		
Visitors (real users)	The number of individuals who generated at least one page view on the monitored web site (or a group of sites) within a given time period. This number represents the reach of the web site and shows the actual number of people – not computers or cookies – who visited the web site. In this way, it is possible to determine the socio-demographic profile of these people in the study.		
Financial data	Creditreform	Creditreform	Creditreform
nm	not meaningful to calculate		

TOP 5 TV channels in the Baltics

	Lithuania	Latvia	Estonia
#1	TV3	TV3	Kanal2
Share, %, 2015	16.2	11.7	15.5
Share, %, 2014	17.2	11.8	15.8
Change in share, pp, 2015 vs 2014	-1.0	-0.1	-0.3
Broadcaster	TV3, UAB	TV 3 Latvia, SIA	Kanal 2, AS
Turnover in 2015 (euros)	23,479,075	17,036,512	11,788,052
Turnover in 2014 (euros)	22,517,294	16,621,373	11,089,220
Changes in Turnover 2015 vs 2014, %	4.3%	2.5%	6.3%
Profit/Loss 2015 (after tax, euros)	2,853,507	2,621,162	-404,297
Profit/Loss 2014 (after tax, euros)	2,172,357	3,079,054	-512,090
Changes in Profit 2015 vs 2014, %	31.4%	-14.9%	nm
Global Ultimate Owner	MTG BROADCASTING AB (SE) (100.00%)	MTG BROADCASTING AB (LV) (100.00%)	AS EESTI MEEDIA (EE) (100.00%)
#2	LNK	LTV1	ETV
Share, %, 2015	15.9	9.7	15.4
Share, %, 2014	17.1	9.2	15.5
Change in share, pp, 2015 vs 2014	-1.2	0.5	-0.1
Broadcaster	Laisvas ir nepriklausomas kanalas, UAB	Latvijas Televīzija, VSIA	Eesti Rahvusringhääling
Turnover in 2015 (euros)	25,238,000	16,949,847	33,587,400
Turnover in 2014 (euros)	21,186,284	17,270,325	29,371,098
Changes in Turnover 2015 vs 2014, %	19.1%	-1.9%	14.4%
Profit/Loss 2015 (after tax, euros)	3,988,000	-1,197,677	705,391
Profit/Loss 2014 (after tax, euros)	1,274,328	-254,521	-1,019,184
Changes in Profit 2015 vs 2014, %	212.9%	nm	nm
Global Ultimate Owner	UAB "MG BALTIC MEDIA" (Lt) (80.00%); AMBER TRUST S.C.A. (LU) (20.00%)	Public Broadcaster	Public Broadcaster
#3	LRT Televizija	PBK	TV3

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Share, %, 2015	9.2	8.7	11.2
Share, %, 2014	8.8	9.6	12.2
Change in share, pp, 2015 vs 2014	0.4	-0.9	-1.0
Broadcaster	Lietuvos nacionalinis radijas ir televizija	Pirmais Baltijas Kanāls, SIA	TV 3, AS
Turnover in 2015 (euros)	24,771,485	2,403,028	13,956,929
Turnover in 2014 (euros)	22,234,170	2,593,301	12,579,034
Changes in Turnover 2015 vs 2014, %	11.4%	-7.3%	11.0%
Profit/Loss 2015 (after tax, euros)	512,454	27,225	-893,485
Profit/Loss 2014 (after tax, euros)	176,306	14,413	-1,205,531
Changes in Profit 2015 vs 2014, %	190.7%	88.9%	nm
Global Ultimate Owner	Public Broadcaster	Baltijas Mediju Alianse (Alexey Plyasunov, Olegs Solodovs)	MTG BROADCASTING AB (SE) (100.00%)
#4	BTV	LNT	PBK
Share, %, 2015	7.1	8.1	5.7
Share, %, 2014	7.0	9.1	6.9
Change in share, pp, 2015 vs 2014	0.1	-1.0	-1.2
Broadcaster	Laisvas ir nepriklausomas kanālas, UAB	Latvijas Neatkarīgā Televīzija, AS	Pirmais Baltijas Kanāls, SIA (Latvia)
Turnover in 2015 (euros)	25,238,000	8,367,943	2,403,028
Turnover in 2014 (euros)	21,186,284	8,478,743	2,593,301
Changes in Turnover 2015 vs 2014, %	19.1%	-1.3%	-7.3%
Profit/Loss 2015 (after tax, euros)	3,988,000	-905,950	27,225
Profit/Loss 2014 (after tax, euros)	1,274,328	-1,701,454	14,413
Changes in Profit 2015 vs 2014, %	212.9%	-46.8%	88.9%
Global Ultimate Owner	UAB "MG BALTIC MEDIA" (Lt) (80.00%); AMBER TRUST S.C.A. (LU) (20.00%)	MTG BROADCASTING AB (SE) (100.00%)	Baltijas Mediju Alianse (LV) (100.00%)
#5	NTV Mir Lietuva	NTV Mir Baltic	NTV Mir
Share, %, 2015	4.9	7.6	5.3
Share, %, 2014	4	7.7	5.1
Change in share, pp, 2015 vs 2014	0.9	-0.1	0.2

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Broadcaster	Baltijas Mediju Alianse, SIA	Baltijas Mediju Alianse, SIA	Baltijas Mediju Alianse, SIA
Turnover in 2015 (euros)	15,704,307	15,704,307	15,704,307
Turnover in 2014 (euros)	13,614,132	13,614,132	13,614,132
Changes in Turnover 2015 vs 2014, %	15.4%	15.4%	15.4%
Profit/Loss 2015 (after tax, euros)	1,400	1,400	1,400
Profit/Loss 2014 (after tax, euros)	74,090	74,090	74,090
Changes in Profit 2015 vs 2014, %	-98.1%	-98.1%	-98.1%
Global Ultimate Owner	Alexey Plyasunov (LV) (50.00%); Olegs Solodovs (LV) (50.00%)	Alexey Plyasunov (LV) (50.00%); Olegs Solodovs (LV) (50.00%)	Alexey Plyasunov (LV) (50.00%); Olegs Solodovs (LV) (50.00%)

Sources:	Lithuania	Latvia	Estonia
Audience data	Kantar TNS	Kantar TNS	Kantar Emor
Share, %	share of viewing, the percentage of the total viewing audience watching over a given period of time.		
Period 2015		01.01.2015 - 31.12.2015	
Period 2014		01.01.2014 - 31.12.2014	
Financial data	Creditreform	Creditreform	Creditreform
nm	not meaningful to calculate		

TOP 5 radio stations in the Baltics

	Lithuania	Latvia	Estonia
#1	M-1	Latvijas Radio 2	Vikerraadio
Reach, 2015	732 400	360 000	300 000
Reach, 2014	760 900	406 000	294 000
Changes in Reach 2015 vs 2014, %	-3.7%	-11.3%	2.0%
Reach, %, 2015	31.3	21.0	29.2
Reach, %, 2014	31.7	23.3	28.3
Changes in Reach, pp, 2015 vs 2014	- 0.4	- 2.3	0.9
Owner	M-1, UAB	Latvijas Radio, VSIA	Eesti Rahvusringhääling
Turnover in 2015 (euros)	3,009,806	8,873,598	33,587,400
Turnover in 2014 (euros)	2,635,755	9,200,265	29,371,098
Changes in Turnover 2015 vs 2014, %	14.2%	-3.6%	14.4%
Profit/Loss 2015 (after tax, euros)	1,102,078	-15,991	705,391
Profit/Loss 2014 (after tax, euros)	888,529	184,169	-1,019,184
Changes in Profit 2015 vs 2014, %	24.0%	nm	nm
Global Ultimate Owner	Ramunė Grušnytė- Mikalauskienė (LT) (100.00%)	Public Broadcaster	Public Broadcaster
#2	Lietus	Radio Skonto	Sky Plus
Reach, 2015	641 500	284 000	225 000
Reach, 2014	610 700	264 000	241 000
Changes in Reach 2015 vs 2014, %	5.0%	7.6%	-6.6%
Reach, %, 2015	27.4	16.5	21.9
Reach, %, 2014	25.4	15.1	23.3
Changes in reach, pp, 2015 vs 2014	2.0	1.4	- 1.4
Owner	M-1, UAB	Radio Skonto, SIA	Taevaraadio OÜ
Turnover in 2015 (euros)	3,009,806	1,696,472	306,656
Turnover in 2014 (euros)	2,635,755	1,657,612	382,755
Changes in Turnover 2015 vs 2014, %	14.2%	2.3%	-19.9%
Profit/Loss 2015 (after tax, euros)	1,102,078	56,812	189,859

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Profit/Loss 2014 (after tax, euros)	888,529	100,134	92,112
Changes in Profit 2015 vs 2014, %	24.0%	-43.3%	106.1%
Global Ultimate Owner	Ramunė Grušnytė-Mikalauskienė (LT) (100.00%)	RS Media (LV) (74.94%); Guntis Indriksons (LV) (25.06%)	Harald Tehver (100.00%)
#3	LRT Radijas	Latvijas Radio 1	Raadio Elmar
Reach, 2015	525 400	219 000	220 000
Reach, 2014	577 500	207 000	242 000
Changes in Reach 2015 vs 2014, %	-9.0%	5.8%	-9.1%
Reach, %, 2015	22.5	12.8	21.4
Reach, %, 2014	24.0	11.9	23.4
Changes in reach, pp, 2015 vs 2014	- 1.5	0.9	- 2.0
Owner	Lietuvos nacionalinis radijas ir televizija	Latvijas Radio, VSIA	Trio LSL, AS
Turnover in 2015 (euros)	24,771,485.00	8,873,598	2,305,867
Turnover in 2014 (euros)	22,234,169.66	9,200,265	2,321,115
Changes in Turnover 2015 vs 2014, %	11.4%	-3.6%	-0.7%
Profit/Loss 2015 (after tax, euros)	512,454	-15,991	39,521
Profit/Loss 2014 (after tax, euros)	176,306	184,169	127,216
Changes in Profit 2015 vs 2014, %	190.7%	nm	-68.9%
Global Ultimate Owner	Public Broadcaster	Public Broadcaster	AS EESTI MEEDIA (EE) (100.00%)
#4	Radiocentras	Radio SWH	Star FM
Reach, 2015	420 200	192 000	199 000
Reach, 2014	470 900	185 000	207 000
Changes in Reach 2015 vs 2014, %	-10.8%	3.8%	-3.9%
Reach, %, Autumn 2015	18.0	11.2	19.3
Reach, %, Autumn 2014	19.6	10.6	20.0
Changes in reach, pp, 2015 vs 2014	- 1.6	0.6	- 0.7
Owner	Radiocentras, UAB	Radio SWH, AS	Mediainvest Holding, AS
Turnover in 2015 (euros)	508,569	2,405,854	1,606,635
Turnover in 2014 (euros)	571,304	2,511,374	1,558,717
Changes in Turnover 2015 vs 2014, %	-11.0%	-4.2%	3.1%
Profit/Loss 2015 (after tax, euros)	137,566	53,014	73,909

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Profit/Loss 2014 (after tax, euros)	292,439	109,342	108,981
Changes in Profit 2015 vs 2014, %	-53.0%	-51.5%	-32.2%
Global Ultimate Owner	UAB koncernas "ACHEMOS GRUPĖ" (Af) (92.40%); Mindaugas Pleskevičius (LT) (7.60%)	Communicorp Group Limited (100.00%)	MTG Radio AB (SE) (100.00%)
#5	Pūkas	Star FM	Raadio 4
Reach, 2015	340 400	185 000	148 000
Reach, 2014	315 800	197 000	169 000
Changes in Reach 2015 vs 2014, %	7.8%	-6.1%	-12.4%
Reach, %, 2015	14.6	10.8	14.4
Reach, %, 2014	13.1	11.3	16.3
Changes in reach, pp, 2015 vs 2014	1.5	- 0.5	- 1.9
Owner	Pūkas, UAB	Star FM, SIA	Eesti Rahvusringhääling
Turnover in 2015 (euros)	258,577	914,313	33,587,400
Turnover in 2014 (euros)	263,497	842,798	29,371,098
Changes in Turnover 2015 vs 2014, %	-1.9%	8.5%	14.4%
Profit/Loss 2015 (after tax, euros)	2,082	199,175	705,391
Profit/Loss 2014 (after tax, euros)	1,001	128,227	-1,019,184
Changes in Profit 2015 vs 2014, %	108.0%	55.3%	nm
Global Ultimate Owner	Kęstutis Pūkas (LT) (100.00%)	MTG RADIO AB (100.00%)	Public Broadcaster

