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Media Concentration in the Baltic States (2000–2014)

Deimantas Jastramskis

Journalism Institute, Communication Faculty,
Vilnius University, Assoc. Professor
E-mail: deimantas.jastramskis@kf.vu.lt

Anda Rožukalne

Department of Communication Studies,
Communication Faculty, Riga Stradins
University, Assoc. Professor
E-mail: anda.rozukalne@rsu.lv

Andres Jõesaar

Baltic Film, Media, Arts and Communication
School, Tallinn University, Assoc. Professor
E-mail: andres.joesaar@tlu.ee

This article examines media concentration in the Baltic States between 2000 and 2014. The study employs the Herfindahl-Hirschman Index to assess the volatility and the level of horizontal concentration in the media markets of radio, television, daily newspapers and internet of Lithuania, Latvia and Estonia. The analysis reveals that most of the Baltic States' media markets are highly concentrated and tend towards the creation of oligopolistic competition. Only two markets (the Estonian television and Lithuanian internet market) could be defined as moderately concentrated at the end of the research period.

Keywords: *Media concentration, media market, time share, Herfindahl-Hirschman Index, Baltic States.*

Introduction

In the end of 1980s, the liberalization of the political regime in the Soviet Union and the establishment of alternative political movements as opposed to the communist parties in the Baltic countries paved the way for the liberation of media and the creation of new media systems, which were mainly based on private ownership. The privatization of the majority of former soviet media outlets/organizations took place in the first half of the last decade of the 20th century in Estonia, Latvia and Lithuania. Also, the media markets in the Baltic States expanded due to the foundation of new media outlets and companies. The liberalization, privatization and establishment of new media titles resulted in the increasing diversification and fragmentation of the media in the 1990s (Lauristin and Vihalemm, 2002; Balčytienė, 2006).

Media industries, like most industries, develop in several stages: from the introduction, through the growth and shake-out to the maturity and decline. The transition of the media industry from one stage to another leads to changes in sales, costs, consumers and competition (Van Kranenburg and Hogenbirk, 2006). The growing Baltic media industries experienced shake-outs (especially the press industries) several years later after they began to develop in the end of the 1980s (press) and the beginning of 1990s (radio, television). Media companies that could not manage the changes withdrew from the competition field: mergers and acquisitions of the companies took place and this caused some degree of media concentration in the Baltic media markets. The second half of the 1990s in Estonia "is characterised by mergers of newspapers and the formation of two big media corporations" and "by the continuing concentration of the media" (Lauristin and Vihalemm, 2002, p. 40, 42). The period from 1997 to 2004 is characterized by a concentration of ownership in Latvia (Harro-Loit, 2005). According to Balčytienė (2002, p. 112), "the media has entered the concentration and stabilisation period, which is characterised by a limited number of major media firms competing for audience attention" in Lithuania in the beginning of 2001.

The 1990s period was marked by the birth of a new media industry – the internet (web sites/portals) in the Baltic States. The growth of internet and the rising media fragmentation gave some hopes for the diminishing of concentration in the media markets. The effects of horizontal concentration "may have been modified by continuing intermedia choice and the rise of new media" (McQuail, 2005, p. 229), but according to Van Dijk (2012), the overwhelming majority of small internet media outlets reach the attention of only few people and the remaining minority of internet media draws increasing audience attention. It means that the fragmentation of contemporary media does not necessarily guarantee the reduction of media concentration. Also, some strong players in the press or TV markets took advantages of technological convergence and gained more power in the new media field.

The aim of this paper is to analyze the volatility and level of horizontal concentration in the media markets of television, radio, daily newspapers and internet of Estonia, Latvia and Lithuania between 2000 and 2014.

Factors and Outcomes of Media Concentration

Each business usually has an aim to maximize its market share. This can be achieved not only by smart business strategies of some companies, but also by acquisitions of competitors and/or bankrupts in the market. A significant market share of one or few companies, i.e., a dominant position means less choice and higher prices for the consumers. When we are analyzing the shares of media companies in the market, it is worth to assess not only the economic but also the social dimension related to audience. Both the number of companies in the market and the structure of the market (or the level of media concentration) may influence media diversity and political pluralism, which are important to the level of quality to be found both in the public sphere and democracy in general.

