

MEDIA (IN)DEPENDENCE IN BULGARIA: RISKS AND TRENDS

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The role of Bulgarian media in public life came under scrutiny after several media outlets were used as an instrument for triggering political crises and for political engineering (2013 – 2014). At that time, the Bulgarian media market was experiencing the impact of two negative trends. On the one hand, the economic crisis of 2009 – 2013 had cut advertising revenues by half. On the other, the old models of media financing were diminished by the use of digital technologies and the explosive growth of social networks and mobile communications. The loss of financial sustainability by the media presented unique opportunities for Bulgarian oligarchic groups. By accumulating a significant share of the media market, they reached an unprecedented level of political influence (including direct influence on the legislative, executive and judicial powers). The media was used as an instrument for state capture that could present severe security and economic risks.

The Bulgarian media market before the 2009 – 2013 crisis

The effect of technological innovations on the traditional media market was particularly pronounced in Bulgaria. The hike in the number of internet users after 2006, when media content became easily

KEY POINTS

- As a result of the economic crisis of 2009 and the rise in internet usage, print media in Bulgaria lost a significant portion of its traditional financing and became an easy target for external influence.
- At the beginning of the 2010s, oligarchic groups accumulated a 'media empire' (including print and online media, TV, printing and distribution facilities) that engaged in political engineering, utilizing media as a direct tool for state capture during the political crisis of 2013 – 2014.
- While print media could no longer be financially attractive, they preserved their status of an important potential source of political influence thanks to the capacity to generate media content on a regular basis.
- Bulgarian media market is dominated by TV, and TV usage is the highest among the 28 EU Member States.
- Media content analysis indicate that a wide spectrum of political and economic positions are reflected in Bulgarian media. Coverage, however, is often biased and unbalanced, depending on the ownership and control of specific media.
- One of the major threats for media's independence are the PR contracts with government agencies and with large business groups, and the tight control of media content in private media, leaving limited space for critical coverage and investigative journalism.
- The growing importance of social networks as an alternative media presents a unique chance for independent journalists to create media content and to get paid (through sharing a portion of the revenues generated by social networks), thus bypassing the traditional media outlets.

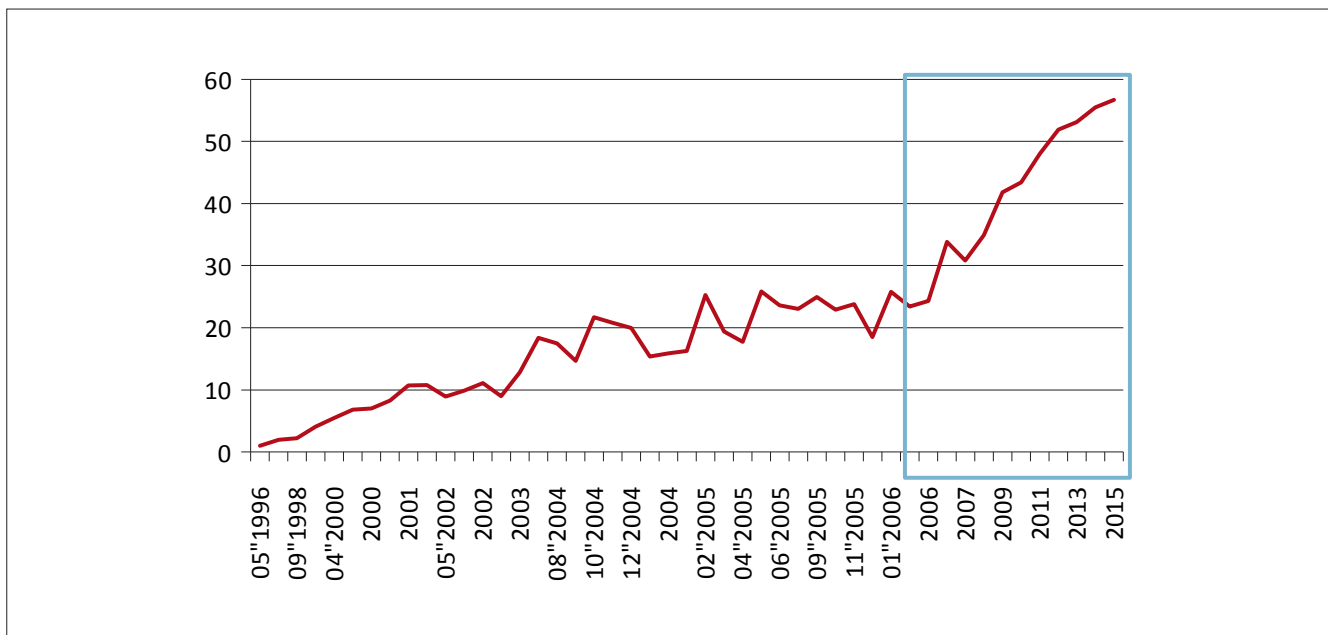
accessible on mobile devices¹ (Fig. 1) had a devastating impact on the circulation of print media (Fig. 4).

Eurobarometer data for 2014 suggest that newspaper audience in Bulgaria is one of the smallest in the EU, with only 11 % of the population perusing newspapers daily (Greece is the only Member State with a smaller overall number of newspaper readers, Fig.2).²

As a comparison, media surveys for the period 2001-2013 indicated that about 50 % to 55 % of the population read and purchased newspapers every day. One of the main reasons for the record low level of newspaper readership seems to be the **dramatic fall of trust in the print media**. Another factor is the **low personal disposable income** in the country.³ That said, many Bulgarian readers face the dilemma of indulging in the old habit of paging through a newspaper (much like the Germans and Scandinavians), or reading the easily accessible/free news on the Internet.

The turmoil in the print media market started long before the hike in Internet usage and the economic crisis of 2009 – 2013. The fall in circulation was first felt when national private TV stations entered the Bulgarian media scene.⁴ Until then, the only public TV in the country, *BNT*, avoided any controversial topics, as well as political or criminal investigations. The emergence of the first national private TV, *bTV*, in June 2000, followed three years later by the second private player, *Nova TV*, opened the door for all taboo topics to finally reach the TV screen, placing an enormous strain on printed media. Newspaper journalists, whose articles appeared in print only the next day, could hardly compete with their colleagues in electronic media. Furthermore, the morning TV programmes provided reviews and comments of the newspapers that were yet to be purchased by readers from kiosks across the country. Along with the loss of circulation, **print media started to lose its share of the advertising market**. In the period between 2002 and

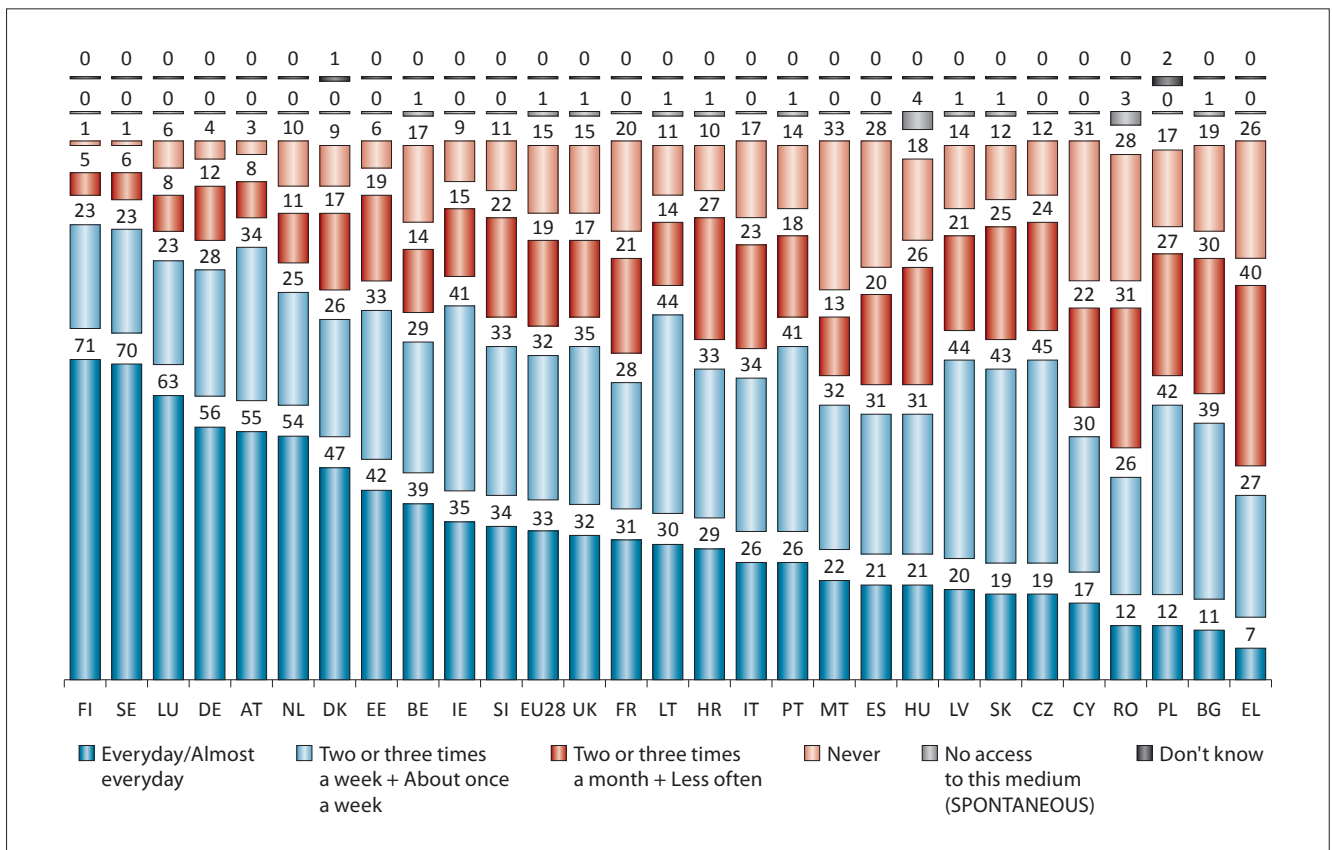
Figure 1. Internet users as per cent of total population