Sources:	Lithuania	Latvia	Estonia
Audience data	Kantar TNS, Radio Audience Survey	Kantar TNS, Radio Audience Measurement	Kantar Emor, Radio Diary
Reach	the total weekly number of the radio station listeners, thousands		
Reach, %	the total number of the radio station listeners, average of a week in per cent		
Period 2015	31.08.2015 - 29.11.2015	11.05.2015- 25.10.2015	02.09.2015 - 01.12.2015
Period 2014	01.09.2014 - 30.11.2014	12.05.2014 - 26.10.2014	03.09.2014 - 02.12.2014
Financial data	Creditreform	Creditreform	Creditreform
nm	not meaningful to calculate		

TOP 5 newspapers in the Baltics

	Lithuania	Latvia	Estonia
#1	Lietuvos rytas	МК - Латвия (rus)	Postimees
Frequency	6 issues per week	1 issue per week	6 issues per week
Cover in 2015	237 500	198 000	153 000
Cover in 2014	250 000	191 000	174 000
Change in Cover 2015 vs 2014	-5.0%	3.7%	-12.1%
Cover in 2015, %	10.7	11.9	15.4
Cover in 2014, %	10.9	11.3	15.6
Change in the Cover 2015 vs 2014, pp	- 0.2	0.6	- 0.2
Circulation in 2015	35 868	45 000	52 400
Circulation in 2014	40 560	47 000	51 400
Publisher	Lietuvos Rytas, UAB	Izdevniecības nams Print Media, SIA	Postimees Grupp, AS
Turnover in 2015 (euros)	7,509,301	1,059,180	14,427,000
Turnover in 2014 (euros)	8,366,295	1,125,036	13,906,000
Change in Turnover 2015 vs 2014, %	-10.2%	-5.9%	3.7%
Profit/Loss 2015 (after tax, euros)	676,292	7,267	-1,133,000
Profit/Loss 2014 (after tax, euros)	2,039,313	6,311	499,000
Change in Profit 2015 vs 2014, %	-66.8%	15.1%	nm
Global Ultimate Owner	UAB "BIG group" (Lt) (34.00%); UAB "LIETUVOS RYTAS" (Lt) (5.60%) Alfonsas Ambrazas (LT) (1.61%); Algirdas Kumža (LT) (6.83%); Sigitas Židonis (LT) (1.31%); Vitas Tomkus (LT) (1.09%); Algimantas Budrys (LT) (8.11%); Gedvydas Vainauskas (LT) (25.00%); Vidmantas Strimaitis (LT) (12.50%)	BALTIJAS MEDIJU ALIANSE (LV) (100%)	AS EESTI MEEDIA (EE) (100.00%)

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

#2	Vakaro žinios	Latvijas Avīze	Õhtuleht
Frequency	6 issues per week	5 issues per week	6 issues per week
Cover in 2015	174 200	71 000	138 000
Cover in 2014	216 600	82 000	158 000
Change in Cover 2015 vs 2014	-19.6%	-13.4%	-12.7%
Cover in 2015, %	7.8	4.3	13.9
Cover in 2014, %	9.4	4.8	14.1
Change in the Cover 2015 vs 2014, pp	- 1.6	- 0.5	- 0.2
Circulation in 2015	32 186	15 930	49 700
Circulation in 2014	44 624	19 290	49 600
Publisher	Respublikos leidiniai, UAB	Lauku Avīze, AS	SL ÕHTULEHT, AS
Turnover in 2015 (euros)	2,877,880	4,614,330	7,973,202
Turnover in 2014 (euros)	3,432,336	4,950,281	7,540,460
Change in Turnover 2015 vs 2014, %	-16.2%	-6.8%	5.7%
Profit/Loss 2015 (after tax, euros)	60,747	-1,766	663,249
Profit/Loss 2014 (after tax, euros)	61,801	61,093	442,586
Change in Profit 2015 vs 2014, %	-1.7%	nm	49.9%
Global Ultimate Owner	Vitas Tomkus (LT) (74.00%); Justinas Tomkus (LT) (15.00%); Rytis Tomkus (LT) (10.00%)	VENTBUNKERS (LV) (100%)	EKSPRESS GRUPP AS (EE) (50.00%); OÜ SUITS MEEDIA (EE) (50.00%)
#3	Kauno diena	Вести Сегодня (rus)	Maaleht
Frequency	6 issues per week	5 issues per week	1 issue per week
Cover in 2015	65 400	68 000	128 000
Cover in 2014	56 100	66 000	143 000
Change in Cover 2015 vs 2014	16.6%	3.0%	-10.5%
Cover in 2015, %	2.9	4.1	12.9
Cover in 2014, %	2.4	3.9	12.8
Change in the Cover 2015 vs 2014, pp	0.5	0.2	0.1
Circulation in 2015	17 865	9 900	53 300
Circulation in 2014	18 494	15 075	50 000
Publisher	Diena Media News, UAB	Media Nams Vesti, SIA**	Ekspress Meedia, AS
Turnover in 2015 (euros)	3,370,024	na	11,801,949
Turnover in 2014 (euros)	3,655,873	na	4,814,965
Change in Turnover 2015 vs 2014, %	-7.8%	nm	145.1%

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Profit/Loss 2015 (after tax, euros)	-24,985	na	1,392,108
Profit/Loss 2014 (after tax, euros)	-539,272	na	449,667
Change in Profit 2015 vs 2014, %	nm	nm	209.6%
Global Ultimate Owner	SUNRA, UAB (Lt) (60.30%); Mindaugas Mickevičius (LT) (10.20%); Eimuntas Akromas (LT) (15.00%); Vytautas Stankus (LT) (4.70%); Darius Gurskis (LT) (9.80%)	Ludmila Kalašņika (LV) (100.00%)	EKSPRESS GRUPP AS (EE) (100.00%)
#4	Šiaulių kraštas	Diena	Eesti Ekspress
Frequency	6 issues per week	5 issues per week	1 issue per week
Cover in 2015	55 700	67 000	99 000
Cover in 2014	51 200	72 000	87 000
Change in Cover 2015 vs 2014	8.8%	-6.9%	13.8%
Cover in 2015, %	2.5	4.0	10.0
Cover in 2014, %	2.2	4.3	7.8
Change in the Cover 2015 vs 2014, pp	0.3	- 0.3	2.2
Circulation in 2015	9 767	31 000	29 900
Circulation in 2014	10 596	31 000	29 900
Publisher	Šiaulių kraštas, UAB*	Izdevniecība Dienas Mediji, SIA	Ekspress Meedia, AS
Turnover in 2015 (euros)	na	2,497,205	11,801,949
Turnover in 2014 (euros)	1,562,612	2,682,785	4,814,965
Change in Turnover 2015 vs 2014, %	nm	-6.9%	145.1%
Profit/Loss 2015 (after tax, euros)	na	-52,030	1,392,108
Profit/Loss 2014 (after tax, euros)	-20,198	-670,829	449,667
Change in Profit 2015 vs 2014, %	nm	nm	209.6%
Global Ultimate Owner	Vitas Tomkus, Justinas Tomkus, Vladas Vertelis, Alvydas Šedžius	Edgars Kots (LV) (100.00%)	EKSPRESS GRUPP AS (EE) (100.00%)
#5	Sekundē	Латвийские Вести (rus)	Eesti Päevaleht
Frequency	6 issues per week	1 issue per week	6 issues per week
Cover in 2015	39 600	63 000	69 000
Cover in 2014	38 100	66 000	82 000
Change in Cover 2015 vs 2014	3.9%	-4.5%	-15.9%
Cover in 2015, %	1.8	3.8	7.0

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Cover in 2014, %	1.7	3.9	7.4
Change in the Cover 2015 vs 2014, pp	0.1	- 0.1	- 0.4
Circulation in 2015	20 185	na	20 900
Circulation in 2014	21 669	na	23 800
Publisher	ON Media, UAB	Zīme, SIA***	Ekspress Meedia, AS
Turnover in 2015 (euros)	888,984	1,816,962	11,801,949
Turnover in 2014 (euros)	735,617	na	4,814,965
Change in Turnover 2015 vs 2014, %	20.8%	nm	145.1%
Profit/Loss 2015 (after tax, euros)	47,618	28,527	1,392,108
Profit/Loss 2014 (after tax, euros)	62,276	na	449,667
Change in Profit 2015 vs 2014, %	-23.5%	nm	209.6%
Global Ultimate Owner	Ovidijus Lukošius (LT) (50.00%); Nerius Gasparavičius (LT) (50.00%)	Jeļena Ustinova (LV) (100.00%)	EKSPRESS GRUPP AS (EE) (100.00%)

* UAB Šiaulių kraštas has not submitted yet its 2015 financial report, therefore no information available about its turnover and profit in 2015.

** SIA Media Nams Vesti, the current publisher of the Russian-language newspaper Вести Сегодня, has been registered in Latvia's company register in March 25, 2016, therefore no information about its financials is available for years 2015 and 2014. The newspaper previously was published by SIA Izdevniecības Nams Vesti, which in 2015 had a turnover of 2.032 million euros and losses of 225 thousand euros. When Izdevniecības Nams Vesti published the newspaper, it was owned by Ludmila Kalaņņika, which now owns the current publisher, SIA Media Nams Vesti.

Sources:	Lithuania	Latvia	Estonia
Cover data	TNS LT	TNS Latvia, National Readership Survey	Kantar Emor, National Readership Survey
Period for cover data	Year 2015	Year 2015	Spring 2015
	Year 2014	Year 2014	Spring 2014
Cover	average number of readers in target group for one issue of press edition		
Cover, %	average percentage of readers in target group for one issue of press edition		

TOP 5 magazines in the Baltics

	Lithuania	Latvia	Estonia
#1	Savaitė	Ieva	KROONIKA+NÄDAL
Title in English	Week	Eve	Chronicle+Week
Type of the Magazine	TV listings, household and lifestyle tips	Women	Entertainment, Celebrity
Frequency	weekly	weekly	weekly
Cover, 2015	449 500	199 000	69 600.0
Cover, 2014	442 200	198 000	76 600.0
Changes in Cover 2015 vs 2014	1.7%	0.5%	-9.1%
Cover, %, 2015	20.2	12.0	7.0
Cover, %, 2014	19.2	11.7	6.9
Change in the cover 2015 vs 2014, pp	1.0	0.3	0.1
Circulation in 2015	198 438	52 100	33 800
Circulation in 2014	199 576	56 100	35 600
Publisher	Savaitė, UAB	"Žurnāls Santa", SIA	Ajakirjade Kirjastus AS
Turnover in 2015 (euros)	3,598,929	8,064,857	8,670,636
Turnover in 2014 (euros)	3,315,463	7,391,905	8,433,796
Changes in Turnover 2015 vs 2014, %	8.5%	9.1%	2.8%
Profit/Loss 2015 (after tax, euros)	682,019	1,627,114	516,331
Profit/Loss 2014 (after tax, euros)	600,675	1,180,640	359,444
Changes in Profit 2015 vs 2014, %	13.5%	37.8%	43.6%
Global Ultimate Owner	Asta Jelinskienė (LT) (50.00%); Aleksandras Maceina (LT) (50.00%)	Anča Santa (LV) (55.00%); Zariņš Ivars (LV) (45.00%)	EKSPRESS GRUPP AS (EE) (50.00%); OÜ SUITS MEEDIA (EE) (50.00%)
#2	Žmonės	Privātā Dzīve	Imeline Teadus
Title in English	People	Private Life	Illustrated Science
Type of the Magazine	Celebrities	Celebrities	Science
Frequency	weekly	weekly	monthly
Cover, 2015	330 400	166 000	69 000
Cover, 2014	361 300	135 000	56 500
Changes in Cover 2015 vs 2014	-8.6%	23.0%	22.1%
Cover, %, 2015	14.8	10.0	7.0

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Cover, %, 2014	15.7	9.6	5.1
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IN FOCUS: REGIONAL AND HYPERLOCAL MEDIA