Among the economic arguments in favor of more concentrated media, one of the most pronounced is the reasoning by Meier and Trappel (1998) that larger media companies are not only in a better position to maintain high media quality standards, but also that they are more capable of protecting their independence from interest groups and can systematically engage in investigative journalism. However, such advantages that media corporations possess and may use to create quality content often do not became real practices. On the contrary, the economic power of large media companies (and media moguls) turns into political biases that are distorting the public sphere. Therefore, much stronger argumentation exists against the concentration of media. According to Meier and Trappel (1998), a high level of media concentration reduces the number of different information sources and leads to a greater uniformity in content. Also, competition between media companies increases their accountability, the independence of editorial offices from governments and improves the overall quality of media. Certainly, all these macroconditions do not necessarily guarantee the content quality of a specific media outlet: it could depend on the editorial policy, management style and other situational variables.

Potential economic and social threats of high media concentration could be prevented by legal regulation of the market shares of economic entities (media organizations and its groups). The framework legislation of the competition regulation in the European Union (EU) permits effective control of all concentration types in terms of their effect on the structure of competition in the Community (Council of the European Union, 2004). As Just (2009, p. 100) emphasized, it is concerned with the need to regulate the concentration in the common market and that "the protection of media pluralism is primarily a task for member states". Besides that, it is argued by Ungerer (2014, p. 409) that "in spite of a number of calls by European Parliament, a specific regulatory framework for the control of media concentration and the safeguarding of media plurality does not exist at the EU level". Thus, the member states (Baltic States among them) have the freedom to apply individual media policy measures to foster effective competition, diversity and plurality in the local media markets. However, Lithuanian, Latvian and Estonian policy makers in this respect tend to give more power for the market than to use legal regulatory tools. As defined by Balčytienė (2005, p. 54), "the ethos of liberalism in the Baltic media market is manifested in liberal laws regarding media concentration."

There were and are no special legal acts in Lithuania that would restrict the ownership concentration of the media organizations or the shares of the market that they occupy. The dominant position in the media market, as well as other areas of economy (except for an economic entity engaged in retail trade), is defined when the market share of an economic entity is no less than 40 percent. Also, each group of three or a smaller number of economic entities (except for the economic entities engaged in retail trade) with the largest shares of the relevant market, jointly holding 70 percent or more of the relevant market, shall be considered as occupying the dominant position (Republic of Lithuania Law on Competition, 2012). Besides, it should be emphasized that one person may own 100 percent of a media organisation's shares (internal property concentration is not restricted) and to concentrate up to 40 percent of the market in Lithuania. Moreover, there are no restrictions on the cross-media, vertical (control over all aspects of media content production and distribution) and diagonal (when the same owner controls media and other business companies) ownership concentration in Lithuania.

A slightly different situation regarding the regulation of media concentration occurred in Latvia. The Radio and Television Law, adopted in Latvia in 1995, introduced some limitations to horizontal, cross-media and internal property concentration. First, broadcasting organizations (except for state broadcasting companies) were allowed to have no more than three channels. Second, an individual who has established a broadcasting organization and that individual's spouse could not hold more than 25% of shares in another broadcasting organization (Brikše, Skudra and Tjarve, 2002). Third, non-EU ownership of media was restricted to 49% of shares (Balčytienė, 2009). However, all mentioned restrictions were abolished since new legal regulation was introduced in 2010. According to the Electronic Mass Media Law (2010), when the market share of an electronic media company in Latvia in a particular market exceeds 35 percent, this shall be considered to be a dominant position, whereas the dominant position for other media is defined when the market share of an economic entity is no less than 40 percent. Specifically, there are no any limits of vertical, cross-media and diagonal concentration of various sectors of the media market in Latvia.

