

PRINT MASS MEDIA AND NEWS AGENCIES' MARKET

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Preamble

The process of “fourth power” formation is directly connected to development of democratic reforms and economic relations’ liberalization. It is well known that there is no complete freedom and complete independence, which is true for the media sphere as well. However, considering experience of developed countries one may certify that a way to higher level of freedom of speech compared to existing in today’s Armenia is through financial independence and self-repayment of media, the profitability of media as a business.

Preponderance of Armenian print media leaders are inclined to think that this kind of prospect is possible only if there is fundamental improvement of general economic situation in the country, development of advertising market, and increase of population’s paying capacity.

However, along with those objective problems preventing media development there is number of subjective ones, which can be solved in the professional sphere. These are: media management perfection; working out the coordinated policies for attracting and exploiting advertising in conditions of undeveloped market; involving media in the privatization and acquiring process of the real estate and equipment they currently use; overcoming alienation of Armenian journalism from regional and world information space and so on.

In general, print media condition is a peculiar barometer of the general media condition in every country. When proceeding from this, one of the key assessment criteria is a circulation of main periodicals. Leading periodicals of Armenia- “Azg”, “Aravot”, “Hayastani Hanrapetutyun”, “Hayots Ashkhar,” “Golos Armenii” and others –have circulation of 3000 to 5000 copies. This according to the independent experts doesn’t correspond to their national status and doesn’t allow implementing social function they should implement.

As to the RA Ministry of justice there are 1.341 media registered in the Republic as to the beginning of April 2002, out of which 842 are newspapers, 193-magazines, 32-information agencies. In so doing there are only around 20 national print media and 6 information agencies functioning on the market.

From the History

Media found itself in the totally new conditions in the beginning of 90s, after independence obtained by Armenia. Collapse of the totalitarian Soviet system, disposition of authorities to democratic reforms and establishment of the civil society,

editorial offices turned to computer (electronic) way of composition and page-make-up of their publications, which simplified process of print media production a lot, and created new perspectives for them. Factually, in the course of few years all the national and some regional newspapers either have purchased their own computer equipment or started to rent it in order to use progressive technologies.

Along with that revolutionary changes have taken place in the technology of newspaper publishing business within that period: editorial offices turned to computer (electronic) way of composition and page-make-up of their publications, which simplified process of print media production a lot, and created new perspectives for them. Factually, in the course of few years all the national and some regional newspapers either have purchased their own computer equipment or started to rent it in order to use progressive technologies.

The formation of independent information agencies (“SNARK”, “Noyan Tapan”), whose production favorably differed from the one provided by the state “Armenpress” falls on the beginning of 90s.

However, to the end of 1992 mass media, and print media first of all, started to give up its positions step by step. The reasons were both objective and subjective. The main objective reason was blockade of communications leading to Armenia in connection with Karabagh conflict, which also brought to energy and general economic crisis. As a result of paper deficiency in the country and sharp increase of the typographical services’ costs newspapers and magazines went up in prices significantly.

At the same time because of chronic shortage of petrol, other economic and organizational problems “Armprint” agency that was a monopolist in the sphere of periodicals’ circulation stopped delivering newspapers and magazines to subscribers, which were deceived. Thus, subscription institution ceased its existence. All these negative factors, together with global crisis born population impoverishment, preponderance of which stopped buying newspapers diminished print media market. It is enough saying that by mid-90s combined circulation of Armenia periodical media decreased more than 11 times. Newspapers and magazines became unprofitable and some of them closed down.

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Alongside with that it gradually became obvious that ruling elite is not interested in the formation of independent media and freedom of speech. The more authority of Armenian National Movement strengthened the more it deviated from democratic principles, which had to become a basis for new state including information sphere. The official organ of ANM “Hayk” newspaper considered as a tribune for freedom of speech in the period of Karabagh war transformed to a megaphone of ruling circles. The same has happened to state newspapers “Hayastani Hanrapetutyun” and “Respublika Armenia” initially founded as alternative to still existing soviet-party periodicals.