Change in the cover 2015 vs 2014, pp	- 0.9	0.4	1.9
Circulation in 2015	83 912	36 000	24 900
Circulation in 2014	102 000	42 200	24 400
Publisher	Žurnālų leidybos grupė, UAB	"Žurnāls Santa", SIA	AS Äripäev
Turnover in 2015 (euros)	6,680,095	8,064,857	14,020,499
Turnover in 2014 (euros)	7,111,196	7,391,905	12,907,460
Changes in Turnover 2015 vs 2014, %	-6.1%	9.1%	8.6%
Profit/Loss 2015 (after tax, euros)	593,909	1,627,114	959,003
Profit/Loss 2014 (after tax, euros)	529,625	1,180,640	1,154,012
Changes in Profit 2015 vs 2014, %	12.1%	37.8%	-16.9%
Global Ultimate Owner	STICHTING ADMINISTRATIEKANTO OR KEMPLAKE (NL) (100.00%)	Anča Santa (LV) (55.00%); Zariņš Ivars (LV) (45.00%)	BONNIER BUSINESS PRESS AB (SE) (100.00%)
#3	TV Antena	Kas Jauns	Imeline Ajalugu
Title in English	TV Antena	What's New	Illustrated History
Type of the Magazine	TV news	Celebrities	History
Frequency	weekly, supplement of Lietuvos Rytas Saturday edition	weekly	monthly
Cover, 2015	145 400	145 000	66 900
Cover, 2014	154 600	135 000	56 500
Changes in Cover 2015 vs 2014	-6.0%	7.4%	18.4%
Cover, %, 2015	6.5	8.7	7.0
Cover, %, 2014	6.7	8.0	5.1
Change in the cover 2015 vs 2014, pp	- 0.2	0.7	1.9
Circulation in 2015	81 292	50 500	28 900
Circulation in 2014	90 468	50 500	26 300
Publisher	Lietuvos Rytas, UAB	Izdevniecība Rīgas Viļņi, SIA	AS Äripäev
Turnover in 2015 (euros)	7,509,301	5,956,456	14,020,499
Turnover in 2014 (euros)	8,366,295	5,790,117	12,907,460
Changes in Turnover 2015 vs 2014, %	-10.2%	2.9%	8.6%
Profit/Loss 2015 (after tax, euros)	676,292	184,159	959,003
Profit/Loss 2014 (after tax, euros)	2,039,313	188,671	1,154,012
Changes in Profit 2015 vs 2014, %	-66.8%	-2.4%	-16.9%

Global Ultimate Owner	UAB "BIG group" (Lt) (34.00%); UAB "LIETUVOS RYTAS" (Lt) (5.60%);	IZDEVNIECĪBA PULSS PLUS (LV) (100.00%)	BONNIER BUSINESS PRESS AB (SE) (100.00%)
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BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

	Alfonsas Ambrazas (LT) (1.61%); Algirdas Kumža (LT) (6.83%); Sigitas Židonis (LT) (1.31%); Vitas Tomkus (LT) (1.09%); Algimantas Budrys (LT) (8.11%); Gedvydas Vainauskas (LT) (25.00%); Vidmantas Strimaitis (LT) (12.50%)		
#4	Prie kavos	Ievas Stāsti	Kodu&Aed
Title in English	With Coffee	Eve's Stories	Home & Garden
Type of the Magazine	Women	Features	Home, gardening
Frequency	weekly	bi-monthly	monthly
Cover, 2015	130 500	127 000	56 500
Cover, 2014	109 800	122 000	72 500
Changes in Cover 2015 vs 2014	18.9%	4.1%	-22.1%
Cover, %, 2015	5.9	7.7	5.7
Cover, %, 2014	4.8	7.2	6.5
Change in the cover 2015 vs 2014, pp	1.1	0.5	- 0.8
Circulation in 2015	44 000	40 850	21 600
Circulation in 2014	40 000	45 700	na
Publisher	SS Leidyba, UAB	"Žurnāls Santa", SIA	Ühinenud Ajakirjad AS
Turnover in 2015 (euros)	1,391,096	8,064,857	2,248,234
Turnover in 2014 (euros)	1,350,104	7,391,905	1,546,950
Changes in Turnover 2015 vs 2014, %	3.0%	9.1%	45.3%
Profit/Loss 2015 (after tax, euros)	64,677	1,627,114	-36,258
Profit/Loss 2014 (after tax, euros)	69,399	1,180,640	-56,645
Changes in Profit 2015 vs 2014, %	-6.8%	37.8%	nm
Global Ultimate Owner	Regina Sudakovienė (LT) (100.00%)	Anča Santa (LV) (55.00%); Zariņš Ivars (LV) (45.00%)	Otavamedia (FI) (60.00%); A-lehdet (FI) (40.00%)
#5	Ji	Ievas Virtuve	Eesti Naine
Title in English	Her	Eve's Kitchen	Estonian Woman
Type of the Magazine	Women	Recipes	Women
Frequency	weekly	monthly	monthly
Cover, 2015	115 200	98 000	55200
Cover, 2014	131 000	96 000	49900

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

Changes in Cover 2015 vs 2014	-12.1%	2.1%	10.6%
Cover, %, 2015	5.2	5.9	5.6
Cover, %, 2014	5.7	5.7	4.5
Change in the cover 2015 vs 2014, pp	- 0.5	0.2	1.1
Circulation in 2015	36 308	28 500	19 700
Circulation in 2014	46 097	40 100	19 300
Publisher	Žurnalu leidybos grupė, UAB	"Žurnāls Santa", SIA	Ajakirjade Kirjastus AS
Turnover in 2015 (euros)	6,680,095	8,064,857	8,670,636
Turnover in 2014 (euros)	7,111,196	7,391,905	8,433,796
Changes in Turnover 2015 vs 2014, %	-6.1%	9.1%	2.8%
Profit/Loss 2015 (after tax, euros)	593,909	1,627,114	516,331
Profit/Loss 2014 (after tax, euros)	529,625	1,180,640	359,444
Changes in Profit 2015 vs 2014, %	12.1%	37.8%	43.6%
Global Ultimate Owner	STICHTING ADMINISTRATIEKANTOOR KEMPLAKE (NL) (100.00%)	Anča Santa (LV) (55.00%); Zariņš Ivars (LV) (45.00%)	EKSPRESS GRUPP AS (EE) (50.00%); OÜ SUITS MEEDIA (EE) (50.00%)

Sources:	Lithuania	Latvia	Estonia
Cover data	TNS LT	Kantar TNS, National Readership Survey	Kantar Emor, National Readership Survey
Period for cover data	Year 2015 Year 2014	Year 2015 Year 2014	Spring 2015 Spring 2014
Cover	average number of readers in target group for one issue of press edition		
Cover, %	average % of readers in target group for one issue of press edition		
Circulation data	Ministry of Culture of Lithuania, data unaudited, provided by the newspapers	As disclosed by the publishers of magazines	Estonian Newspaper Association
Period for circulation data	Second half of 2015 Second half of 2014		December 2015 December 2014
Financial data	Creditreform	Creditreform	Creditreform
na	data not available		
nm	not meaningful to calculate		

IN FOCUS: REGIONAL AND HYPERLOCAL MEDIA

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FOCUS: HEALTH OF REGIONAL MEDIA IN THE BALTIC STATES



Photo: Aivars Vētrājs

Latvia: “media capture” in country’s regions

Evita Puriņa

2016 was a busy year for the local media in Latvia. But not in a positive way. As one newspaper closed, another reduced its publication frequency, and all suffered from a general decrease in subscription rates and advertising revenue. The financially-weakened press shows no success in finding other means of reaching its audience, and the informational void is filled with municipality-owned pseudo-newspapers, paid TV news stories and other public relations output by local governments. Experts warn against “media capture” in the country’s regions that is distorting reality for the readers. The situation will not change without comprehensive support at the national level.

Triweekly newspaper *Kurzemnieks* from the Kuldīga municipality in Western Latvia is a typical small community newspaper both in terms of its ownership, but also because of its size and content, focused on daily issues of local people. In the early 1990s it was privatised by its editorial staff, and remains under their collective ownership.

The local significance of [Kurzemnieks](#) is clearly seen during its annual Career Shadow Day, when the editorial office is crowded with enthusiastic Kuldīga high school students. “We always ask children to raise their hand

if their family is a subscriber. Out of about 25 people, five on average raise their hands. Another 15 say that their mother or father buys the paper occasionally. Others don't subscribe or buy it, but fortunately, there isn't anyone who has not heard of us at all," says the paper's editor-in-chief and co-owner Daiga Bitiniece.

Kurzemnieks serves the roughly 33,000 inhabitants of three regions in Western Latvia (Kuldīga, Skrunda and Alsunga). At present it has 2,900 subscribers, and more than 1,000 copies are sold monthly in news-stands. Local media have been more successful in maintaining their audience than the national press. However, they are now struggling to survive. The countryside is becoming emptier, the newspaper readership is declining, and over the last few years *Kurzemnieks* has lost almost 40% of its readers. Other local newspapers have lost up to 60%. And the downturn continues.

Like all other press, local newspapers were badly hurt by the global economic crisis of 2008. "At one point, advertising sales dropped by 65%. We closed our office in Skrunda, cut royalties, stopped paying premiums and dividends," says Bitiniece. They still have not recovered. One year ended with losses, and subsequent ones brought in just several thousand euros in profit, all of which was saved to create a safety net for the future.

Bitiniece explains, with no small irony, that now she is not just editor-in-chief, but also a professional project and report writer. Every year *Kurzemnieks* participates in every possible public tender, and receives financing from the Latvian Fishery fund, the Latvian Environmental Protection Fund and the State Culture Capital Foundation. Altogether these brought 6,000 euros into the newspaper's 2016 budget. The team is also participating in a tender from the Kuldīga municipality to publish a book about the history of the city's streets. Without these additional funds the survival of the newspaper (and maintaining its triweekly publication) would be impossible.

Advertising and classified sales are also declining. There are no specific statistics for local newspapers, but figures provided by the Latvian Advertising Association (LAA) show that the overall drop in the Latvian press is significantly disruptive. After losing 70% of sales during the economic crisis, the decline slowed, but only for a short time. In 2014 advertising sales dropped by 11% and then in 2016 — by a full 23%.²

Online media enjoy booming growth nationally, but, with very few exceptions, it is not the case for the websites of local newspapers. Bitiniece admits that *Kurzemnieks* has not paid much attention to the potential revenue from their web portal — the advertising market is too small and people generally use other websites for buying and selling. *Kurzemnieks.lv* has around 13,000 unique users each month, with approximately 67,000 page views per month. And revenue from advertising? 40 euros per month. So for *Kurzemnieks* the full transfer from print to digital is unrealistic — who is going to pay for it?

Regional newspapers could attract ads from local businesses, says Baiba Liepiņa, the head of the LAA. She mentions several news portals that have succeeded at this. However, newspapers will have to cooperate with each other — a single city or region covered by one particular newspaper cannot provide substantial advertising volume.

Several years ago a few small-scale newspapers in the Kurzeme region discussed cooperation plans that would include creating joint content, thus cutting the costs for each paper. However, the agreement

² Data from the Latvian Advertising Association (Latvijas Reklāmas asociācija). <http://www.lra.lv/lv/statistika/latvijas-mediju-reklamas-tirgus-apkopojuma-dati/>

between several independent companies proved to be too difficult to achieve, and the idea never saw the light of day.

Jelgava sets the negative trend

For many local newspapers 2016 was the breaking point. It came last summer for *Novadnieks*, the newspaper of the Preiļi region. Unlike many other local newspapers, it had more than one competitor (most independent newspapers compete only with official gazettes produced by local municipalities and available for free) — the weekly *Vietējā Latgales Avīze*. It is owned by the local dairy producer *Preiļu siers*, is published in Preiļi, but covers all Latgale, in the eastern part of Latvia.

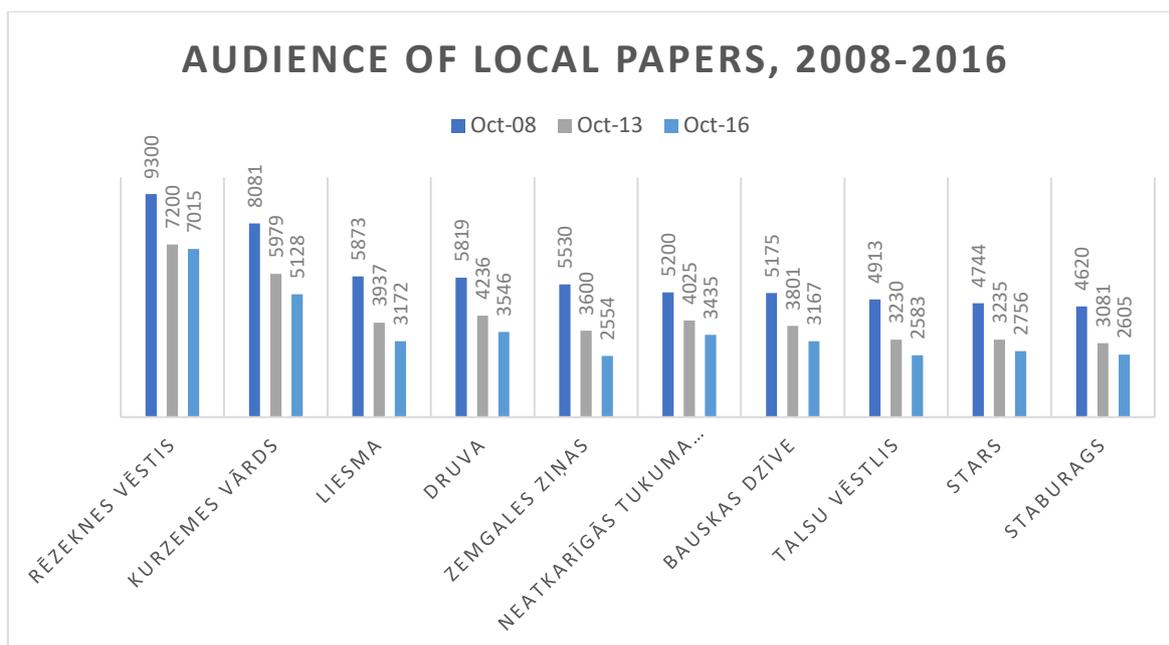
Cooperation between newspapers inside one company hasn't saved RPD — a division of the former *Diena* holding company that 20 years ago fully or partially acquired a number of small-scale local papers. This provided not only a shared understanding of good practice in journalism, but also centralised administration and website design, as well as a certain amount of shared content and advertising, thus cutting the costs of each editorial office.