In the 1990s, the Estonian media policy tackled with an establishment of the legal framework for the media. The overall aim was to diminish any relicts from the Soviet system and to create robust ground for free, independent, private media. All mergers and acquisition in media were scrutinized only as the cases of the Competition Act (2001). Media concentration was dealt from the perspective of an undertaking in a dominant position which accounts for at least 40 percent of turnover in the market. Despite the fact that there was no comprehensive media regulation in place, the issue of media concentration was tackled in the regulation of broadcast media. The prevention of media concentration was an important article in broadcasting legislation from the 1994 until 2010 when the Media Service Act (2011) had entered into force. In regard to ownership and media concentration, the Broadcasting Act (1994) had set two objectives. Firstly, it attempted to protect the broadcasting landscape from foreign capital and, secondly, it tried to avoid media concentration. Both objectives were not fully achieved (Jõesaar, 2015).

To avoid contradictions with the Broadcasting Act (1994), the owners of the TV channel *EVTV* (Swedish media concern Modern Times Group) drafted a contract which stated that the formal majority of votes, which was required by the law then, was left to Estonian citizens, despite their smaller number of stock shares. The same solution was used in 1995–1996, when *EVTV* and *RTV* merged to form the new television station *TV3*. In order to be legally correct, the Norwegian media group Schibsted used the same scheme when obtaining shares of *Kanal2* in 1995. In the case of *Kanal2*, there was also the problem of being accused of media concentration. Eesti Meedia AS corporation, which *Kanal2* belongs to, also owned – and still owns – the daily newspaper *Postimees*, several county newspapers and, later on, several radio stations as well. In practice, it looked like a clear violation of the anti-media concentration article in the Broadcasting Act (1994), but in legal terms this clause was bypassed. The cause for such leniency was that *Kanal2* was owned by Schibsted Print Media AS, a subsidiary of Schibsted ASA, and not directly by Eesti Meedia AS. Because of this lack of will and a (claimed) inadequate wording of the law, the executive power, which should have been responsible for the supervision of broadcasting licenses, never tried to deal with the problem (Seireraport, 2005).

In relation to the country's wish for accession to the EU, the Estonian audio-visual policy legislations had to be consistent with EU norms. One of the EU norm requirements was the elimination of limitations to the proprietary relationships of broadcasting stations. In 2000, the Parliament of Estonia adopted the Amendment to the Broadcasting Act (2000), which brought the latter into conformity with EU requirements. The Estonia-centric limitation to broadcasting licence ownership was discharged. Additionally, in the 2002, the Amendment of the Broadcasting Act (2002) limited the number of nationwide broadcasting licences to two.

In order to measure the market share of a specific economic actor, it is required to quantify the percentage of the revenues, sales or purchases of that company in a relevant market. Whereas the economic power of a media company may be converted to the socio-political power, it is important to evaluate the audience share, too. Although the sales and audience shares are theoretically interrelated, this relationship may not necessarily be ideally correlated in practice. One organization is able to sell audience attention for the advertisers more effectively than another. Besides, media organizations may accumulate their revenues from other economic activities, which are not directly related to audience (for example, publishing, distribution etc.). In such cases, the economic power is not converted to the sociopolitical power, as the economic benefits are not (or partly) generated by audience. Thus, it can be stated that in order to assess the potential sociopolitical influence that a media company may have on the public sphere (or the market concentration), it is more important to evaluate the audience share than the sales share. On the other hand, to be more comprehensive, an even better choice is to incorporate the economic-based and audience-based measures (Iosifidis, 2010) into the evaluation of the media market concentration.