These negative tendencies were to certain extent neutralized by existence of various opposition media representing different parties and movements. Very unfavorable conditions for formation and development of the independent mass media set up in the country caused situation when media in majority of cases could only survive due to sponsorship of the political leaders. The latter, of course, where once “ordering music”: each of them his own. This biliaryness and division of the media on political camps resulted in atmosphere of mutual intolerance. Attacks on journalists and editorial offices became often, editorial offices supporting oppositions were put under economic and political pressure.

Persecutions of the opposition mass media by the state reached their peak in the end of 1994 beginning of 1995: Armenia Revolutionary Federation “Dashnaksoutuin” was withdrawn from the political scene and editorial offices of 13 periodicals connected with this party directly or indirectly were destroyed and closed down. These means applied became kind of warning for other opposition forces and media sponsored by them. After these events media serving to the interests of ruling elite were totally dominating the sphere. This situation persisted till the authority crisis of 1996-1998 and pre-term presidential elections.

Indications of professional solidarity and fearful optimism regarding possible improvement of the climate for independent media development came to existence in the journalist circles that period. But the following years brought disappointment and demonstrated how illusory those expectations were.

Current Condition of the Print Media

The negative factors and tendencies listed above still exist in general. They continue hindering formation and development of independent media. The perverted striving of ruling circles to subdue media financed from state budget, as well as out of budget sources directly or indirectly controlled by the representatives of higher authorities, to their interests has remained.

Thus, “Hayastani Hanrapetutyun” and “Respublika Armenia” newspapers as well as news agency “Armenpress” that was under governments control for the last post soviet decade has kept this dependency up today. Regardless of the fact that they changed their status according to the requirements of the new Civil Code like other media by the beginning of 2001, and were transformed to closed joint stock companies, founders of the latter became state representatives: heads of the RA president’s and National Assembly press-service, as well as RA government’s administration for PR and Information and Book

Edition Agency by the Ministry of Culture, Youth Affairs and Sport. These state officials are media founders as long as they occupy their main post, i.e. successors will get his “one in two” status after the official leaves it for other job. Correspondingly, above mentioned newspapers and news agency “Armenpress” will continue existing predominantly at the expense of the state and depend on it.

In contrast to ANM’s elite current authority didn’t and as a rule doesn’t apply brute pressure to oppositional media or media which declared to be independent. It prefers other methods; it started to attract them to its side using different ways of financial support of the editorial offices or flirting with political forces behind those media. As a result some media that didn’t recognize any authority and were outlined opposition to the authorities has sharply changed their political position and took loyal position to the ruling circles. The most irreconcilable media and their employees were more and more often involved in the court proceeding as respondents. Today only few periodicals/publications, first of all “Aravot”, “Haykakan Zhamanak”, and “Chorord Ishkhanutyun” are considered to be an opposition.

When evaluating general situation in media sphere experts note that main achievements here during the post soviet period are abolition of censorship and certain degree of freedom of speech, which makes it possible to find some tribune to publicly express almost any opinion or position. Along with that it should be outlined that the institution of independent mass media and printed ones first of all has not been formed in the country yet.

The process of the “forth power” formation came to a standstill. As to the experts the main reason for that is bad financial condition of Armenian media that compels it to apply for financial support to sponsors in the conditions of common social-economic crisis in the country, not developed advertising market, low purchasing capacity of the population. As a result print media became scattered/fragmented according to political and clan interests, but not demands of the society.

As it already has been stated low circulation of the main editions, around 3 to 5 thousands, testify narrow-mindedness of those interests and inability of the media to implement its social function. From the commercial point of view this kind of media, according to very simple calculations, are not efficient. Profitability of the newspapers in Armenia (without counting advertisement) starts from 8-9 thousands copies circulation in case of 90% selling. Many printed editions of the country would cease their existence due to unprofitability (even considering incoming ads) under conditions of normal news market yielding to more successful competitor. But unfortunately, here business moves to the second plan. Political advantage is on the first place. Financial support of the editions’ sponsors not only hinders competition development, but also creates visibility of selfadequacy and causes stagnation of the market of newspapers and magazines.