RPD-owned newspapers, like many others, have suffered from publishing activity by local governments — an important factor that, unlike competition from internet media and decline in advertising sales, is not determined by the market.

Zemgales Ziņas, published in Jelgava, one of the largest towns in central Latvia, was an influential newspaper with almost 7,000 subscribers eight years ago. It regularly investigated shady deals by the local government, until it was knocked off its feet by the Jelgava Town Council — one of the first municipalities that started publishing their own gazette. Their periodical was a full eight pages printed on colourful chalk-paper and delivered into the post-box of every inhabitant of Jelgava every week absolutely free of charge. It had ads, it had classifieds, it had stories about everything good that was happening in Jelgava. And an ever-growing allowance from the city council. By 2016 this had reached 372,000 euros — a budget unthinkable large for most small-scale independent newspapers.

To counter the injustice, *Zemgales Ziņas* reached out for help to all the institutions responsible for supervising the actions of the local government. Their only achievement was that municipal newspapers cannot now charge for advertising, allowing local companies to advertise there for free. This distorts the advertising market even further.

The rise of the government-funded competitor coincided with the economic crisis that brought the collapse in advertising sales and people's purchasing power. *Zemgales Ziņas* had to lay off a portion of its staff and reduce publication from five times a week to three. Last year this went down to just once a week. The same had to be done by *Kursas Laiks*, the paper of the Liepāja region in Western Latvia, which has to contend with six other competitors. A few months after switching to weekly publication, both newspapers lost another sixth of their subscribers. In eight years more than 60% of the readers had gone — it is one of the most dramatic dips among all Latvian local newspapers. Four other fully or partially RPD-owned newspapers have reduced their publication to biweekly. Weekly or bi-weekly publication reduces their role as a newspaper of record to the local community and the local government watchdog.



Sources: Latvian Publishers' Association and newspaper editorial offices

Note: Audience data for the bilingual papers Rēzeknes Vēstis and Kurzemes Vārds combines both language versions, Latvian and Russian.

At the same time, municipal public relations projects, that, in this study, are referred to as gazettes, have prospered. Encouraged by the example of Jelgava, almost all municipalities have now created their own "newspapers". Anda Rožukalne, associate professor at Riga Stradins University, has analysed³ 110 municipal gazettes that have online versions. Local regulations, announcements and other official information allowed for publication by local councils constitutes no more than 20-25% of content in these publications. The rest is filled up with feature stories about local events, history and personalities, with interviews and reports from sports and arts events. Most of them also feature opinion pieces written by officials in local municipalities.

Out of 110 periodicals less than half are registered in the Latvian Register of Mass Information Media with the status of mass media. Some of them practice censorship which is unlawful under the Constitution of Latvia. Their content is analysed and criticised during city council meetings, mayors sometimes openly instructing what these pseudo-newspapers should write about. "By their origin and content these periodicals are a part of political communication," Rožukalne concludes. They offer low-quality articles and zero diversity of opinion. They imitate journalism, and outcompete the independent press, but are, in fact, nothing more than PR vehicles for local government.

³ Research was carried out as part of the National Research Programme EKOSOC_LV "Reflecting on Values and Social Agency During Social and Economic Change" (Refleksija par vērtībām un rīcības modeļi sociālo un ekonomisko pārmaiņu laikā) sub-project Nr.9.5.

Publicity expenses in municipalities, 2016 (in EUR)

Municipality	Municipality gazettes	Other media
Liepāja	46,826	35,617
Daugavpils	-	26,660*
Jelgava	371,080	-
Rēzekne	144,000	52,182
Jūrmala	55,300	4,740
Jēkabpils	18,200	41,500
Valmiera	18,393	32,822
Ventspils	-	191,686

Source: Municipal budgets

Note: The city has no municipal newspaper, but co-owns the newspaper *Latgales Laiks*

The majority of these periodicals publish advertising provided by municipal institutions, almost half of them also publish commercial advertising and classifieds, which are two important sources of income for independent newspapers. The newspaper *Bauskas Dzīve* in central Latvia, partially owned by RPD, decided to challenge this. In 2016 with the support of the Latvian Association of Journalists they sued Iecava Town Council. *Bauskas Dzīve* calculated that the rates for advertising space and classifieds in the municipal gazette *Iecavas Ziņas* were in average 2.5 times lower than the market price in the Zemgale region. They estimated an annual loss of 12,000 euros due to unfair competition.

The District Administrative Court did not accept the claim, pointing out that competition should be encouraged. Besides, they concluded, the damage is unprovable. Andris Tauriņš, the lawyer for *Bauskas Dzīve* describes the response of the court as absurd. "Our Constitution makes a provision for separation of powers, and local governments should not be concerned with the power of the media. This has to be declared loud and clear." Anita Rozentāle, the editor-in-chief of *Bauskas Dzīve* emphasizes that it is the principle itself, not just money, that is at stake here. The aim is to prove in court that municipalities use taxpayers' money to create unfair competition and restrict the freedom of the press, which is the foundation of a democratic society.

The decision of the District Administrative Court was appealed and, in a reassuring verdict, the Latvian Supreme Court decided, in February 2017, to partially satisfy the complaint by the publisher of *Bauskas Dzīve* against the conduct of the Iecava Council. Although the Supreme Court did not provide a comprehensive assessment of the legality of the Council's conduct, the Court spelled out strict rules that any newspaper must observe, namely:

1. the mass media must be used for the benefit of the entire public;
2. publication must promote the principles and basis of the Latvian Constitution;
3. unilateral emphasis on certain interests, some group or political grouping is banned;
4. publication must reflect diversity of opinions, including the political opposition.

The Supreme Court stressed that “the use of state funds for such mass media is justified only if the editorial part of the mass media meets the highest standards of journalistic quality (the truthfulness of published information has been carefully checked, diversity of opinions is appropriately reflected, and the principles of journalistic ethics have been observed).”

The verdict not only allows *Bauskas Dzīve* to continue litigation against the Iecava Council, it also opens the door for other regional mass media to go to court against municipalities when their gazettes unfairly compete in the advertising market.

No rush with legal amendments

The guidelines for media policy, developed last year by the Latvian Ministry of Culture, brought some (belated) hope that the state will at last take action. Among other things, the guidelines were supposed to include a ban on advertising in local government-owned media, as well as to specify the legal regulation of local governments’ duty to inform society. In other words, it was intended to highlight more vividly what was already written in the law: local governments are only authorized to publish resolutions, local regulations and official explanatory notes.

Having felt the threat, the Association of Local and Regional Governments — a strong lobby in the Latvian government and parliament — began to act. During its annual congress in May 2016, the Association issued a declaration⁴ which claims that public concern about the situation of regional media actually masks efforts to inflict censorship on municipal gazettes. Local authorities should have the right to choose their own way of informing society, the declaration states, including in the form of “opinion journalism”.

After repeated postponement, the guidelines finally gained governmental support, although the Union of Greens and Farmers, the leading party of the ruling coalition with the broadest representation in local and regional governments, has stated that it does not approve of the proposal. Although the proposal to ban municipal institutions from funding mass media made it to the Latvian Parliament (Saeima) in early 2017, it failed to gain support. The proposal was supported by the National Alliance, some lawmakers from the Unity Party and also from the Latvian Association of Regions. But the Union of Greens and Farmers and the Harmony party voted against, and several Unity lawmakers abstained.

So far, the only form of state support to the local press has been the reduced VAT rate (12% vs the standard rate of 21%) and compensation to the public postal company Latvijas Pasts for losses due to delivery of subscription newspapers in the countryside (4.6 million euros in 2015).

Media representatives do not believe that the Media Support Fund that is currently being established under the auspices of the Ministry of Culture will substantially improve the situation. In the state budget for 2017, the first 1.2 million euros were allocated to the Fund. The conditions are still being clarified, but the general intention is to allocate funds according to a tender process, e. g., to projects in investigative journalism. The minister in charge has claimed that preference will be given to local media.

“Not every editorial office will be able to write projects, which makes it likely that those in greatest need of support will not get it”, says Guntars Līcis, the executive director of the Latvian Publishers’ Association and editor of the regional newspaper [Zemgale](#). The Association believes that state funding of local and regional

⁴ The Declaration of the 27th Congress of the Latvian Association of Local and Regional Governments (Latvijas Pašvaldību savienības 27.kongresa deklarācija). http://www.lps.lv/uploads/docs_module/Tiesibas_sanemt_informaciju.pdf

press must come by means of consistent institutional support, offering advantages to the newspapers that for objective reasons are in greater need of support.

The idea is partially borrowed from Sweden, where the second-largest newspaper of each region receives state funding. In Latvia, where territorial divisions are historically smaller, the only existing newspaper in each division should get funding, Līcis notes. However, he also stresses the restrictions on local government-owned media as the first condition of the support programme, suggesting they should not be officially registered as media. “If there is to be no understanding of this at the state level, we will soon return to the kind of authorities that informed us during Soviet times.”

Local TV - not a watchdog

While independent newspapers are weakening, local and regional television stations have gained financial stability in recent years, largely due to national support. The content they generate is available on local cable networks, as well as on the [Re:TV](#) channel, which has for three years enjoyed the right of free-to-air national broadcasting as granted by the [National Electronic Mass Media Council](#) (NEPLP), the broadcasting regulator. Through a tender process, Re:TV receives almost 350,000 euros per year from the national budget to produce public service content about local personalities and traditions, as well as weekly news reports. During the drafting of the state budget, the Latvian Parliament earmarked a further 200,000 euros to Re:TV and a local channel for Riga, Rīga TV24 without specifying the aim of the allocation, despite the rule that state financing is not to be given to commercial television companies without a tender.

Ingemārs Vekteris, co-owner of [Vidzemes TV](#), the company behind the Re:TV channel, and a full owner of Valmieras TV, is open about the fact that in recent years the amount of funding has increased. Over two years, the turnover of Vidzemes TV increased five-fold, reaching 919,000 euros in 2015. The company spends almost all its funds allocated through social contracting on national broadcasting, while its income is generated mainly from its business activities: advertising, event video recording and other services provided to private companies.

The total nationwide viewing share of Re:TV in 2015 was 0.5%.⁵ In comparison, the share of the main public television channel LTV1 was 9.7%, and that of the second public television channel, LTV7 — 2.7%. Media experts praise the television stories on cultural events, unique personalities, places and traditions produced by local television and broadcast on Re:TV. “They do a great job in shaping national identity”, says Dr. Sandra Murinska-Gaile, assistant professor in communication studies at the Rēzekne Higher Education Institution (RHEI).

However, she is not ready to say the same about news broadcasts: “Watching news stories on regional television, one gets the feeling that we live in some utopian world. There is an obvious shortage of analytical and critical stories.” Murinska-Gaile conducted a NEPLP-commissioned evaluation of local television news stories, broadcast on LTV1. Almost 250,000 euros were allocated from the state budget to four television companies to produce these stories.

“This probably doesn’t sound right from the viewpoint of journalism but at times, when there’s so much negativity around, we want to be positive and to foster initiative”, Vekteris explains. There is, however, another reason for broadcasting this positive attitude, namely the close connections between regional

⁵ TV viewing shares for 2015 (TV skatīšanās laika daļas 2015. g., TNS). <http://www.tns.lv/?lang=lv&fullarticle=true&category=showuid&id=4901>

television stations and local governments. Neither the possibility of larger income nor state subsidies have succeeded in making television companies discontinue their contracts for producing television stories for municipalities. Vekteris admits that at Vidzemes TV their number has actually increased in recent years. He notes, however, that these contracts constitute only a small part of the total turnover, and as far as Valmieras TV is concerned, the content in question only gets aired on specially-designated broadcasts, so-called TV Shop-Windows – broadcasts that are meant to feature promotion materials, albeit easily confused for journalistic content.