There were few attempts to calculate the media concentration in the Baltic media markets. Nevinskaitė (2004) examined horizontal media concentration in the dailies, television and radio markets of Lithuania, Latvia and Estonia in the 1990s and 2000 (except for the radio markets); the television and radio markets of Lithuania in 2003 were also studied. The study revealed rather concentrated media markets in all Baltic countries, although the levels and the trends of the concentration changes were different in three media sectors. First, a quite similar concentration in the dailies market was found: the share of circulation of three leading dailies in Estonia (in 1998) and in Lithuania (in 2000) was 48%, in Latvia (in 1998) – 45%. Second, the concentration level in the radio sectors decreased significantly in all Baltic States during the period of 1994–1999: the audience share of three leading radio stations (or groups of radio stations) in Estonia decreased by 23 (from 55 to 32), in Latvia – by 18 (from 58 to 40), in Lithuania – by 9 (from 56 to 47) percentage points. Besides, during the period of 1999–2003, the concentration of the audience share of three leading radio stations (groups) in Lithuania decreased by 4 percentage points. Finally, quite opposite trends developed regarding concentration in the television markets in Lithuania on the one hand and in Estonia with Latvia on another, during the period of 1994–2000: the audience share of two leading Lithuanian television channels increased by 6 (from 50 to 56) percentage points (and remained the same in 2003), while the audience share of two leading Estonian and Latvian television channels decreased by 7 (from 41 to 34) and 10 (from 51 to 41) percentage points respectively.

Peruško and Popoviç (2008) evaluated the concentration level of television markets in Central and Eastern Europe and calculated the audience shares of three strongest players in the markets (indicator C3) in 2004. The researchers found high a concentration in the Estonian and Lithuanian television markets (C3 respectively 61.2 and 66.2). The Latvian television market was assessed with moderate concentration (C3 – 53).

As we can see, the changes of horizontal media concentration in separate media sectors (and countries) show different trends (increase/decrease or high/moderate) in the context of the strengthening of cross-media and diagonal concentration during the end of 1990s and the beginning of the 21st century in the Baltic States.

Methodology

The analysis of horizontal concentration within the media markets in the Baltic countries between 2000 and 2014 was conducted primarily using the Herfindahl-Hirschman Index (HHI). The concentration of the radio, television and internet sectors is evaluated according to the time share data: for the radio sector – the amount of time that the radio station is followed, expressed as a percentage of the total listening time; for the television sector – the amount of time that the TV channels are followed, expressed as a percentage of total viewing time; for the internet sector – the ratio of total amount of time spent on the selected web site by the members of the target group, expressed as a percentage of the total amount of time spent on all researched web sites by the members of the target group (TNS LT, 2015; Gemius Baltic, 2016). The HHI of the national dailies (newspapers that are issued 5-6 times per week) is calculated using the yearly circulation data of each newspaper and calculating the percentage of the print-run of each title within the total circulation data of the all dailies. The data of time share (circulation) of media outlet is included in the calculation of the market concentration if a media outlet was functioned no less than 6 months a year.

The data for this study were received from media monitoring companies (TNS LT, TNS Latvia, TNS Emor and Gemius Baltic), the Martynas Mažvydas National Library of Lithuania, the Latvian National Library and the Estonian Newspaper Association. The HHI of the mentioned media sectors is calculated for every second year from 2000 to 2014, except for the internet sector: Gemius Baltic began the surveys of internet users of all Baltic States only in 2007. The data from January of every second year was selected to evaluate the concentration of the websites market (the measurements by Gemius Baltic cover separate months). The shares of the media outlets markets that are less than 2% are not included, since very small shares do not affect the HHI significantly. An exception is done for the shares that are less than 2% but belong to the media outlets of the companies in the same ownership structure. The level of the market concentration is classified as follows: HHI from zero to 1000 means an unconcentrated market, between 1000 and 2000 – a moderately concentrated and more than 2000 – a highly concentrated market (European Commission, 2004; Noam, 2009).

Media Concentration in Lithuania

The trends seen in Table No. 1 suggest that the Lithuanian radio market was almost entirely dominated by three media groups (*LRT*, *M1* and *Radiocentras*) between 2000 and 2014. The public radio *LRT* lost more than a third of its audience (12.2 percentage points), but the time share of the *M1* group increased by 10.5 percentage points between 2000 and 2014. The overall audience share of the top three players in the radio market increased from at least 68.8% (in 2004) to the record rate of 78% (in 2014). The lowest concentration in the radio sector was observed in 2004 and in 2006, when a higher number of small radio companies were able to compete with the main players in the market (in the time of economic growth). Therefore, the radio market is characterized as moderately concentrated at the middle (2002–2010), and highly concentrated at the beginning (in 2000) and at the end (in 2012, 2014) of the research period.

