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STRUCTURAL MEDIA PLURALISM AND OWNERSHIP REVISITED: THE CASE OF CENTRAL AND EASTERN EUROPE

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ABSTRACT This article argues that the restructuring of media in Central and Eastern Europe during the past two decades has generally been based on pluralistic ideals, but that lack of resources combined with delayed or insufficient implementation of measures to ensure plurality of private ownership and strong public service media have created situations different from those in other European Union member states.

KEY WORDS: policy, regulation, pluralism, ownership, Central and Eastern Europe

Media freedom and pluralism have been perceived as basic conditions for successful transformation of media systems and consolidation of democracy in Central European countries after 1989 and also during the EU's eastward enlargement. A specific historical resonance of these issues in Central Europe can be best illustrated by a long experience of censorship, propaganda and state control over the media during the communist era. The question of media ownership has defined not only a debate about early stages of media transformation, but also political discourse in the post-accession period. Also at the EU level, a Central European specific approach to media pluralism has been observed (see: Working Group 5, 2005:1).

The traditional concept of structural media pluralism, as referred in 1990s, has normatively corresponded with a media system as a whole, and the existence of a wide range of media outlets, organizations and services reflecting various points of view, recognizing diverse cultural representations, and offering different ways of interaction and use. This framing also implied an existence of diverse ownership, not only in terms of various entities owning media outlets, but also presupposing different

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'types' of media ownership, such as state, private, non-profit, Church, minority, etc. The traditional concept has been recently challenged by the reconfiguration of media systems resulting from the impact of digital revolution, convergence and multiplicity of media platforms and services. In this new and very dynamic context, structural media pluralism presents a potential full usage of which depends on individual users, their ability to read (also critically and against the production routines) the "media script", to distribute their own messages and generate individual ways of interaction with the media services.

Political, economic and social transformation of 1989 decisively determined structural developments of media markets in Central and East European countries; it has made also response to global forces and internationalization of media policies specific and differentiated in the region. How have new technological trends, media business practices and policy responses changed a perception of the role, which media ownership plays in maintaining media pluralism? To what extent media ownership and pluralism issues have been affected by region-specific factors? This article will briefly examine developments of media markets in Central and East European countries. It will analyze some new commonalities, including foreign ownership and political discourse on ownership, consolidation of regional media markets and access to broadband.

YOUNG MARKETS AND THE CHALLENGE OF MEDIA REFORM

De-monopolised media markets in Central European countries have emerged since 1989, this being an abbreviated time in comparison with the media markets in West European countries. The compression of time for substantial reconstruction of media systems, affected a speedy and intense pace of spontaneous changes. Legacies of media censorship and tight media control during the communist era led to a broad political and public acceptance of deregulatory policies after 1989, including removal of restriction on foreign ownership of the print press. There was a widespread agreement, that the best media policy is no policy, and that "the invisible hand of the market" would be a perfect regulator and guarantee for media pluralism and diversity of the content. Some institutions were introduced too early (commercial broadcasters), while others were not given enough time for restructuring (PSB) (Jakubowicz, 2004). Certain policies proved to be premature when introduced (privatisation of the print press), while others incomplete (especially legal arrangements concerning print press ownership) (Klimkiewicz, 2008).

One of the most important incentive generating structural media pluralism was the privatization of print press. Central European countries chose different strategies (some spontaneous, some state directed privatization). In many cases these led to hybrid ownership and

organizational arrangements. The hybrid character has manifested itself in connecting state-supported initiatives and ways of action with private investments and commercial logic of the media market. Administration driven or spontaneous, the privatization ended with unresolved problems. There were virtually no instruments to influence the take-overs, mergers and acquisitions that followed the first privatisation period. Thus, one of the most evident commonality in the region seems to be the ownership pattern of Central and East-European press markets, especially when compared with their Western counterparts. In countries such as Germany, France or UK press markets have been dominated by domestic companies. On the other hand, in most Central-European countries transnational, but mainly EEA companies (such as WAZ and Axel Springer in Hungary, Ringier, RBV and Verlagsgruppe Passau in the Czech Republic and Axel Springer, Verlagsgruppe Passau and Bauer in Poland; Ringier and VGP in Slovakia) have controlled largest circulation shares. Exemptions to this trend, such as a strong position of a domestic group Agora in Poland seem to confirm the rule. In some cases, an unbalance between domestic and foreign investment resulted in dominant foreign ownership also in the case of broadcasting safeguarded by legal barriers (especially in the Czech Republic, Hungary and Slovakia).