Source: Vitosha Research; Digital Agenda; GFK.

¹ Due to the belated development of the telecommunications infrastructure in Bulgaria, the impact of the free media content is only felt 7-8 years later than in Western Europe and USA.
² Eurobarometer, Media Use in the European Union, 2014.
³ Bulgaria has the lowest GDP per capita in the EU, and one of the lowest in Europe (IMF 2014 data).
⁴ Monitoring of audience ratings shows that Bulgarian listeners (just like populations in all other EU Member States) prefer predominantly musical radio stations. This may explain why, despite the arrival of private radio stations as early as 1993 their influence over public opinion and political decisions appears to be limited. Due to a lack of solid data one may only guess why public radio stations (and BNR's Horizon programme in particular) seem to be the only ones to have some political leverage.

Figure 2. Print media readers in the EU, 2014



Source: Eurobarometer.

2008, the overall advertising market in Bulgaria rose by 235 %. Print media maintained a healthy growth in advertising revenue: while market share fell from 33 % to 21 %, net receipts from advertising more than doubled, from 51M BGN to 110M BGN.

Despite the rising revenues, however, **shrinking circulation** remained a major challenge for the newspapers. Precise data on the circulation of print media proves very hard to find. Still, expert estimates place the circulation of dailies at about 1.0 to 1.1M at the beginning of the century,⁵ while in 2008, the year preceding the crisis, circulation fell to 300 to 400 thousand copies. If we assume that the estimated profit per sold copy used to be about 25 % to 35 %, declining circulation in 2008 notably translated in

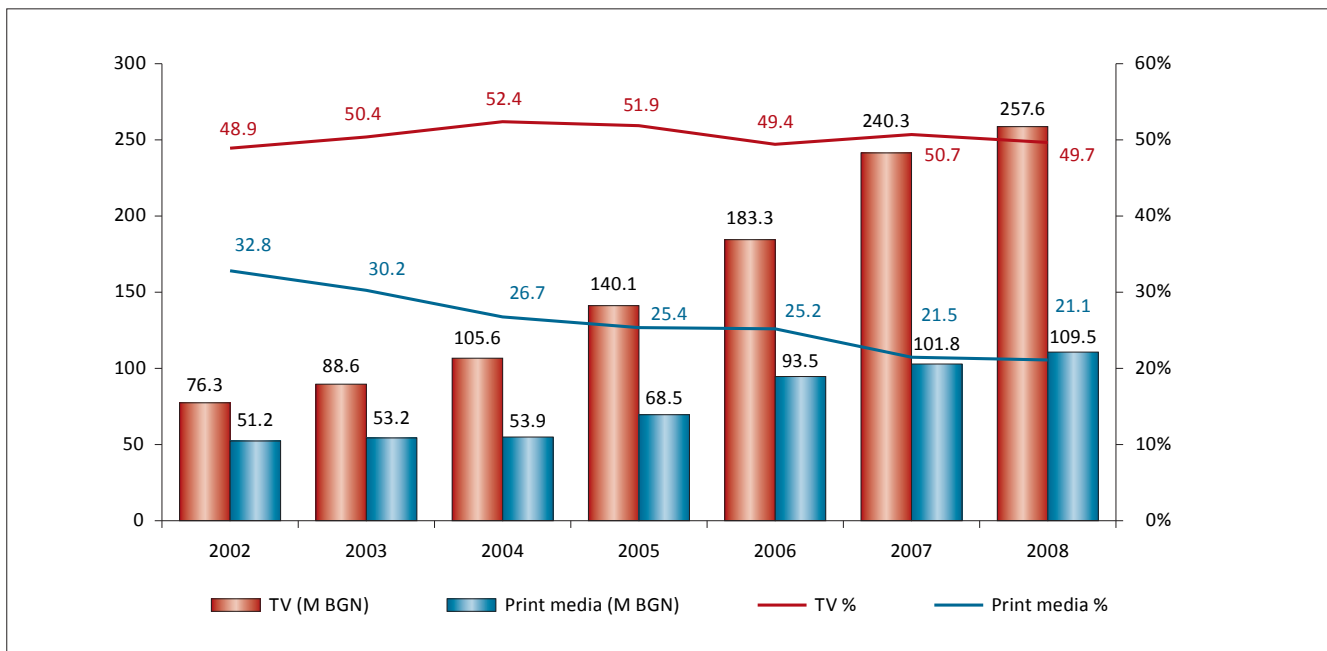
lost profits in the order of 30M to 40M BGN. Even greater was the threat from the loss of revenue from classified ads that small companies and citizens used to publish in local and national papers. There are no hard data on the impact of the decline in this segment (caused by the replacement effect of Internet sites and web search engines), but most probably the lost revenue nationwide is in the tens of millions. To cope with the falling circulation (and despite the rising revenues) **print media strived to boost sales by being as extreme and aggressive as possible.**⁶ Not to be left behind, TV news and commentary programmes were forced to follow the same style. The outright “yellow press” experienced a boom and took away some of the readers of the more serious newspapers.⁷ However, its overall impact on the print

⁵ Data provided by the National Statistics Institute (NSI) seem to overestimate the circulation. According to NSI, circulation of dailies was 1.221M in 2000 and 864,000 in 2014.

⁶ This style of print media was dubbed “yellow and black” by Georgi Lozanov, a Bulgarian media expert and long standing chairman of the Council on Electronic Media (http://www.lentata.com/page_6128.html)

⁷ *Медиите и политиката* (Media and Politics). София: Фондация „Медийна демокрация“, Фондация „Конрад Аденауер“, 2011.

Figure 3. Advertising revenue (in M BGN) and market share of TV and print media (2002 – 2008)



Source: GARB – Piero.

media market remained limited. The major player in Bulgaria was the German publishing group WAZ, dominating the market through *24 Chasa* and *Trud* (the two largest circulation papers in Bulgaria – which, ironically, competed intensely as far as news content was concerned). The near monopoly status of WAZ caused a public scandal, which “subsided after the Bulgarian Competition Commission and the Supreme Administrative Court generously refrained from action. Media analysts believe that the reason large circulation papers have retained their leading position is that the yellow press is their Frankenstein. As early as the mid-1990s the leading papers had emerged as successful ‘hybrids’ where ‘yellow’ topics co-existed with serious journalism”.⁸

The **great shifts in the media market** began at the end of the ‘affluent years’ (2007 – 2008). The real estate boom had generated record amounts of capital and the country had just joined the EU. For the first time the Bulgarian media market was attracting new strategic investors, both foreign and domestic:

the Central European Media Enterprises Ltd. (CME) acquired the third national TV – *TV2* and *Ring TV* (from Krassimir Gergov, for 172M USD); *TV7*, another private national TV, was bought by a consortium of the banker Tsvetan Vasilev and Krasteva-Peevski. The newly emerged group of Krasteva-Peevski (closely related to the DPS party)⁹ also acquired from Petyo Blaskov the newspaper group he had previously owned (including the dailies *Telegraph*, *Monitor* and the weekly *Politika*). Blaskov’s group was the third largest in its segment by revenue. A new TV station was set up, focusing on news, *ReTV* (Citizens Media Foundation).¹⁰ Two newspapers entered into the market, *Klasa* (owned by Krassimir Gergov) and *Express* (owned by Lyubomir Pavlov). A number of magazines and media sites also emerged and could afford to operate lastingly without profit. At the same time, the established large foreign media owners estimated that the Bulgarian market had reached its peak and it was time for them to make an exit. Some of them, like the Greek magnate Minos Kyriakou (owner of *Nova TV*) made a deal with the Swedish Modern Times Group as early as 2008.