The Lithuanian television market was less concentrated in respect to the audience share. If compared with the radio market, it should be formally entitled as moderately concentrated between 2000 and 2014. However, we could distinguish two peaks (in 2004 and in 2014) when the HHI increased significantly and the television market was close to the limit of a highly concentrated

Table 1. ***Audience share (percent) and concentration (HHI) of the radio market in Lithuania (2000–2014)***

Channel/group	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
LRT group[1]	31.8	25.1	23.8	23.2	23.8	21.3	20.1	19.6
M1 group[2]	28.4	24.3	24.1	27.8	28.9	33.1	38.2	38.9
Radiocentras group[3]	15.4	23.2	20.9	19.2	19.5	18.2	17.2	19.5
Pūkas[4]	9.6	12	9.8	9.8	8.6	8	6.2	6
Tau	2.3							
Kelyje		2	2.7	2.9	2.8	2.1		
Super FM		2.8						
A2			2.5	2.9				
European Hit Radio			2.6					
Power Hit Radio			2.7	2.2	3	4.1	3.9	3.3
Žinių radijas					2.2	2.9	2.5	2.3
HHI	2152	1915	1708	1797	1878	1974	2219	2330

Sources: The Radio and Television Commission of Lithuania (2016), TNS LT (2016).

[1] The Lithuanian National Radio and Television's channels: *LRT radijas, LRT Klasika* (*LR2* – until October 2003), *LRT Opus* (since September 2006).

[2] The company's M-1 channels: *M-1, M-1 plius*; the company's Radijo stotis Ultra vires channel *Lietus*; the company's Radijo stotis Laluna channels: *Laluna, Radu*ga (since September 2001).

[3] The company's Radiocentras channels: *Radiocentras, ZIP FM* (*R*C2 – until July 2005), *Classic Rock FM* (since August 2010); the company's Rimtas radijas channel *Rusradio LT*; the company's Kvartolė channel *Relax FM* (since September 2002).

[4] The company's Pūkas channels: *Pūkas, Pūkas 2* (since July 2002).

market (Table No. 2). The growth of the shares of two main groups (*LNK* and *TV3*) in the television market conditioned these peaks. Besides, it must be emphasized that the concentration of the television market was decreasing between 2004 and 2012, but in 2014 rose again sharply. This decrease between 2004 and 2012 was initially stimulated by the rise of the advertising market, later by the launch of a new channel

Table No. 2. ***Audience share (percent) and concentration (HHI) of the television market in Lithuania (2000–2014).***

Channel/group	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
BTV[5]	17	11.5	8.8	9.2	7.7	8.1	5.8	
LRT[6]	9.6	12.2	13.1	15.7	14.3	13.7	10.6	9.9
LNK group[7]	24.1	25.4	27.6	25.1	22.7	22.7	20.4	31.5
TV3 group[8]	24.7	23.7	28.9	26.2	27.7	25.7	20.3	24.3
BMA group[9]		5.2	3.6	5.2	5.7	5.3	10.7	12.8
Lietuvos ryto TV						2	3.2	4.1
HHI	1572	1515	1859	1675	1579	1461	1099	1861

Sources: The Radio and Television Commission of Lithuania (2016), TNS LT (2016)

Table No. 3. ***Audience share (percent) and concentration (HHI) of the national dailies market in Lithuania (2000–2014).***

Daily/group	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
Lietuvos rytas[10]	41.7	37.9	35.1	30.4	29.5	32.9	32.5	39.6
Respublika group[11]	36.4	42.8	50.9	46.8	45.0	51.4	48.5	44.3
Lietuvos žinios	11.9	11.2	7.6	9.0	7.7	11.0	13.4	8.9
Verslo žinios[12]	4.8	5.4	4.4	4.6	6.0	4.7	5.6	7.2
Lietuvos aidas	5.2	2.7	2					
LT				9.2	11.8			
HHI	3256	3430	3904	3301	3130	3867	3619	3662

Sources: The Martynas Mažvydas National Library of Lithuania (2016), Transparency International Lithuanian Chapter. STIRNA.info (2016).

