



# ADVERTISING MARKET IN ALBANIAN MEDIA



Albanian Media Institute  
Instituti Shqiptar i Medias

# Advertising market in Albanian media



*With the support of*



OPEN SOCIETY FOUNDATION  
FOR ALBANIA

Tirana, 2019

*Publisher:*



Rr. Gjin Bue Shpata, No.8, Tiranë, Albania

Tel./fax: ++ 355 4 2229800

E-mail: [info@institutemedia.org](mailto:info@institutemedia.org)

[www.institutemedia.org](http://www.institutemedia.org)

This report was completed in cooperation with Monitor magazine.



This publication is supported by Open Society Foundation Albania. The opinions expressed in this report are only those of the authors and do not necessarily reflect the opinions of Open Society Foundation for Albania.

## TABLE OF CONTENTS

Introduction .....	5
1. A General Overview of the Media Landscape .....	6
2. Methodology .....	9
3.1 Legal Framework on Advertising .....	10
3.2 Market Research and Audience Measurement .....	13
3.3 Trends of the Advertising Market in the Country .....	16
3.4 Public Funds pr Media Advertisement .....	35
3.5 Main Trends in the Distribution of Public Funds to Media .....	40
3.6 Local Media and the Influence of State Funds .....	46
3.7 The Role of Advertising Agencies .....	49
4. Conclusions .....	53



## INTRODUCTION

Albanian media is going through a deep economic crisis, reflecting on one hand the economic crisis of the country, and, on the other hand, the fact that the media scene is overcrowded with a large number of actors, who experience difficulties surviving in this setting based on a pure economic logic.

The advertising market has a deep influence on the media integrity level in Albania, due to factors such as legal vacuum, the small size of the market and the dependence of media on economic and political actors. All of these factors lead to a situation where, also due to the low transparency of advertising market, there is a reasonable doubt that there is a direct correlation between advertisers and media content. Similarly, there is also the possibility of misusing state advertisement or public funds for media, and impose to some extent the agenda of the political party in power.

In this context, this publication aims to shed light on the situation of the media advertising market in the country. The problems with transparency or reliability of data regarding the media market in Albania remain unsolved for years and make this a difficult task. However, the publication attempts to draw an overview of the main trends of the advertising market in the country, focusing on the size of the market, on the existing legal framework, on state funds, on funds of private companies, as well as on the mechanisms used to allocate the existing funds and the actors involved in this process. In drafting this report the Albanian Media Institute has cooperated closely with the Monitor magazine, which has been following the evolution of the media market and the dynamics and trends of this sector for several years now.

## 1. A GENERAL OVERVIEW OF THE MEDIA LANDSCAPE

Albania has a rich and dynamic media environment, including electronic media, daily newspapers, and an ever increasing number of online news portals. The Albanian print media market presents a rich landscape with 16 daily newspapers, as well as other publications of various periodicities. The Albanian authorities have issued five national digital broadcasting licenses, 48 analogue licenses, 70 cable service providers, as well as 25 IPTV and OTT<sup>1</sup> licenses. In the meantime, the public broadcaster also operates its own network with 12 channels. With regards to radio broadcasting, as many as 51 local radio stations operate in the country, including two national radio stations, and four radio stations operated by religious communities<sup>2</sup>.

It is difficult to provide the exact number of the online media outlets, as their market is not regulated and they are not required to register with the authorities. Furthermore, it is difficult to distinguish between stand-alone online media from websites managed by traditional media outlets, as main TV stations and newspapers have adapted to the need of developing their online presence, as well<sup>3</sup>. However, according to data provided by the Union of Albanian Journalists there are more than 750 news and information websites<sup>4</sup>.

---

<sup>1</sup> AMA, the list of licensed operators is accessible at: <http://ama.gov.al/subjekte-te-autorizuar-per-ofrimin-e-sherbimit-te-programit-audioviziv/#>

<sup>2</sup> AMA, the list of licensed operators is accessible at: <http://ama.gov.al/subjekte-audio/>

<sup>3</sup> I. Londo, in Peace Institute, "Media Integrity Matters: Reclaiming public service values and media and journalism," 2014, chapter on Albania.

<sup>4</sup> Interview with Aleksandër Çipa, chairman of the Union of Albanian Journalists.

Even though the numbers of the media landscape are impressive, the sheer quantity of the media does not necessarily guarantee their pluralism. In fact, in view of the Constitutional Court decision to abrogate the limitation on ownership of national licenses, the prevailing opinion among media experts is that this decision paved the way for de facto monopolization or at least high concentration of the media market. In the current scene, four national digital network licenses out of five are owned by two main groups in the commercial media sector, which raises concerns on the future of pluralism in the media landscape.

After 29 years of liberalization of the media market, there is not much progress in having public, systematic, and reliable data on media market and media finances. The absence of such data makes it difficult to have a well-informed discussion on the current trends of the media market. However, it is clear that the abrogation of the limitation of ownership is a step backward regarding the existing legal guarantees on media pluralism. A 2018 study conducted by BIRN Albania and RSF<sup>5</sup> showed that there is a great concentration of ownership on media outlets. Based on the data from one of the two audience measurement agencies, the four major media owners in the market control almost half – 48.93% – of the audience share. Based on the data of the other agency four largest owners indicate an even higher concentration, namely 58.6 % of the audience share. The calculations regarding the concentration of the radio and print market also show a similar trend: there is a high concentration of 63.96 percent for the four owners of the radio stations and 43.29 percent for the four main newspaper owners. On the other hand, the measurement of concentration based on audience share of these media is even more alarming: the two main families that own the television stations control more than 70 percent of the television market, while the four above-mentioned media owners account for 89,6 percent of the market.

All of this concentration is also translated in a concentration of funds and advertising, which leads to a narrower possibility

---

<sup>5</sup> See <https://albania.mom-rsf.org/sq/>

of other operators to have sufficient and satisfactory funds to support their media. This also might cause a narrower narrative in the media, even though practice has shown that having sufficient funds and practicing fair competition does not automatically translate into pluralism in the media content.

## **2. METHODOLOGY**

In this context, this report aims to shed light on the situation of the advertising market in the country, on existing legislation on distribution of advertisement, including state advertisement, as well as identify the trends of distribution of the public and private advertisement during the last years in print, electronic, and online media. In addition, attention will be paid to the role of the advertising and marketing agencies and the problem of hidden advertising. For this purpose, the report was based on various sources, such as the cooperation with Monitor magazine on the main data and trends on media advertising for 2018, as well as consultation of databases for distribution of public funds, such as Open Data Albania and the extracts of media companies from the National Business Center, including the annual financial reports of the media companies. In addition, existing reports on this topic and official reports of the public authorities have been used, supplemented with interviews with journalists, editors, and administrators and managers of media outlets. Likewise, part of the report also consists in legal framework related to advertising regulation, especially in terms of distribution of public funds.

The following sections of the report will focus on aspects such as the existing legislation on advertising, the advertising market in the country and its allocation to various media outlets, the legislation on public funds for the media and their distribution, the biggest advertisers and the media that most benefit from advertising, as well as the problems that local media face in this context, along with the role of the advertising agencies.

### 3.1 LEGAL FRAMEWORK ON ADVERTISING

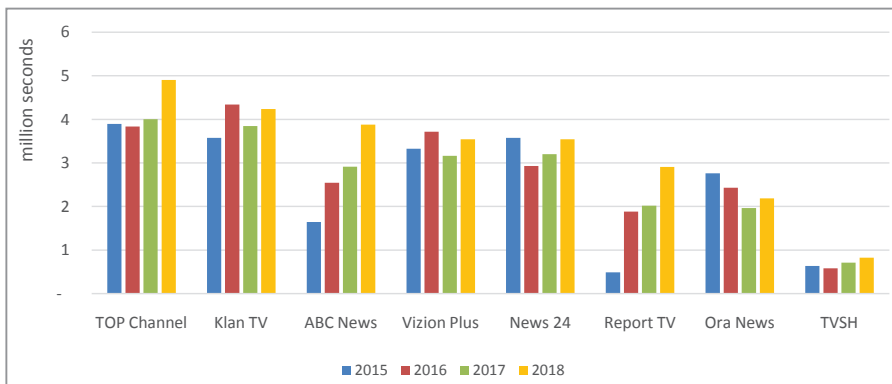
The Albanian legislation on media regulates commercials and advertising in the broadcast media, while advertising in the print and online media are not regulated with any specific legislation, with the exception of legal requirements to pay taxes on revenues collected from commercials as business entities. Law 97/2013 “On the audiovisual media in the Republic of Albania” contains specific articles regarding the broadcasting of commercials, including the form of dissemination, types of advertising, their duration, as well as other terms and conditions related to advertising. This law covers not only advertising, but it also deals with other types of financial transactions, such as direct sales, product placements in various shows, sponsoring of programs, etc. For the purpose of this report the most relevant part of the legislation on advertising is the one concerned with the quantitative aspect of this process, rather than the form and content of commercials. The law in question stipulates that no media outlet is allowed to broadcast more than 30 percent of commercials available in the advertising market for broadcasters.”<sup>6</sup> The law also stipulates that the Audiovisual Media Authority (AMA) should monitor the process and publish data on the commercials broadcasted by national TV and radio stations. AMA has been monitoring commercials broadcasted by the main TV stations for several years now, and has published those data in its periodical publications.<sup>7</sup> However, these reports are not able to identify the exact share of the advertising market for each TV and radio station, nor their position in the overall ranking on advertisement for that type of media, as AMA is monitoring only national TV stations and does not collect data on the overall market.

---

<sup>6</sup> Law 97/2013, “On audiovisual media in the Republic of Albania,” article 62.

<sup>7</sup> AMA, Periodical bulletins, <http://ama.gov.al/publikime/>

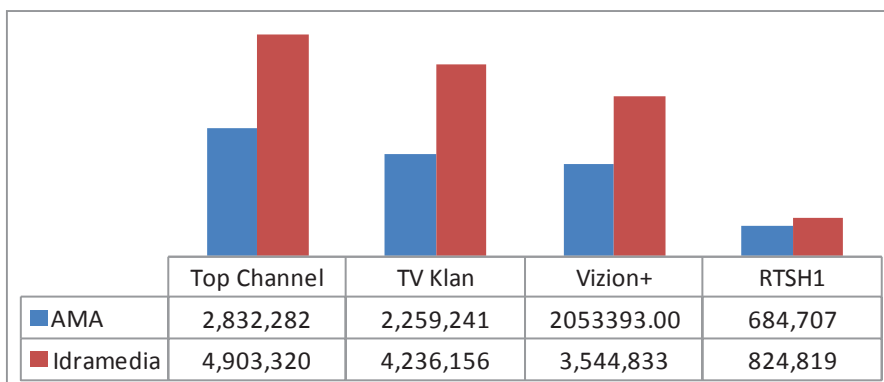
**Chart 1, “Airtime devoted to commercials in main TV stations”**



*Source: Monitor magazine, February 2019*

According to a report by Monitor magazine, based on the data provided by Idramedia, Top Channel is the TV station with the highest number of seconds of advertising broadcasted during commercial breaks, followed by Klan, ABC News, Vizion Plus, and so on. This trend is confirmed when we compare these data with the monitoring report of AMA on commercials broadcasted by the main TV stations in 2018: Top Channel is ranked first, followed by TV Klan, then Vizion +, while the public broadcaster RTSH is a long way behind them.