Since the beginning of 1990, the television and radio landscape was subject to regulatory control. Although there were region-specific options for a three-level broadcasting system composed of public, private/commercial and social/civic media, finally, a solution inspired by a will to copy the legal and institutional framework of West-European dual model prevailed. The ideas such as a three-level broadcasting system, which came into being during the roundtable negotiations in 1989 in Poland, appeared to entail a range of practical difficulties (Ociepka, 2003). In the case of Central Europe, not only dual system was 'borrowed' from West European media landscape and policy tradition, but also its characteristic institutions, such as public service media (PSM) or regulatory authorities, were modelled after West European institutional patterns.

The television and radio landscapes in Central European countries were fundamentally shaped during the first licence-granting processes in the years 1993-1996. These fixed dominant positions of leading commercial stations—in the Czech Republic (TV Nova), Slovakia (TV Markíza), Hungary (RTL Klub, TV2) and Poland (Radio RMF FM)—shortly after their market entry. Significant changes in the quantity of terrestrial, satellite and cable TV channels took place at the end of twentieth century when thematic, mostly foreign owned TV channels entered the market and digital platforms were established. However, these developments have not challenged the positions of the principal television players in the region.

Media pluralism has been recognised as a central pillar of broadcasting regulations encompassing both private and public sector in

the case of Poland, Hungary and Slovenia, or regulating private broadcast media and PSM by different acts (Czech Republic, Slovakia). All these acts list among the main duties of PSM an obligation to provide diverse programme content and plurality of information and opinion. Normative expectations revolved around two prerequisites. One aimed at achieving a full independence both from the State and party politics. The second assumed a partial independence from the market forces through the dual source of financing enabling PSM to obtain sponsorship and advertising, and also to receive a licence fee or a some form of the state support for the public mission parts of its service.

These aspirations met many practical difficulties. In the case of Polish Television (TVP), licence fee revenue has reached around 30% of TV's total revenues during the last 15 years. Thus, most of its activities were financed from advertising, sponsoring and other commercially related sources. Given an extremely strong position of the TVP concerning audience share (almost 50%), one can imagine how difficult it has been to reconcile obligations stemming from PSM remit and competitiveness on the commercial market vis-à-vis private players. On the other hand, Slovak Television (STV), which was predominantly financed from licence fees and state subsidies, collected massive debts and could only be saved through radical internal reform imposing commercial logic of action, including a larger portion of advertising revenues. The abolition of television licence fee in Hungary in 2002, by a legally questionable procedure (Open Society Institute 2005:794), disclosed not only vulnerability of the public service television (MTV) in its relation to ruling political parties, but also led to a significant drop in audience share (to 10%). Consequently, annual allocation of sources from the state budget determined by the political decision-making process has rendered MTV performance highly dependent on political choices.

Although the role of State as well as available resources varied from one national system to the other, the described reformative efforts shared distinct commonalities: they were often shaped by speed and diffusion of commercialisation. Young, dynamic and intensively changing media markets, became also more fragile and vulnerable to ownership consolidation, regional chaining and content syndication. Moreover, the lack of media transparency rules allowed to establish legal entities of fast-growing businesses not in the region, but tax paradises such as Bermuda Islands (e.g. CME operating in the Czech Republic, Slovakia, Slovenia, Romania, Bulgaria, Ukraine, Croatia) or Luxembourg (e.g. ITI Holding operating in Poland).

A membership in the Council of Europe (1991) and European Union (2004) were important points of reference for the changing media policy process in CEE. Since 1998, the European Commission systematically assessed the fulfilment of the membership criteria through its principal monitoring instrument—annual Regular Reports. The issues of media pluralism and ownership were obviously not recognised as distinguished categories for the evaluation, but these matters were dealt with 'freedom

of expression' and monitored under the section of "Human Rights and Protection of Minorities" (Political criteria) and "Culture and Audiovisual Policy" (Acquis).

The picture of media pluralism in Central European countries, emerging from the Reports, was painted rather cautiously, especially given the fact, that similar problems to those hindering media pluralism in Central European countries remained unresolved in the older Member States (e.g. Italy). A milestone, by which candidate countries met political Copenhagen criteria (2003), stands symbolic rather than pragmatic in the area of media pluralism. Many problematic issues indicated in the Reports (most notably a political independence of regulatory authorities, ongoing crisis of public service media) have endured enlargement momentum and continued to define the reality of media landscapes in the post-accession period.

POST-ACCESSION PERIOD AND NEW DEVELOPMENTS

It would be useful in this context to follow post-accession developments. Although there are numerous differences between features characterizing Central European media landscapes and markets (market and population size, cultural diversity and languages spoken by the population, level of decentralization, the role of the Church), there are some significant commonalities that set apart Central European post-communist countries from older EU member states as regards structural media pluralism and ownership patterns. These commonalities can be conceived through structural and regulatory dimensions.

As concerns the structural dimension, first and most important factor influencing structural media pluralism and ownership patterns seems to be a relatively short period of markets' development resulting in intensive and spontaneous changes in terms of number of media outlets entering and exiting media markets. Thus, normatively described phases of development of new media products—introduction, growth, maturity and decline¹—have been marked by different length and intensity than in other European countries or regions.