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5 2002–2004 – entitled *TV4*; in 2013, the company Laisvas ir Nepriklausomas Kanalas acquired the company Baltijos TV (*BTV* channel).

6 The Lithuanian National Radio and Television (*LTV* and *LTV2 channels*, since 2012 – *LRT Televizija* and *LRT Kultūra*).

7 The company's Laisvas ir Nepriklausomas Kanalas channels: *LNK* (1995), *TV1* (2003), *Liuks!* (2007), *Info TV* (2007), *BTV* (2013).

8 The company's Tele-3 (subsidiary of the company Modern Time Group) channels: *TV3* (1997), *Tango TV* (2002, since 2008 – *TV6*), *TV8* (2011).

9 The company's Baltijas Mediju Alianse channels: *PBK* (until 2003 – *OPT 1 Baltyski), Ren TV Baltija* (2005) (*Ren TV Lietuva* – 2013), *NTV Mir Lietuva* (2011), *RTR Planeta* (2008).

10 Total circulation share with daily *Ekstra žinios* (the company Ekstra žinios is a subsidiary of the company Lietuvos rytas) in 2004.

11 Total circulation share of dailies *Respublika* and *Vakaro žinios* (the publishers – Respublikos Leidiniai and Naujasis Aitvaras – respectively compose the joint ownership structure) in 2000-2012. Since 23 May 2014, *Respublika* became a weekly.

12 Since 2014, the Monday edition of *Verslo žinios* began to be issued in a digital format.

Lietuvos ryto TV in 2008. The huge rise of the concentration in the television market in 2014 was mainly a result of the company's Baltijos TV (*BTV* channel) acquisition by the company Laisvas ir Nepriklausomas Kanalas (an owner of 5 national television channels).

The situation that arose in the 21st century's Lithuanian national daily market was close to an oligopolistic model: two media groups (*Lietuvos rytas* and *Respublika*) and three dailies (four dailies in 2004, two dailies in 2014) dominated the market between 2000 and 2014 (Table No. 3). The overall circulation share of these two top players in the national daily market ranged from at least 74.5% (in 2008) to the record rate of 86% (in 2004). The research data shows very high concentration in the Lithuanian daily market during the whole analyzed

Table No. 4. ***Audience share (percent) and concentration (HHI) of the internet media market in Lithuania (2000–2014).***

Web site/group	*2007*	*2008*	*2010*	*2012*	*2014*
One.lt/Tipro Group[13]	60.4	51.1	32.6	11.9	6.5
Delfi.lt group[14]	13.7	12.0	13.2	14.4	27.2
Draugas.lt	4.4	6.1	11.8	10.5	9.5
Lrytas.lt[15]		2.6	6.2	12.2	11.5
Epasas.lt/Balsas.lt group[16]		5.3	5.5	5.7	
Diginet LT group[17]		2.2	6.2	8.0	10.4
Plius.lt group, 15min.lt/ Baltic Media Group[18]	4.6	4.5	5.9	12.1	14.8
Ieskok.lt	3.5				
Supermama.lt	2.4	2.7	3.4	3.3	2.4
Zebra.lt[19]	2.2				
Mail.ru			2.6	2.6	
Manodrabuziai.lt					2.3
HHI	3899	2860	1537	869	1343

Sources: Gemius Audience (2016), Vz.lt (2012), Transparency International Lithuanian Chapter. STIRNA.info (2016).

13 The company Tipro Group acquired *One.lt* in 2011. The Tipro group websites in 2014: *Automanas.lt, Demotyvacija.lt, Dirbu.lt*, Eshops.lt, Gaspadine.lt, Geradieta.lt, Horo.lt*, Ieva.lt, Indeliai.lt*, Įvartis.lt**, Keiciusofa*.lt, Klase.lt*, Krepsinis.net*, Lol.lt, Mamosreceptai.lt, Mama.lt*, Mamytes.lt, Mokslai.lt*, Mokslon.lt, Namai.lt, Nuolaidos.lt, One.lt, Orelis.lt*, Pasmama.lt, Pazintys.lt*, Receptai.lt, Skelbikas.lt*, Skelbimai.lt*, Spekuliantai.lt*, Spice.lt, Sportas.lt, Studijos.lt*, Sveikata.lt, Tarpmergaiciu.lt, Tostai.lt*, Tritaskis.lt, Vanile.lt*, Visigerimai.lt* (*- the Tipro group acquired from the company Balsas.lt leidiniai in October 2012).