Ownership relations and registration issues. According to experts’ evaluation change of mass media status by 2001, preconditioned by necessity of bringing it in accordance to requirements of the new Civil Code had a positive effect on regulating ownership relations in the sphere of print media. Now every legal person providing for newspaper and/or magazine publication in its status has a right to implement that kind of activity. And the most important- quite specific owners such as closed joint stock companies (JSC) or limited liability companies (LLC) came to existence, instead of faceless, formal institutions of “working collectives” type, which actually didn’t own editorial office and

were only hired by the administration of the media.

However, this phenomenon hasn't yet caused any noticeable changes in the financial and economic relations. Legal persons, for whom newspaper publication is only one component of their activities, still don't intend making profit from publishing, because of this business nonprofitability, and because they hope to get political dividends. And purely media JSCs and LLCs still depend on solvent sponsors, whose names are not advertised as a rule.

It is clear and quite logical that JSCs and LLCs as private entrepreneurs have to register in State Registry of the country. But together with that very cumbersome procedure of registration in the Ministry of Justice has remained according to the RA law "On press and other means of mass information" in force since 1991, which according to local and foreign expert's estimations became irreparably obsolete and doesn't correspond to international standards.

Financial and technical resources of the print media. Editorial offices have started to do composition and make-up of their editions after acquiring computer equipment by mid 90s which had been initially done by printing houses. This situation persists up today. Editorial offices are not able to enlarge their publishing functions because they don't have their own accommodation, paper storages, not mentioning own printing house. Majority of the main periodicals' editorial offices are located in the Yerevan Press Building, which is entered into the balance of the Ministry of State Property Management and is leased to media entrepreneurs. Attempts to establish a condominium here were not successful. At the same time the state doesn't want to part with the Press Building and arrange privatization of the latter enabling editorial offices becoming owners of the rented accommodation.

As to the technical equipment print media posses, in most cases it is very poor. It worth mentioning here, that because of insufficient quantity of computers pen and paper still remain the main "tools" of journalists, handwritten texts are given to composition service of the editorial office. Forty to 90 percent of technical resources outmoded both physically and morally in different editorial offices. Renewal of the technical resources is impeded by insufficiency of financial resources and reluctance of the main part of sponsors to invest into the development of editorial offices.

Advertisement in print media. Regardless of the fact, that within recent year some Armenia and foreign companies and firms more actively represent their production through media to customers, independent experts think that advertising market of the country remain undeveloped. This circumstance directly affects possibilities of media to earn money and to improve its financial condition. Ads in Armenian national newspapers constitute 0 to 13 percent of the edition's size. Its average price, for instance, in "Azg", "Aravot", "Golos Armenii" and others, is 150 drams for square centimeter (around USD 0.26). But along with that both flexible system of discounts or increase of prices exists, like, for example in «Golos Armenii» when the customer placing its ad in the first column (the price increases 5 times). Placing ad in "Respublika Armenia" costs 80-120 drams, and 200 drams for one square centimeter in "Hayastani Hanrapetuyun."

Some heads of print media refuse to say what part of editorial office's income comes from the advertisement referring to trade secret. As to Hakob Avetikyan, "Azg" daily's Editor in Chief income from ads constitutes around 12 % of the edition's aggregate income. It should be mentioned that advertisement volume of this edition is

commensurable to the ones published in some other leading print media. Considering all these circumstances experts come to conclusion that periodicals of the country in most cases cannot exist independently due to advertisements and modest circulation. National and regional media. As it has already been mentioned there are around 20 well known print media on the Armenian market with rather modest circulation. As to the regional media (around 25 regional and municipal newspapers) in most cases they are not being issued regularly and cannot compete with national editions. Below there are characteristics of the leading public and political print media in Armenian in alphabetic order.