**Chart 2, “TV Advertising in 2018 (in seconds)”**



*Source: Audiovisual Media Authority and Idramedia, quoted in Monitor magazine, February 2019*

However, there is a clear discrepancy between the data collected by Idmedia and the results of the monitoring process by AMA, on the number of advertising seconds broadcasted by the main TV stations. The data reported by Idmedia are 1.2 to 1.7 times higher than the number of seconds reported by AMA on these TV stations, probably due to the fact that AMA is more conservative in its monitoring. This could be explained by the methodology used during the monitoring process, on what is considered advertising, as well as the duration of the monitoring process. However, this is yet one more example of the lack of official and reliable data on this field, as well as the different approaches and methodologies used during monitoring processes, which only add to the confusion and uncertainty regarding the situation on the ground.

Another point of controversy regards the enforcement of legal requirements on commercials and their duration. The law sets a limit of 12 minutes of commercials per hour of broadcasting<sup>8</sup>, no more than eight teleshopping windows per day, and no more than three hours of teleshopping shows per day<sup>9</sup>. However, over the course of the monitoring process AMA has reported that these rules and limitations are not being respected, and more airtime is being devoted to this type of programs. For example, most of the reproaches and warnings levelled by AMA to TV stations during 2018 regarded advertising and commercial communications: AMA identified 24 cases of violations by various broadcasters, and 16 of them were related to advertising and commercial communications, including newscasts and other entertainment and informative shows<sup>10</sup>.

---

<sup>8</sup> Law 97/2013, article 41.

<sup>9</sup> Ibid, article 38.

<sup>10</sup> AMA, Annual report 2018.

### **3.2 MARKET RESEARCH AND AUDIENCE MEASUREMENT**

Even though the media market has been liberalized for more than 29 years, it is still difficult to obtain reliable, public and systematic data on readership and the number of copies sold in the print media, as well as the number of listeners and viewers of broadcasting media outlets. One of the distinctive and pervasive characteristics in the functioning of the media market has been the failure to establish a system, or even to initiate the process of building mechanisms, to collect reliable, systematic, and public data on audiences, the advertising market, subsidies to media outlets, or the distribution of funds for government-paid advertising.

The first efforts to monitor and measure TV audiences and ratings date back to 2001 – 2003 with projects supported by IREX and USAID. These research studies did not cover the whole country, not all the TV stations, and for a short period of time. Furthermore, the data produced by these studies caused strong reactions from media outlets that ranked poorly in these audience reports. As a result, these early attempts failed to bring together all the broadcasters to continuously monitor the market based on a common methodology that would produce data that would be accepted and acknowledged by all parties involved. The matter of fact is that even after all these years such a joint initiative, which would be accepted by all, has not yet materialized.

The print media is not required to report on the number of copies printed or sold, while there is no system and no institution in place to confirm these data. As a result of this lack of official and confirmed data, the number of print publications and their circulation remains unknown, and many claims and assertions cannot be corroborated.

Regarding mainly television audience measurement, there have been various practices through the years. According to a study commissioned by AMA, over the years there have been numerous work practices as well as sporadic efforts and attempts “to regularly or periodically purchase survey result from organizations that performed audience research; ad hoc surveys and research carried out by media organizations themselves; the use of incomplete data from pay-TV platforms or telecom operators; TV stations functioning without any audience data - which was described as “walking blind” by one of the broadcasters, while an advertising agency characterized it as a decision-making process based on the perception of how things were supposed to be, without any corroborating evidence.”<sup>11</sup> Until 2018, two main companies, Telemetrix and Abacus, were involved in audience research by using TV meters for audience measurement, but Abacus quit its operations after 2018. The data collected by the two companies revealed problems and difficulties on the part of these companies to carry out operations, as well as limitations in their systems of measurement. The sample of Telemetrix was relatively small, some 375 families, while Abacus, monitored some 1000 families<sup>12</sup>. Both companies have stated that prices for the purchase of their services were too low, and revenues were not high enough to properly support a system of measurement, which put these companies in financial trouble<sup>13</sup>. There was also a pervasive climate of mistrust regarding the audience data on the part of their clients, both media organizations and advertising agencies, while the fact that there were considerable discrepancies in the figures reported by these audience measuring companies was also problematic. On the other hand, in some interviews carried out to assess the process of audience measurement “it was insinuated that broadcasters are willing to pay for better numbers, and that numbers may be doctored.”<sup>14</sup>

---

<sup>11</sup> Ivor Millman, “TV audience measurement in Albania: Report commissioned by the Council of Europe for the Audiovisual Media Authority (AMA),” February 15, 2019, [http://ama.gov.al/wp-content/uploads/2019/03/Report\\_TV-Audience-measurement\\_Albania\\_IMillman\\_Feb-2019\\_ALB.pdf](http://ama.gov.al/wp-content/uploads/2019/03/Report_TV-Audience-measurement_Albania_IMillman_Feb-2019_ALB.pdf)

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

This whole situation regarding the media market research has resulted in a murky and unclear process in the distribution of advertising funds, which mainly relies on primitive audience research, or it is based on perceptions. The above-mentioned report points out that: “As a rule, in markets with a commonly accepted efficient system for measuring TV audiences advertisers may not be completely sure of the product they are purchasing beforehand, as success can only be measured after the fact, but they become fully aware of what they have purchased after the publicity campaign. The present situation in Albania means that advertisers and advertising agencies cannot be sure of what they have purchased even after the ads have gone on air.”<sup>15</sup>

Along these same lines, the size of the advertising market and the viability of media financing are still unclear, as the available data are mostly estimates rather than official and confirmed figures. Positive steps in this direction are the legal requirements to disclose the identity of the owners of the media organization, as well as the filing of annual financial reports in the database of the National Centre of Business. However, only a few media companies file detailed reports regarding revenues from advertising, as most of them report on revenues in general. The same thing happens with the financial reports of the main companies that buy ads in the media, such as telecommunication companies and banks, as well as advertising and marketing agencies: they generally report on expenditures and funds used for publicity campaigns and to buy ads, but they do not specify on how these funds have been distributed among media organizations.

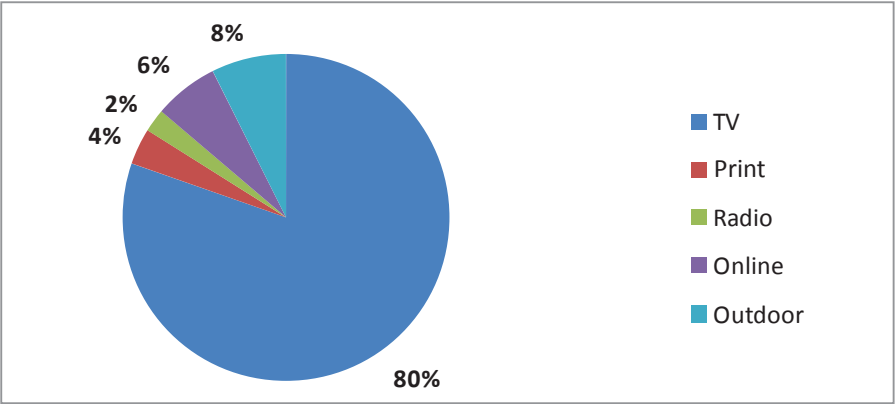
---

<sup>15</sup> Ivor Millman, “TV audience measurement in Albania: Report commissioned by the Council of Europe for the Audiovisual Media Authority (AMA),” February 15, 2019, [http://ama.gov.al/wp-content/uploads/2019/03/Report\\_TV-Audience-measurement\\_Albania\\_IMillman\\_Feb-2019\\_ALB.pdf](http://ama.gov.al/wp-content/uploads/2019/03/Report_TV-Audience-measurement_Albania_IMillman_Feb-2019_ALB.pdf).

### 3.3 TRENDS OF THE ADVERTISING MARKET IN THE COUNTRY

Another pervasive characteristic of Albanian media market is that the relationship between the media and the advertising market is based on estimates, due to the lack of public and official data regarding funds for government and commercial advertisement. According to estimates of various agencies the advertising market has grown bigger over the years. The chart below is a projection of estimates for 2018 on how advertising funds have been distributed among different types of media:

*Chart 3, “Advertising market in 2018”*

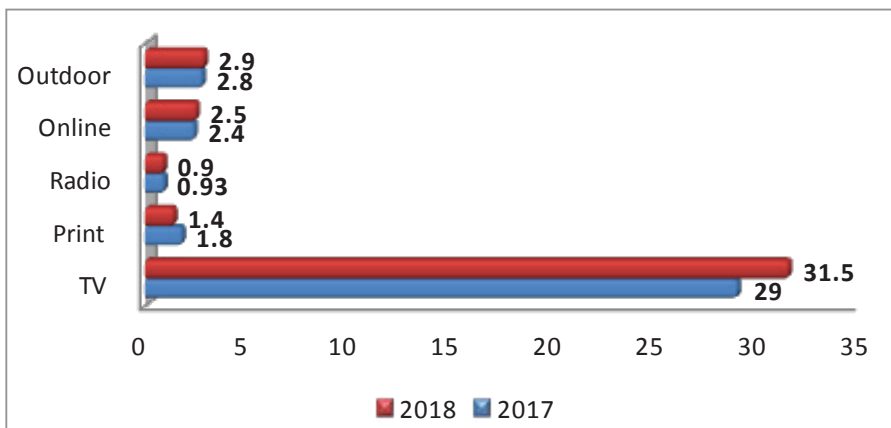


*Source: Monitor magazine, February 2019*

The advertising market for 2018 continued along the same trend as the previous years with regards to the distribution of funds among different types of media. TV stations claimed the lion’s share of advertising funds in 2018, which amounted to 80 percent of funds, as compared to 79 percent in recent years, or 77 percent

in 2014. Among other types of media, the online media are ranked second, but they claimed the same share of the market that they did in 2017. The print media are ranked third with 4 percent of the market, followed by radio with 2 percent.