⁸ Ibid.

⁹ Since the beginning of the 1990s, DPS (Movement for Rights and Freedom) has held the balance of power in most post-Communist governments. It is perceived as the party of Bulgaria’s Muslim minority. With an electorate of roughly 10-15 %, the party has exercised a disproportionately higher influence on modern Bulgarian politics.

¹⁰ The investor supporting this project was George Soros, represented by Ivan Krastev, Ivo Prokopiev and Svetoslav Bozhilov.

Others, like Rupert Murdoch (owner of Bulgaria’s leading private TV, *bTV*), and WAZ, were slowed down by the crisis and were able to exit the Bulgarian media market as late as 2010.

Against the background of severe competition for readers and viewers, the media market recorded an impressive surge in the two years preceding the crisis. Along with rising advertising revenues (over 500M BGN per year), the media employed increasingly more people. National newspapers,¹¹ for instance, increased their staff by 42 % (from 1 107 to 1 573 employees) between 2005 and 2008,¹² an increase that was in line with a hike in overall revenue (from 111.2M to 166.6M BGN). For the first time, journalists and editors were in short supply. As a result, salaries were on the rise and some of the newly emerged media (e.g. *Klasa* newspaper, other

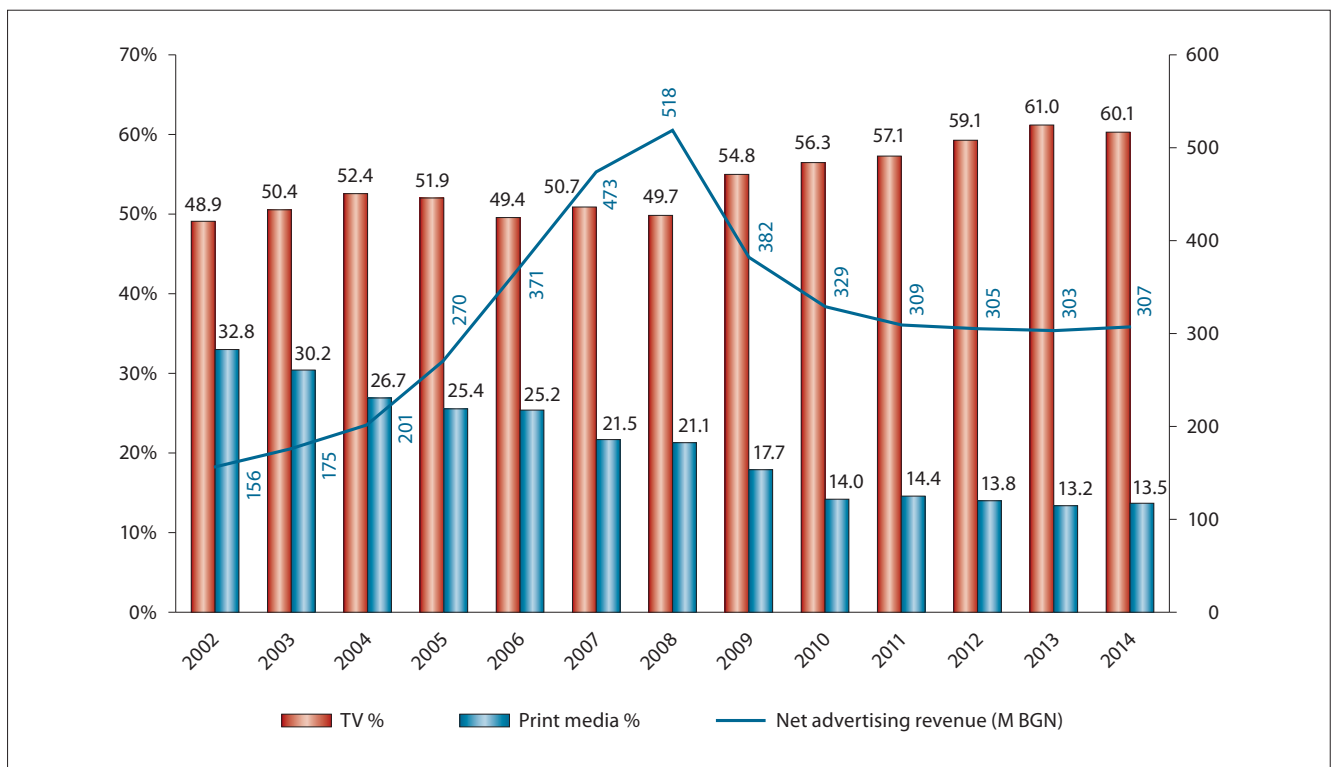
magazines and media sites) had a hard time finding highly professional teams.¹³

The 2009 – 2013 crisis and the ‘political investment’ in media

The good fortune of Bulgarian media came to an end with the 2009 economic crisis and the accelerated use of social networks and Internet in general on mobile devices.

The scope of the crisis is most visible in the net receipts from advertising (actual revenue adjusted with the discounts offered by media) – the decline in 2009 was a shocking 42 %. While the total advertising market amounted to 518M BGN in 2008, in 2012 – 2013 it crashed to about 305M BGN (Fig. 4).

Figure 4. Advertising market (in M BGN), with share of TV and print media (2002 – 2014)



Source: GARB – Piero.

¹¹ The calculation is based on available data for all active national newspapers at the time: Telegraf, New Media Group, 16 chasa, Ikonomedia, Media Holding, Standart news, Duma 2008, Sega, New Bulgarian Media Group, Monitor, Banker, Novinar, Tema news, Klasa.

¹² The first year for which public data on staff are available is 2005.

¹³ e-vestnik.bg: „Какво продаде Блъсков (за 3 млн. евро?) и кой го купи” (What did Blaskov sell for 3M EUR and who bought it – in Bulgarian), 31.7.2007.

While TV was not affected as much as the print media by the expansion of the Internet and online technologies, TV revenue also took a hit, declining by 31.5 % in the period 2008 – 2011. However, TV was able to recover quickly some of the lost revenue by taking over market share from the print media. The situation with the press was far more dramatic, with a fall in revenue between 2008 and 2013 in the order of 63 %, and market share shrinking to 13 % (Fig. 5).

The efforts of print media to compensate the lost revenue with online products had limited effect. Overall, attempts to introduce paid subscriptions for online content, similar to newspapers in Western Europe and USA, were not successful.¹⁴ Revenue from online advertising, contrary to initial expectations, did not grow after 2008 and remained at a low level (Fig. 5).

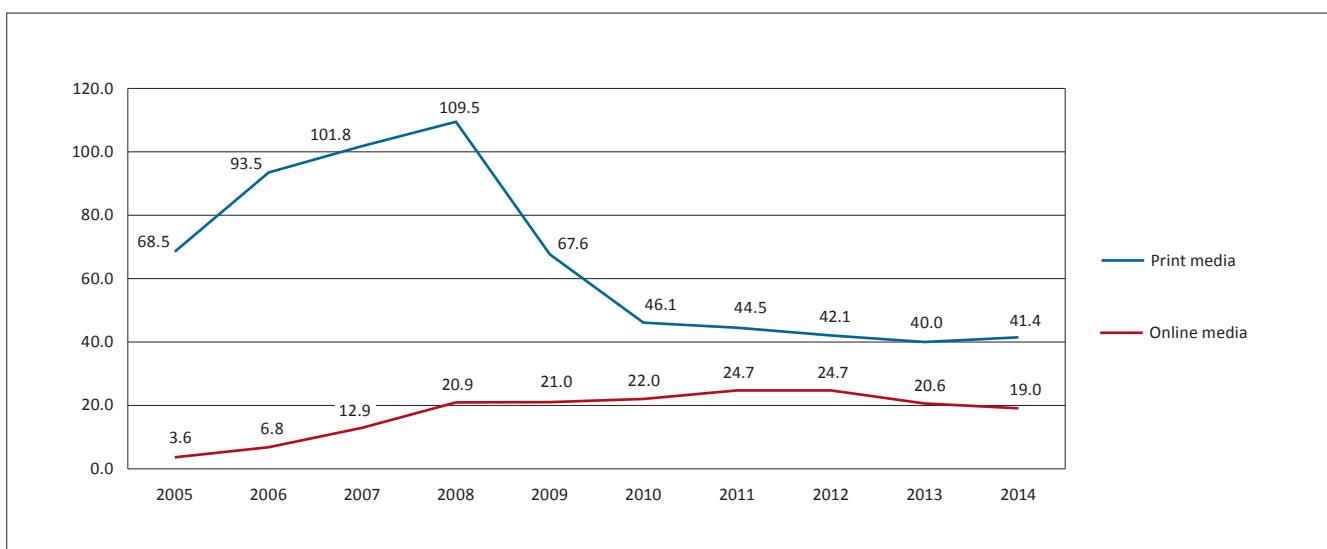
It is not possible to estimate the weight of various factors, as available revenue data is not sufficiently detailed. Financial reports of the national newspapers can only confirm that **print media followed the overall trend of the advertising market** – a fall of 59 % between 2008 (when it registered a peak) and 2014 (Fig. 6).

