

THE MARKET OF THE ELECTRONIC MEDIA

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Introduction

The first “independent” broadcasters can be probably considered the small “home-bred” radio stations broadcasting spontaneously – the so-called “hooligan channels” that were spread in 60-70s in the period of the Soviet regime, going on the air at their own risk, broadcasting various types of music, mainly turned down by the official machine of propaganda and, thus, protecting freedom of speech and expression.

The history of the new Armenian electronic media dates back to early 90s. However, the first non-governmental (hereinafter, we consider this term to be more acceptable than the definition independent) TV companies emerged in late 80s. In 1987, Ashtarak TV – a cable TV company – started functioning in a small town Ashtarak situated very close to the capital of Armenia. It was established due to the “unsuccessful” geographical location of the small town: the signals of few central broadcasters could not reach there. At that time, these were two Armenian state channels, as well the central Soviet channels.

The cable system provided a few thousand people with access to information, at the same time marking the emergence of private, non-governmental broadcasting. It is proven by the fact that Ashtarak TV not only provided technical access to various channels but also produced local programs – local news, interview (which we now call a talk show format), music and entertainment. Buying up some old equipment from the state television, the Ashtarak studio became an owner of serious alternative technical furnishing (for that period) that allowed producing programs and getting on the air. It should be mentioned that, from time to time, some of the state television crews made use of the resources of Ashtarak studio, thus making up for the deficiency of technical means, although sacrificing the production quality. Easy access to the equipment, as well as the short-term feeling of creative freedom compensated the non-professional systems of VHS format home video editing. The TV company was really remarkable for certain freedom of views. On Friday evenings films with innocent erotic episodes were broadcast. Before the screening, a sexologist or a psychologist talked, explaining to the audience the characteristic features of intimate life. According to the head of the Ashtarak television, it has allowed to drastically increase birth rate in Ashtarak. Nobody was able to check that fact. However, it can be registered as the first evidence of the role of free mass media in the social life of Armenia.

Lots of TV companies of Armenia started from cable broadcasting. In early 90s, lost of cablecasters involved in showing “pirate” films, switched to the system of terrestrial broadcasting and producing their own production.

It was about a few hours of local broadcasting at free channels in various regions. Very

few people – only the local audience - knew about the existence of such TV companies. Soon they got used to alternative TV channels.

The years of energy crisis (1992 – 1995) left their mark upon the broadcast development. The work of Tsayg TV Company in Gyumri – one of the first broadcasters in Armenia – was quite typical for those times. The TV company broadcast based on a very specific regime. It started broadcasting as soon as the electric power was on, finishing the programs during the blackouts. It made no sense talking about the principles of creative management, broadcast structure, programming schedule and lots of other things. International professional standards didn't work in Gyumri, as it was hardly possible to predict the broadcast time of specific programs, as well as the time when “the light arrived,” as we used to say in those times. Television didn't originate as business. But then, it played a huge social role, being the most important information source for the city ruined by the earthquake. The residents of the city often stayed awake all night by the screens. Tsayg covered local problems, informing the isolated city of the events happening in the world and being the only entertainment for the inhabitants. Thus, the young non-governmental television started implementing all the functions: informing, entertaining and acting as a serious social phenomenon.

In early 90s, there were about a dozen non-governmental TV companies. The interesting thing is that up to mid 90s – to be more precise, up to 1996 – non-governmental broadcasting in Armenia mainly existed in the regions. There are many explanations for that. In the first place, it was necessary to breach the information vacuum in the regions that had been increased by the existing energy crisis. Secondly, local TV companies were the only opportunity to learn about the events in the towns. Thirdly, the certain distance between regional broadcasters and the center – i.e., the watching eyes of national authorities and the officials – permitted in the first years of existence to use the frequencies without specifically caring about legal consequences. The lack of clear instructions, rules and laws regulating the sphere of broadcasting contributed to it as well. Yet another reason for the free “regional” broadcasting was the fact that the audience was unsophisticated, and it was possible to satisfy their needs with relatively inexpensive means –in a sense of using technical resources, programming, and paying to the staff. And finally, local authorities were, in a way, interested in the existence of the local mass media. On the one hand, the TV companies were a good means for informing the local public of the works of local authorities. In some cases, local authorities themselves founded the TV companies or, at least, contributed to their establishment. Secondly, it was possible to take advantage of the weak material and technical resources, at certain times making them a mouthpiece of governmental propaganda.

Currently, the situation is a lot different from the one described above. Before covering the stages of development, we should note some characteristic features and contradictions of the industry of broadcasting in Armenia:

1. A big number of TV companies as compared to radio companies. There are about 4 times more TV companies than radio stations.
2. Too many broadcasters at a comparatively small advertising market. According to experts, about 60 broadcasters, as well as print media, share a sum that is equal to 5 million US dollars a year.
3. The concentration of broadcasters in the capital of the country. There are about 21 TV

companies and 11 radio stations broadcasting in Yerevan.