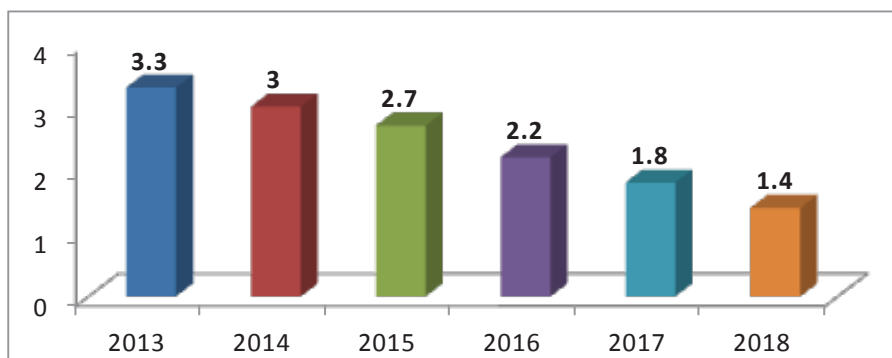
***Chart 4, “Advertising market 2017-2018”***



*Source: Monitor magazine, February 2019*

As it is shown in the chart above, the most notable change in the estimates for 2018, compared to the data collected for 2017, is an increase of the share of the advertising market on the part of TV stations and a drop in advertising revenues going to the print media: TV stations received Euro 29 million in 2017, while the following year that figure stood at Euro 31.5 million in 2018, whereas the print media collected Euro 1.4 million from advertising in 2018, as compared to Euro 1.8 million during the previous year. The other types of media have witnessed minimal changes and advertising revenues for them have remained largely the same from 2017 to 2018.

***Chart 5, "Advertising funds in print media 2013-2018"***



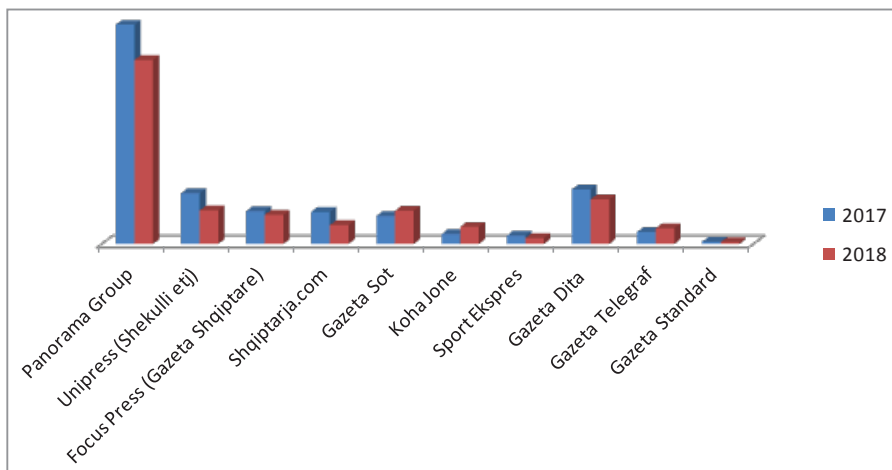
*Source: Monitor magazine, February 2019*

Research into the advertising market has clearly shown that the main trend is an ever increasing loss of interest on the part of advertisers about buying ads in the print media. If we were to compare the market data from 2013 with the projections for 2018 on the print media, we would notice that advertising funds for this type of media have reduced by 60 percent: in 2013 the print media received some Euro 3.3 million in advertising revenues, while estimates for 2018 show that this number has dropped to Euro 1.4 million. Advertising funds assigned to the print media have been continuously and steadily shrinking over the years, and it would appear that this indicates an irreversible shift of attention on the part of advertisers to other types of media. For the first time, in 2017 online advertising surpassed print advertising<sup>16</sup>, a trend which apparently continued in 2018. This crisis is not specific to Albania. However, all the while the print media in other countries is trying to find alternative sources of financing and recovery; in Albania such efforts are nonexistent. "The remaining advertisers are mainly companies that own shares in the respective media groups, while telecommunication companies, which were once the main source of revenues, are now advertising online, and the banks are doing the same."<sup>17</sup>

<sup>16</sup> O. Liperi, "Media mania," Monitor magazine, Feb 4, 2019.

<sup>17</sup> Ibid.

**Chart 6, “Revenues of main newspapers”**



Source: Monitor magazine, February 2019

The data on the main newspapers in the country clearly show that the largest media company remains the one that owns Panorama newspaper, even though their revenues dropped in 2018. Next in the ranking come Dita newspaper (Publikime Shqiptare – *Albanian publications*), Shekulli (Unipress), Sot (Sot News), Gazeta Shqiptare (Focus press), Shqiptarja.com, and Koha Jonë. A quick comparative analysis of the data for 2017 and 2018 reveals that the only publications that have reported increases in revenues are Sot and Koha Jonë newspapers, while all other publishing groups collected less revenues compared to the previous year.

**Table 1, “Revenues of main newspapers 2017-2018”**

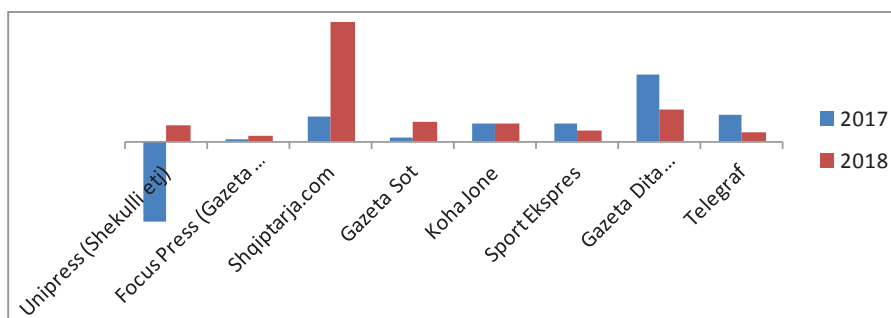
<b>Revenues of main print media companies (in Albanian lek)</b>		
	<b>2017</b>	<b>2018</b>
Panorama Group	244,524,790	205,186,025
Unipress ( <i>Shekulli etj.</i> )	56,409,255	37,266,495
Focus Press ( <i>Gazeta Shqiptare</i> )	36,429,233	32,426,296
<i>Shqiptarja.com</i>	35,782,652	20,934,340
<i>Gazeta Sot</i>	31,239,733	36,969,351
<i>Koha Jone</i>	10,972,721	19,008,636

<i>Koha Jone</i>	10,972,721	19,008,636
<i>Sport Ekspres</i>	9,266,653	6,388,390
<i>Gazeta Dita</i>	60,796,455	49,561,810
<i>Gazeta Telegraf</i>	13,343,377	17,333,416
<i>Gazeta Standard</i>	2,550,220	1,976,744

*Source: Financial reports submitted to QKR, October 2019*

Even though most newspapers have reported a drop in revenues for 2018, the majority of them stated that they still managed to record a profit, even though in some cases that profit was minimal.

**Chart 7, “Profits of main newspapers”**



*Source: Financial reports submitted to QKR, October 2019*

As shown in the chart above, which depicts profits reported by the main newspapers in the country during the last two years, the only newspapers that recorded an increase in profits during 2018 were the newspapers Shqiptarja.com and Sot. Even though revenues of Shqiptarja.com have decreased in comparison to 2017, their profit has increased almost fivefold, which could be explained by a drastic reduction of costs. Similarly, Sot newspaper has recorded a threefold increase in profits.

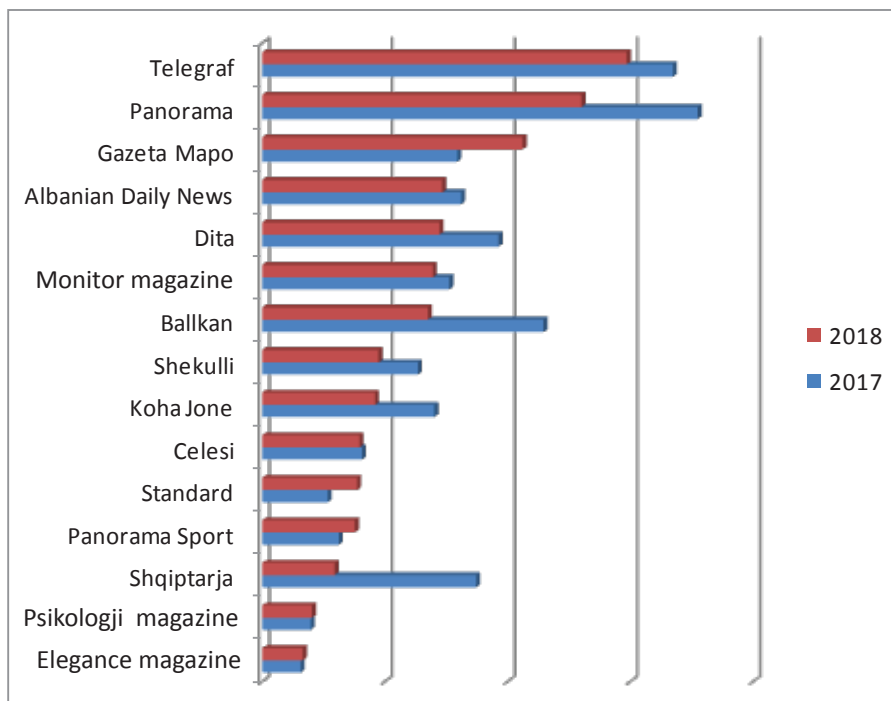
**Table 2, “Profit of main newspapers 2017-2018”**

<b>Profits of main print media companies (in Albanian lek)</b>		
	<b>2017</b>	<b>2018</b>
Panorama Group	14,388,822	6,504,226
Unipress ( <i>Shekulli</i> etj.)	(7,024,410)	1,483,870
Focus Press ( <i>Gazeta Shqiptare</i> )	213,717	450,171
<i>Shqiptarja.com</i>	2,178,143	10,553,977
<i>Gazeta Sot</i>	419,022	1,775,354
<i>Koha Jonë</i>	1,656,900	1,654,108
<i>Sport Ekspres</i>	1,637,170	950,392
<i>Dita</i> (Publikime shqiptare)	5,969,934	2784974
<i>Gazeta Telegraf</i>	2,366,950	792,697
<i>Gazeta Standard</i>	-707,989	-1707890

*Source: Financial reports submitted to QKR, October 2019*

Meanwhile, the data show that profits of most of the newspapers have considerably gone down when compared to the previous year, including those that are considered to be some of the biggest newspapers with the largest circulations. For example, profits for Panorama have dropped by 55 percent, and 54 percent for Dita newspaper. Koha Jonë profits have dipped a little, while Standard newspaper is the only publication that has recorded losses for two consecutive years, while losses were much more substantial during 2018. In the meantime, several newspapers have recorded an increase in profits, including Focus press (210%), Sot newspaper (400%), and Shqiptarja.com (480%). Even though Shekulli newspaper was not one of the most profitable publications in 2018, it recorded a remarkable increase compared to the previous year, as they had reported a loss of ALL 7 million (more than \$55,000) during 2017. The data show that newspapers could be classified in two opposing groups regarding profits recorded during 2018, even though revenues for that same year represent a fairly accurate ranking of the main newspapers in the country.