Second, ongoing difficulties with independent financing of public service media and inability to form a broad public agreement on public service remit continues to define a crisis of public service media, owned by the State and subordinated to political influences, as decrease or abolition of licence fee payment has come to mark populist strategies of new political elites.²

Third, a prevalence of foreign and transnational ownership in the print media sector, telecommunications and in some cases also in broadcasting structurally distinguishes Central and East-European post-communist countries from other parts of Europe. One of the paradoxes of this constellation is framing of foreign ownership by political discourse: transnational media ownership once welcomed in substance more than in

the manner of privatisation, has come to be criticized, opposed or incorporated in the formation of political discourse, most frequently in order to signal weak consistence of large transnational corporations with the logic and practices of local politics.

Fourth, liberalised, but consecutively consolidated regional and local press markets appeared to be especially vulnerable to chaining and syndication of the content in the region. Finally, lower access to broadband in the region and greater concentration of the market by leading telecommunication and mobile operators leads to facilitated expansion of dominant telecom players into the areas of online content production and audiovisual services. The table below summarises these factors affecting structural media pluralism and ownership patterns.

As concerns the regulatory and policy dimension, a first important factor that determines development and implementation of any kind of measures monitoring, safeguarding or supporting media pluralism, is independence and capacity of new regulatory bodies as well as sharing of

Table 1: Common Structural Factors Affecting Media Pluralism and Ownership in CEE

	Structural media pluralism	Media ownership
Young markets	Shorter and more intensive phases of development of new media products	Less developed alternative forms of media ownership such as non-profit, minority, etc.
Problems with financing and remit of PSM	Competition with commercial channels, political influences on contents, limited resources for quality content (in particular news), caused by abolition or insufficient licence fee	State ownership implies political influence if independence of PSM is not sufficiently guaranteed
Transnational ownership	No or limited invention of new products, acquisition of established outlets or 'cloning' the products successfully received in countries of origin	Transnational ownership implies homogenizing strategies, such as consolidation of management and content cross-nationally
Vulnerable regional markets	Content syndication and recycling, mergers of newspapers within one chain, consolidation of different outlets into 'one product' being sold across regions	Regional monopolies or duopolies
Lower broadband access	Lower use of internet and online services, and thus also less developed new types of contents and services such as internet TV	Strong position of traditional domestic media players or transnational giants (e.g. Google)
Higher concentration of telecom operators	Expansion of telecom leaders into areas of online content, audiovisual services, digital platforms	Monopolies or significant dominance of leading telecom operators

Table 2: Common Regulatory Factors Affecting Media Pluralism and Ownership in CEE

	Structural media pluralism	Media ownership
Independence and interdependence of regulatory bodies	Merging or shift of powers between traditional and new regulators, but different industry sectors still regulated under different regimes	Cross-media ownership and merger rules do not provide a possibility to assess whether mergers impact adversely on news gathering or quality of production
Digital switchover	A potential problem of reproducing the powerful position of limited number of dominant players (through multiplex allocation) - not sufficiently addressed in new communication laws	Current ownership structures and patterns may be reinforced
Non-effective self- and co-regulatory measures	The scope of activities limited, main focus on the area of journalistic ethics and editorial independence, but at a relatively general level, insufficient interaction with regulatory bodies	Self- and co-regulatory measures and institutions do not provide an adequate substitute for media ownership and pluralism regulation
Lack of transparency	The scope of transparency obligations very limited (mostly to the sector of traditional broadcasting or to circulation and audience share audit), there is a lack of media industry watchdog	Public scrutiny and access to regularly updated information on media ownership not guaranteed

their competences and interdependencies with traditional media regulators. Technological developments and complexity of current media policy formation implies constant redefinition of policy problems and institutional attunement. Traditional and newly created regulatory bodies have merged or being interdependent, and different media sector policy regimes and laws overlap. At the same time, disintegration of boundaries between media sector policy regimes has been partial and not free from political influence in the region. “Old” distinctions between traditional media sectors are still reproduced through distinct policy mechanisms.

Second, the challenge of digital switchover reopens the question of setting new digital media environment and positioning of traditional dominant players as multiplex operators. In other words, a rapid increase of news sources and distribution platforms in Central and Eastern Europe does not invalidate media pluralism as a rationale for regulatory distribution of digital frequencies and multiplexes. Third, although self- and co-regulatory mechanisms and institutions have a potential to complement new and traditional regulatory schemes, these have not been sufficiently developed in Central and East-European countries to ensure that no single voice becomes too powerful in respective media sector.