4. Limited resources of the advertising market, the concentration of budgets for advertising in the capital of the country, in a situation of underdeveloped economy.

5. A shortage of qualified staff and, at the same time, a big number of specialized departments in institutions of higher education.

Stages of Development

Analyzing the development of the broadcast media in Armenia, it is possible to define several stages. To add certain emotions to, by no means, non-simple process of establishment of the broadcast industry, we can name the stages in the following way:

- Period of romanticism
- Period of realism
- Period of industrialization

Period of romanticism. This was the time between 1991 and 1996. It was a period for a spontaneous emergence of broadcasters, increased enthusiasm, intuitive approach to the work, and gradual awareness of the social and political role. It would hardly occur to the founders of TV companies in Armenia (as well as in the whole ex-Soviet territory) that they had to deal with a serious and a rather profitable business. Advertising, practically, didn't exist; the quality of the production left much to be desired; there was a lack of professionals. As it was noted above, the first broadcasters appeared in the regions, forming the staffs out of local intelligentsia and enthusiasts that were in love with television. However, these people mainly didn't have a special education and, often, didn't know the basic principles of television production. The entrepreneurs, for the most part, thought about creating art products and providing the viewers with local information. Hardly anybody started working out the idea of selling the audience to an advertiser, which supposed maximum achievements. There was no serious technical base, no advertising market, not enough information, and, most importantly, no knowledge of the characteristic features of the business. However, the inexperienced audience was ready to accept any information since there was still a lack of any kind of information. No central channel would cover the misfortunes of an old neighbor and wish a happy birthday to a dear grandchild or a nephew. Awareness of the importance of local (community) source of information and the abuse of that idea made lots of pioneers of local broadcasting industry ponder over keeping the established companies and switching to the following stage. This phase was ended by the launch of two broadcasters in the capital of Armenia. In summer 1994, radio Hi-FM first went on the air – the first private FM-radio in independent Armenia. It became the product of the rather successful project Daniel Bolger, a Peace Corps volunteer, and a group of graduates from the American University of Armenia. The project was financed by Soros Foundation that, like many other donors, was rather interested in the launch of the independent media in the territory of Newly Independent States. There was yet another symbolic phenomenon – the appearance of the social-political Sunday Channel A1 Studio on the air of the governmental television, which was a rather innovative phenomenon for those times. The studio was the first producer of information and news that were broadcast on various local and foreign channels. Later, in 1991, A1 studio was renamed A1+, starting

independent broadcasting and persuading the viewers in the capital that private broadcasting has become a reality, laying claim to a certain role in the life of the public.

One of the characteristic features of the period of romanticism was the lack of any open regulatory principles of broadcasting, issuing licenses and other permissions. VHF broadcasting was considered the secret monopoly of the government. There were rather uncertain talks about the need to launch a legislative basis. All the matters connected with providing frequencies were solved by the officials of the Ministry of Communication, later handed down and discussed by the licensing commission that was a part of the same Ministry. In the regions, the frequencies were frequently provided by the local authorities that did their best to get a broadcast permission, expecting the loyalty of the TV company in return, as well as certain support, say, in the election period.

Period of realism. It started, as we think, in 1997 when broadcasters gradually started facing problems that needed not just simple answers but, at times, serious, time-consuming and resource-consuming solutions. Starting from the simple things – how to upgrade the equipment in order to provide daily smooth broadcasting – and finished by more complicated tasks, such as the need to train the personnel or to legalize the activities. And, finally, the most important issue – how to earn money in a situation of a total stagnation of economy, lack of big Western and local advertisers, shortage of programming and a very high degree of emigration, i.e. decrease of the audience. In late 1996 – early 1997, the energetic situation started getting stabilized nationwide, and it became possible to develop broadcasting based not only on enthusiasm and altruism but also on orderly organization. There was a need to non-formally and formally cooperate the TV companies into a network, united by a common television schedule, the issue of purchasing legal programming appeared, although is still not solved, as well. One of the relevant matters was the issue of cooperation between the existing broadcasters, as well as information exchange between TV companies. The number of broadcasters started drastically increasing in 1996. In 1996 – 1997, A1+, Ar TV companies appeared on the air; Mayr Hayrenik TV company changed its approach to broadcasting, getting transformed from a trite movie channel into a social and political channel; Business TV, later turned into Armenia TV company, started actively and rather aggressively working on the air of the National Television of Armenia. Soon, Culture TV Company started broadcasting, occupying the frequency of the second ex-governmental channel. Later, the TV Company changed the management for numerous times, in 1999 being reorganized into Prometheus channel.