Last year, Artūrs Špaks, a student at Riga Stradins University, conducted his master's research⁶ on the ways in which financial connections between television stations and how local governments are reflected in the news broadcasts of four regional television companies, including Vidzemes TV. He discovered disturbing facts. Having watched over 70 news stories covering the work of municipalities, the author didn't find a single one that would express a critical stance toward the resolutions and actions of local governments. Moreover, the employees of [Latgale Regional Television](#) and [Talsu TV](#) (the latter solely owned by the local government of Talsi) have openly admitted in interviews that for covering the work of local authorities in a negative way they can get disciplined or even fired. Multiple local governments stipulate in their contracts that news story topics are to be coordinated with their public relations specialists, and journalists do indeed do this. At the same time, municipalities that don't have contracts with television companies, hardly ever receive any media coverage.

Local governments sign similar contracts with local radio stations, whose income mostly derives from advertising. National funding is only allocated by way of public service contracting to several broadcasts, including those in Russian, produced by radio stations and producer groups in Latgale region. Approximately 120,000 euros were earmarked for these objectives in 2016,

Funds to media, not fountains

“At the regional level, authorities capture and appropriate the media”, Rožukalne concludes, applying the term “media capture”, (a concept which already has currency in academic circles), both to the local governments' publishing activities and to their buying of local television and radio content. The taking over of the “fourth estate” in the regions, not only affects decision-making, but also deprives national media of an adequate local dimension.

Rožukalne is convinced that the Media support fund with its 1.2 million euros of additional funding to television stations will not bring any substantial change, as it is not commensurate with the depth of the problem. This can be solved only by the most rigorous means — a total ban on municipalities operating in the media market, as well as a substantial increase in support for independent content in the media (including online) where expenses cannot be covered by advertising revenues.

“It is clear that local governments have resources. Instead of buying media content or opening another fountain in the city centre, they should rather donate to one common state level fund, that would then support independent local and regional media according to clear conditions,” Rožukalne says, and as she reminds us — the level of media diversity always depends on media policy.

⁶ Špaks, A. “Local and regional governments and the coverage of their work on regional television station (Vidzemes TV, Latgale Regional TV, TV Kurzeme, Talsu TV)” (“Pašvaldību un to darba atspoguļojums reģionālajās televīzijās (“Vidzemes TV”, “Latgales Reģionālā TV”, “TV Kurzeme”, “Talsu TV”)”). 2016.

Lithuania: municipality bending the rules

Rytas Staselis

The market of regional press in Lithuania is busy, and some communities still have more than one independent outlet to choose from, unlike in the neighbouring Latvia. However, challenges abound. Commercial revenue streams continue shrinking, digital skills are weak and some municipalities find a way around the law prohibiting them from publishing their own gazettes, thereby creating unfair competition. Finding new business models is a matter of survival, leaders of the industry say.

Lithuanian journalist Romas Sadauskas-Kvietkevičius resides with his family in Sadziunai village, approximately a hundred plus kilometers south-west of the capital Vilnius, but living here doesn't mean that he lives a solitary life. On the contrary, modern technology removes any limitations on his ability to work, even in this small village of only 91 residents according to the last 2001 census. Romas, who was born in Vilnius before moving to the countryside, is currently one of the regular columnists published in Delfi.lt, Lithuania's largest news-portal, a part of the regional online giant, which has local editions on all three Baltic

states. In addition to this, he also works online as a full-time (on-duty) editor for the Lithuanian National Television and Radio internet portal www.lrt.lt, which, of course, has its office in the country's capital.

LITHUANIAN PRESS, RADIO AND TV SUPPORT FUND

An institution aimed at supporting non-commercial cultural and educational content creation and dissemination in Lithuanian media, and, if possible, among Lithuanian diaspora, through state financial allocations.

Providing financial support through the means of an independent fund-organized tender helps to keep support, provided to the creators of public information, separate from the influence of politics, state officials and/or institutions.

It should be noted though, that his career took a sharp turn only relatively recently. Just last year, Romas, and a couple of like-minded people with support from larger partners, published the [Druskininku naujienos](#) (Druskininkai News) for the people of the Druskininkai holiday town. Romas stated that: "At first there were three of us, then there were only two, but we had a few freelance writers." He often filled several positions at the same time himself; he was a reporter, photographer, courier to the printing house, newspaper distributor, and a delivery man to subscribers, all at the same time. However, he was forced to say farewell to his readers and shut down his newspaper of 16 years at the end of 2016.

"The newspaper was profitable prior to the financial crisis of 2009; we even managed to avoid financial losses after that, up until 2013 - when the government of Druskininkai began publishing its free political advertising publication, which was imitating the local newspaper. They expanded it too," says Romas. He says targeted grants, which his newspaper received on

OFFICE OF THE INSPECTOR OF JOURNALISM ETHICS

OIJE is a media regulation institution (self-regulated in part.) Its highest officer is the Inspector of journalism ethics, accountable to the Seimas (Parliament) of the Republic of Lithuania.

OIJE ensures the examination of interested persons' complaints (statements/applications) regarding the breach of personal non-material rights in the area of mass media, including but not limited to: attacks against honor and dignity, privacy protection requirements, protection of personal data, breach of public media informing-principles, and violations of the law on public information and the law on the protection of minors against negative public information effects.

a competitive basis from the State Press, Radio and Television Support Fund, along with a culture development program, helped him carry on for a while.

However, the mayor of Druskininkai - Ričardas Malinauskas, exploiting his tendencies to authoritarian rule, started issuing a free publication, paid for by state funds. This gazette has done almost nothing besides praising the local government, but this was not enough for him. "This was the hardest hit for us, since the people of the city were receiving a free publication in their letter boxes, so they started wondering if it was really worth buying another newspaper that offers a slightly different view on current events, maybe employing a little bit more criticism," said Romas. By his estimate, approximately 1 500 to 2 000 readers want a more critical point of view on the things happening in this town, so this audience, previously ready to pay for their press, had been split between them and another independent newspaper, [Druskonis](#) ("Resident of Druskininkai").

Romas goes on to say that the mayor of the city started a war against the publications that were critical of the local government and authorities, and started putting pressure on businesses active in the local municipality, not to purchase any advertising in the independent newspapers. He did not strictly forbid it, but hinted that if they continued to do so, the success of their business in Druskininkai might be affected.

According to Romas, these circumstances were the main reason for the closure of *Druskininku naujienos*, rather than competing media sources. "[The] internet you say? The migration of a part of the audience to the internet, mobile platforms and social networks for news may have accounted only for a mere 10 to 15 percent of our readers," says Romas.

Clawless laws

There are approximately 14 thousand residents in Druskininkai, and authorities' attempts to derail non-state media have caused a loud outcry in the whole country. Romas says that he is grateful to the professional community of journalists for the solidarity they have shown. The case of the *Druskininku naujienos* and the attempts of the authorities to influence the competitive environment of Lithuanian media markets have become a national topic of debate in Lithuania, and has now reached the courts.

The Office of the Inspector of Journalism Ethics of Lithuania (OIJE) has decided that publishing the *Mano Druskininkai* (My Druskininkai) using municipal funds and distributing it free of charge was in violation of

Lithuanian law⁷. A formal complaint to the OIJE was filed by both editorial offices of the *Druskininku naujienos* published by Romas, and their direct competitors *Druskonis*. The applicants have stated that the publication named *Mano Druskininkai*, published and financed with the use of the taxpayers' money, created unequal competition in the media market and violated the provision that a municipality cannot be a publisher of periodic informational publications. The case was examined several times by various courts and appeared to reach a conclusion at the end through the adoption of the 2013 ruling of OIJE, recommending that the Druskininkai education center (a department of the municipality) either shut down the publication or only use it to publish educational news.

“This lasted for a couple of years, until all of the courts involved declared that municipalities cannot take part in newspaper publishing. Only on the eve of the final decision, did the Druskininkai municipality withdraw their complaint, allegedly agreeing with the original resolution of the Inspector,” Romas tells us. However, he makes the point that two years of legal battles, with the market situation unchanged, and his position of having to compete with a newspaper distributed free of charge, has affected the financial health of his company.

Additionally, the fact that the Druskininkai authorities have withdrawn their complaint from court was just a clever manoeuvre. “One day the authorities that owned [Mano Druskininkai](#) were “closed down”, and the next – the same people are publishing a paper with the same logo (trademark) as a private public institution: the free newspaper was now financially supported not by the municipality, but by the water park that belonged to it,” - Romas says.

At first, the formal owner of the free newspaper was a public institution, established by a public media company, which provided services to the Lithuanian Social-Democratic party and the Lithuanian Prime Minister's office, but the owners have changed many times since. This, however, did not affect the newspaper; it stayed the same, spreading only the good news of the Druskininkai authorities' work and including pictures of the mayor on every other page.

Currently, the public enterprise Kantri medija (which is a joke of PR people, since the word “kantri” means “having patience” in Lithuanian) publishes the paper loyal to the municipal authorities, and is located in Druskininkai. This newspaper is edited by Laima Rekevičienė. She has confirmed that she is the head of the

⁷ Article 22 of the Law the Republic of Lithuania on Public Information states that the following are prohibited from becoming public information producers and/or their participants and/or owners thereof:

1. State institutions and authorities (with the exception of education research and study institutions), as well as legal persons, whose founder, party or shareholder is a municipality, its institution or authority;
2. Municipal institutions and authorities (with the exception of education research and study institutions), as well as legal persons, whose founder, party or shareholder is a municipality, its institution or authority;
3. Banks or legal persons established and/or controlled by them;
4. Political parties.

The subjects specified in part 8 of this article can issue non-periodical informational publications, have informational society creative measures, aimed at informing the public of their activities. State and municipality science and research (study) institutions and educational institutions' owned informational public informing measures and the information they publicly disseminate should be used only in means, which are related with science, education and study activities.

public enterprise and is currently the editor of the circulation, 10 000 strong, as well as the internet site, but failed to specify the exact shareholders of the institution.

These legal loophole manipulations have also affected the Druskininkai mayor, Ričardas Malinauskas. He was criticized by members of his own Social Democratic Party, until one day he resigned and announced that he is creating his own public-political movement, which, apparently, will ensure the leadership of his political entity on the municipal level in the future.

Romas is vague about his own future, for now: “I only come to Druskininkai from my home in the Lazdijai region when I need to meet someone or to attend events I want to take part in, but I feel more and more like an outsider there than a local.” He also adds: “Even if I ever start anything here, on a local level, it surely won’t be printing a paper – printing news on paper and burning fossil fuel to deliver news to the readers is a hopelessly obsolete trade.”

New funding models – a must

It is hard to accurately tell how many regional publications are currently produced in Lithuania. One internet site for advertising, offering subscriptions to various publications and the opportunity to purchase advertising, shows 105 titles on the regional publications’ list. However, this may not be the full number. Rasa Navicke, the Director of the National District and City Newspaper Publishers Association says that there could be between 105 and 110 of such publications. Keeping in mind that there are 60 municipalities in the country, you might say that Lithuanian regional newspapers operate in a competitive environment – there are usually at least two and sometimes even three local newspapers in every municipality.

Two competing newspapers – [Gyvenimas](#) and [Gelupis](#) aim for an audience twice as big as that of Druskininkai city – the Prienai district, and Birstonas city municipality have approximately 32 thousand residents.

Ramutė Šimukauskaitė is the editor and shareholder of one of them – *Gyvenimas* (besides her, three other employees hold shares). A couple of decades ago she taught journalism at the University of Vilnius. Ramutė, who is a member of the National District and City Newspaper Publishers Association board, confirms that Lithuanian regional media is going through hard times and is affected by direct and indirect political pressures.

The newspaper’s newsroom consists of eight people; and it is published twice a week – 2 100 copies on Wednesday and 2 600 on Saturday. According to Ramutė, the newspaper’s turnover reached 100 000 euros annually at the peak of the “good times.” Additionally, approximately 20 000 euros in grants have been won by the paper in the Lithuanian Press, Radio and Television Support Fund’s competitions in the area of special topics.

“The big problem is that the newspapers, which hold specific principles of business ethics and have some traditions, are frequently attacked [in a competitive market environment] by publications coming out of

NATIONAL DISTRICT AND CITY NEWSPAPER PUBLISHERS' ASSOCIATION

A non-governmental organization uniting 34 regional and city newspaper publishers. The association bases its activities on declared transparency, and ethics standards (meaning the declaration of actual circulation numbers and requiring their members to receive profit only in conventional ways through classic advertising separated from the news and clearly stating the marketing of the content). The majority of association members publish newspapers with circulations of approximately 700 to 8 000 copies. Only one publication has declared a weekly circulation of 24 thousand.

nowhere, which are only published in a hundred copies or so, and are distributed free. But these publications still collect all of the regional advertising, including the municipal public advertisements that are a part of tender competitions,” continues Ramuté. Though, she believes that these are not actually the municipality-issued newspapers. Their publishers can be businessmen who receive public service contracts from the municipality.