Despite the crisis (or, maybe, precisely because of it) print media became the subject of severe clashes. The exit of the German WAZ from the Bulgarian market is quite indicative. The void left by WAZ caused a heated battle involving several Bulgarian oligarchic groups and public institutions.

Both observers and participants in this conflict agree that the main object of dispute were the two most influential dailies in Bulgaria, *24 chasa* and *Trud*, and that their most valuable asset was the capacity to generate media content. Early on, when online media mushroomed, it became clear that the new media outlets would face a serious challenge in meeting the demand for quality content on a regular basis.

The major value of print media, not diminished by the crash of their financial model, is their **political influence**. The old/well established newspaper teams are still able to create far more engaging content and cover more topics than television. The everyday production of stories, facts, scandals, arguments for and against, and interpretation of events remained a field dominated by journalists from print media. While these media could no longer be financially attractive,

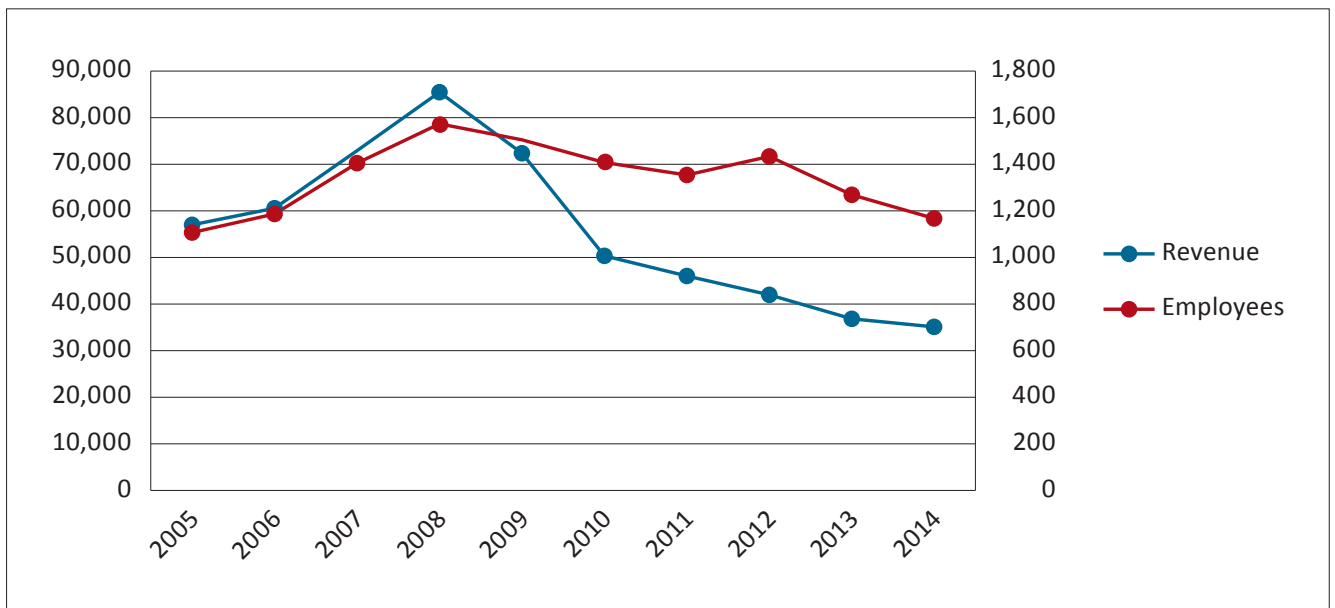
Figure 5. Print media and online advertising revenue (in M BGN), 2002 – 2014



Source: GARB – Piero.

¹⁴ The major reason for the failure is the low household incomes, exacerbated by the crisis, and lack of copyright enforcement, in particular in the online media.

Figure 6. Revenue (in thousand BGN) and personnel in national print media, 2005 – 2014



Source: Trade register.

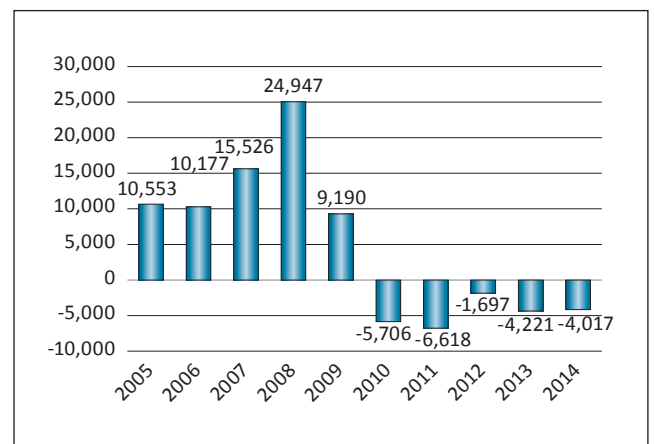
they preserved their status of an important potential source of political influence.

The strategy to generate content and maintain political influence is quite evident from the data on the **dynamics of newspaper revenue and employed personnel** (Fig. 6 presents data for national newspapers which were active as of 2014). While revenue loss amounted to 59 %, the cuts in personnel were only 26 %.

Continued financial losses of the companies publishing national newspapers suggest that there are other, non-economic reasons which make them keep their staff and continue operations (Fig. 7).

A new business model emerged with the setup of New Bulgarian Media Group (NBMG).¹⁵ The entry of the group itself was probably one of the most significant events in the recent history of the Bulgarian print media market.

Figure 7. Profit (loss) of national print media (in thousand EUR), 2005 – 2014



Source: Trade register.

Various media analysts claim that the so called **‘political investment’ in media**¹⁶ could be observed as early as the 1990s, with the end of the ‘classical’ media model. Newspapers like *Standart*, *Kontinent*, *Express*, *1000 Days*, and other less prominent dailies

¹⁵ NBMG is a Bulgarian holding company. It owns six newspapers (3 national dailies, 2 national weeklies and one regional paper).

¹⁶ ‘Political investments in media’ usually involve initial financing provided by a business group to certain media. The financed media is tasked to provide positive coverage and/or outright propaganda for a given political party/group. In return, the political party/group delivers a variety of favours (procurement contracts, laws and regulations in benefit of the investor, interference with/shielding from possible criminal investigations, etc.). If for any reason the political entity fails to deliver the expected favours, media support is withdrawn and replaced by intense negative coverage.

and magazines, could be viewed as typical political projects. However, in the 1990s, after the initial investment, these newspapers either managed to survive financially or were left to collapse. In the period before the 2009 crisis, the annual cost for a small newspaper with a circulation of about 10 000 was 2M BGN, a sum that a large Bulgarian business group could easily afford for a couple of years.

Initially, the NBMG-KTB¹⁷ business model, when launched in the summer of 2007, did not differ from other political investments. The deal with media entrepreneur Petyo Blaskov included three different papers: *Telegraph* (the most inexpensive tabloid, with 60 000 print run); *Monitor* (with a print run about 10 000), and the quality weekly *Politika*. The media group of Blaskov was defined at that time as an alternative centre of influence, with a pronounced critical, nationalist stand. In 2008, *TV7*, a national TV channel, was added to the new media group. This was the first time when a national TV, where initial investment is 3-4 times higher than any circulating newspaper, became an integral part of a ‘political investment’.