This period was also marked by the launch of new radio broadcasters. Ardzagank, Van, Tospa, Burg radio stations were launched between 1996 and 1999. All the radio stations have, mainly, a format of news and music broadcasting. A serious competition started, becoming harsher in 2000 – 2001, when the quantity of broadcasters crossed the number ten only in Yerevan (where the population is about a million people.)

Yet another remarkable event in that stage was the emergence of a public broadcaster that is supposed to satisfy the information needs of the population, provide an enough quantity of cultural, educational and other socially useful information, and reflect the diversity in the public. However, Public television and Public radio do not implement their functions, receiving serious financial investments, owning the biggest share in the advertising market and competing with the private sector.

Period of industrialization. Symbolically, this period started in 2002 and is characterized

by harsh competition and politicization that increases on the eve of the elections (local, presidential, parliamentary. The most remarkable event of that stage happened on April 2, 2002 when the results of the first licensing competition announced by the National Commission on Television and Radio was announced, in a way changing the situation in the broadcast market. According to the RA law On Television and Radio, broadcast license holders do not obtain the right to prolong the license after its expiration: they should take part in the licensing competition on a common basis, together with the new applicants. As a result of the competition in April, A1+ TV company, remarkable for its oppositional attitude towards the acting authorities, left the market. Noyan Tapan TV company didn't get a license as well, (it was considered to be "non-pro-governmental" as well.) Meanwhile, the information ground lost the balance of opinions, views, and approaches. The main principle became "broadcasting is a business", with the epigraph: Loyalty to the authorities in return for keeping the place in the diverse broadcast palette of Armenia and the chance to use a share in the advertising market.

That period is also characterized by yet another sudden change in the increase of the quantity of broadcasters, in particular – in Yerevan. By the end of 2002, the number of broadcasters went up to 60. The interests in the market were polarized; various groups of broadcasters were formed; corporations were developed. A serious sum appeared in the advertising market, the shares of the market were defined, and fights for those shares emerged.

A tragic event of that period was the cruel murder of Tigran Naghdalyan, the chairman of the Council of the Public TV and Radio Company, in the last days of 2002.

Statistics

According to the RA Ministry of Justice, 221 TV and 63 radio offices have been registered by January 1, 2003. However, that information does not reflect the real number of broadcasting organizations in the country. It's, rather, about structures that are involved TV and radio production. In this article, we will examine the broadcast organizations that possess the right to use certain frequencies and practically work on the air. By December 31, 2002, there were 63 such organizations in the country.

- 48 non-governmental TV companies, 21 of which are located in the capital, and 27 – in the regions of the country. The TV companies of the capital cover Yerevan, partially – the Ararat valley and the region of Kotaik. The average volume of daily broadcasting is 18 hours, some of them going on the air round-the-clock. Regional TV companies make use of VHF and UHF channels, broadcasting from 2 hours a week to 16 hours a day. The average daily volume of broadcasting is no more than 5 hours.
- 13 non-governmental radio companies, 2 of which are located in the regions, the others – in the capital.
- Public Television of Armenia occupies 2 frequencies. National broadcasting is conducted on a VHF channel. Broadcasting in the capital is conducted on a UHF channel.
- Public Radio of Armenia covers nationwide.

Apart from the public television and radio, Prometevs, ALM, Armenia and ArRadio International cover countrywide (or the most part of it.)

Non-governmental local TV companies have been functioning in 22 cities (populated areas,) and radio companies – in 3 cities of the country.

The following TV and radio companies have been broadcasting based on agreements between states: ORT, Russia Channel (GTRK,) Radio France Internationale. Paradise (NTV, Russia,) Ev (CNN, USA,) Dar 21 (Muz TV, Russia) and Radio Alfa (Russkoe Radio) are involved in complete re-broadcasting of foreign channels. Partial re-broadcasting of foreign (Russian) programs are conducted by the following organizations: capital TV channels Kentron (TVS,) Channel 5 (MTV,) Yerevan (TVC,) Shant Gyumri and Shant Yerevan (Ren TV,) and Interkap in Vanadzor (Ren TV,) as well as radio channels in the capital – Impulse (Radio Mayak,) Tospa (Radio Hit FM,) Radio 107.7 (Dynamite FM.)

The above-mentioned list includes only the companies that conduct re-broadcasting on a legal basis or, at least, based on an oral agreement with the re-broadcast channel.

There are not many facts of re-broadcasting central Armenian channels by regional TV companies. The ones that we know are M5 (Vanadzor and Nig-Aparan (Aparan,) re-broadcasting Armenia TV company.

As for open terrestrial broadcasting, mainly programs of Russian federal channels (state and private) and national networks are re-broadcast. The only exception is, maybe, CNN. The reasons for such a devotion to Russian broadcasters can be easily explained. It's about the lack of a language barrier, comparative simplification of mutual agreement and principles of financial relations. The cooperation with Russian channels is also conditioned by the shortage of programming and the difficulties in obtaining programs.