**Chart 8, “Space devoted to advertising by publication 2017-2018”**



*Source: Monitor magazine, February 2019*

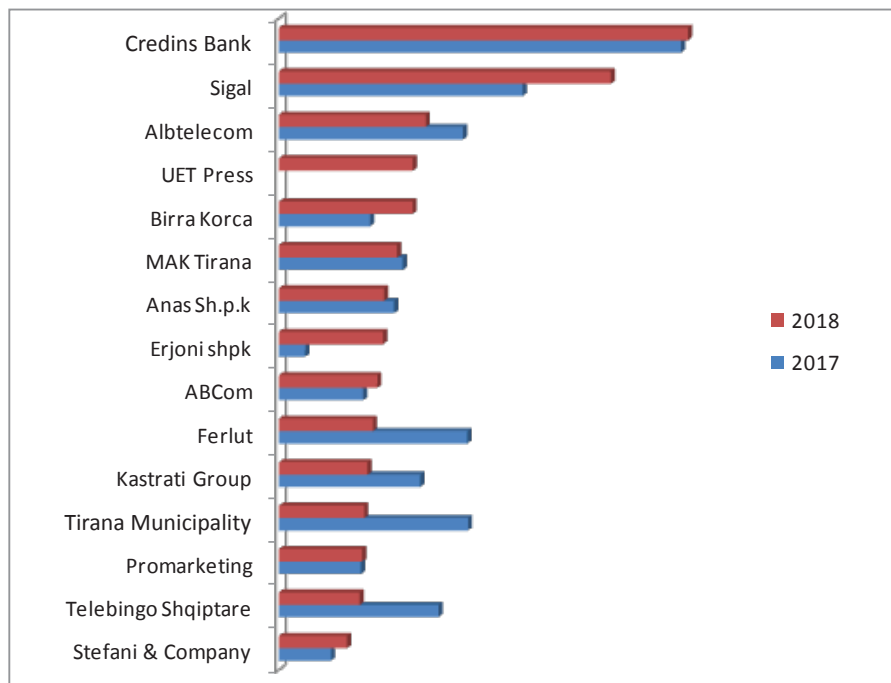
According to Monitor magazine, “the total space covered by advertising in the print media (in 36 newspapers and magazines) was reduced by 20 percent, marking the fourth year in a row with a double digit drop.”<sup>18</sup> Similarly, revenues from advertising in the print media are estimated to amount to Euro 1.4 million for 2018, confirming the downward trend on a year by year basis, as revenues from advertising in the print media for 2017 were estimated at some Euro 1.8 million<sup>19</sup>. The main reason for this drop appears to be the shift of attention of big advertisers towards other types of media, such as TV stations and online media. According to the report by Monitor magazine, only Albtelecom continued to buy ads in newspapers and magazines during 2018, while Vodafone

<sup>18</sup> O. Liperi, “Media mania,” Monitor magazine, February 4, 2019.

<sup>19</sup> Ibid.

did not buy any ads in print at all, while Telekom Albania ran very few ads in newspapers and magazines<sup>20</sup>.

**Chart 9, “Biggest advertisers in print media, according to ad space”**



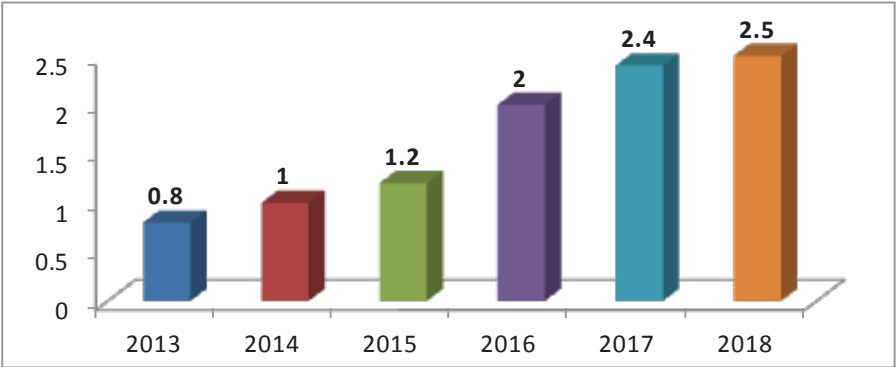
*Source: Monitor magazine, February 2019*

As shown by this chart, depicting the list of the biggest advertisers in print according to the space in publications, the biggest advertiser remains Credins Bank, followed by Sigal, Albtelecom, and UET Press, which appeared for the first time in the advertising market in 2018. Another trend is the buying of ads to support the media which is owned by the same business group, as companies affiliated with the owner of the print media buy ads in that newspaper or magazine, such as Korça beer, Erjoni, Ferlut, etc. This phenomenon makes it difficult to create a clear picture on the functioning and the sustainability of print media businesses, because this is clearly

<sup>20</sup> Ibid.

a case of transactions within the same business groups. In the meantime, besides the data on the financial performance of print media publications and the drop in revenues, Monitor magazine also reported that the circulation and newspaper sales are doing even worse. All the data indicate a seemingly irreversible crisis of the print media in Albania, as newspapers and magazines are increasingly transferring their operation on the internet, even though they continue their hard copy publications.

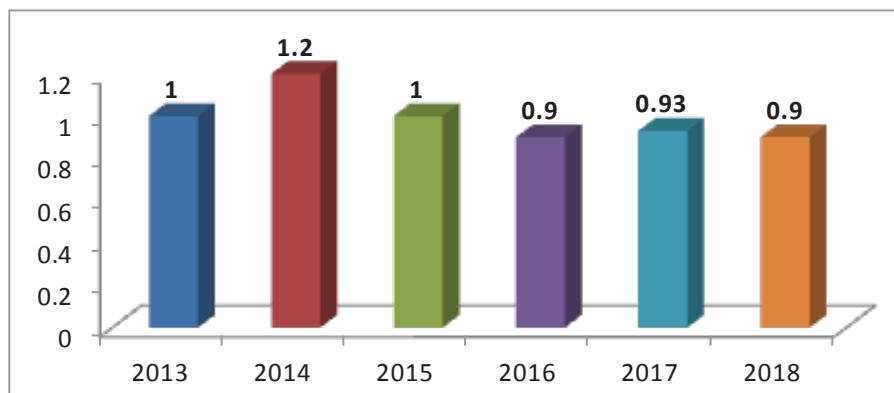
**Chart 10, “Advertising market for online media 2013-2018”**



*Source: Monitor magazine, February 2019*

On the other hand, the online media has developed considerably over these last five years, which would suggest that funds that were once earmarked for the print media are now being diverted to online media. Revenues from advertisement in online media are believed to have increased threefold over this period, as they have jumped from Euro 800,000 in 2013 to Euro 2.5 million in 2018. The sharpest increase in revenues from advertising was recorded in 2016 as the online media collected 60 percent more money than the previous year. However, it would appear that advertising revenues for this type of media are not increasing at the same fast pace of a few years earlier. Estimates for 2018 show a slight increase in revenues compared to 2017, up Euro 2.5 million as compared to Euro 2.4 million during the previous year.

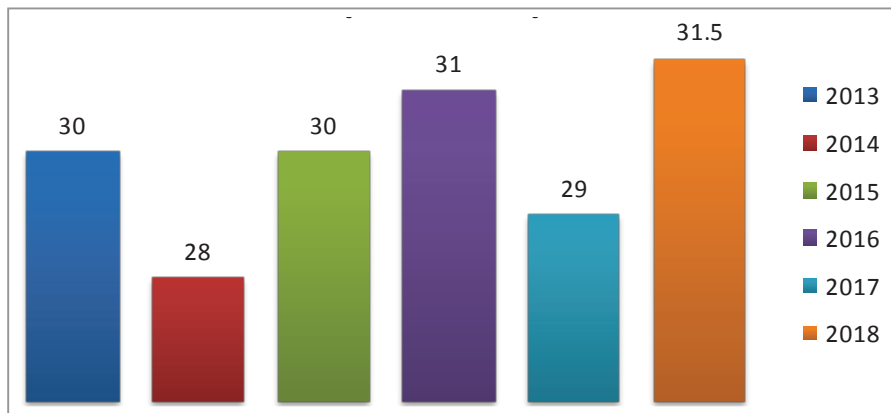
***Chart 11, “Advertising market for radio stations 2013-2018”***



*Source: Monitor magazine, February 2019*

Radio stations are another type of media that have suffered from a reduction in advertising funds. Even though radio was never a serious contender in the advertising market by comparison to other types of media, it is clear that year after year fewer funds have been earmarked to buy ads in radio stations. So, while 2014 was the best year for radio with Euro 1.2 million in advertising money, there has been a stagnation during the last three years, as radio stations collected Euro 0.9 million to Euro 0.93 million per year. However, unlike the drastic drop in revenues in the print media, this slight dip in funds is less disruptive and much more manageable. This is also due to lower operational costs for radio stations compared to the print media, thanks to much smaller staffs, as well as the fact that radio programs are mostly music and entertainment. As a result, even though radio has been affected by a loss of audience and advertising, it would appear that this type of media is still able to maintain its modest position in the advertising market.

**Chart 12, “Advertising market for TV stations 2013-2018”**



*Source: Monitor magazine, February 2019*

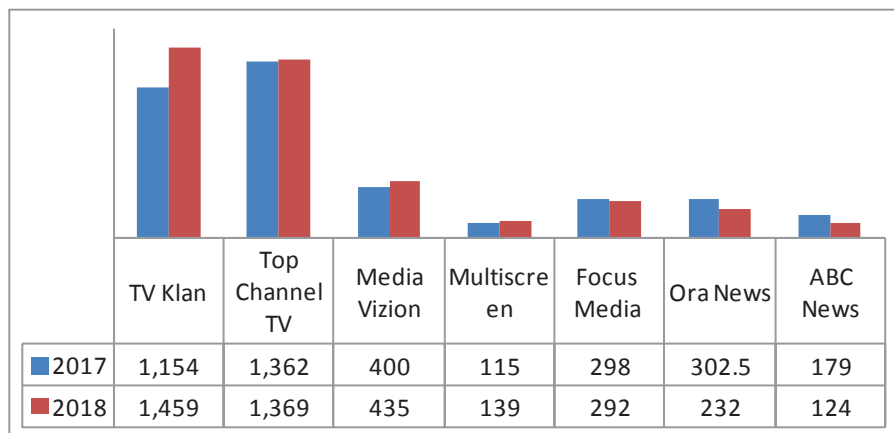
The data on the advertising market clearly show that the undisputed winners in this race are TV stations, which was to be expected taking into consideration the data reported by the Institute of Statistics (INSTAT), as well as other research, which indicated that television was still the favourite media for Albanians. In general, this type of media appears to be consistent regarding its share of the advertising funds. Over the years TV stations have collected roughly Euro 30 million per year in advertising revenues, with the exception of 2014 and 2017 when this amount dropped below Euro 30 million. On the other hand, estimates for 2018 indicate an increase of advertising funds for TV stations with Euro 31.5 million.