Asked whether she has tried to do anything about it, for example, address this issue to the courts, such as the Competition Council, so that these institutions can take actions and put an end to such publications, which are damaging the market, Ramuté responds: the laws exist, but there is no will to enforce them. There are too many interests more important than the rule of law.

“We have lost a large part of the advertising available and there is not much of it left since 2009-2010, when the crisis struck local small businesses hard,” says Ramuté. She explains that this is the reason that regional newspapers carry state funded advertising of municipal, national institutions.

According to Ramuté, in the past, even the national Ministries of Environment and Agriculture had “social advertising money”, but now these funds are divided among agencies providing media planning services, so these funds do not reach regional newspapers. Even though it was argued, that the regional press has the best access to their target audience, not the glossy magazines, where this information often ends up. In addition, the media planning agencies report massive revenue increases.

There is also a decline in another traditional revenue source for newspapers – classified advertising. “With a drop in working-age people, as a result of emigration, the number of personal ads has also decreased; the “looking for work” or “offering work” sections of advertisement pages are poorly filled,” says Ramuté. According to her, classified advertising has fallen by half, despite various marketing efforts, such as “buy one – get one free” offers, or discounts.

Nor is the internet a revenue source for the *Gyvenimas* newspaper, at least not yet. The editor’s office tried to distribute the newspaper in a PDF format online, but it was not popular as it was not that comfortable to read, so they chose to shut down online subscriptions. Thus, the electronic version of the paper has more of a representative function; similar to a personal profile on a social network.

When asked about strategic planning for the newspaper’s future, Ramuté responded “Well, in fact, our biggest headache is: are we going to get through this year? How many subscriptions shall we collect, how much advertising will we get, and how many tenders/competitions will we win?” And there is room for some

external factors too: if the geographic area loses enough people for the Lietuvos pastas post office to be closed, the newspaper risks losing approximately 100 subscribers.

“Regional media will soon fail if they depend only on conventional sources: advertising and subscription fees,” says Ramutė. “We have to find new funding models.”

Quality content wins

Rasa Navicke, the Director of the National District and City Newspaper Publishers’ Association points out that two of the Druskininkai independent newspapers have never been part of the organization. Nevertheless, the Association stands in solidarity with them and wants to defend “the newspapers pushed out by unfair practices of the local government.”

“Although the Druskininkai case was a really obvious example of laws being broken, I would hesitate to say that this is a nationwide trend,” says Rasa. Nonetheless, she remembers a couple of other cases where the heads of a municipality tried to force a newspaper run by the mayor’s office newspaper into the local market.

Consolidation can be a solution. In 1995, three publishing companies managed to strike an agreement and publish around 19 thousand issues of their joint weekly newspaper [Vakaru Lietuva](#) (Western Lithuania) for the audiences of six western districts. When a newspaper crosses the boundaries of a single municipality, the media business usually becomes strong enough to withstand local political pressures.

“In my opinion, if a publication provides good content and is financially stable, the free, local government-issued, small papers will not harm them that greatly,” says Rasa. Though, she is unsure if political pressures on the market are a constant force; these are more evident prior to elections or other significant political campaigns. This may be the reason why Rasa has not heard of more cases where such problems have forced publishers or associated groups to go court or the Competition Council.

The Head of the Association stresses that the decrease in regional papers’ circulation may have started with the economic crisis of 2008-2009, when the Government recalled the value added tax (VAT) exemption for printed production, which has not been reinstated to this day. “There are strong newspapers, which can boast small increases in printed copies, but the general tendency is to have a 2-5 percent decrease in circulation annually,” says Rasa.

Moving closer to the community

The problem of the decrease in newspaper circulation numbers is also discussed by Martynas Vainorius, deputy editor of Klaipėda’s regional newspaper [Vakaru Ekspresas](#) (Western express). This publication started as an alternative to the communist press in 1990, and not only managed to survive so far, but has held its leading position in the market. Furthermore, it was always known for its bold innovations.

Martynas says that the paper version of the newspaper is still their “bread winner”, however the *Vakaru ekspresas* managers were among the first to create a web-version of their newspaper.

To check the difference between circulation numbers in 2007 and 2017, he stands before the old shelves containing archived copies of his newspaper; he has worked at his current position for five years. He looks at the archived binders, and estimates that the newspaper is probably 40 percent thinner now, and there are probably 40 percent fewer copies published.

“Wow, this is even worse than I thought. We were publishing a 32-page version of the weekend paper in more than 19 thousand copies at approximately the same time in 2007. Tomorrow the weekend version will be issued as a 24-page edition in more than 9 thousand copies,” says Martynas as he scratches the back of his head. Klaipeda, where the paper is published, is the third largest city in Lithuania, with approximately 150 thousand residents. Martynas believes that with circulation in decline, the website would not compensate for the financial loss.

Other editors interviewed apply the following calculation: even with the decrease in print circulation, the audience does not appear to change, but switches to reading the newspaper via the internet or a mobile application. However, the problem is that the audience flocking to read the news online is followed by only a tenth of the former advertising revenue. Additionally, the revenue from advertising through a newspaper’s mobile application, compared to a print version, is much lower.

Martynas tells us that the paper is trying to charge for some parts of the content. The short versions of the most interesting stories used to be previewed on the website, which then directed readers to pay for the print version to get the full stories. Now, the full original texts are also on the web, but editors only charge a symbolic fee for them. “We try to get readers used to the idea that there is no such thing as free quality information. Apart from that, it is unfair to provide full newspaper texts on the internet, whereas the people subscribing and buying paper versions in kiosks are paying for them,” says Martynas.

A PDF version of the [Vakaru ekspresas](#) also exists, and is offered to readers for a subscription fee.

But what about the municipality, and the politicians? Martynas does not want to discuss that matter in detail: “I have heard that the Klaipeda city budget provides, if I’m not mistaken, something like 100 thousand euros for placing information in the media. This means that we will have to compete for that money, and a lot of things can happen during a competition.”

“During the last few years we have understood very well, that the topics we discuss on our pages should be as close to the community as possible,” says Martynas. “A hole in some multi-apartment building’s courtyard will not attract any interest from a national newspaper, so that’s our story: we must go there, get to know everything about that hole, investigate when it will be fixed and inform our readers of our findings. And after that, it is our obligation to check if that hole is still there.”

“We investigate how the public transportation system functions, and public transport route alteration plans can be available to us without any restrictions, so that our audience will know that they can find all of the information they need by going through the pages of our newspaper.”

According to Martynas, they try to inform the public about what is happening to the city, what is fixed, reconstructed, in what order, and at what time of the year it is all happening. The newspaper has its own

topic pages, with space for healthcare and business subjects, and some spots to discuss the problems of the Western region of Lithuania, as well as maritime business, education, culture, car owners, and leisure. These segments work to draw audience attention to the “general” *Vakaru ekspresas* publications. “We try not to avoid any audience group seen as “not viable” by the advertisers, but tend to increase that audience as much as we can, that is why we try to write about everything, and in as much detail as we can,” says Martynas.

Vakaru ekspresas, established in 1990, is probably the first newspaper in Lithuania, which started posting sections like “Born in Klaipeda this week” and “Died in Klaipeda this week.” These rubrics were especially popular. “However, the most popular section of the paper was “Married this week in Klaipeda”: our photographers waited for the newlyweds each weekend near the civil and church marriage ceremony locations, took photos of them and we published them in the paper free of charge,” says Martynas. Now it has become a little less important, he says, since the paper is not published on Mondays, when such information would be the most important after the weekend.

Addictive funds

Decreased circulation and journalist numbers, increased taxes, as well as the inability to publish regional and national newspapers on Mondays due to distribution costs, are the problems that can be traced back to the 2008-2011 economic crisis. At that time, all Lithuanian media outlets suffered a drastic decrease in revenue from advertising sales. As an example – one popular business magazine suffered a whopping 72 percent drop in advertising during a single month of 2009.

The anti-crisis measures implemented by the government of that time didn’t exactly help companies in the media business either, mainly because of the elimination of the printed press value added tax exemption; the tariff increased from 5 percent tax to the full 21 percent. Taxation on those in the workforce has also been increased.

Around mid-2010, when most the national and regional media found themselves at a breaking point, some politicians (for example, Dainius Kreivys, minister of economy at that time) started looking for ways to support media outlets out of the European Union’s structural funds and project publicity funds. These funds were distributed competitively by announcing tenders; as a result, media companies have joined consortia with public relation and media planning agencies.

There were those, though, who said that media was just another type of business “just like baking cakes,” so it should not be treated in any special way or granted any special privileges. However, these public finance injections - the amount of which is currently unknown - prevented the media business from failing and allowed public relations campaigns to flourish.

The by-product of such a financial rescue operation though, was that those in politics found supporting the media very much to their liking. During the years of 2011 and 2012, when the economy began recovering, a lot of ministries and other state institutions already had “publicity budgets” drawn up. Even now, almost all attempts at calculating their size provide only vague estimates.

During 2012, it became clear that the EU-supported project publicity alone, financed by the Ministry of Finance, was equal to at least 31 million in Lithuanian litas (approximately 9 million euros). The head of 15min.lt and BNS company's Tomas Balzekas has spoken to the lrt.lt internet news portal, and said that, according to his estimates, various state institutions have spent up to 250-300 million litas (72-87 million euros) to purchase publicity services from mass media.

The official figures are more modest. The Public Procurement Service of the Republic of Lithuania presents a summary, showing that state institutions and municipally managed companies have purchased information and publicity services for 20 million euros in 2014. It is the opinion of the Head of the Seimas (Parliament) Audit Committee, the former Minister of Finance – Ingrida Simonyte, that these expenses approach 25 million euros annually.

Although some media company representatives state that such support only accounts for 12-15 percent of a company's income, there are some suspicions that Lithuanian mass media has become addicted to it. This is well-known by the politicians who want to profit from this addiction, in both cities and regions.

Estonia: searching for funding models

Urmas Loit

Estonia is such a tiny market – both in terms of population and territory - that having a thriving community of regional media is a challenge, even in the days of plenty, never mind the leaner years. Today, regional media lack all resources – funding, labour, and audience – and largely endure on the basis of perseverance and dedication. But that too has been dissipating. At the same time, just like in the neighbouring Latvia, municipalities issue their own publications which the independent media outlets see as unfair competition. Finding new funding models, and cooperating, seems to hold the key to the future.

Print had been the strongest section of the media for years. In advertising expenditure print media outpaced television until early 2010 when TV advertising expenditure caught up and, since then, television has taken the lead as elsewhere in Europe.⁸ The proportion of online-advertising is growing rapidly.

Among local and regional media, print also leads. Despite economic challenges, local papers produce original stories, most come out several times a week and employ several journalists. Unlike some local radio stations, which seldom produce original journalism.

County⁹ newspapers form the largest group of local media papers. The bigger the county (and towns within it), the bigger the paper (e.g., Pärnu or Viljandi). However, the largest cities, Tallinn and Tartu, do not have their own independent local newspaper. The issues of the capital Tallinn are covered by national dailies. For Tartu, the national daily [Postimees](#) provides a local supplement which cannot be obtained separately. There are two free weekly local papers in Tartu ([Tartu Ekspress](#) and [Linnaleht](#)); but free papers have been left out of the scope of the current overview.

Another group of local outlets is formed of papers issued in, and for, towns and parishes.¹⁰ Table 1 provides the list of local newspapers which are members of the Estonian Newspaper Association (EALL), but a full list of all local titles cannot be obtained, especially of those in Russian that do not belong to the EALL or join only periodically. For instance, the web-page of the city government of Narva refers to five papers published in Narva (*Narva, Narvskaya Gazeta, Viru Prospekt, Gorod, Narvskiy Rabochiy*)¹¹ and none of them is a member of the EALL. Few papers on the municipal level are published commercially ([Elva Postipoiss](#) in Elva and [Vali Uudised](#) in Põltsamaa).

⁸ Loit, U., & Siibak, A. (2013). *Mapping Digital Media: Estonia*. A report by the Open Society Foundations. Retrieved from <http://www.opensocietyfoundations.org/sites/default/files/mapping-digital-media-estonia-20130903.pdf> (accessed 5 Jan 2017), p. 67.

⁹ an administrative unit, in Estonia. – *maakond*

¹⁰ towns (*linn*) or parishes (*vald*).