The tables below contain more complete information on broadcasters of Armenia:

TV Companies

	Region	City	Name of the TV Company	Own Production
1.	Aragatsotn	Ashtarak	Ashtarak TV	Yes
2.	Aragatsotn	Aparan	Nig-Aparan	Yes
3.	Ararat	Artashat	Anna - Telelex	Yes
4.	Armavir	Armavir	ALT TV	Yes
5.	Armavir	Armavir	Noy Hayastan	Yes
6.	Armavir	Echmiadzin	Echmiadzin	Yes
7.	Gegharkunik	Gavar	Kyavar	Yes
8.	Gegharkunik	Martuni	Zangak	Yes
9.	Gegharkunik	Sevan	Armine	Yes
10.	Kotaik	Abovyan	Abovyan	Yes
11.	Kotaik	Abovyan	Lanj	Yes
12.	Kotaik	Nor Hachin	Hachin	Yes
13.	Kotaik	Hrazdan	Hrazdan TV	Yes

14.	Kotaik	Charentsavan	Lusalik	Yes
15.	Lori	Alaverdi	Ankyun+3	Yes
16.	Lori	Spitak	Spitak	Yes
17.	Lori	Stepanavan	Fortuna	Yes
18.	Lori	Tashir	Tashirk	Yes
19.	Lori	Vanadzor	Interkap	Yes
20.	Lori	Vanadzor	Lori	Yes
21.	Lori	Vanadzor	M5	No
22.	Shirak	Gyumri	Shant	Yes
23.	Shirak	Gyumri	Tsayg	Yes
24.	Shirak	Gyumri	Shirak	Yes
25.	Syunik	Sisian	Sisian yev menk	Yes
26.	Syunik	Goris	Last	Yes
27.	Syunik	Kapan	Dzagedzor	Yes
28.	Taush	Noyemberyan	Kamut	Yes
29.	Yerevan	Yerevan	AR	Yes
30.	Yerevan	Yerevan	Armenia	Yes
31.	Yerevan	Yerevan	Prometevs	Yes
32.	Yerevan	Yerevan	ART 13	Yes
33.	Yerevan	Yerevan	Kentron	Yes
34.	Yerevan	Yerevan	Hay TV	Yes
35.	Yerevan	Yerevan	Shoghakat	Yes
36.	Yerevan	Yerevan	NTV	No
37.	Yerevan	Yerevan	Dar 21	No
38.	Yerevan	Yerevan	Hayrenik	Yes
39.	Yerevan	Yerevan	ORT	No
40.	Yerevan	Yerevan	Rossiya	No
41.	Yerevan	Yerevan	ALM	Yes
42.	Yerevan	Yerevan	Cinemax	No
43.	Yerevan	Yerevan	Channel 5	Yes
44.	Yerevan	Yerevan	CNN	No
45.	Yerevan	Yerevan	Yerevan	Yes
46.	Yerevan	Yerevan	ARMENAKOB	Yes
47.	Yerevan	Yerevan	Shant	Yes
48.	Yerevan	Yerevan	Lilit	Yes
49.	Yerevan	Yerevan	Public TV	Yes
50.	Yerevan	Yerevan	Public TV	Yes

Radio companies

	Region	City	Name of the Radio Company	Own Production	Broadcast Channel
1.	Lori	Vanadzor	Interkap	Yes	FM
2.	Shirak	Gyumri	Shant	Yes	FM
3.	Yerevan	Yerevan	Ardzagank	Yes	FM
4.	Yerevan	Yerevan	ArRadio Intercontinental	Yes	FM
5.	Yerevan	Yerevan	Radio HAY	Yes	FM
6.	Yerevan	Yerevan	Hi-FM	Yes	FM
7.	Yerevan	Yerevan	Alfa	No	FM
8.	Yerevan	Yerevan	Radio 107 FM	Yes	FM
9.	Yerevan	Yerevan	Impulse	Yes	FM
10.	Yerevan	Yerevan	Van	Yes	FM
11.	Yerevan	Yerevan	Hit-FM/Tospa	Yes	FM
12.	Yerevan	Yerevan	Vem-Spyur	Yes	FM
13.	Yerevan	Yerevan	RFI	No	FM
14.	Yerevan	Yerevan	Public Radio	Yes	AM

33 TV companies have been producing news in Armenia, 24 of them broadcast daily news (at least 5 times a week.) According to the data of December 31, 2002, the population of the country has an opportunity to watch 195.6 hours of news daily. I. e. each of the 33 TV companies produces about 6 hours of news a week. The daily volume of news produced by TV companies of public and political format is almost 27 hours. As for information production (talk show, analytical and other programs,) the volume of its production, for example, by each regional (local) TV company is about 1.5 hours a week.

More than 2000 people work at all the TV companies of Armenia. About 600 of them work with Public TV, about 500 of them – at regional TV companies, about 900 of them – at TV companies in the capital, the numerical size of the staff of each TV company varying from 5 to 500 people.