Data retrieved recently from the National Centre of Business by the Balkan Investigative Reporters Network (BIRN)<sup>21</sup> indicate an increase in advertising revenues by the main TV stations during 2018, with TV Klan on top of the rankings, followed by Top Channel and Vizion+. It is a different situation for 24-hour television news channels, such as News 24 (Focus Media News), ABC News, and Ora. While Focus Media News recorded a drop of ALL 6 million in

<sup>21</sup> Gj. Erebara, TV market records growth, concentration of wealth deepens (Tregu i televizioneve shënon rritje dhe thellon përqendrimin) September 2, 2019, <https://www.reporter.al/tregu-i-televizioneve-shenon-rritje-dhe-thellon-perqendrimin/>

advertising revenues, ABC News and Ora have lost substantially more in potential revenues, as they collected in 2018 respectively ALL 55 million and ALL 70 million less than 2017.

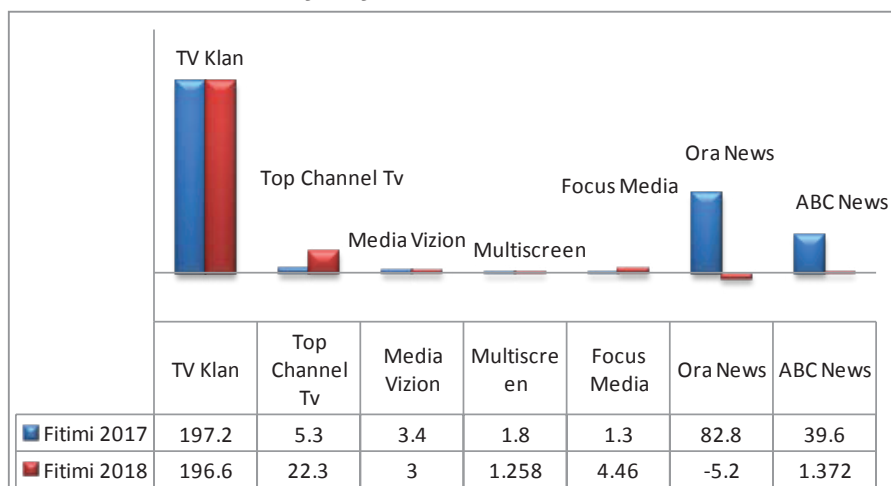
**Chart 13, “Revenues of main TV stations”**



*Source: Financial reports submitted to QKR, October 2019*

With regards to profits, TV Klan has reported much higher profit margins than other TV stations, as it appears that its competitors have higher operational costs, which means that even though revenues are on the increase their net profits are still low. Top Channel reported a fourfold increase in profits compared to last year, while the data for TV Klan and Vizion+ indicate a slight year-on-year decrease in profits. In the meantime, 24-hour television news channels, with the exception of News 24 (Focus Media News), have reported a drop in profits, and in some cases this decrease was quite dramatic. Profits of Report TV decreased slightly in 2018, while the net profit of ABC News dropped from some ALL 40 million in 2017 to less than ALL 1.5 million in 2018. The year-on-year dip is even more dramatic for Ora News, which went from a profit of ALL 83 million in 2017 to a loss of more than ALL 5 million in 2018. As a matter of fact, this is the only main TV station that reported losses for the year.

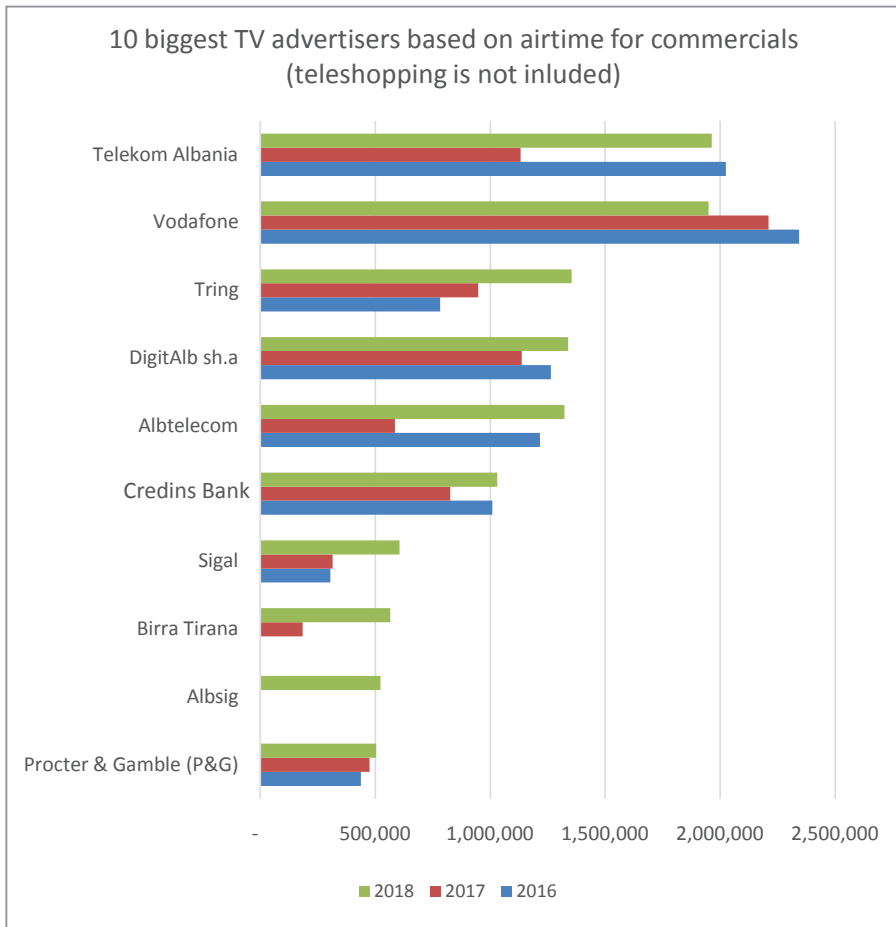
**Chart 14, “Profit of main TV stations 2017-2018”**



*Source: Financial reports submitted to QKR, October 2019*

Who are the biggest TV advertisers in the country? Based on amount of TV airtime devoted to commercials the biggest TV advertisers over the years are the three telecom companies, respectively Telekom Albania and Vodafone, followed by Albtelecom. This trend has continued for the last three years.

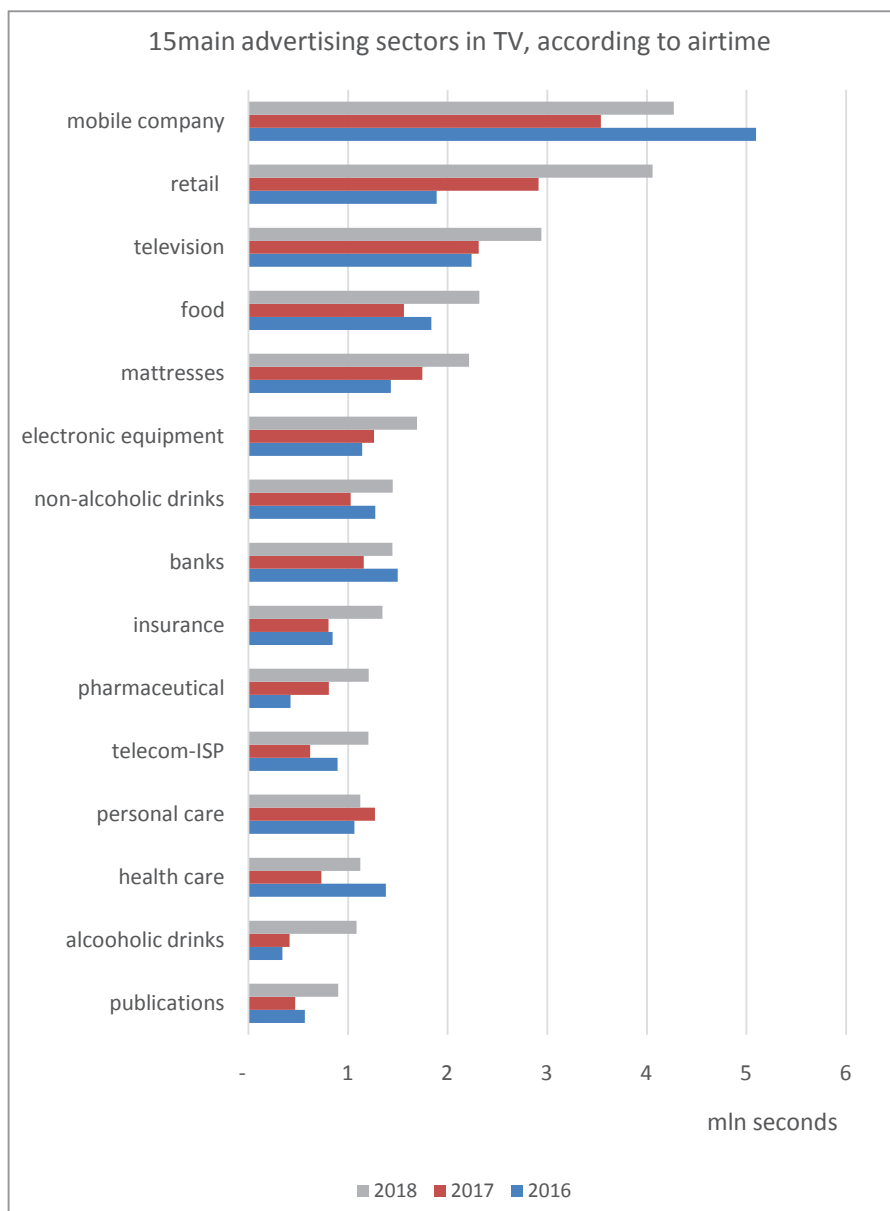
**Chart 15, “Biggest TV advertisers according to airtime 2016-2018”**



*Source: Monitor magazine, February 2019*

The data on this chart show that pay-TV companies, such as Tring and Digitalb, are listed among the biggest advertisers, rivalling Albletcom in 2018. However, these companies run ads in TV channels owned by their same media group, and for that reason they may not necessarily be some of the most profitable advertising clients, due to the nature of financial exchanges within the same media group. Banks, insurance companies, and food distribution companies are among the top-ten list.

**Chart 16, “Biggest advertising sectors, based on airtime for TV”**



*Source: Monitor magazine, February 2019*

The Monitor magazine has also identified and classified the biggest TV advertisers according to products and industries, based on the amount of airtime purchased for commercials. As it is shown in the table above, telecom companies are the top TV advertisers, followed by the retail industry, commercials or promotional messages of TV stations and digital platforms, the food retail industry, bed commercials, etc. However, this remains just an estimate on who are the biggest TV advertisers, as the number of seconds of airtime purchased by advertisers is only one of the indicators, and as yet we have no information on the actual amount of money spent by these advertisers. For example, the Monitor magazine pointed out that it is just as important to take into account the time or the show when a commercial is broadcasted, which would affect to a large extent the amount of money spent to purchase an ad. Even though mattress commercials take up a considerable amount of airtime, they usually run in early afternoon when prices are low, and as a result they do not constitute a large amount of revenues for the TV station<sup>22</sup>.

In order to have an idea on the size of publicity budgets of companies that spend more in this respect, below is the table on the budgets of telecom companies.