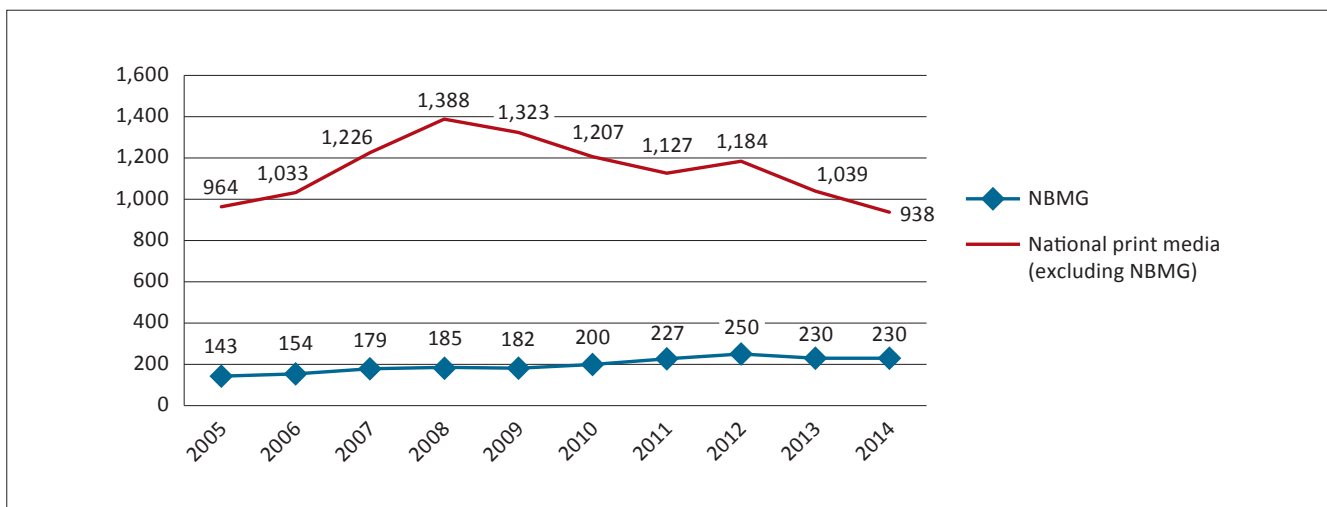
Unlike previous models, the group went on to absorb other media outlets: the initial acquisitions were

followed by *Novinar*, *Zasada* and *Weekend*, the paper with the highest circulation in Bulgaria. The group expanded in the regional print media market as well, with the purchase of *Maritsa* in Plovdiv, *Struma* in Blagoevgrad, *Chernomorski Far* and *Faktor* in Bourgas, *Borba* in Veliko Tarnovo, etc. Further acquisitions included online media *Vseki Den*, *Blits*, *Bnews.bg*; magazines like *Top Gear*, *Autobild*, *Weekend na zhenata*, *Biograph* and others. After the NBMG-KTB group acquired the largest printing house in the Balkans, Rodina, it was perceived as a de facto media empire. The threat of monopolizing the media market became even greater after the group got possession of 70 % to 80 % of the distributors of print media in Bulgaria.

As the economic crisis deepened, the success of the NBMG-KTB model became evident, in sharp contrast to other print media (Fig. 8 and 9). The only year when the group registered a loss was 2011, while all other big media suffered losses for the entire 2011 – 2014 period.

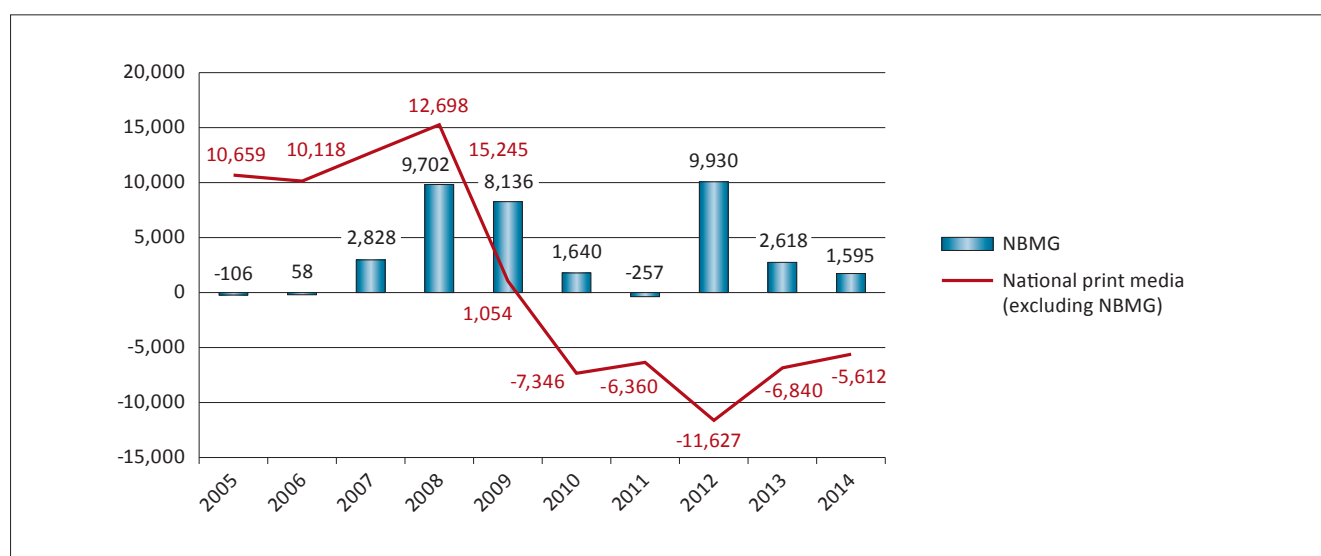
Advertising revenue data provide a clear explanation for the varying results. According to TNS/TV Plan, in 2009 NBMG’s publications *Monitor*, *Telegraph* and *Politika* increased their advertising revenues by 37 %, 94 % и 181 %, respectively, while all other print media

Figure 8. Employees of national newspapers and of New Bulgarian Media Group (NBMG), 2005 – 2014



Source: Trade register.

¹⁷ KTB (the Corporate Commercial Bank AD), was the fourth largest bank in Bulgaria in terms of assets and third in terms of net profit at the end of 2013. In 2014, the bank’s license was revoked by the Bulgarian National Bank and it ceased operations. The result was that a significant source of political investments in media was no longer available.

Figure 9. Profit (loss) of national print media (excl. NBMG) and NBMG (in thousand EUR), 2005 – 2014


Source: Trade register.

reported either declining or flat revenues (helped by the elections for European and for national parliament that year). **The advertising model of NBMG-KTB group is indeed quite remarkable:** the major advertisers in the group's papers are companies where KTB has either a share or has provided long-term debt (as it became evident after the collapse of the bank). The list of advertisers included KIA Motors, Vivacom, Technomarket and other companies financed by KTB, KTB itself, the brokerage company Fina-C (where Tsvetan Vasilev, the effective owner of KTB, is a shareholder).

The founders of the media group must have been aware that newspapers and online media alone would not be enough to muster significant political influence. A national TV (with more than one channel) had to be thrown in as well: hence the acquisition of *TV7* and *BBT/News7*. The TV business, however, requires enormous financial resources, even for a small market like Bulgaria. To be successful, a new TV station has to compete with the two national private TVs, *bTV* and *Nova TV*, and also with the state-owned *BNT*, whose combined revenues in 2008 was 292M BGN.¹⁸

Financing of this scale could not be provided through the advertising budgets of the companies closely

related to KTB. So the NBMG-KTB model evolved to include loans made from KTB to its affiliated companies, which in turn provided loans to *TV7* and *BBT*. While the financial losses of the two TV stations at the time of entry were reasonable, **they grew exponentially after 2010, thus requiring continued borrowing** (Table 1).

Table 1. Employees, revenues and profit/loss of TV7 and BBT (2008 – 2014)

	Employees	Revenues (M EUR)	Loss (M EUR)
2008	354	4,287	-4,072
2009	399	5,246	-5,762
2010	353	4,914	-9,079
2011	429	6,025	-14,211
2012	469	6,988	-17,102
2013	533	9,764	-48,102
2014	453	5,657	-31,450

Source: Public company data.

The financial data provide a clear indication of the evolution of the model. If until 2009 the group was focused on print and online media, in the following period the bulk of financing was shifted toward TV.

¹⁸ Trade register. Revenue for BNT, the Bulgarian public TV, includes the state subsidy.

While revenues generated by the two TV companies did not achieve any significant growth, their annual budgets sky-rocketed from 27M in 2010 to 112M BGN in 2013 (when it seems their budgets exceeded those of *bTV* and *Nova TV*).