10 radio broadcasters of Armenia have been producing information programs. Their joint

volume of production reaches up to 75 hours a week. In this case, we mean not only news but also various talk shows, music information, etc.

No more than 200 people have been working at all the radio stations of Armenia; about 130 of them work at private ones. With the exception of the Public Radio, the average quantity of the employees of radio companies (regional and capital) is about 15 people. (The information about the number of employees at TV and radio stations is based on the data provided by managers of the stations.)

Material and Technical Resources

Paraphrasing a famous statement, we can state that in the business of broadcasting everything is decided by the staff that knows how to use the equipment. It is difficult to imagine modern broadcasting without the necessary technical equipment. However, we can hardly say that the Armenian channels conform to the world technical standards although many of them are well-furnished.

Television

When private television emerged, serious equipment was out of the question. Getting on the air with the help of a home VCR was considered a norm and was perceived as professional heroism. It was not important how you were going on the air and what you were broadcasting. The essential thing was that you were on the air. That's why, on the first stage, hardly anybody pondered seriously over the necessity to own good equipment that would ensure proper production and broadcasting. Countrywide, you could come across TV companies located in one small room. There were not even basic studio sets with at least some technical equipment. Lighting, sound equipment, special effects, equipment for measuring were considered to be luxury. The quality of broadcasting, as well as the technical quality of production, left much to be desired.

Today, the situation has changed. The factor of serious competition emerged, and the viewers became far more demanding. It became practically impossible to make them watch a "pirate" low-quality film, or newscasts without serious graphic design or modern set design.

The TV companies can be divided into three conventional groups, according to the technical equipment and the existence of the necessary production resources.

First group – Capital. The characteristic feature of the group is the carefully thought-out production and broadcasting resources. This group includes TV companies with relatively developed material and technical resources. They use professional equipment of BETACAM, DVCAM, Digital S formats, as well as other new digital, professional and semi-professional formats. However, even this group sometimes uses VHS and SVHS formats. It should be noted that new tendencies in the technological development of the world broadcast industry are reflected on Armenian broadcasters as well – frequently in a negative way. First of all, it's the existence of various production and broadcast formats that quite often lead to conflicts in the integrity of the whole technical process. Thus, the process of production at professional formats is often ended by broadcasting at less quality formats, such as SVHS or even VHS. It should be mentioned

that the permanent necessity to increase the technical quality of the whole production process becomes a problem due to the raise of the production price. That's why not all of the TV companies can afford to use only one format in production and broadcasting, even if they have the necessary equipment. Be that as it may, today most TV companies of this group have the necessary equipment for broadcasting and producing. Most TV companies own transmitting equipment (transmitters.) Practically all the TV companies have the necessary equipment for editing, including the system of non-linear editing that has become especially popular during the last 2 or 3 years, due to the low price and good technical capacities. It should be noted that most of them have animation graphic stations that are an integral part of the modern television. Most TV companies have 2-4 studio sets, paying specific attention to news sets and sets for morning shows.

If we talk about the technical problems of this group, we should note the lack of ENG trucks allowing to conduct live on-site broadcasting (with the exception of the Public Television); lack of automatic newsrooms with the full set of online editing and broadcasting systems; general shortage of equipment. One of the problems is the fact that not enough attention is paid to measuring equipment that controls the broadcast quality. All this is directly connected with the general financial situation.

Positive factors are: the drastic change of the visual aspect of broadcasting; emergence of a big number of modern newscast sets; high-quality and carefully thought-out graphic design of broadcasting and the more careful attitude towards the broadcast image and conception. Most TV companies have enough premises and sets for working and organizing all the steps of production. The sets are either leased or owned by the TV companies.

The material and technical resources of the TV companies of this group varies from 300 thousand to 5 mln US dollars.

Second group – Cities. This group comprises of the TV companies in Gyumri and Vanadzor – the second and third cities of Armenia. The characteristic feature of this group is the existence of semi-professional equipment of an SVHS format and, maximum, a couple of small studio sets. They have internal computer networks, systems of non-linear editing and a small quantity of television graphic systems. The quality of newscast production equipment is a serious problem. No TV company of this group has BETACAM, DVCAM, Digital S and digital professional format equipment. The broadcasting systems are mainly about antiquated lamp transmitters. However, this group pays more and more attention to such factors as the studio design and broadcast design. No TV company of this group owns buildings or other real estate. All the premises are rented, and, in some cases, granted for a long-time lease for a symbolic payment.