- **“Azg”** daily on Armenian, A3 format, volume-2 printer’s sheets (8 pages), circulation 3000 copies
- **“Hayastani Hanrapetutyun”** daily on Armenian, A2 format, volume-4 printer’s sheets (8 pages), circulation 5,000 copies
- **“Haykakan zhamanak”** daily on Armenian, format A3, volume-2 printer’s sheets (8 pages), circulation 3,500 copies.
- **“Hayots Ashkhar”** daily on Armenian, A3 format, volume-2 printer’s sheets (8 pages), circulation 3,500 copies.
- **“Aravot”** daily on Armenian, format A3, volume 2 printer’s sheets (8 pages), circulation 5,000 copies.
- **“Golos Armenii”** published 3 times a week on Russian, format A2, volume 4 printer’s sheets (8 pages), and circulation 3,500 copies.
- **“Iravunk”** weekly on Armenian, format A3, volume-4 printer’s sheets (16 pages), circulation 8,000 to 17,000 copies, has 2 weekly enclosures published separately.
- **“Novoe vremya”** published 3 times a week on Russian, format A2, volume 4 printer’s sheets (8 pages), circulation 5,000 copies
- **“Respublika Armenia”** published 2 times a week on Russian, format A3, volume 3 printer’s sheets (12 pages), circulation is not pointed out.

The noteworthy thing is all these national newspapers of different volume, publication frequency and circulation have the same cost of 100 drams (around USD 0.17) for a copy.

As to the experts this is another confirmation of the fact that print media market has not been set up yet. Along with that circulation numbers indicated by the editorial offices are often not reliable. The real quantity of published copies, according to the experts, is significantly lower than one declared. Most probably, overstated circulation is an attempt to keep image. That is why some editorial offices prefer not to indicate their circulation for not circumventing its readers.

As of the regional press it completely depends on regional or municipal administration or on private sponsors. There are not regional daily newspapers. Preponderance of the regional editions ceased their existence within first post soviet years. After new administrative-territorial division of Armenia in 1996 regional newspapers were founded by local municipalities in all 10 marzes (regions). These editions were published depending on financing from 3 times a week (“Lory marz”) to 2 times a month (“Syunik”

or “Syunyasts ashkhar” now, “Kotayk”). Within the same period in some regions city newspapers started to publish on the basis of the former regional newspapers due to support of the local town council. The status of all these editions has changed as it was in the case with national ones: JSC and LLC were formed, but financial sources remained the same.

Town and regional newspapers’ circulations range from 300 to 1,500 copies. They are mainly distributed through subscription, which is implemented due to town councils and regional administrations. Despite of their low prices- 50 drams, newspapers are not being sold through retail sale. Subscription price makes from 1500 to 2000 drams a year (USD 2.6-USD 3.4). Ads or announcements are very rare in this kind of editions and cannot improve their financial basis. Preponderance of the regional media is printed in capital’s printing houses because there aren’t local ones.

Press production and circulation. Participation of international organizations in the press market development.

Almost two thirds of periodical editions published in the country are printed in “Tigran Mets” publishing house. This is former publishing house of the Central Committee of the Communist Party of Armenia, which went under jurisdiction of the government and was renamed to “Periodika.” It received its current name in the end of 90s in the process of privatization. Up to 2000 this biggest printing house in the country was a monopolist in printed media production. Besides that, it was the only place possessing infrastructure for media preparation and passing it for circulation. Naturally, strict conditions on paper prices and printing services were dictated.

Eurasia Foundation announced a grant competition for formation of alternative printing house for print media in Armenia. The competition won “Gind” private printing house. After receiving big grant it imported state-of-art equipment from abroad in 1998-2000, which enabled it to increase facilities, improve service quality and start receiving orders from leading national editions.