***Table 3, “The declared expenses on publicity for the telecom companies (ALL million)”***

<b>Company</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Vodafone	922	1,146	948	889	841
Telecom Albania	881	967	933	828	812
Albtelecom	810	516	482	414	473
Plus Communication	142	111	143	45	2,3 <sup>23</sup>
<b>TOTAL</b>	<b>2,755</b>	<b>2,740</b>	<b>2,506</b>	<b>2,176</b>	<b>2,128</b>

*Source: Monitor magazine and financial reports submitted to QKR*

<sup>22</sup> O. Liperi, “Media mania,” Monitor magazine, February 4, 2019.

<sup>23</sup> In 2018 Plus Communication has been in a sales process and its frequencies were passed on to other operators at the end of 2017.

If we look at the expenses of the four mobile companies for 2018, we will notice that with the exception of the Albtelecom company, all other three companies have reduced their publicity budgets. The total budget of these companies for 2018 has been ALL 2,128 billion, reduced by 3% compared to the 2017 budget. Vodafone still is the company with the highest spending on advertising for 2018, with ALL 841 million, followed by Telecom Albania, with ALL 812 million, but with a 2% increase compared to the 2017 budget. The only company that has increased the advertising budget with 13% is Albtelecom, which seems to have followed a more active policy on advertising, resulting in an increase of more than the double of the broadcasting time of advertising in television<sup>24</sup>.

***Table 4, “The declared expenses on publicity for the telecom companies (ALL million)”***

<b>Bank</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Credins	240	433	327	213	346
Raiffeisen	297	283	284	206	308
Alpha Bank	92	156	163	115	91
BKT	212	182	264	147	142
ABI	28	38	124	55	98
Intesa San Paolo	82	47	31	27	29
NBG	n/a	40	30	-	n/a
Pro credit	55	27	17	11	21
Societe Generale	76	68	54	48	50.6
Tirana Bank	43	41	44	37	28
Banka Veneto	22	15	7	3	n/a
Union Bank	40	32	37	31	36
FIB	17	11	21	22	39
International Commercial Bank	14	17	17	20	n/a
<b>Totali</b>	<b>1,218</b>	<b>1,390</b>	<b>1,420</b>	<b>935</b>	<b>1188.6</b>

*Source: Monitor magazine and financial reports submitted to QKR*

<sup>24</sup> O. Liperi, “Media mania,” Monitor magazine, February 4, 2019.

If we consider the other major source of funding for advertising market in the country, the banking sector<sup>25</sup>, we will see that there is an increase of the funds from this sector from ALL 935 in 2017 to 1,188 billion in 2018, considering the banks that did publish their financial data and budget for advertising. Hence, there is an increase of 22% of the bank sector budget for advertising. The table indicates that compared to 2017 there is a tendency for almost all banks to increase their budgets; with the exception of Alpha Bank, BKT, and Tirana Bank, which have reduced their advertising budgets for 2018.

The data from the table also show that there is a significant division between banks on the range of the budgets they spend on advertising: while banks such as Credins or Raiffeisen have spent respectively ALL 346 and 308 million during 2018, the other banks have spent less than half of this sum, or, in many cases, one sixth or one tenth of the banks with the highest advertising budget.

In any case, the fact that mobile companies and banks are the main source of advertising for the main media in the country is well-accepted. While this fact makes these sectors extremely important financially for these media, on the other hand it also creates a high dependence of media on these financial sources. Cases when advertisers have withdrawn ads or have boycotted particular media in tune with their editorial policy are not unknown to practicing journalists and editors; they are rather the norm. Considering that advertising market is dominated by telecoms and big corporations, their direct or indirect influence is visible in media practices and content. According to the editor of a daily newspaper “the sources of financing for the media are not sufficiently diversified and big commercial sponsors, such as mobile companies, continue to be very significant for the survival of the media. Consequently, they are able to affect the media’s editorial policy, and that is why we

---

<sup>25</sup> Not all banks that operate in the country had submitted financial report in the extracts of ownership in QKR, due to the process of sales to other banks, or the publicity budget was not determined in these budgets.

do not see any criticism of these companies in the media. If there is any criticism, the media are aiming to obtain some financing.”<sup>26</sup>

This practice has been more visible in the controversial cases involving big advertisers, mainly telecom companies and banks. So, when the competition regulatory body fined the country’s two biggest mobile operators, Vodafone and AMC, for uncompetitive behaviour in 2007, the story was reported only by a few media outlets. Similarly, when the same regulator started an investigation against Vodafone, it took many months for this story to be published in a few media, even though it is a story of public interest. “Instead, it was the Competition Authority that found itself battling tabloid media criticism of the probe.”<sup>27</sup> The same situation was repeated in 2017, when the Competition Authority started an investigation on the potential oligopoly of mobile operators regarding the packets they offer, and it was reported only in a few media, showing again the direct link between advertisers and media freedom and independence. “There have been reports on some tragic cases and the advertisers have threatened us they will withdraw their funding from our media, damaging our editorial and financial independence. In these cases there was a lack of solidarity between media and the powerful businesses that can easily manage to remove negative news from other media and equally easily punish media that refuse to remove news that damage the reputation of advertisers.”<sup>28</sup>

---

<sup>26</sup> Interview with the editor-in-chief of a daily newspaper.

<sup>27</sup> Ibid.

<sup>28</sup> Interview with the owner of a news TV station.

### **3.4 PUBLIC FUNDS OR MEDIA ADVERTISEMENT**

When we speak of state subsidies for the media, this term refers almost exclusively to spending of public money on advertising or publicity campaigns and events, be it from state bodies or public institutions. Although media owners from mainstream media or niche publications, including minority media, have called on government from time to time to support them, Albanian legislation has never stipulated the possibility of state subsidies for the media. In this respect, the main source of state financing for the media is through funds disbursed for advertising or for public events and campaigns.

Efforts to regulate the distribution of state advertising in the media have been few, usually resulting in unclear or vague procedures. Until 2006 most advertisements and notifications that fell into the state advertising category were considered public spending and, as such, were subject to the public procurement laws. However, there were no regulatory bodies to supervise the implementation of these laws, nor the consequent fair distribution of state advertising among the media. The situation was made worse by the legal pitfalls: both the Public Procurement Law and the Law on Expropriation at the time provided that the notifications be published in two national newspapers with large circulations, or in one national and one local newspaper, without defining, though, what “‘large circulation’ means.”<sup>29</sup> The basis for a decision to allocate advertising becomes even less clear in view of the lack of certified data on the circulation of publications in Albania. In the early 2000s the media community thought the practice of allocating advertising with this regulation was an abuse of

---

<sup>29</sup> Human Rights Watch, “The Cost of Speech,” June 2002, p.47.

standards, since advertisements were considered to be given as a reward for changes in editorial policy, or even used as a financial threat, depending on the editorial policy orientation<sup>30</sup>.

With the rotation of power in 2005, the new government made a public commitment to change the situation, claiming that this practice would change and media would no longer benefit from state advertising, aiming to stop abusive practices in the allocation of state advertising. In 2006 the Government decided to stop allocating Government advertising and notices to the media and publish them instead in the Bulletin of Official Notices.<sup>31</sup> The move was hailed at the time as an important step towards reducing media dependence on the Government. However, the decision was still unclear on certain aspects of government notice publication, failing to dissipate all doubt about the sufficient and proper regulation of state advertising. The distinction, for instance, between State advertising and notices was not entirely clear and left room for interpretation. According to the Government's decision, advertisements for State-owned companies and not-for-profit organizations established and supported by the State were not classified as public notices<sup>32</sup>.

In theory, since state advertising belongs to public funding by the government, the respective legislation is the Law on Public Procurement, which determines the rules for procuring goods and services from state authorities. However, the regulation of state advertising in the media is exempt from this law, whose exclusion criteria include "purchase, development, production, co-production of programs or advertisement to be broadcast by radio and television operators or to be published in print media, as well as contracts for broadcasting time."<sup>33</sup> Once this area had been deemed inappropriate for regulation by this law, the possibility

---

<sup>30</sup> AMI, "Media ownership, independence, and pluralism," 2007, p.23.

<sup>31</sup> OSF/EUMAP, "TV across Europe: Follow-up report," 2008.

<sup>32</sup> Council of Ministers Decision No.176, "On the Publication of Bulletin of Public Notifications," 29.03.2006.

<sup>33</sup> Law no. 9643, "On public procurement," 20.11.2006.

was for the parliament or Council of Ministers to draft a new law specific for this purpose, a possibility that has not so far been used, in an apparent preference for regulating state advertising through government decisions instead<sup>34</sup>.

As a result, the government reached new decisions on this matter, but ones which did not help to clarify the criteria applied to decisions on state funding of public announcements. On the contrary, the criteria were made even hazier, and after a while the government also resumed advertising in the media. A 2007 decision by the Council of Ministers related to state advertising mentions the number of viewers or readers as one of the criteria to be used in reaching a decision.<sup>35</sup> This criterion was clearly difficult to observe when data on media ranking are lacking, but it at least attempts to impose some selection filters. The two latter Council of Ministers' decisions seem to have very broad and vague definitions of the criteria, including "the media outlet" (without any specification), the offer made, and the broadcasting duration,<sup>36</sup> as well as the experience in organizing similar events.<sup>37</sup> These two decisions omit the criterion of the outlet's audience reach, even though this is usually one of the basic requirements.

In fact, although the latter decision "has marked some technical improvement, in essence it has moved backwards, paving the way for abuses and obscuring transparency."<sup>38</sup> According to a legal analysis of the current regulation on the distribution of state advertising, there are certain rules that have made it easier for state authorities to distribute advertising in a less transparent and more selective way. For example, apart from media outlets, a new category has been added to the list of bodies that can obtain state

---

<sup>34</sup> D. Matlija for Council of Europe, Tirana, "Public procurement of advertisement and publicity campaigns in Albania, European practices," 2014.

<sup>35</sup> VKM No. 6223, "On procurement of productions/broadcasting of advertising and spots from state administration bodies in the media," 29 September 2007.

<sup>36</sup> VKM No. 1195, 05 August 2008.

<sup>37</sup> VKM No. 1173, 06 November 2009

<sup>38</sup> D. Matlija for Council of Europe, Tirana, "Public procurement of advertisement and publicity campaigns in Albania, European practices," 2014.

funds: “specialized agencies,” enabling advertising agencies also to benefit from state advertising, and allowing them to redistribute the sums to media outlets, without any further transparency or technical criteria requirements. “In practice this has led to a substantial part of the funds to go to agencies, which then manage public funds by subcontracting specific private broadcasters, in a selective and non-transparent manner.”<sup>39</sup>

Another problem posed by the current decision that regulates state advertisement is that, in the composition of commissions to evaluate the offers for each tender pertaining to state bodies, it is no longer obligatory to have the heads of the legal and financial directorates of that body, allowing directors of the body to circumvent two of the most important members of the institution, who often enjoy the status of civil employees, meaning that they are supposed to be independent of rotations of power or party-appointed officials<sup>40</sup>.