Third group – Region. The characteristic feature of the TV companies of this group is the heterogeneity of the material and technical resources. As a rule, they are remarkable for not powerful transmitters (from 25 to 100 watt,) a big quantity of antiquated but still used home equipment. The broadcast format is mainly VHS. Only during the recent two years, these TV companies obtained studio sets with minimal sound and lighting equipment. A small number of new generation equipment was obtained – non-linear PC-based editing systems, digital semi-professional cameras. All this has increased the quality of the production without changing the broadcast quality. This is one of the reasons why the audience switches from these channels to other ones with a higher signal levels. The number of the equipment and other technical resources is enough to produce

no more than 1 hour of daily high-quality programs of their own. And, in this sense, the future of regional TV companies is vague. This group includes TV companies that don't have even minimal technical resources, broadcasting from 2-3 hours a day to 1-4 hours a week. Nevertheless, they remain an essential source of information for the regional population. As a matter of fact, lots of TV companies of this group are legally commercial structures, acting as non-commercial, public or, rather, community, mass media and, in this sense, having other functions as compared to major broadcasters.

R a d i o

We are not going to divide the radio companies into groups because their geographic locations and the technical levels are almost similar. Besides, the material resources of radio companies are more adequate to the needs of the audience. Lots of broadcasters construct the production and broadcast system on a digital basis, using software for editing, getting on the air, allocating commercials. Practically all the radio stations have studio blocs and digital carriers for the production (music commercials and programs.) The comparative success of the radio companies on the way to technological progress is explained by the low self-cost of radio production and comparatively low prices for the equipment. However, the radio companies suffer from the shortage of technical equipment for journalists (lack of various dictaphones, mini disc recorders, editing computers, high-quality microphones, etc.) The technical furnishing of regional radio companies is hardly any different from the capital ones. However, they have their characteristic features. Interkap (Vanadzor) and Shant (Gyumri) are a part of TV and radio companies, which allows them to efficiently use some technical resources of television in radio production. It's about the radio versions of TV news, common data base and common news resources. Besides, there is no second local radio broadcaster in Vanadzor and Gyumri that could be a serious competitor for Interkap and Shant radio companies.

Legislative Regulation of Broadcasting

The legislative grounds of broadcasting is regulated by the following legal documents: RA laws *On Television and Radio*; *On Licensing*; *On Advertising*; *On Copyright and Related Rights*; *Regulations of the National Commission on Television and Radio*; *Procedure of conducting Competitions on Broadcast Licensing*.

The first draft law On Television and Radio appeared in 1996. Since those times, the document has undergone huge changes, having lost lots of articles that imposed bans upon broadcasters, having obtained other restrictive principles, and having lost its integrity and the main conception. The law was adopted by the Armenian parliament and signed by the president on October 9, 2000. However, it still contains a big number of disagreements that allow interpreting certain provisions in various ways. It has three main contextual sections. The first one is about general provisions and regulation of broadcasting. The second part stipulates launching a public TV and radio company and its managing body. The third section establishes the main principles of licensing private broadcasters and launching the National Commission on Television and Radio – a body regulating the activities of private broadcasters and the licensing process. According to the law, a license is the only basis for the work of broadcasters that allow obtaining or renting the necessary equipment for broadcasting. Only broadcasting is subject to licensing; television and radio production shall not be licensed. According to the same law, broadcasting stipulates disseminating an audio/video signal through a wire or

wireless connection, with the help of electromagnetic waves that are accessible for the perception of the audience (cable, terrestrial and satellite broadcasting, including encoding if decoders are available.) The law establishes the procedure of licensing only for cable and terrestrial broadcasting, practically not regulating satellite broadcasting. A license is granted for 10 years – to cable broadcasters, and for 7 years – to terrestrial broadcasters. The procedure of licensing of cable broadcasting is simplified and does not stipulate conducting a competition. A competition is obligatory for terrestrial broadcasters: to get a license, they have to present bids to the competition and, regardless of their experience of broadcasting, enter into a competition with another structure, frequently existing only on a paper, in the form of a written conception.

It should be noted that one of the most vulnerable parts of the law is the lack of the principle of prolonging the license in case the corresponding laws and regulations were completely observed. The criteria of selecting a broadcaster based on a presented bid are the following:

- A big volume of domestic production;
- The volume of own production;
- Technical and financial resources;
- Professional staff.

The terms of conducting each specific competition are defined by the National Commission on Television and Radio. Actually, the National Commission includes certain points in the terms, thus exceeding its power since the law keeps silence about those points.

The provisions connected with forming the National Commission were being discussed for a long time. As a matter of fact, this “independent” body has a legal status of a governmental institution, appointed by the president of the country from among experts in the sphere of broadcasting technologies, journalism, television, radio, culture, science, and law, having higher education and possessing a perfect knowledge of Armenian. The following categories are not eligible for membership in the National Commission: leaders of political parties, heads of public or private TV, radio companies, persons that have contractual relations with public and private TV and radio companies. The Commission members are appointed for six years, except the members of the first Commission that, based on the transitional provisions of the RA law On Television and Radio, are appointed for various periods in order to observe the rotary principle. The Commission consists of 9 members. According to the law, two of the members of the Commission – the chairman and the deputy - are permanent employees that cannot be involved in any other paid work. The other 7 members work on a public basis. The functions of the National Commission include: organizing broadcast competitions, issuing licenses, confirming the types of licenses, forming and publishing the lists of licenses, supervising the fulfillment of the license terms, controlling the observance of the laws by broadcasters, granting permissions for broadcasting encoded programs, suspending a cycle of programs or a program in case of abuse of a law.