Finally, transparency requirements have been missing. There is a lack of media industry watchdog organisations (or mechanisms) to which

(or through which) media companies would be obliged to regularly report on ownership structures, voting rights, direct investment in news journalism (especially news gathering, investigative and specialist journalism), circulation or audience share. The scope of transparency obligations has been fragmented and mostly limited to the sector of traditional broadcasting within which companies are accountable to regulatory bodies, but the accountability to the public, with the exception of public service media, has not been guaranteed.

The scope of this paper does not allow it to cover all distinguished factors. In the following part, the text will focus on structural commonalities: transnational ownership and its framing by political discourse, consolidation on regional markets and broadband access.

“FOREIGN” OWNERSHIP AND ITS FRAMING BY POLITICAL DISCOURSE

Since 1989, transnational media expansion has led to a strong positioning of foreign media players in Central and East European media markets. The foreign capital brought to Central and Eastern Europe a necessary investment needed for revamping media landscapes and old production routines. Foreign investors also helped to assimilate Western managerial practices in CEE sister companies and improved technology of production (Jakubowicz, 2007; Gulyás, 2003). However, this initial impetus and desire for invention has been, and continues to be, marked by numerous limits. First of all, transnational owners proved to be very cautious to experiment with genuinely new projects. They have rather tended to ‘clone’ and bring to Central European markets the types of products that met a commercial success in their respective countries. Another option, especially popular at a regional level, appeared to be the acquisition of newspapers or radio stations, already operating on markets.

Often, monomedia expansion has been most prominent strategy chosen by large transnational foreign companies opting for thematic specialisation. This approach can be best illustrated by Swiss Ringier operating in Hungary, the Czech Republic and Slovakia, where the company succeeded to launch or acquire leading national tabloids. Although the tabloids may differ in titles (Blikk in Hungary; Blesk in the Czech Republic and Nový Čas in Slovakia), they were tailored to multiply the Swiss model—Blikk. All of them provide similar content categories, most frequently cover similar lifestyles and follow entertainment-oriented directives, thus resulting in the same format and style of journalism. Other relevant examples would include the Polish tabloid Fakt published by Axel Springer only since 2003, and modelled after AS flagship title Bild Zeitung, or numerous magazines printed mostly by Bauer, Axel Springer and Ringier in Poland, Hungary, Czech Republic and Slovakia. Central European Media Enterprises owning commercial

TV stations with a national coverage across the region presents just another example of ‘transnational transplantation’ of an entertainment-focused TV format. This practice continues to define current operations of foreign companies on Central European markets. As recently as in 2006, German Axel Springer established a quality daily newspaper *Dziennik* (modelled after the German quality daily *Die Welt*) to compete with a successful and domestically owned *Gazeta Wyborcza*.

Expansion of new daily newspapers, however, seems to be over. The financial crisis closed a scarce number of remaining niches on Central European markets. Also, a familiar thesis of colonization of Central European press markets by foreign press owners would have to be tested against new developments and new forms of media use in the internet. In 1990 and the beginning of twentieth century, numerous scholars and media professionals warned that East and Central Europe would become “a supplemental engine” for the Western European media industry (Fabris, 1995; cited after Jakubowicz, 2007), Central European markets would be more dependent and vulnerable (Splichal, 2001) and that domination and colonization by foreign media groups is growing.³

Technological convergence, new online services, EU accession and changing lifestyles and preferences of young media users seem to reset these relations between foreign and domestic. Not all businesses brought by large transnational conglomerates succeeded. Axel Springer achieved a top position in Poland with the tabloid *Fakt*, but the AS tabloid *Reggel* launched in Hungary failed to attract an amount of readers that would sustain its existence against a competing tabloid *Blikk*. Some scholars even argue that domestic tycoons are back on the ground. For example, in the Czech Republic new media barons build their business on successful investments in the internet, new online media offers, and also thanks to the support of leading political parties and movements (Štetka, 2008).

Tabloids - still in most cases owned by large transnational groups - continue to attract largest audience shares on traditional print press markets, but different patterns of media use seem to evolve in the world of online newspapers. For instance in Poland recently, most readers used not tabloid but quality daily online editions (*Gazeta Wyborcza* was read by 1,089,632 users; *Dziennik* 785,120 users and *Rzeczpospolita* 726,814 in September 2008).⁴ Tabloids attracted much less frequent use, even in comparison with business and financially oriented dailies. There are also other significant changes. Due to the financial crisis, a sold circulation of daily newspapers has declined in the last year. The 2008 is seen as a symbolic turning point not only in terms of changing economic conditions in the region, but also as a line, which marks an advent of new financing mechanism. In 2008 for the first time an average share of the Internet (10.6%) in the advertising market has surpassed the share of the print press (10.5%) in Poland.⁵ In other CEE countries this share has been to a certain degree lower (Hungary 9.9%; Czech Republic 6.9%)⁶, but rapidly increasing. The trend of crossing distribution boundaries will imply

further synergies between print editions and online newspapers as well as development of multimedia journalism.