According to “Tigran Mets” printing house’s director Vrej Markosyan his enterprise becomes aware of “Gind’s” serious competition. Around 30 customers left former monopolist for the latter. At present “Tigran Mets” prints 30 kinds of editions with the aggregate average month circulation equal to 1.5 million copies, and “Gind”-16 kinds with aggregate circulation of 400 thousands a month.

While there is an alternative in the press production, it is not the same for press distribution. The conditions are dictated here by “Armprint” agency that has moved away from the Ministry of communications, became a separate enterprise, transformed to state JCS and kept its dominating position. The truth is there are two other small agencies functioning since 1996- “Kontakt” and “Ogostos.” Their capacities are very insignificant and are not comparable with resources of “Armprint.” Besides, the “Armprint” provides those agencies with part of periodicals for selling. Along with that the other state JSC “Armpochta” significantly improved its selling activities in the recent years. Initially it has also been receiving editions for selling from “Armprint”, but now along with that it makes direct contracts with print media.

The head of “Armprint” Arshaluys Manukyan referring to trade secret have found it inexpedient to tell the aggregate monthly average circulation of sold periodicals, saying this kind of data can “be of interest for agencies-competitors.” But Mr. Manukyan brought some other statistic data of the enterprise: “Armprint gives other agencies 10-

15% of aggregate press circulation for selling, “Armprint” SJSC itself has 130 news-stands in Yerevan and 120 in the regions. With all this going on 70% of retail selling of newspapers and magazines is implemented in the capital, only 30% in the country’s regions (former regional centers), and subscription makes only about 30%. Agency’s cost for its services that editorial office pays is 20% and more of every edition’s copy. Unjustified high tariffs for newspapers and journals distribution/selling, limitations of the delivering system which doesn’t cover rural areas, low level of subscription, slow reaction to changes of readers’ demand all this together with other reasons mentioned above hinders development of the print media market.

In the formed conditions heads of some newspapers have founded a union for establishment of the alternative network of periodicals distribution/selling. They consulted with the Professional program for print media IREX/ProMedia Armenia and Eurasia Foundation in regard with that. But there are no any notable results.

NEWS AGENCIES

In 1991 together with the state “Armenpress” two private news agencies started to function-“SNARK” and “Noyan Tapan”, which were providing with latest, efficient and not burdened by soviet journalism’s stereotypes news. Leading Armenian media, some local and foreign companies have become “SNARK’s” and “Noyan Tapan’s” subscribers that time, and the latter started to compete with each other and also with “Armenpress” gradually strengthening their positions on the market.

It is remarkable that in 1992 these two information agencies succeeded in setting business connections with Azerbaijani and Georgian media in very difficult conditions at the height of Karabagh conflict, and thanks to this there was a possibility to cover events taking place in the South Caucasus. According to experts evaluations these connections allowed “SNARK” and “Noyan Tapan” to gain a status of the regional information agencies and to set contacts with the leading world press

Developing its activities “Noyan Tapan” became a peculiar holding, which have started a TV company of the same name, “Noyan Tapan Highlights” newspaper in English and become busy with publishing business. As to the “SNARK” it was transformed in 2001 and news agency “Arminfo” was established on its base.

“ARKA” agency was established and found its niche in mid-90s, specializing mainly on economic information publication. Later in 1999 and 2000 two other agencies “Mediamax” and “De-facto” started to operate. These 6 competing with each other agencies, actually, divided information market of this media type between them.

According to information provided by them “Noyan Tapan”, “Arminfo”, “Armenpress”, have around 100 main subscribes each, “Mediamax” and “De facto” -30 each. “ARKA” found it inexpedient to indicate the total quantity of their clients, explaining it by trade secret.

In general, information agencies’ level of technical equipment compared to print media is significantly higher. Main part of information agencies’ equipment, however, outdated both morally and physically. None of information agencies has own office areas. Areas are rented in the state buildings for agreed price.