For broadcasters, there are certain restrictions in advertising activities. It is allowed to allocate advertising slots with the total running time of no more than 10 minutes within an hour. The radio programs cannot be interrupted more often than at each 10 minutes, and the television programs – at each 20 minutes. There are no restrictions for PSAs. However, the running time of each public slot cannot be more than 5 minutes.

Broadcasters are obligated to allot no less than 5% of their annual air time for public service announcements. In July, 2002, the Armenian parliament adopted the changes to the law on advertising, according to which it is prohibited to advertise tobacco and drinks with more than 20% alcohol strength (with the exception of brandy) on the air.

According to the law On Television and Radio, the language of broadcasting shall be Armenian. Broadcasters are obligated to fill at least 65% of the total broadcast time with domestic production (a 5-year transition period is stipulated, during which the volume of domestic production shall be gradually increased: from 25% in 2001 to 65% in 2005.)

Public Television and Radio

Public Television and Radio Company is an organization that has a special status of a governmental institution. Its supreme body is the Board of Public TVR Company. The Board has 5 members appointed by the President of the Republic of Armenia for a term of 6 years, except the members of the first Board that, according to the transitional provisions of the law of the Republic of Armenia On Television and Radio, are appointed for various periods in order to observe the rotary principle. The Board elects the chairman and the deputy. The Board members are required to have a higher education, possess a perfect knowledge of Armenian, and be qualified experts in the sphere of broadcasting, arts, literature, and science. The work in the Board is a paid job. The following categories are not eligible for membership in the Board: political party leaders, members of party administration; foreign citizens; persons without citizenship; directors of private and public TVR companies; persons that had contract arrangements with any TVR company.

The Public TV and Radio Company (Public Television and Public Radio) is intended to satisfy the informational needs and the constitutional right of the citizens of the country to obtain information, regardless of their religion, national origin, social status.

Commercials at public channels cannot exceed 5% of the total broadcast volume. The programs cannot be interrupted by advertising blocs. Broadcasting of advertisements is prohibited during National mourning days. Political ads are permitted only in the period of election campaigns.

Market of Advertising

The survey among experts, conducted in 2002 by Internews non-governmental organization, displayed the following picture of the advertising market. Most experts agree that the biggest advertisers in Armenia can be considered the companies with real annual advertising budgets of more than 90 thousand US dollars. According to the evaluation of the overwhelming majority of experts, there are no more than dozen companies like that. However, about 25 companies were mentioned as candidates for the top ten leaders.

The survey shows that at least each of those 20-25 companies in Armenia spend a minimum of about 90 thousand dollars a year on advertising. While evaluating the maximum annual budget of advertisers with a small advertising budget, the experts

expressed an opinion that these companies spend a maximum of up to 2 thousand dollars a year on advertising.

While evaluating the average monthly cost of television advertising in Armenia, the opinions were quite diverse – from 100 thousand to one million dollars. And even after excluding the six extreme evaluation marks, the diversity was still rather impressive – sevenfold: from 100 to 700 thousand dollars. Consequently, we can certify that, concerning this issue, the experts were divided into three equal groups. The first one can be conditionally called the skeptics (by the way, consisting mostly of representatives of the mass media) – they estimate the cost of the ad market as 100-150 thousand dollars. The second group – the realists – estimates it as 200-400 thousand dollars. The third group – the optimists – at 500-700 thousand dollars.

The experts were also offered to divide Armenian TV companies into three groups based on the sales volume. Thus, the group with a large sales volume included the Public Television of Armenia, Prometevs, and Armenia with the minimum monthly volume of 40 thousand dollars each. The experts attributed Paradise (re-broadcasting the Russian channel NTV,) A1+ and Shant TV company to the group with an average volume. Dar 21 TV channel (re-broadcasting the Russian channel Muz TV) is the closest to the average. All the other channels were considered among the group with a small volume of sales, the maximum monthly volume being within \$5000 - \$7000.

As for the sales volume of regional TV companies, the joint volume of all the regional TV companies, according to the experts, may come approximately to 0.7-1% of the whole TV advertising market. This is conditioned, in the first place, by low prices at national television channels, and, in the second place, by the fact that regional TV companies mainly are not interesting for large businesses. As for medium-size and small businesses, they simply cannot afford to advertise because of the so-called “vigilance of tax services.” Most experts have the following fact in their minds: as soon as one company or another appears on TV with advertising, their tax activities are immediately checked. That’s what keeps most business structures from advertising.