Combining the print media and the TV stations budgets of NBMG-KTB, it can be claimed that **'political investments' in the dramatic 2013 amounted to over 150M BGN.**

Political investments are extremely difficult to prove but sudden switches in the political stand of certain media can be demonstrated with sufficient empirical data. The figure below shows the evolution of political positions supported by the NBMG-KTB group (Fig. 10).¹⁹

The logic behind the abrupt changes in attitudes can be understood only in the political context of the period. Before the 2009 parliamentary elections, the media of the NBMG-KTB group were supportive of the ruling triple coalition (BSP, DPS and NDSV). As the group is politically affiliated with DPS, the positive attitude to the government was quite natural, as was its critical stance toward the then oppositional GERB and its leader, Boyko Borissov. After the electoral victory of GERB and the setting up of the first GERB cabinet, the media of the group turned into GERB's extreme supporters. The second abrupt switch came at the end of March 2013, following almost 4 years of unconditional support for GERB and Borissov. The media of NBMG-KTB group turned against Borissov after his resignation as Prime Minister in February 2013, in the period before the May 2013 early elections. In the next 12 months these media once again were GERB's most ardent critics. Their position was reversed for a third time at the end of 2014, when the second Borissov cabinet was formed, and from extreme opponents the NBMG-KTB media turned into most energetic supporters of GERB.

Such change of hearts in favour of the winning political party is not so unusual. What sets the NBMG-

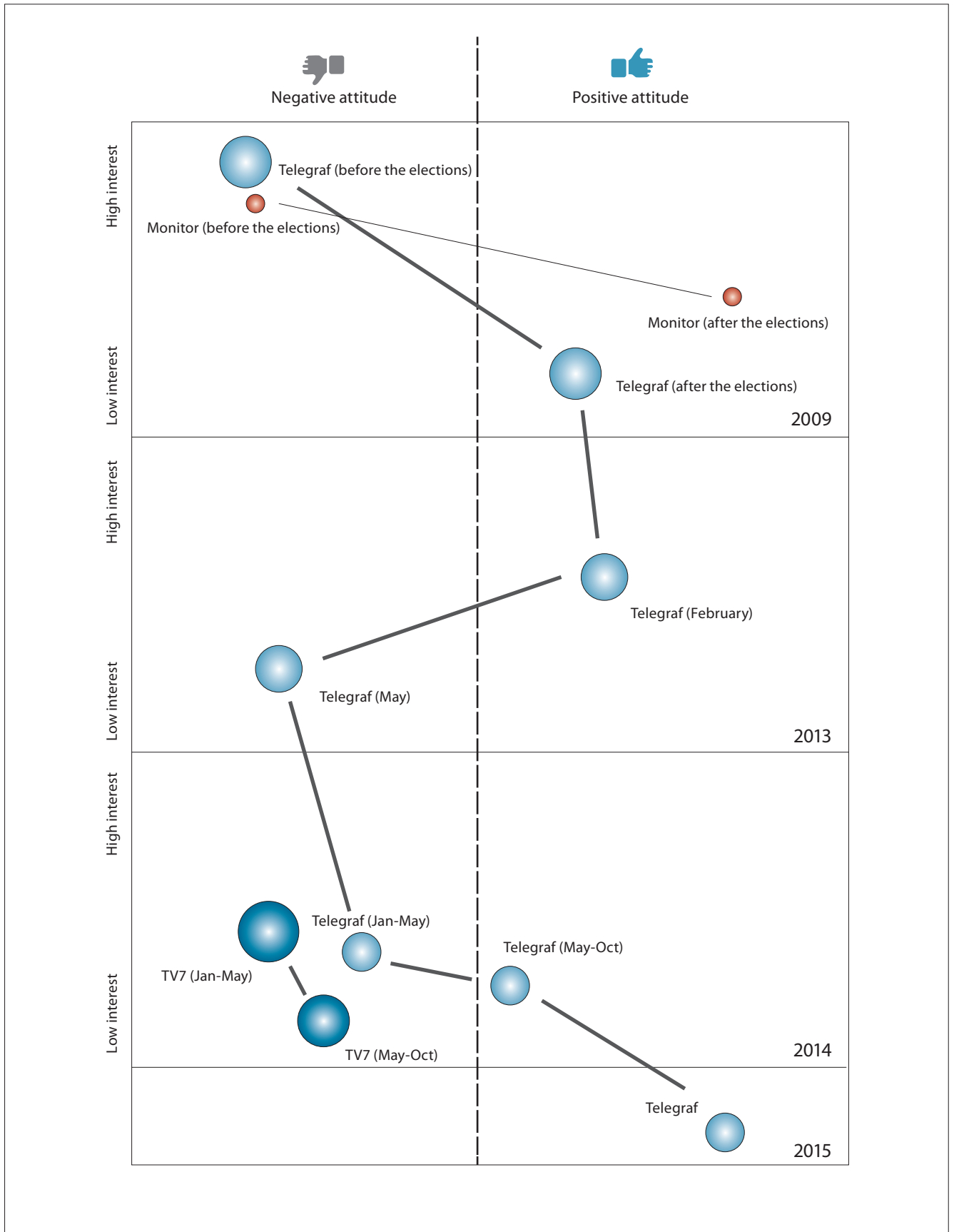
KTB media group apart is not even the extremes in its pro and contra behavior, but its **active involvement in 'political engineering'**. Unique in this respect is the 2013 – 2014 period. For the first time in the political history of the country a national TV violated the ban on campaigning in the last day before the elections, broadcasting strong and debatable accusations against one of the competing parties, GERB. According to GERB, the accusations aired by *TV7* discouraged a significant share of GERB's potential supporters and impacted negatively overall voters' activity.

The media empire of NBMG-KTB assumed quite a nonstandard role in the political engineering that followed the mass street protests against the attempt to appoint Mr. Peevski as chairman of the State Agency for National Security (DANS). Within a week after the failed attempt on 14 June 2013, **the media controlled by the group started developing 'content' designed to discredit the street protests.** A constant flow of news and commentaries was generated, claiming that 'the protests were paid', there were 'foreign interests behind the protests', and that 'criminal bosses' were trying to cause street violence. Various catch phrases were invented to split protesters and minimize the impact of the protests: "Sofia vs the rest of the country", 'the rich against the poor', etc. Later the ideology of the 'contra-protest' was devised. The regular generation of 'news' evolved into a campaign that was striving to attract attention on national TV, newspaper forums and in the new, much harder to control, battleground – the social networks.

Later on, capitalizing on the counter-protests strategy, the TV anchor Nikolay Barekov (the leading character in the pre-election day drama) founded his own political party, with solid support from *TV7*. For several months *TV7* became a platform dedicated to his election campaign. According to interviews, journalist investigation and a survey by the Center for the Study of Democracy, *TV7* had a crucial role in the making of the new party. It is claimed that the NBMG-KTB group also provided the financing needed for setting up the organizational structure of Barekov's

¹⁹ The data in Fig. 10 is from the media monitoring carried out by the Media Democracy Foundation since 2009. Attitudes toward PM Boyko Borissov have been selected, as he is the most often mentioned political figure in Bulgarian media.

Figure 10. Prevailing attitudes toward Boyko Borissov in the media of NBMG-KTB group (2009 – 2015)



Source: Media Democracy Foundation.

party. Costs included transportation of football fans, and fees for artists, local journalists and politicians for participation in party rallies across the country.²⁰ TV7 broadcasted the party rallies, aired results of opinion polls specifically commissioned by the party, produced documentaries to highlight the new party's ideology. The outcome of all these efforts was the making from scratch of a political entity, Bulgaria without Censorship, which grew to become the 4th largest party and won 10.66 % of the vote in the European Parliament elections in May 2014. At the early parliamentary election in the autumn of 2014, Barekov's party received 5.7 % of the vote and was represented in the Bulgarian Parliament (although by that time the NBMG-KTB group had collapsed due to internal conflicts among its owners). KTB was placed under special supervision, and was later pronounced bankrupt. As the TV companies in the media empire are affiliated with Tsvetan Vasilev (KTB owner), they were left without financing and in 2015 were pronounced unsolvable.

A critical issue with the generation of content (by print and online media) is the concentration of power by the NBMG-KTB group. A review of revenues and personnel employed by print media indicates how the NBMG group **captured an ever larger share of the market** (Table 2).

The newspapers of NBMG climbed from a 14 % share of the print media market in 2007 to 37 % in 2014. Whether the group was able to maintain its dominating position in 2015, after the collapse of KTB, is still early to say, as data for 2015 is not available yet.