Although some transnational owners attempted to expand through cross-media concentration, most of them opted for mono-sector or thematically specialised expansion, choosing rather safe havens of investment than more risky, but also more inventive experiments with online services and content production. It is also interesting to note in this respect, that many successful internet portals were established by domestic owners: these include for example www.onet.pl in Poland (63.8% market share) and seznam.cz (87.28% market share) in the Czech Republic. In a similar vein, locally established social networks gained greater popularity among users than their transnational counterparts, such as Facebook.com or MySpace.com with an exception of Slovenia.

Table 3: Online Services by Leading Local vs. Transnational Operators (2008)

	Leading search engines		Most popular websites		Most popular browsers		Leading social networks	
	Search engine	Reach (%)	Top websites	Reach (%)	Browsers	Reach (%)	Networks	Reach (%)
Czech Republic	seznam.cz	59	seznam.cz	87.28	Internet Explorer	64	Lide.cz spoluzaci.cz (both local)	:
Hungary	google.com	93	startlap.hu	66.71	Firefox	40	lwiw.hu (local)	75
Poland	google.com	92	onet.pl	63.8	Firefox	41	nasza-klasa.pl (local)	52
Slovakia	google.com	93	zoznam.sk	58.71	Firefox	43	Boom.sk (local)	:

: Data not available

Source of data: Gemius/Audience study (<http://www.gemius.pl>; retrieved 16.12. 2008)

The question of “foreign” media ownership has always been politically sensitive in Central and Eastern Europe. Yet, this shouldn’t lead to a suggestion that political links made foreign owners more, or even equally, keen to exert pressure on news production than was the case of domestic media tycoons. There may be obvious commercial rationales for that: greater political polarisation and more clearly defined political interests and preferences in media contents might result in decline of sales. The trend largely driven by political vigilance and precaution dictated more secure choice vis-à-vis political landscapes changing more rapidly than in the Western part of Europe. Economic factors largely determined popular universal content provision. Karol Jakubowicz argues that

(..) on the whole, foreign owners have not been as involved in political infighting as local media players and this also presents a potential that they promote impartiality in news coverage, thus frustrating

their journalists who consider local political issues important (2007:222).

Political leaders haven't dared to address foreign ownership in the political discourse and namely as a political problem, especially when they assumed that media coverage has not been as supportive as they would wish. A former Polish PM and the current opposition leader, Jarosław Kaczyński, stressed in an interview for the Channel 1 of the Polish Radio (public service radio station):

A large portion of the print press in Poland belongs to German publishers. There is a need to discuss this phenomenon at the European level and limit such market developments.⁷

A columnist Zdzisław Krasnodębski, noted in the daily *Rzeczpospolita*, owned in 51% by British Mecom:

If there is no possibility to discuss in Poland foreign media investments without ferocious campaign involved, we should be afraid of freedom of Poles. (...) German and French intellectuals arguing against foreign ownership in their respective countries support economic and political expansion of French and German companies in East European markets.⁸

From the perspective of EU internal market, division on 'foreign' (EU based) and domestic ownership becomes pointless, especially given the fact that many media outlets and operators seek best regulatory and economic environments and most suitable options within the territory of EU. After the EU accession, not only all CEE countries lifted barriers on EU non-domestic ownership, but some decided to lift or considerably weaken rules on foreign (non-EU) ownership as well.

"Foreign ownership" has predominantly formed its relevance in a political discourse as a concept signifying economic and cultural influence, although, some important structural implications should not have remained disregarded. Transnational media networks and entities tend more often than domestic companies to multiply the same business models and products across national boundaries, thus reducing the type of structural diversity being rooted in a specific national, cultural and geographical space.

FRAGILE AS EVERYWHERE: REGIONAL PRESS MARKETS AND CONCENTRATED OWNERSHIP

Regional and local press markets, grounded in a quite long and lively tradition, face a challenge of fragility in the CEE region. Not only because of their declining role in a new ecosystem offering new online

local and community services, but also because of the fact that traditional local and regional press markets appeared to be more vulnerable to ownership concentration, structural chaining and syndication of the content than other parts of intensively developing media systems. In most countries of the region the significant number of regional newspapers was sold to foreign owners in large packages at the beginning of 90. (in Poland to French Socpresse company, then owned by Robert Hersant, in the Czech Republic and Slovakia mainly to VGP, in Hungary to Axel Springer and WAZ). During the second half of 90s, regional press markets gravitated towards some form of consolidated structures. Usually, owners dominating in particular regions tended to fix their principal positions through acquisition of 'as many as possible' newspapers in a given province. Once having reached the control within one geographical area, owners frequently used to close or merge competing titles. As a consequence, the composition of the regional and local press systems corresponded with administrative structure, divided between very few, or dominated by one particular newspaper chain.