Thus, regional TV companies have to exist either at the expense of the resources of founders, or at the expense of local classified ads. Which is a maximum of about 200 dollars a month.

According to the experts, the prices for advertising at Armenian television channels are extremely low. Which leads to a lack of dynamics in the development of TV channels, and the standards and quality of television advertising on the whole. Thus, experts have noted cases of selling TV advertising on some channels at \$3-5 a minute and even less – it is the average price at radio stations, which can also be compared to the tariffs in the print media.

According to most experts, in 2002 the total volume of the ad market a little bit increased – by 8 – 10% (as compared to 2001.) However, a possible increase of TV advertising is not predicted.

Below please find data about the proportions of various types of advertising.

TV occupies the most part of the advertising market (55%), billboards occupy 20%, radio is in the third place (15%), and the print media occupies the last place (10%).

Based on the results of the survey, we can come to the following conclusion: in Armenia, the volume of the ad market (billboards and the mass media) formed approximately 5 million dollars for the past year, and the dynamics of the market was roughly +10%. Consequently, the total volume of the ad market may approximate \$10 million.

Development of the Electronic Mass Media Market

During the last two years the problem of the broadcasting industry has been actively discussed in lots of professional circles. The following issues are discussed especially often: problems of the quality of domestic TV production, program formats, lack of ethical norms in the work of journalists, low standards of programs on the whole. Recently professionals have started speaking about the “one-sidedness” of newscasts covering national events. In general, the problem of similarity of public and political channels, as well as the lack of positioning, makes it difficult to identify them. Although, judging by everything, the formation of the image of TV channels will happen in the next few years – as soon as all the TV companies having undergone the licensing process fulfill their political mission in the period of the forthcoming elections and face the problem of attracting viewers, later offering the audience to advertisers.

The opinion that sounds again and again is expressed as bewilderment regarding the huge quantity of broadcasters, in particular – TV companies. The main evaluations of the experts come down to one thing. Such a big number of broadcasting structures, in particular – TV companies, cannot exist in such a small market. That’s why, there is an opinion that in the next 5 years the quantity of broadcasters will decrease. Possibly, they will join into networks, involving the acting regional broadcasters.

Another predictable scenario of development is the following: the national channels will become stronger – without involving the partners from regional networks and launching a big number of representative offices in the regions in order to completely cover the information grounds and satisfy the viewer. Today, Prometevs, ALM, Public Television, Armenia TV companies have taken that road. However, none of them take the factor of regional broadcasters into serious consideration.

Participation of International Organizations in the Development of the Electronic Media

Donors have always been very attentive to broadcasting organizations. Some of them were rather cautious towards that sphere, perceiving it as business. Meanwhile, broadcasters were facing so many problems that it was absolutely necessary to give them a helping hand – first of all, in order to help the audience to obtain more information. It should be mentioned that today that aim is achieved in many respects. According to initial calculations, most viewers of Armenia obtain information from at least 5 electronic media, one of them being local. There are still regions that are practically deprived of any kind of information. Also, the funds and other international organizations face the problem of production quality, which is directly connected with the personnel education and technical furnishing. Various donor structures are especially interested in launching

programs that will help viewers obtain information about different spheres of life. It should be noted that the donors were more careful about regional broadcasters: it was considered that the mass media in the capital can implement their functions independently. Besides, the audience in the capital has always had access to more news sources.

There is a positive fact to be noted: in Armenia, no international organization has directly financed a broadcasting structure or spent money for launching one. They have just supported the existing projects, which has not had a devastating influence on the market formation, as it has happened in some post-totalitarian countries.

If we talk about specific organizations, we should mention Internews that is specialized in the sphere of the electronic media and implements projects for broadcasting. The organization has three main directions: training of specialists, technical support, and joint production that brings together all the broadcasters. That part of the Internews activities is mainly financed by USAID.

Broadcasters are most actively supported by the Open Society Institute (OSI,) Eurasia Foundation, USIA. Others help episodically. Thus, the US Agriculture Department contributes to the development of agriculture in the regions of Armenia, sponsoring the launch of a national network of information on the market of agriculture products, as well as financing the launch of a program on agricultural issues.

IFES has been very actively collaborating with TV companies during elections, conducting debates, providing PSAs for broadcasting, etc.

It should be mentioned that USAID has done its best to contribute to training of professionals, as well as to technical furnishing. USIS/USIA has been actively helping broadcasters to buy transmitters and other equipment, including the launch of radio stations. Eurasia and OSI have expended tier efforts and resources to provide access to information sources and to launch permanent news exchange, which resulted in the quality of broadcasting. Donors also have played a big role in implementing some radio projects. Of course, it is rather difficult to analyze the effectiveness of the whole support of international structures but, on the whole, they have given a positive impulse to broadcasters, creating opportunities for the development of the market.