The **harshest problem faced by journalists** in Bulgaria continues to be the **shrinking labour market**. Journalists who disagree with their editors or the owners of the media can hardly find an alternative media to work for. Instead of fulfilling a mission, freely choosing their topics and generating independent content, journalists feel they are 'simply hired to perform a job like any other'.

Table 2. Revenues of NBMG and all print media (in M EUR), 2005 – 2014

	NBMG	Print media total	% NBMG
2005	4,456	57,022	7.8%
2006	6,352	60,550	10.5%
2007	10,199	72,920	14.0%
2008	26,314	85,442	30.8%
2009	26,480	72,386	36.6%
2010	13,691	50,365	27.2%
2011	14,419	46,048	31.3%
2012	15,030	41,988	35.8%
2013	12,972	37,119	34.9%
2014.	13,192	35,669	37.0%

Source: Trade register and public company data.

At the beginning of the crisis, NBMG employed 11.8 % of all print media journalists. In 2014, its share rose to 19.4 %. The scale of dependence from the NBMG-KTB group became known only after the bankruptcy of KTB. It turned out that the control over a large portion of the print and online media had been guaranteed namely through a series of loans provided by KTB (Fig. 11).

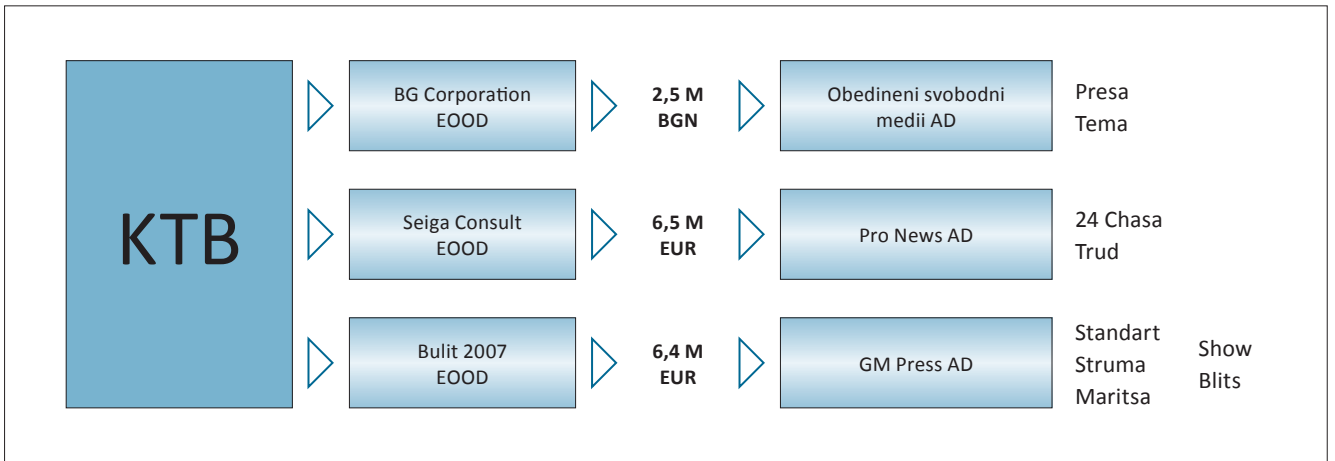
Taken together, **the media which either received a loan or was owned** by the NBMG-KTB group **employed about 70 % of all print media journalists** in Bulgaria.

The **inability to be financially sustainable** remains the main problem for a large part of the print media. The so called 'PR media contracts'²¹ have become an important source of revenue, but they also limit the media independence. There is no publicly available data to measure the size of the **market for PR contracts**, or in fact the specifics of those contracts. Sporadic referrals have been made to clauses that protect the confidentiality of actual owners or individual companies, and more generally conceal the 'alignment of editorial policy and content' that can hurt the interest of the companies paying

²⁰ *Radicalisation in Bulgaria: Threats and Trends*, Center for the Study of Democracy, 2015.

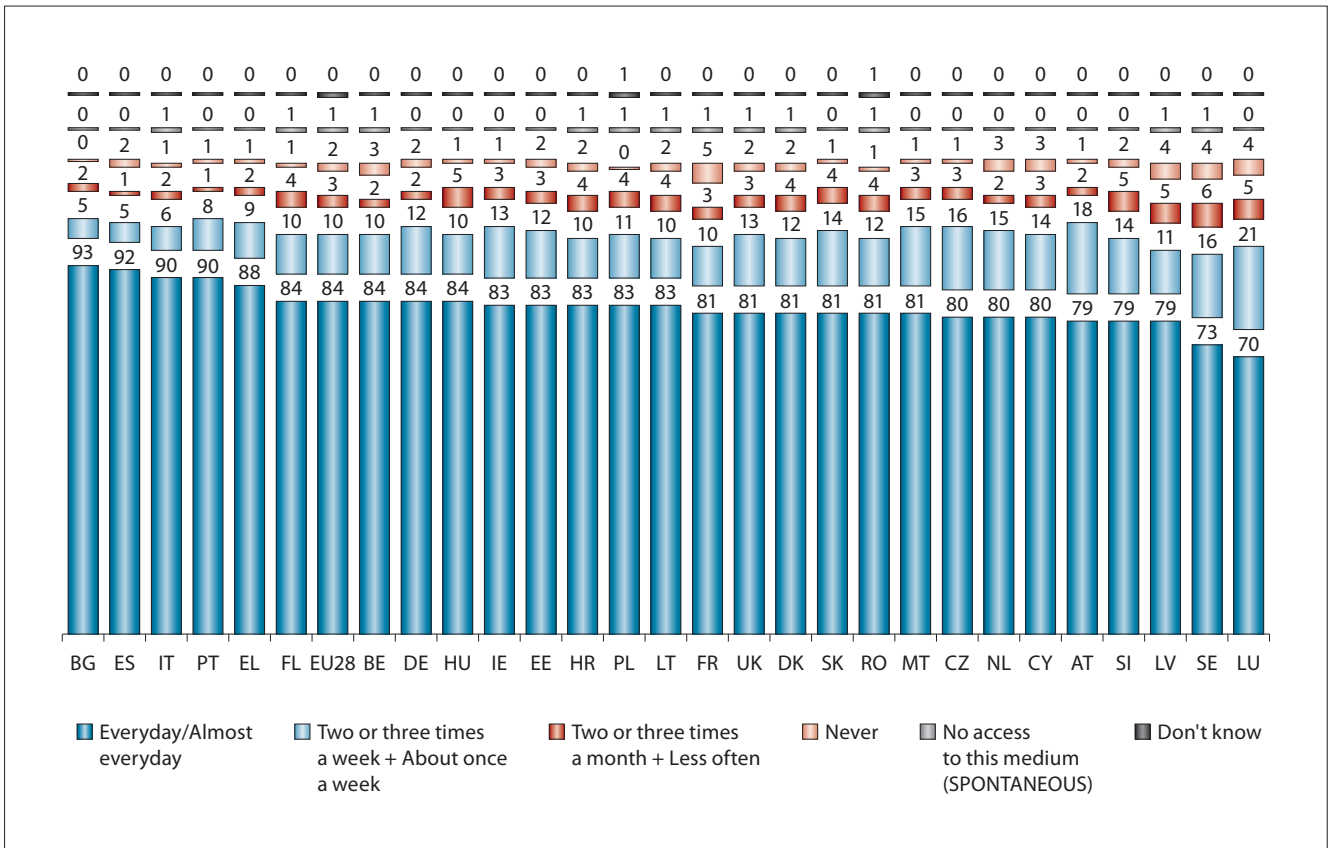
²¹ Interviewed newspaper journalists and editors have mentioned PR contracts with banks, insurance companies, tobacco companies, alcohol producers, fuel distributors, construction companies.

Figure 11. Credits by KTB to print media



Source: Протестна мрежа (Protest Network).