¹¹ All in Russian. See http://www.narva.ee/ee/linnakodanikule/tanane_narva/kohalik_meedia/ (accessed 5 Jan 2017).

Local papers in Estonia, 2016 (members of EALL)

Title	Town/parish	Coverage area	Copies per week	Average circulation 000'(May) ^a			www ^b
				2001	2010	2016	
<i>Elva Postipoiss</i>	Elva	Elva town	1	1,6*	1.5	1.4	Paper only
<i>Harju Elu</i>	Tallinn	Harju maakond	1	n/a	3.1	3.8	Open access web-page with few short news and older stories
<i>Hiiu Leht</i>	Kärdla	Hiiumaa	2	1.9	2.8	2.8	Open access web-page
<i>Hiiumaa</i>	Kärdla	Hiiumaa	Merged with <i>Hiiu Leht</i> in 2004	1.4	—	—	
<i>Järva Teataja (Postimees Grupp)</i>	Paide	Järva maakond	3	6.3	4.7	4	Web-page provides headlines and photos. Paper content mainly behind a paywall. Digital version by subscription.
<i>Koit</i>	Põlva	Põlva maakond	3	4.7	3	2,7**	Open access web-page contains the editorials and contents-list of the paper-edition.
<i>Lõuna Leht</i>	Võru	Valga maakond, Võru maakond, Põlva maakond	1	n/a	n/a	6,1***	Open access web-page with selection of stories, including non-paper stories.
<i>Lääne Elu</i>	Haapsalu	Lääne maakond	3	5.2	4	3.2	Open access news website
<i>Meie Maa</i>	Kuressaare	Saaremaa	6	8.6	7.3	6.6	Open access news website with selected stories behind a paywall
<i>Põhjarannik/ Severnoye Poberezhye</i>	Jõhvi	Ida-Viru maakond	5 (EST/RUS) ^c	9.3	7.1	6.1	Open access website contains a review of the new paper-edition and older stories

BALTIC MEDIA HEALTH CHECK: REGIONAL OVERVIEW

<i>Pärnu Postimees (Postimees Grupp)</i>	Pärnu	Pärnu maakond	5	15.4	13.5	11.8	Website provides headlines and photos. Paper contents mainly behind a paywall. Digital version by subscription.
<i>Raplamaa Sõnumid</i>	Rapla	Rapla maakond.	1	3.9	3.1	2.8	Open access website with shortened stories from the paper-version.
<i>Saarte Hääl</i>	Kuressaare	Saaremaa	5	n/a	4.5	4.8	Open access news website
<i>Sakala (Postimees Grupp)</i>	Viljandi	Viljandi maakond.	5	11.1	9.6	8.3	Website provides headlines and photos. Paper version content mainly behind a paywall. Digital version of the paper-by subscription.
<i>Sõnumitooja</i>	Kuusalu	E of Harju maakond	1	3.3	1.9	1.9	Open access news website
<i>Valgamaalane (Postimees Grupp)</i>	Valga	Valga maakond	3	4	3	2.5	Website provides headlines and photos. Paper contents mainly behind a paywall. Digital version of the paper by subscription.
<i>Vali Uudised</i>	Põltsamaa	W of Jõgeva maakond	2	2* ⁴	2	1.7	Paper only
<i>Virumaa Teataja (Postimees Grupp)</i>	Rakvere	Lääne-Viru maakond	5	9.2	7	6	Website provides headlines and photos. Paper contents mainly behind a paywall. Digital version by subscription.
<i>Viru Prospekt (RUS)</i>	Narva	Narva & Ida-Viru maakond	1	n/a	5.3	5,3* ⁵	Open access news website
<i>Vooremaa</i>	Jõgeva	Jõgeva maakond	3	4.3	2.7	2.4	Open access news website
<i>Võrumaa Teataja</i>	Võru	Võru maakond	3	5,9* ⁶	4.6	3.2	Open access website. Digital version of the paper-by subscription.

Source: ^a Data from EALL, ^b Author's analysis, ^c Circulation divide appr. 50:50

Notes: * May 2003, ** Last available data - March 2011, *** November 2016, *⁴ April 2001, *⁵ April 2016, *⁶ January 2003

Similarly to Latvia, municipal publishing activities are widespread in the country, adding to the challenges faced by local independent media. There are over 200¹² municipal papers, referred to in this study as gazettes. Their overall impact on local media will be discussed later in this article.

Several newspapers are published in local dialects of (Southern) Estonian – [Uma Leht](#) (bimonthly), [Üitsainus Mulgimaa](#) (tetrannually) and [Setomaa](#) (every third week). Part of their financing comes from foundations supporting cultural projects. There is also a weekly regional paper in Estonia, covering the South-East part of the country – [Lõunaleht](#).

By ownership, the local (county) newspapers can be divided into two groups: those tied to a large media group (particularly, Postimees Group) and those of small sole owners. The former are better off and, for example, employ corporate web-design, joint sales and other corporate features benefitting, locally, from national operations of the daily *Postimees*.

Revenues stagnate

Circulation and sales growth data suggest that local media have reached a plateau at best, following a decade of stable advertising sales numbers, outperforming the national print sector which was far more volatile.

Currently, circulation and sales revenues expose a standstill or even decline, with regards to viability of local print media. In terms of aggregated sales revenues, local media has been more stable throughout the last decade than the entire newspaper industry, staying at 8-9 million EUR annually since 2005. In 2007-2009 it peaked at 11-12 million EUR.¹³ Out of the total, the revenues of local media make up 18%.

The revenues of individual market players are hard to establish, as often the publishers have several side-businesses and the annual reports lack clarity on this. Within the last decade, the aggregated average circulation of local papers¹⁴ was the highest in 2007-2008, reaching 131,000 copies. After the economic crisis, it fell to 99,000 in 2011, with a further significant drop since then – 81,000 in 2015.

The circulation of individual local newspapers has also been falling over the years with very few exceptions. Overall newspaper readership has also dropped. The number of newspapers read in 2015 halved since 2000, both for newspapers read regularly and occasionally.¹⁵ However, interest in news has not declined, but the traditional platform of print has been replaced by the internet.¹⁶ The aggregated reach (paper + online) has even exhibited slight growth since 2002.¹⁷ According the Statistics Estonia, almost 60% of the population used the internet for information and entertainment.

¹² Glase, U. (2016). *Väikeleht Järvamaal Türi, Koeru ja Roosna-Alliku valla näitel* [News Sheets in Järva County – examples from Türi, Koeru and Roosna-Alliku], Bachelor's Thesis. Tartu: University of Tartu.

¹³ Calculations based on data by the Estonian Newspaper Association (EALL), available at <http://eall.ee/statistika/index.html> (retrieved on 5 Jan 2017). These data contain only the results of EALL member organisations. However, most of the industry has been represented among EALL members.

¹⁴ Calculations based on data by EALL (retrieved on 5 Jan 2017). Again, these data contain only the results of EALL member organisations. Membership changes among local newspapers over the period of time may have biased the absolute numerics.

¹⁵ Based on data by Kantar Emor.

¹⁶ Vihalemm, P. & R. Kõuts-Klemm. (2017). Meediakasutuse muutumine: internetiajastu saabumine [Change in media consumption: arrival of the internet era]. In P. Vihalemm et al. (Eds). *Eesti ühiskond kiirenevas ajas: elaviku muutumine Eestis 2002-2014 Mina. Maailm. Meedia tulemuste põhjal* [Estonian society in accelerating time: change in habitation of Estonia in 2002-2014 based on results of the study Me. World. Media], Tartu: Tartu Ülikooli Kirjastus, forthcoming.

¹⁷ Ibid.

The county newspapers are mostly read in rural regions and smaller towns (only about 20% claim not to read them at all), while almost 50% of inhabitants of larger cities and areas around them hardly read local papers (as mentioned, in Tallinn and Tartu, there are no traditional local papers published).¹⁸

Four out of the five local newspapers published by Postimees Group had the highest reach in a given county.¹⁹ Also, one of the two competing local newspapers published in Saaremaa, *Saarte Hääl*, had the highest reach in all three West-Estonian counties in 2014. In areas with large concentrations of Russian speakers, Russian-language free commercial papers or municipal gazettes are most popular. In Tallinn, the highest reach was gained by *Stolica*, published by the city government. In North-Eastern Estonia, the most read newspaper was *Gorod*, a free commercial weekly paper distributed directly to all postboxes in Narva and neighbouring Narva-Jõesuu²⁰.

Cautious coverage

Local media is considered a unique channel for building communities.²¹ However, a number of factors have put pressure on local newspapers: the fall in advertising income and circulation, as well as increased attempts by local officials to influence content, and the change in media consumption habits (blogs and other social media), which also affect the content of local papers.²²

A 2011 study identifies the following functions local newspapers:

- Informing rather than educating
- Entertaining
- Stimulating community involvement
- To a modest degree, stimulating discussion and reporting on problems through investigative journalism.²³

The author, Ave Schmidt pointed out that storytelling in local media is based around local characters and neighborhood. The level of abstract debate is low. Local life is rarely scrutinized – that becomes a feature at the national level. The stories are shorter than in national papers and often based on press releases. This determined by lack of access to sources.²⁴

The same research found that local county-level newspapers tend to handle topics with caution, and predominantly in a descriptive way. Genre diversity is lower than in national papers, and, at times, the relationship with the reader is conducted from the position of “an instructive moraliser” (or “a schoolmaster”).²⁵

¹⁸ Data from Kõuts, R. (2016). Maakonnaleht ja omavalitsuse infoleht: “kõlvatu” konkurents?” [County newspaper and the municipality gazette: an unfair competition?]. *Postimees*. 26 Oct.

¹⁹ Data of 2014 by Kantar Emor.

²⁰ See the header of <http://www.gorod.ee/> (accessed 5 Jan 2017).

²¹ Schmidt, A. (2011). *Eesti neliteist maakonnalehte aastal 2011*. [Fourteen county newspapers of Estonia in 2011]. In *Eesti Akadeemilise Ajakirjanduse Seltsi aastaraamat 2010/2011*, Tartu: EAAS, 47-54.

²² Kõuts, R. (2012) Maakonnalehtede ajakirjanike arvamused oma tööst. [Views by the journalists of county newspapers on their work]. In: *Eesti Akadeemilise Ajakirjanduse Seltsi aastaraamat 2010/2011*, Tartu: EAAS, 55-59.

²³ Schmidt, A. (2011). *Eesti neliteist maakonnalehte aastal 2011*. [Fourteen county newspapers of Estonia in 2011], Master’s thesis. Tartu: University of Tartu.

²⁴ Ibid.

²⁵ Ibid.

Absence of robust discussion and analysis of problems, causing professional dilemmas for journalists, is often a reflection of the small size of local communities – the journalist is personally related to the people engaged and needs to maintain access to the sources in the future (especially in situations when few sources are available in the first place). Critical coverage can also affect advertising in local newspapers.²⁶ In this respect the newspapers related to Postimees Group are in a better situation than the stand-alone newspapers whose access to nation-wide advertisers and other funding is limited.

Reluctance to pay for online

Most local papers covering counties have online versions. Only the papers covering small municipalities (e.g., *Elva Postipoiss*, *Vali Uudised*) do not have websites. The Postimees Group local newspapers have introduced a pay-wall for stories published in the print version. The rest of the content tends to be accessible for free. Other local papers have full free access to their online platforms, but not all of the stories published in the paper are available online.

Local newspapers of the Postimees Group have started “to use the ‘premium’ pricing model, according to which some of the content is free, while some of the content is only accessible through a paywall.”²⁷ Research shows that over 90 per cent of the content of local papers of the Postimees Group is behind a paywall.²⁸

However, a discouraging sign for tech-savvy outlets that are trying to monetise their online content is the lack of willingness among audiences to pay for online content. The number of readers in Estonia not willing to pay for online content in 2014 significantly increased compared to 2011 (from 46% to 69%), whereas the number of respondents with no clear standpoint had decreased.²⁹

Another study³⁰ finds “Users’ willingness to pay for news media is not related to their income, interests or media consumption habits, to how much they trust different media channels or to their critical perception of journalism or need for information”. And “quite often, interest in journalistic content depends more on personal factors than on elements that journalists can influence (quality, speed, relevance etc.)”.³¹

Volunteers add diversity

A mix of civic journalism (as defined by Bill Reader³²), community journalism and participatory journalism (as defined by Jan Schaffer³³) has grown in recent years. None of these are entirely new, even in Estonia, but new technologies provide tools for ease of publishing and dissemination.³⁴

²⁶ Kõuts, R. (2012). Maakonnalehtede ajakirjanike arvamused oma tööst.

²⁷ Silverblatt, A. (2009). Business models for a battered journalism industry. *St. Louis Journalism Review*, 1, 26-28.