In addition, a major problem has been that of transparency in the process of distributing the state advertising. The current rules have not only failed to solve this problem, but have even removed some of the previous transparency requirements. More specifically, the obligation to publish online the candidates’ offers has been removed, along with the practice of sending the dossier to be published online at the Agency of Public Procurement. “This change has lowered significantly the transparency of procedures, leading to absence of public information on the use of public funds from state advertisement.”<sup>41</sup> This leads to greater potential for selective distribution of state advertising. In fact, over the years “media outlets have claimed that the invitations were sent only to selected media but were not published on the website, or had been published only one day before the deadline.”<sup>42</sup>

---

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Peace Institute, “Media Integrity Matters,” Albania chapter.

With yet another rotation of power in 2013, the current government, led by the Socialist Party, included among its objectives the termination of practices that led to unfair and non-transparent allocation of state advertising to media. However, after two years in power, the government has made no attempt to amend the existing rules on state advertising, nor to issue new legislation; meanwhile, public funds for state advertising are being distributed using the same regulation. Hence, it is important to continue monitoring the trends in the distribution of state advertising.

### **3.5 MAIN TRENDS IN THE DISTRIBUTION OF PUBLIC FUNDS TO MEDIA**

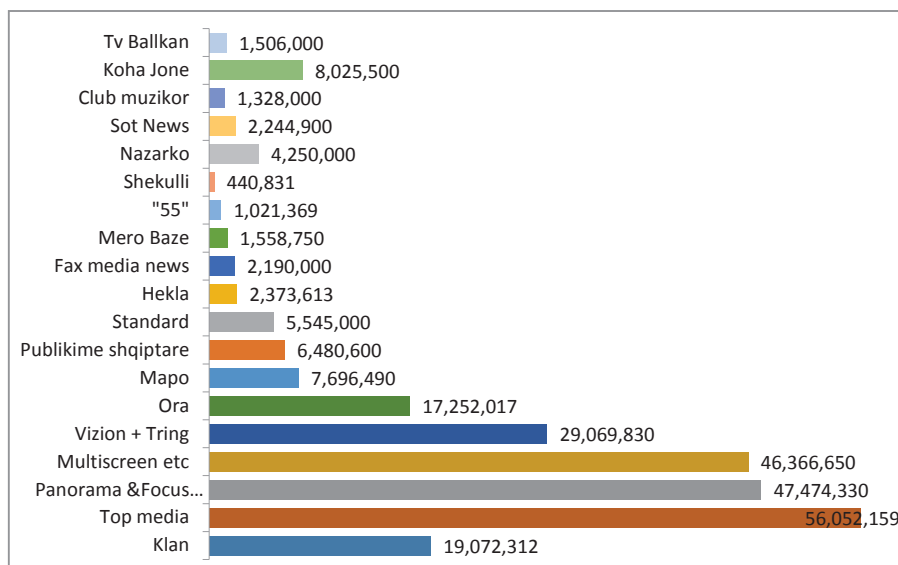
The monitoring process focused on payments carried out by the state treasury to main media groups during the period 2014-2018, and until September 2019. The data on payments include the total amount of funds transferred to media groups, but there is a need for additional information on the disbursement of these funds, as there are some important factors to be taken into consideration in interpreting the data. First of all, the funds transfer procedures by the state treasury are quite complicated, while the categorisation and the information accompanying transfers of funds are not always consistent. For example, transactions are labelled in various ways and classified under a variety of categories or groups. Some of the descriptions and information accompanying transfers include “services of printing and publication”, “vocational textbooks and publications”, “other services”, “other transfers”, “services to produce a specific documentation”, “support for the civil society”, or even “hospitality services.” The study monitored and analyzed all these categories, verifying the names of beneficiaries mentioned as recipients in the funds transfer descriptions. The monitoring process covered only transactions of public institutions that are funded by the department of treasury. Other independent state institutions are not included in this monitoring process, which may indicate that more advertising funds could have been transferred to media groups.

Within these categories, some of the descriptions in the invoices indicate payments for subscriptions to newspapers or pay-TV packages. Even though these payments make up for a small percentage of the public funds going to the media, these payments

could constitute important resources to some media organisations, while technically these companies have not received direct payments from the state treasury, but these revenues are listed by media companies as routine subscriptions. Of course, in the case of local newspapers, it is obvious that the continuous subscription of local public institutions is a kind of support to that newspaper, especially at a time when the print media is going through an unprecedented crisis. On the other hand, there have been substantial payments made to digital pay-TV platforms, such as Digitalb or Tring, or other companies within these media groups for the production of movies or documentaries, and these transfers of public funds were also subject to this monitoring process.

Regarding the representation of media outlets and media groups, the monitoring process included all individuals or media companies, as well as other companies affiliated with them. The main criterion in this process was the ownership of the recipient companies, including media companies, advertising agencies, civil society organisations or foundations. The media groups listed in the tables below were represented by various media companies within the same group, as well as institutes, foundations, centres, or other similar organisations which are owned by the same owner or owners. For example, when we talk about Top Media we need to consider that this company includes several entities, such as Top Channel TV, Top Albania Radio, Shqip newspaper, Digitalb, as well as the Dritan Hoxha Foundation. Similarly, when we mention Mapo group this includes Mapo Media, as well as Pashko European Institute (Instituti Evropian Pashko); while the MultiScreen group includes Shqiptarja.com newspaper, Report TV, as well Qendra Ura (Bridge Centre), which is a non-profit organisation that is managed by the owner of the media group. In some cases the descriptions in the invoices for the transfer of funds to these organisations refer to printing or publication services, which reveals that the separation of roles and activities is not always clear.

**Chart 17, “Payments to main media groups 2015-2019)**



*Source: Open Spending Albania, October 2019*

The table above lists payments made during the last five years to the main media groups in the country. This is not an exhaustive list of public funds going to media organisations, but the monitoring process focused on the main media groups in the country and payments of at least ALL 1 million (less than Euro 10,000) in order to produce a ranking of media organizations regarding funds they have been awarded by the state budget. As it is shown in the table above, the biggest recipients of public funds are mainly the biggest media groups in the country, even though the amount of funds they have received are not necessarily proportional to the number of media outlets within the group, or their audiences. The three biggest groups in this category appear to be Top Media, followed by Panorama and Focus Media News (together), as well as Multiscreen (Report TV, Shqiptarja.com, Qendra Ura). These last two media groups have received near the same amount of funds. These three groups are followed by Media Vizion and Tring, the Klan group, and Ora. The list goes on with mainly daily newspapers, such as Koha Jonë, Mapo, Albanian Publications (Publikime shqiptare – Dita

newspaper), Standard, Hekla (Telegraf), as well as individuals, such as Nazarko, Mero Baze, etc.

However, the extent to which public funds can affect the general budgets of media organizations is debatable, at least regarding funds that go directly to media companies, and not other businesses affiliated with the media owners. For many years media representatives maintain that public funds are becoming increasingly negligible, regardless of accusations of unfair distribution of government funds. As a matter of fact, when we compare public funds disbursed to media companies in 2018 with their revenues for that same year it becomes obvious that these funds play a negligible role in their operations.

**Table 5, “Public funds and overall revenue for media groups 2018”**

<b>Media</b>	<b>Public funds 2018</b>	<b>Revenues 2018</b>	<b>Percentage</b>
Media 66 (Klan)	1,947,312	40,663,332	0,0478
Top Albania	1,000,000	73,709,582	0,0135
Digit-alb	2,500,000	5240345031	0,000477
Panorama	2,722,400	203,298,275	0,013
Focus media news	100,000	291,840,610	0,00034
Focus press	2,211,000	32,426,296	0,068
Shqiptarja.com	440,900	20,934,340	0,021
Mero Baze	124,750	23,050,192	0,0054
Sot	281,000	36,969,351	0,0076
Ora	418,900	233,057,630	0,0017

*Source: Open Spending Albania, October 2019*

The table above lists public funds awarded to media companies in 2018, as well as the total amount of revenues for that same year. In each case public funds did not even amount to one percent of

total revenues, which means that direct payments by the state treasury to these companies do indeed play a negligible role in the functioning of radio, TV stations, or newspapers.

This tendency is also pointed out in interviews with editors or media managers. When asked on the effect of the state support to media organisations, most of them agreed that there is very little government advertising or support, but however there is still a risk of meddling by the government, and dependency on state institutions is still very much present. “I believe that this is a phenomenon on the wane. But in my opinion the main risk is the transformation of main TV stations and their owner into lobbyist and power brokers,”<sup>43</sup> said the manager of one of the biggest daily newspapers in the country. The trend of diminishing government funds for the media on one side, and media’s dependency on the government is confirmed by another long-serving editor in chief: “Funds coming from the government or public institutions have been diminishing. However, the reduction of the direct flow of money from the government did not result in the media being more independent from the government, but unfortunately it has increased its dependency on the state. Nowadays, the money from the government does not reach the media through official channels, but it arrives informally.”<sup>44</sup>

The majority of journalists, editors, and media managers interviewed for the purpose of this study stated that public funds for the media are diminishing and negligible. However, many of them said that even though media organisations may not receive funds or advertising revenues directly from the government, the media benefits indirectly from funds, projects or favours bestowed by the state on other businesses affiliated with the owners of media groups. “I believe that the biggest impact comes indirectly from the awarding of construction permits, licenses and favours,” said the editor in chief of a magazine, and an experienced journalist.

---

<sup>43</sup> Interview with the editor of one of the main daily newspapers in the country.

<sup>44</sup> Interview with the editor of one of the main daily newspapers in the country.

“This is important and I believe that it has even more impact on the media, as the majority of media owners run construction companies and are very much dependant on the authorities and the government. “Some of them have been granted concessions by the state, and they are even more susceptible to pressure, which may seriously affect editorial independence,” she added<sup>45</sup>. Other journalists also confirm that big private companies are much more important to the functioning of media outlets than government advertising. Even when state advertising was at much higher levels, it was still in a minority position compared to funds from big private companies operating in the country. “However, the government plays a very important role, because public money does not reach media coffers only through advertising funds. They may come in the shape of a public tender, a construction permit, and so on. Many companies that own media groups are allowed by the government to shirk taxation, pay less in taxes.”<sup>46</sup> The very nature of media ownership and the history of the media, with all media groups being affiliated to a series of business companies and various business interests intertwined with them, could make media companies dependant on these business interests and the actors that influence them, including the government. “I believe that the main source of financing for media companies are funds collected from informal sources, including money originated by a conflict of interest from public tenders, or proceeds of criminal activities,”<sup>47</sup> said an experienced editor in chief in summarising this phenomenon.

---

<sup>45</sup> Interview with the editor of a weekly magazine.

<sup>46</sup> Interview with an online media journalist.

<sup>47</sup> Interview with the editor of one of the main daily newspapers in the country.