The German group Verlagsgruppe Passau acting in the Czech Republic through its Czech subsidiary—Vltava-Labe-Press, subsequently absorbed daily newspapers in regions of Bohemia (1992-2000), Moravia and Silesia (2001), thus virtually dominating not only news production, but also print services (through the network of own print plants) and distribution system. Merging of regional editions covering provinces with weekly supplements covering counties or municipalities became an economic necessity. Early in 2007, however, also content syndication and format unification was implemented: all VGP titles were homogenised under the common chain brand—Deník (The Daily). Petr Klukan expresses reasons why he, as the editor-in-chief of Jihlavské listy, a last independent regional daily, refused an offer to sale his newspaper to VGP-VLP:

First, we didn't want that Jihlavské Listy with their long tradition would disappear in the same way as other county newspapers did when acquired by VLP and incorporated in one unified format. Second, (...) we don't appreciate the situation in the Czech Republic, where predominantly two large publishers—MAFRA and VLP form public opinions. (Klukan, 2007:105)

In Slovakia, the Petit Press publisher (a subsidiary of VGP) also created a chain of regional titles under the common brand name and unified style—MY (us) incorporating 19 regional titles. In addition, Petit Press controls the daily Korzár, published in Košice in 6 editions and Hungarian-language daily Új Szó. Vlasta Hochelová emphasises that newspapers chained by the Petit Press are probably of the best journalistic quality when compared with other regional and local titles, but these dailies are significantly marked by a factor of monopolization, which manifests itself in a content approach and unification of the form

(Hochelová, 2007:29). At the same time, chained dailies can benefit from significant economic power of the foreign owner enjoying greater independence and freedom of expression. The same power, however, destabilises smaller and financially weaker owners, not being able to survive on relatively small markets (Hochelová). This vicious circle completes a relatively rich and differentiated system of municipal press, the quality and professionalism of which is being heavily criticised mainly due to political bias and openly demonstrated support for local politicians in power.⁹

In Hungary, a geographical market of 18 administrative districts has been divided between 5 publishers of regional newspapers. However, two major players only—WAZ and Axel Springer—have significant positions on the market. Both companies have operated in Hungary since the beginning of 1990 and acquired leading regional and local daily newspapers being published usually in administrative centres of given provinces. As a result, AS has collected 8 regional dailies being published in 8 provinces and WAZ 4 regional dailies published in 4 administrative districts in Western part of the country. Only one region has benefited from two competing dailies and a relatively weak position of regional and local newspapers has recently been challenged with an advent of free newspapers as well as local community websites. Yet, a study conducted by Mihály Gálik and Artemon Vogl proves that media users consider most important source of local news and current affairs regional and local dailies (25,2%), and only at the second place—national (17,4%) and local (17%) television channels. Only 2.8% of respondents claimed that most important source for local news is internet and news portals (Gálik & Vogl, 2008).

In Poland, a relatively weak, although stable position of the regional press stems from the fact, that privatisation and deregulation did not lead to greater expansion or differentiation of regional markets. As mentioned above, transnational owners usually acquired already existing titles and tended to consolidate them rather than create new newspapers. Two principal players Norwegian Orkla and Polskapresse (a subsidiary of Verlagsgruppe Passau) divided geographically provinces corresponding with an administrative structure in the second half of 90. In 2006, Orkla media businesses in Poland were acquired by British Mecom (operating as Media Regionalne), while the geographical divide remained unchanged: Polskapresse has traditionally operated in Silesia, Southern and Western Poland, while Media Regionalne gained control over the regional press in Northern and Eastern Poland. In the fall 2007, (several months after the birth of the Deník chain in the Czech Republic), Polskapresse decided to change the status quo in Poland as well and introduced a new product named Polska (Poland), combining six previous and 12 new editions in a unified national project with injections of varied regional, and unified international content provided by the British Times.

Mergers, takeovers and chaining practices are described on the one hand as market practices diminishing media diversity, on the other as instruments saving an investment for a development of new services or cross-media businesses. What matters in these circumstances is the proportionality. A fast pace of mergers at the regional level in Poland has demonstrated that there is a strong tendency towards a geographical dominance exploiting given possibilities with a very minimal focus on new inventions.

Merger practices have not remained unnoticed by competition regulatory agencies in the region. But a relatively rare use of anti-concentration provisions concerning press markets in the competition law and moderate decisions of courts, often compromised in various ways, have encouraged consolidation choices by owners for the sake of maximizing share and reach of regional newspapers. In CEE countries, there have not been other media specific institutional alternatives at place—like KEK in Germany. Different approaches to relevant market definitions also decided about divergent outcomes in a relatively similar cases. An interesting example could be merger and acquisition waves of regional dailies by VGP in Czech Republic and Poland. In the Czech Republic, the National Competition Authority (UOHS) scrutinised the cases after two merger waves in 1992 and 2001. The proof for the abuse of a dominant position on a relevant market could not be found, as the relevant media market was basically conceived as a geographical wholesale—in other words comprised of both—national and regional dailies (Šmíd, 2004). When in 2003 the Norwegian Orkla sold two of its regional dailies in Poland—*Słowo Polskie* and *Wieczór Wrocławia* to the competitor Polskapersse, all Wrocław dailies were consolidated into one title. The Polish Office of Competition and Consumer Protection (UOKiK) approached the case differently—it charged the publisher with penalties amounting to € 100,000 as the company failed twice to notify the intention of concentration on the relevant market of regional daily newspapers. However, the Court of Competition and Consumer Protection abolished later the decision of UOKiK.