²⁸ Himma-Kadakas, M. & R. Kõuts. (2015). Who Is Willing to Pay for Online Journalistic Content? *Media and Communication*, 3(4), p 3..

²⁹ Ibid, p. 5.

³⁰ *Mina. Maailm. Meedia* [Me. World. Media], conducted by the University of Tartu, 2014.

³¹ Himma-Kadakas, M. & R. Kõuts. (2015). Who Is Willing to Pay, pp. 6-9.

³² Reader, B. (2011). Community Journalism. A Concept of Connectedness. In Reader, B & J. A. Hatcher (Eds). *Foundations of Community Journalism*. Thousand Oaks: Sage, p. 3).

³³ Schaffer, J. (2010). Civic and Citizen Journalism’s Distinctions. In Jack Rosenberry, J. & B. St. John III (Eds.). *Public Journalism 2.0. The Promise and Reality of a Citizen-engaged Press*. New York: Routledge, p. 178.

³⁴ Allas, E. (2015). *Kodaniku- ja kogukonnaajakirjanduse portaalid laanlane.ee, poltsamaa.info ja kylauudis.ee*. [Citizen and Community Journalism Websites *Laanlane.ee*, *Poltsamaa.info* and *Kylauudis.ee*]. Master’s Thesis. Tartu: University of Tartu.

These portals are not numerous, but have appeared in two or three places: *laanlane.ee* in western part of Estonia, Lääne County, *poltsamaa.info* in Põltsamaa and *elva24.ee* in Elva.³⁵ In addition to that, there is a portal *kylauudis.ee* [Village news] covering all localities of the country, parish by parish. These are operated by local enthusiasts mainly working for free, but with journalism backgrounds. Only *laanlane.ee* employs a paid journalist-editor.³⁶

The founder and head of *Kylauudis.ee* has claimed that professional editing of the content makes civic/community media into civic/community journalism.³⁷ This is crucial for any form of future media, to build trust and avoid fake news.

There is some advertising, also grants, donations and membership fees for financing. Much of the work is done on a voluntary basis. Economically, the portals are sustainable. The waning of their creators' enthusiasm may be the most likely reason for closure.³⁸

Gazettes blurring the market

Gazettes published by and for municipalities are widely used means of communication of municipal governments – unlike in Lithuania, there are no restrictions for local councils to publish “newspapers” and even to sell advertising. Usually, the government is the publisher and the editor its employee. The gazettes are published once a month in four to eight pages. Depending on the budgets, they are printed in colour or black-and-white, and the overall design of these gazettes is generally similar to that of newspapers.

One of the common features of these gazettes is providing summaries of debates and decisions of local councils and governments. Municipalities insist that local independent newspapers do not provide enough detail on these proceedings.

The EALL has repeatedly raised the issue of municipal gazettes with the Parliament, advocating for a ban on advertising in these publications. The EALL member newspapers see this as unfair competition.³⁹ Independent newspapers also stress that the gazettes do not provide communities with quality journalism - in the outlets issued by political powers, there is always a threat that “people are brainwashed for their own money” and the corrupt practices in local governance are ignored.⁴⁰

The municipal gazettes are financed primarily from municipal budgets. When municipal gazettes offer advertising for reduced prices, it affects the sales of independent county newspapers and distorts the market situation.

In early 2014, the parliamentary committees of Cultural Affairs and Constitution had a joint meeting at the request of the EALL to introduce a ban on advertising in municipal gazettes. The head of the Constitutional Committee⁴¹ at the time saw three issues in this context: the municipalities' obligation to inform the general public, the sales of advertising and the opportunity for key politicians to use this form of political

³⁵ As stated earlier, at Elva and Põltsamaa, the independent printed papers covering the local municipality do not have online news available.

³⁶ Allas, E. (2015). *Kodaniku- ja kogukonnaajakirjanduse portaalid*.

³⁷ Erkki Peetsalu, interviewed in Allas, E. (2015). *Kodaniku- ja kogukonnaajakirjanduse portaalid*, p. 106.

³⁸ Allas, E. (2015). *Kodaniku- ja kogukonnaajakirjanduse portaalid*, p. 73.

³⁹ Ibid.

⁴⁰ Postimees. (2016). Juhtkiri: võimu propaganda pole ajakirjandus. [] *Postimees*, 22 Oct.

⁴¹ Rait Maruste, cited in “Maakonnalehed kaotavad drastiliselt lugejaid” [County newspapers drastically losing readers], *Kesknädal*, 19 Feb 2014. Note: *Kesknädal* is a weekly newspaper of the Centrist Party.

communication to their advantage. He saw no problem with informing the general public about municipality issues, as mandated by law. At the same time, he saw an issue with politicians benefiting from using taxpayers' money for their own promotion. He and the head of the committee of Cultural Affairs⁴² at the time saw a solution in applying self-regulatory measures. However, the industry considers this insufficient to normalise the market.⁴³

The EALL member newspapers cite the clause in the Code of Ethics for the Estonian Press, which says “the critical observation of the implementation of political and economic power’ to be the main obligation of the press.”⁴⁴ Also, under the Code, “journalists may not work for an institution whose activities they cover.”⁴⁵ This, along with not meeting the definition of independent newspapers, means that municipal gazettes are not newspapers and, thus, not journalism. Academic sources tend to agree that municipal gazettes do not fall under the term ‘newspaper’⁴⁶. However, “the reader disregards definitions and seeks for channels to get essential information.”⁴⁷

The recent MeeMa study finds that the reach of municipal gazettes, especially in rural regions, is higher than that of independent county newspapers.⁴⁸ Independent newspapers question this finding as the papers cannot be compared in terms of coverage, volume, frequency of publishing and, most importantly, in their aim.⁴⁹

The chief editor of *Sakala*, Hans Väre, points out that, judging by content or annual reports, not all local newspapers are in a difficult situation. They may not all survive under the current conditions, but consolidating the smaller papers would help to achieve economies of scale, even without eliminating municipal media, he says.⁵⁰

Väre points out, dependence on power has been “inscribed in the DNA of the municipal gazettes” due to their ownership relations.⁵¹ Political independence is an acute issue for communication through the municipally produced media. As the Press Council (*Avaliku Sõna Nõukogu*, ASN) sees it, if the municipal gazettes want to be treated as journalism, they should be issued under the journalistic convention which means following the editorial principles of free media (i.e., the condition of editorial independence).⁵²

Experts note that even some independent local newspapers lack the capacity to critically assess power “do not even yap, let alone bare their teeth”, preferring to publish opinions from remote MPs and depictions of nice village events, rather than discussions in municipal councils.⁵³

⁴² Urmas Klaas, cited ibidem.

⁴³ Juhtkiri: võimu propaganda pole ajakirjandus. [Editorial: Propaganda by the powers is not journalism], *Postimees*, 22 Oct.

⁴⁴ Clause 1.2. Code of Ethics for the Estonian Press. See http://www.asn.org.ee/english/code_of_ethics.html (accessed 5 Jan 2017).

⁴⁵ Clause 2.3.

⁴⁶ Kõuts, R. (2016). Maakonnaleht ja omavalitsuse infoleht: “kõlvatu” konkurents?”

⁴⁷ Ibid.

⁴⁸ 68% read municipal papers regularly (+22% occasionally), while the corresponding data for the county papers is 45+35%. See Kõuts, R. (2016). Maakonnaleht ja omavalitsuse infoleht: “kõlvatu” konkurents?”

⁴⁹ Väre, H. (2016). Kõik lehed ei lange [Not all the leaves fall]. *Postimees*, 28 Oct.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Loit, U. (2013). Avaliku Sõna Nõukogu: kaksikümne aastat meediakriitilist vaatlust [ASN: 20 years of mediacritical observations]. In *Eesti Akadeemilise Ajakirjanduse Seltsi aastaraamat 2012*, p. 90.

⁵³ Ibid., explaining why she cancelled the county newspaper subscription.

The business model of a local paper does not immediately guarantee political independence in a small community. For example, *Elva Postipoiss* published in a small town by a company that operates out of an office in the town hall, has been criticised for repeatedly running profile stories about the mayor, ahead of the elections.⁵⁴

The ongoing administrative territorial reforms aiming to reduce the number of municipalities, will most likely affect the future of the relationship between municipal gazettes and local newspapers. For instance, parishes in Saaremaa county will most likely merge into a single municipality⁵⁵ and the current 12 municipal gazettes will be united into one. Meanwhile the two independent county newspapers on the island (*Meie Maa*, *Saarte Hääli*) with a population of 30,000, are in genuine competition.⁵⁶

Virtually no local broadcasting

Local radio is comparatively weak in Estonia and local television is almost non-existent, certainly in terms of linear broadcasting or any kind of streaming output.

The development of private radio began with local stations, but only five of them remain. All others have ceased operating and the frequencies have been included in some cross-country licences. During the switchover to digital terrestrial broadcasting in 2010 broadcasting licenses were reclassified: no 'local license' category exists for radio: the term 'regional' stands for any area covering less than 50% of Estonia's population.⁵⁷

Local radio stations operate only on Saaremaa (*Radio Kadi*, covering all three biggest islands), Paide (*Radio Tre Kesk-Eesti*: the former *Radio Kuma* has been rented to a nationwide chain but maintains local original programming), in Põlva (*Radio Marta*) and Valga (*Radio Ruut*). In Tallinn, there is a district *Nõmme Radio* – a one-man-radio with pronounced patriotic content. The proportion of talk-programmes on the former two is greater than on the others. All the local radio stations are subsidised by their parent company businesses, be it ferry operations (*Kadi*), a publishing house (*Radio Tre Kesk-Eesti*), or building materials (*Ruut*).

In television, the switch-off of analogue transmission caused the shutdown of the only local terrestrial television station – Alo TV – for the sake of efficiency in radio spectrum allocation; there is no option for another local television in the digital era under the Radio Frequency Allocation Plan of the Electronic Communications Act. The broadcasting transmission centre Levira exclusively runs all transmission facilities in the country. Alo TV, mainly a music channel, is now distributed by some cable networks.

The Tallinn city government runs a television station – *Tallinna Televisioon* – which was intended as information channel about city issues, but it has now become a national channel by reach and content. Its content, as is that of city print media, is politically biased in favour of the authorities that fund it.

⁵⁴ Educated in the editorial of the local portal *elva24.ee*: Simson, P. (2015). Peatoimetaja Priit Simson: Elva 24 – täiskäik edasi! [Chief Editor Priit Simson: Elva 24 – Full Ahead!]. Retrieved from http://www.elva24.ee/Arvamus/article_643_PEATOIMETAJA-PRIT-SIMSON-ELVA-24---T%C3%84ISK%C3%84IK-EDASI.html (Accessed 5 Jan 2017).

⁵⁵ Except for the insulated parishes on Muhu and Ruhnu islands.

⁵⁷ Media Services Act, Art. 35, subsection 2.

Funding is the key

In the era of overabundance of information and the rise of “fake”, one would expect a demand for journalistically robust content to start picking up. However, changes in demand may not be enough. Finding business models to finance quality journalistic content is a key question here. Where would it come from for local media in the face of disintegrating financing models and who would provide it – would it be community associations, commercial media organizations or municipal administrations? And how can the credibility of news be ensured?

Journalism as a whole faces the challenge of human resources. Algorithms can be deployed to produce basic news feed, but not features or analysis. For local media, the availability of personnel is a growing problem; there is already a shortage of experienced journalists. This can be put down to mainly economic factors; job security is uncertain when in-depth and investigative reporting is too expensive to conduct. This remains the main challenge to the future of journalism.

A debate is under way in Estonia about developing a public funding model, based on grants, for journalistic content regardless of the media outlet’s ownership. The body making such grants would be the Cultural Endowment (Kultuurkapital), founded in 1925 and re-established in 1994. It is not a new idea: before World War II, there was an endowment for journalism under this organization. When it was re-established, there was a shared understanding in the Parliament that journalism as a profit-generating business did not qualify for subsidies, like literature, music, audio-visual art, folk culture, architecture, or even sports. And, public financing was also seen as jeopardising media freedom.

The scheme currently discussed would not provide grants directly to the media organisation’s budget where the funds could simply be “lost” in covering other costs. Instead they would go to journalists involved in a particular journalistic project (be it an investigation, or big data analysis). The foundation itself would raise the funds through investments. It would also allow private funding already provided to the Cultural Endowment from excise duty on alcohol and tobacco, or the gambling tax. The initiators expect more independent journalistic content which would benefit local media.

To date, Estonia has avoided establishing a media policy which could have guided this initiative. Except for a limited number of regulations related to media, it was seen as a potential threat to media freedom. But the proposed model could harness the concept of media policy in a creative way, in fact strengthening independent media, especially in view of the challenges to existing business models.

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