### 3.6 LOCAL MEDIA AND THE INFLUENCE OF STATE FUNDS

Another source of concern regarding the clientelistic relationships between the media and their financial supporters is related to advertisement bought by local government institutions in local media outlets. This is a very serious problem exacerbated by the poor state of the advertising market for the local media. In this aspect, the media landscape presents a mirror image of the socio-economic situation in the country, with a remarkable contrast between the capital city and other towns and districts. A survey conducted in 2014 revealed that local government institutions preferred to establish almost exclusive relationships and spend all their budgets for announcements and advertising with a single media outlet.<sup>48</sup> “The data from the state treasury show that in most cases advertising funds go only to one radio or TV station, even when there are more than five media outlets operating in that district.”<sup>49</sup> Financial support for the local media comes from the publication of advertisements or announcements of town halls or other state institutions, and sometimes in the form of mass subscriptions.<sup>50</sup> This trend is confirmed by the stakeholders in this process. “Town halls and local governments are not legally obligated to abide by well defined public criteria on the distribution of advertising funds. As a matter of fact, there are serious problems regarding the transparency of the whole process of allocation of advertising funds. However, it is clear that political connections and friendly relations with the mayor or other senior

---

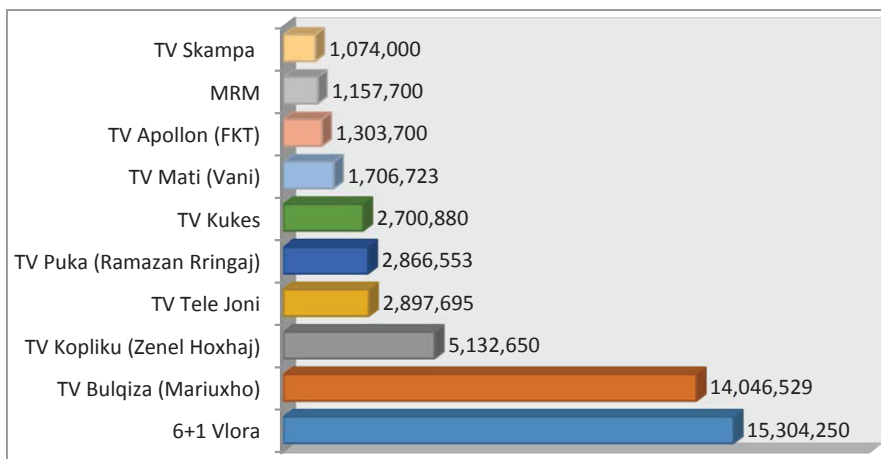
<sup>48</sup> Albanian Media Institute, Private and government advertisement in the Albanian media (Reklamat shtetërore dhe private në median shqiptare), 2014.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

officials of the local government are key elements in determining the recipients of these funds.”<sup>51</sup>

**Chart 18, “Main payments to local media outlets 2015-2019”**



*Source: Open Spending Albania, October 2019*

What is the situation five years later? The data shown in the table above reveal that local governments are not awarding big sums of money to local media, especially when we take into account that these funds have been disbursed over a period of four years. However, considering the poor state of the advertising market, especially in smaller districts without many business opportunities or remote towns, the importance and significance of these public funds grows exponentially.

Furthermore, fund awarded by the local government to the local media are often described as payments for services, as well as articles or stories commissioned by town halls. This shows a clear tendency to commission stories by the local government and broadcast them afterwards as genuine news stories. Hence, we are in a situation when it has become normal to have commissioned content from local government to local media outlets. This may bring about a distortion of reality in the eyes of the public, or stop the publication of important information in the local media.

<sup>51</sup> Interview with Shkëlqim Bylykbashi, chairman of Albanian Media Club, July 2019.

“Considering the difficult financial situation facing the local media on a daily basis, they are not in a position to refuse financial favours, even if that entails losing their reputation and professional integrity.”<sup>52</sup>

---

<sup>52</sup> Ibid.

### 3.7 THE ROLE OF ADVERTISING AGENCIES

The current rules on advertising distribution allow advertising agencies to obtain public funds, as it was mentioned above. This is not just in the form of advertising, but also for the organization of fairs, public awareness campaigns, and specific promotions for the government. Nonetheless, most of the time these other events rely heavily on media support for raising public awareness, and in this respect should reasonably be considered as part of the whole package vis-à-vis the relation of state funding to media. In fact, since advertising agencies are also involved in these large activities, their share of public funds is usually bigger compared to that obtained by media outlets on their own.

In addition, some of the main agencies obtaining public funds seem to establish at least two different agencies under the same umbrella, which supposedly makes it easier to circumvent any legal criteria for or limitation of eligibility for public calls and tenders. The most exemplary case is that of Le Spot Group. This company owns 100% of the shares in Le Spot Production, Spot Communications, Mindshare Albania and until recently of Unlimited Media, all carrying out more or less the same range of activities<sup>53</sup>. In total, the companies obtained approximately ALL 135,033,660 from the state budget in the period 2015-2019<sup>54</sup>.

Furthermore, since these are private companies and the government decision does not impose any transparency requirements on how they allocate funds to other bodies, including the media, their decisions on the redistribution of public funds to media is totally opaque. There have also been constant allegations of preferential

---

<sup>53</sup> National Center of Registration, extracts of ownership.

<sup>54</sup> See <https://spending.data.al/> The page was accessed in the period June-October 2019.

treatment of advertising agencies in relation to their political affiliations. In fact, data from state budget spending indicate that some agencies did receive significant amounts before the rotation of power in 2013, but are no longer important in terms of receiving state funding, and have been replaced by other agencies that did not receive such funds previously, or did not exist at all<sup>55</sup>. “I believe that many of the agencies are started or work based on specific relations. This is the reason why many of them are short-lived, hence they live as long as the relation lasts.”<sup>56</sup> However, in view of the lack of transparency from these agencies on their criteria for allocating public funds to media, it is difficult to gain a more concise view in this respect.

The following table includes the data on allocation of public funds to advertising agencies for years 2015-2019.

***Table 6: “Public funds to marketing agencies 2015-2019”***

<b>Agency</b>	<b>Public funds 2015-2019</b>
Jupiter group	458,088,480.00
Image&Communications Development	315,632,601.00
Prosound	188,094,447.00
Screen AD	134,521,879.00
Adel co	128,978,680.00
Spot communications	107,510,070.00
My afisha	80,678,458.00
R&T advertising	78,762,796.00
Iceberg communication	66,999,093.00
PIK CREATIVE	53,760,349.00
F.L.E.SH.	54,156,794.00
Lizard	38,591,049.00

<sup>55</sup> Landmark Communications, one of the agencies allegedly close to the previous government, obtained ALL 8,049,366 in 2012-2013, and only ALL 320,148 in the period 2015-2019. See <https://spending.data.al/> The page was accessed in the period June-October 2019.

<sup>56</sup> A. Garo, qtd. In Revista Monitor, “Tregu kaotik i agjencie publicitare,” 04/06/2012.

Lizard	38,591,049.00
Promo print	36,801,101.00
Publicita	35,324,452.00
V Advertising	31,617,336.00
Le spot production	27,523,590.00
Revolution advertising	13,287,216.00
F&M Reklama	12,693,152.00
Univers Reklama	12,611,146.00

*Source: Open Spending Albania, October 2019*

The nature of advertising agencies is such that not all the above-mentioned agencies focus just on advertising. In fact, most of them do not have advertising production or purchase of airtime for advertising as their primary activity, but also work on organization of events, production of advertising spots, carrying out the technical part of the organization or registration of activities, selling or renting equipment, and other similar services. In this sense, the sums in the table cannot be considered as funds that are channelled from agencies directly to media outlets. Only a part of them are mentioned as funds related to promotion of services or different campaigns. The descriptions of these funds are variegated, including, but not limited to cultural project, stationery, media service, media promotion, production and promotion of spot, etc.

Even a smaller part of these funds seem to go to promoting advertising or a campaign in a number of online media, newspapers, or TV stations. However, the fact that the agencies do not have transparency obligations on the criteria on which they use to select media for advertising and how they allocate public funds still remains. In addition, having in mind that the public funds channelled to agencies are more significant than the same funds allocated directly to media, the role of advertising agencies in absorbing and eventually distributing public funds to the media becomes increasingly important.

On the other hand, similarly to media outlets, the question on the weight of public funds in the overall budgets of advertising agency remains. What is the percentage of public funds in the total budget of advertising agencies? According to Monitor magazine, the total revenue of the main advertising agencies amounted to 20 million Euro, which means that “half of the advertising market in the country is channelled through advertising agencies.”<sup>57</sup> Even though it is difficult to determine how important public funds are for the advertising agencies, it is safe to say that the way in which advertising agencies allocate funds to the media is fundamental to the financial status of media outlets, considering that the agencies command half of the advertising market, including the biggest clients, such as telecom companies and banks. In this context, the way the advertising funds are allocated to the media lends a more significant role to the advertising agencies in terms of the financial health of the media outlets, including their favorization and the potential influence on editorial policies.

---

<sup>57</sup> O. Liperi, “Media mania,” Monitor magazine, February 4, 2019.

## **4 .CONCLUSIONS**

The advertising market in Albania is relatively small, especially in regard to the large number of media that exist in the country. The market clearly favours televisions, which receive the lion's share of the advertising. While the print media is in continuous decline, online media's advertising share has increased significantly, even though the role of the television in absorbing advertising funds is as strong as it has ever been. The radio continues to have its own small, but consolidated niche in this advertising market.

The transparency in the media market in Albania continues to be low; both in terms of measurement of audience on one hand, and, consequently, on the criteria used to allocate advertising, on the other hand. Similarly, the strengthening of new actors in the media scene, such as advertising agencies, and partner companies of the media outlets, further complicates the range of factors that affect media outlets' economy. As a consequence, in the absence of a powerful advertising market or the alternative tools for economically supporting the media, all of these factors to some extent affect also the editorial policy and media content served to the public.

The efforts to adopt legislation for state advertising have been insufficient and unclear. The current rules fail to guarantee full transparency of this process and have enabled other actors to be part of the game of allocation of public funds for advertising and public awareness campaigns. This makes the task of analyzing and assessing the way public funds are allocated to media even more difficult. Similarly, the low transparency of business practices of media companies regarding internal administration and the advertising markets does not help in this aspect.

The funds of state advertising, even though difficult to categorize and identify, seem to follow a reduction trend and constitute an ever decreasing part of the advertising market. However, this does not mean that favours to media owners in other forms, such as tenders, construction permits, or tax breaks, do not exist. In fact, such phenomena continue to be reported from different actors. In this context, even though state advertising does not seem to have a deep impact on editorial policies of the media, this does not mean that the government no longer has an effect on editorial policy, through other forms and tools.

On the other hand, the media operate against a background where the data on audience, readership, and media consumption habits are not systematic and the reliability of existing data is continuously questioned. The transparency of this key factor in allocating advertising is clearly missing. In this context, the way that the market is divided is unclear and based on standards that are not totally certified. Having in mind also the absence of a clear division between marketing and editorial policy in Albanian media, along with the economic inability to do so, the way economic actors or the stakeholders that affect advertising market affect media content becomes increasingly important; it is also a factor that all media representatives interviewed in this context identified as problematic in the context of media independence.