New competitors arise from providers offering more user-generated content, interactive services and community elements. But the fact, that they often do not make significant investment in original content strengthens synergic developments by traditional regional media groups opting for pragmatic content syndication or “content recycling”. Yet, regional media and most notably regional newspaper publishers have not yet been able to build effective business alternatives necessary to exploit on-line distribution. Simon Waldman observes that one prediction about the future of local information and communication would be that ever greater value will migrate to those who provide the software making things happen (Waldman, 2008). Here, we are moving to the next question and section: is a potential of web-based models of news and journalism served sufficiently by broadband access, use and media literacy?

BROADBAND ACCESS

Regardless of the structure of ownership and consolidation trends, a technological infrastructure must be available and affordable or new services cannot be adequately used. According to EUROSTAT statistics (2008), the level of internet use has been considerably lower in newly accessed CEE countries than in EU 15. In 2008, 57% of individuals used the internet in EU 15, while in Poland 40%, Slovenia 48%, Czech Republic and Slovakia 49%. This intra-European digital divide becomes even deeper when analysing broadband connection of households across Europe. In 2008, 52% EU 15 European household profited from broadband connection, while in Slovakia only 35%, Czech Republic 36%, Poland 38% and only in Slovenia 50%. On the other hand, when analysing individual's level of computer skills through the percentage of individuals performing one of the defined activities, the results are comparable between EU 15 and CEE, and in many cases, individuals in CEE demonstrated higher level of computer skills (e.g. Slovakia 18%, Czech Republic 17%, Poland 16%) than EU 15 average (13%). In other words, digital divide between EU 15 and CEE is more generated by insufficient investment in technological devices and infrastructure than by media literacy and computer skills. Therefore, the potential for the use of web-based news and other types of services is relatively high in CEE, the question which remains unanswered is how fast this divide will be lifted, at what costs and whether it will contribute meaningfully to news diversity and quality.

Table 4. Broadband Penetration and Internet Use in the Region

	Individuals using the internet by place of use (%)		Individuals' level of computer skills (%)		Households having a broadband connection (%)	
	2007	2008	2006	2007	2007	2008
EU 15	51	57	12	13	46	52
Czech Republic	37	49	16	17	28	36
Hungary	38	:	10	10	33	:
Poland	33	40	16	16	30	38
Slovakia	34	49	18	18	27	35
Slovenia	45	48	10	12	44	50

: - Data not available

% of the total number of individuals aged 16 to 74

Source of data: Eurostat (<http://epp.eurostat.ec.europa.eu>; retrieved 16.12. 2008)

The access to broadband is especially significant for the domain of VOD, as these services can only be accessed by convenient bandwidth (Simon, 2009). It is interesting to note, that a fastest-growing area of video online use are user-generated contents offered by large transnational providers. Unsurprisingly in all countries of the region YouTube ranks at the top of video content websites attracting significantly more users per month than VOD or traditional TV streaming offered by traditional broadcasters. At the same time, YouTube's unquestionable

position among users is being contested by new local contenders, such as Czech *stream.cz* (31% of the market share); Hungarian *indavideo.hu* (24% of the market share); *videa.hu* (19% of the market share) and Polish *wrzuta.pl* (24% of the market share).¹⁰

Online TV has so far developed very slowly in the region and time spent per user monthly has been very limited, as can be seen from the table below referring to an example of Polish provider *onet.pl*. At the moment, users tend to prefer traditional TV streaming accessed online and VOD offered by traditional broadcasters, mostly public service companies. Yet, also these services have a much lower degree of access than traditional, satellite, cable or digital television. The table below shows that the average time monthly spent on TV streaming on the net has been relatively limited and varied between 27 min. in the case of Czech Television and 9 min. in the case of Hungarian television.

Table 5. Reach of Internet TV (2008)

	Most popular online TV (%)			Traditional TV streaming content on the web/VOD		
	Company	Reach (%)	Time spent per user (monthly)	Company	Reach (%)	Time spent per user (monthly)
Czech Republic	:	:	:	<i>www.ceskatelevize.cz</i>	13	27 min.
Hungary	:	:	:	<i>www.mtv.hu</i>	10	9 min.
Poland	Onet.pl TV	11.5	8 min.	<i>itvp.pl</i> (VOD)	6	25 min.
Slovakia	:	:	:	<i>www.markiza.sk</i>	18,5	25 min.