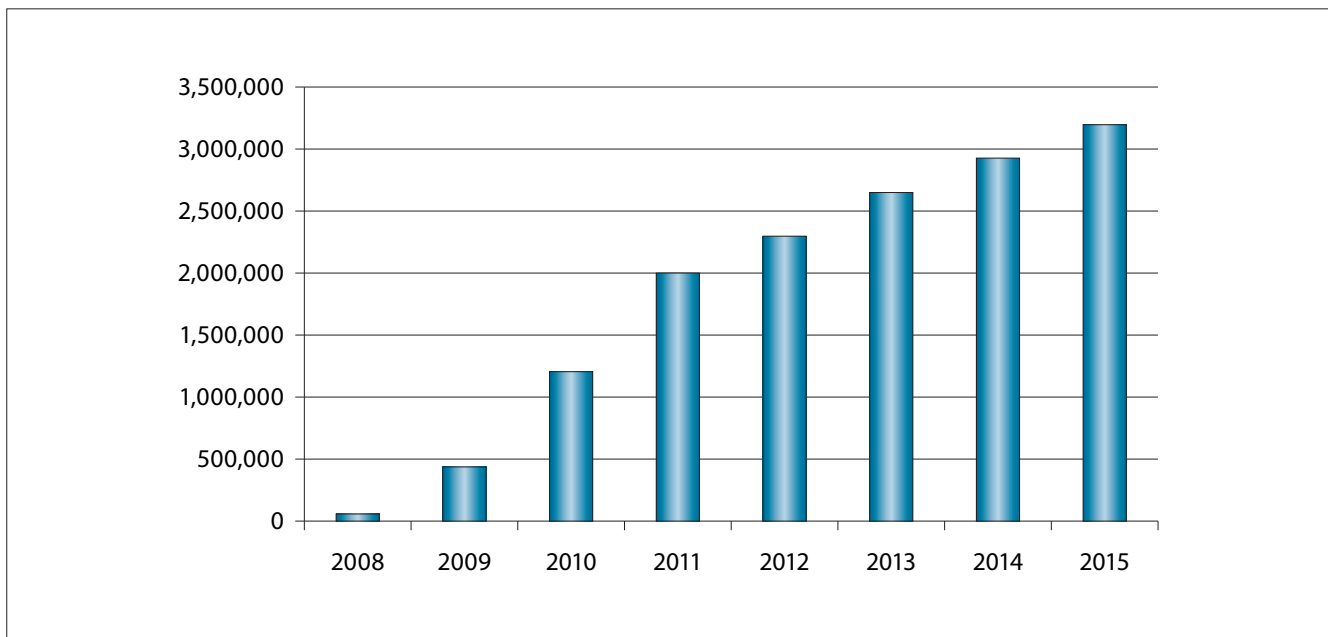
Figure 12. TV usage in the EU (2014)



Source: Eurobarometer.

for PR services. Put simply, the effect of all these contracts is that an editorial ‘veto’ is imposed on media coverage. PR contracts have an even stronger impact on the regional press, where relatively small amounts can secure media comfort for mayors and local companies.

Data from research on the advertising market shows that television remains the predominant medium in the country. **Bulgaria is the leading EU country in terms of TV viewership** (Fig. 12). The most significant problem of the media market, emphasized by both journalists and observers, is that even in the large

Figure 13. Facebook users (2008 – 2015)

Source: European Commission (Digital Scoreboard).

private TV groups (*bTV* and *Nova TV*), media content is under tight control. A very small group of editors and producers who base their decisions on the audience/market ratings, try to maintain a political balance and avoid risky topics.

Balance seeking on the part of the two large TV groups provides an especially well-received opportunity for PR experts from political parties and big economic groups to influence and neutralize negative/critical materials. The political crisis from the summer of 2013 provided a clear illustration of this trend. The big TV channels strived to provide equal coverage of both the anti-government and pro-government protesters, i.e. to look for the 'right balance' regardless of obvious differences in the scale and spontaneity of the two protests. At the same time, all media controlled by the NBMG-KTB group produced media content that was grossly unbalanced in favour of the then ruling coalition and against the civic anti-government protests.

Despite their dominance, the big TV stations (just like the print media) face the new challenges of digital

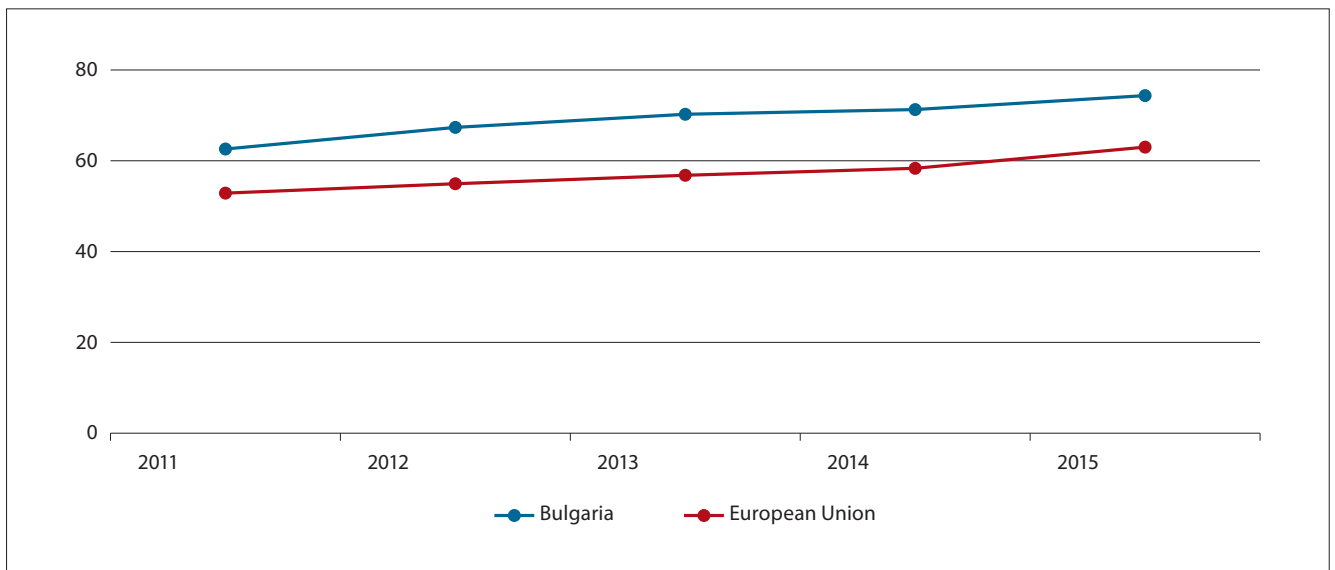
technology and communications. **The sharp rise of social media has diminished the ability of oligarchic groups to exercise control over content.**

Studies show that Facebook has caused a real media turbulence in Bulgaria. The 2009 – 2011 period saw a boom in the number of members and intensity of usage. From about 60 000 users in mid-2008, the number reached 450 000 in 2009, only to achieve a new high of nearly 2 million in 2011 (Fig. 13). It should be noted that Facebook usage in Bulgaria is consistently higher than the average for the EU (Fig. 14).

After reaching about 80 % of the population aged 18-35 in 2011, Facebook has turned not just into a platform for sharing media content, but also into an extremely effective instrument for organising civic actions. In the autumn of 2011, an initial wave of protests was observed after an incident involving the son of a notorious criminal business figure, Tsar Kiro. This was followed by a series of environmental protests in 2012, to reach a climax in 2013 when a series of civic protests (the most massive the country had seen since 1990) were organized through Facebook.²²

²² *Политическият възход на социалните мрежи*, Фондация „Медийна демокрация“, 2013 (The Political Rise of Social Networks – in Bulgarian).

Figure 14. Internet users of social media (2011 – 2015)



Source: European Commission (*Digital Scoreboard*).

Confrontations in social media showed that content is a key factor in the fight over political influence. The difference however was that in this new type of media the PR experts and commercial budgets had significantly smaller sway over public opinion. The creation of content proved to be largely cheaper and access was granted to leaders of public opinion beyond the ‘approved’ list of established journalists.

The most optimistic fact surrounding the boom of Facebook, YouTube, Twitter and other social media is that it brings **new opportunities and models of financing**. As discussed above, advertising budgets aimed at Internet media sites have stagnated since 2009. Google platforms however register a sharp

increase in this regard. According to the Interactive Advertising Bureau, the annual increase in revenues for **Facebook** equals more than 66 %, whereas **Google** saw a rise of about 20 %.²³ Estimates for 2015 suggest those two companies alone have managed to generate **profits in the order of 120 and 150M BGN**²⁴ or nearly half of the official advertising market in Bulgaria.

The growing importance of social networks as an alternative media presents a unique chance for independent journalists to create media content and to get paid (through sharing a portion of the revenues generated by social networks), thus bypassing the traditional media outlets.

²³ Bloomberg TV Bulgaria (<http://www.bloombergtv.bg/v-razvitie/2016-04-01/do-3-4-godini-byudzhetite-za-internet-shte-sa-poveche-otkolkoto-za-televiziya>)

²⁴ It should be noted that Google revenue comes not only from advertising, but also from other products and services, such as Google Play, Google Drive, Google Play Music. There is no public information about the share of these products and services in Google’s total revenue in Bulgaria.