: Data not available

Source of data: Gemius/Audience study (<http://www.gemius.pl>; retrieved 16.12. 2008)

Broader broadband infrastructure and higher access among population in both urban and rural areas will accelerate quantity, quality and diversity of non-linear audiovisual and news services. It will likely increase also the level of their use. Yet, an open question remains how this new re-structuring and changing of user preferences will impact positions of traditional media and their related activities, as well as the overall constellation of new media environment.

CONCLUSIONS

A perspective of examining such a complex issue with normative consequences as structural media pluralism, depends heavily on what is conceived as its most important aspect, what is perceived as a key normative approach, and thus also what is viewed to be under the risk and how such a situation can possibly be remedied by adequate regulation, or sustainably balanced through the development of media ecosystem as a whole.

In the case of CEE, political, economic and social transformation of 1989—as well as a membership in EU—brought region specific implications to the structural developments of media markets. Despite of many differences, some significant commonalities can be identified that set apart Central European post-communist countries from older EU member states as regards structural features of media pluralism and ownership patterns. Obviously, these commonalities also demonstrate that the conception of media pluralism and ownership is being constantly re-defined and facing new empirical situations that challenge or question taken-for-granted views. EU accession monitoring exercise proved that many problematic issues defined under the political criteria for membership and related to the media and freedom of expression, have endured the enlargement momentum and continued to define the reality of media landscapes in the post-accession period. A relatively short period of markets' development resulted in compressive structural changes that were further tested by convergence, internationalization and economic crisis at a different stage of development than in the case of media markets in the older part of Europe.

A prevalence of transnational ownership, especially in the print media sector, has structurally distinguished Central and East-European post-communist countries from other parts of Europe since the beginning of 90. Yet, technological developments, EU accession and changing lifestyles of media users seem to reset the relations between 'foreign' and 'domestic'. Not only this distinction becomes meaningless with EU internal market, but it is also worth noting that many smaller domestic groups proved to successfully experiment with new media services and content production, thus changing the external architecture of a new media environment and consequently, advertising market. Still, transnational media ownership has significant relevance in the sector of telecommunication, cable, satellite and digital platform distribution. Also, "foreign ownership" has been framed by, and incorporated into political discourse, most frequently in order to manifest insufficient links of "foreign" owners with the logic and practices of local politics. Fragility of regional and local press markets in the region has not only been rooted in extensive mergers, chaining and syndication of the content, but also the lack of an alternative and inventive development of new competing local and regional media or services. Finally, lower access to broadband in the region limits fast development of online TV and other related services.

New technological developments pose new policy and regulatory questions: the idea to regulate media pluralism at the structural level requires reconciliation of economic, cultural and social objectives, as well as more prominent consideration of softer and more complementary regulatory levers that can better reflect complexity of the issue.

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¹ For the life cycle, phases of development of the new products in media industry and structural determinants of competition in decline see Harrigan 2003, Gustafsson 2008.

² Television license fee was abolished In Hungary In 2002. In Poland, the government of Donald Tusk proposed abolition of license fee payment in 2007. Miklos Haraszti, the OSCE Representative on Freedom of the Media warned that a rushed reform of the financing of Polish public-service broadcasting could menace its independence. He also called the Polish Senate to make sure that if revenues are eliminated, they are replaced with another form of adequate funding. (Vienna, 3.06. 2008; retrieved 5.06.2008) Currently, the draft bill is being completed including among others, a mechanism for top-slicing the licence fee, reserved so far for public service broadcasters.

³ European Federation of Journalists (2006), Media Power in Europe: The Big Picture of Ownership, <http://www.ifj.org/pdfs/EFJownership2005.pdf>, retrieved 10.10. 2006.

⁴ Data generated by Megapanel PBL/Gemius, September 2008.

⁵ Data generated by Gemius/Audience study (<http://www.gemius.pl>; retrieved 16.12. 2008).

⁶ Data generated by Gemius/Audience study (<http://www.gemius.pl>; retrieved 16.12. 2008).

⁷ An interview held in the first channel of the Polish public radio - PR I, in the programme Sygnaly dnia (The Signals of the Day), 30.01.2007.

⁸ Krasnodębski, Z. (2008), 'Kto się boi medialnych imperiów?' (Who is afraid of media empires?), Rzeczpospolita, 28.02.2008.

⁹ See: SME (2006) 'Miestne noviny a televízie často slúžia politikom' (Municipal newspapers and televisions often serve politicians), SME, 14 (259) 4.11.2006.

¹⁰ Source of data: Gemius/Audience study (<http://www.gemius.pl>; retrieved 16.12. 2008).