14 Websites of the company Delfi (subsidiary of the company Ekspress Grupp): *Delfi.lt, Panele.lt, Moteris.lt, Klubas.lt* (2008), *5braskes.lt* (2011), *Cosmopolitan.lt* (2012)*, Alio.lt* (2012)*, Manonamai.lt* (2013), *Tavovaikas.lt* (2013), *1000receptu.lt* (2013), *Perpasauli.lt* (2013), *Sportotv.lt* (2013).

15 Aggregated data with *Lrytas.lt_skaitykle_fb* in 2014.

16 Websites of the company Balsas.lt leidiniai (composed one ownership structure with Epasas.lt) since October 2012: *Balsas.lt, Skusk.lt, Ekonomika.lt* (October 2010), *Valstietis.lt* (December 2010).

17 Websites of the company Diginet LT: Ar*uodas.lt, Edomus.lt, Skelbiu.lt* (July 2007), *Cvbankas.lt* (April 2009), *Autogidas.lt* (August 2009), *Kartu.lt* (December 2011).

18 Joint ownership structure: the company Plius.lt (*Autoplius.lt, Domoplius*.lt) and the company 15min (*15min.lt*)

19 The company 15min acquired *Zebra.lt* from the company Teo in March 2012.

period. The concentration in this sector began to slowly decline in 2006–2008, when the Norwegian company Schibsted ASA started to invest in the publishing of daily *LT*. However, the life cycle of the newspaper *LT* was terminated due to the economic crisis 2008 and the concentration in the daily market again increased in the last stage of the research period.

Characteristic feature of changes in the Lithuanian internet media market is that the local social media network *One.lt* lost a large part of the audience between 2007 and 2014, but the audience shares of the main news websites (*Delfi.lt*, *Lrytas.lt*, *15min*) significantly increased at the end of research period (Table No. 4). On the one hand, local Lithuanian social media lost the competition to global networks (mainly *Facebook*). On the other hand, the news websites gained more time share from new internet users. The number of internet users in Lithuania increased by 34 percentage points (from 39 to 73%) between 2007 and 2014 (TNS LT, 2016). The level of concentration in the Lithuanian internet media market decreased dramatically – from a highly concentrated level in 2007 to an unconcentrated level in 2012. However, the level of the internet media concentration again became moderately concentrated when the group *Delfi.lt* could significantly expand its audience share in 2014 (Table No. 4).

The study results show that the horizontal concentration of the Lithuanian conventional media (national dailies, radio and television) markets was higher at the end than at the beginning of the research period. The concentration of the Lithuanian internet media market decreased between 2007 and 2012: it was least concentrated if comparing with the concentration of the conventional media sectors in 2012 and 2014.

Media Concentration in Latvia

The largest audience share belongs to the public broadcaster Latvian Radio (LR) in the Latvian radio market (see Table No. 5). *LR1*, which offers news, discussion and educational radio programmes to a broad audience, is the leader in its segment; the popular music channel *LR2* reaches twice as many listeners in comparison to similar commercial radio stations, and *LR4*, which offers news and current affairs programs, as well as educational and culture radio shows, is the leader among Russian speaking listeners. Four commercial radio companies (SWH, Mix Media Group, Super FM, RS Media) and their listening time share have an important effect on market concentration as well. Table No. 5 shows that every year news channels join the radio market, but they leave the market within one or two years as they cannot attract a large enough listening time share.

After the HHI analysis of the Latvian radio market, it can be concluded that in the time between 2000 and 2014 there has been a moderate (in 2000, 2008–2012) and high level (in 2002–2006, 2014) of concentration in the market. The LR market share has remained almost unchanged, but HHI has been affected by several players increasing their listening time share, while for others it has decreased. The moderate concentration (in 2008–2012) in the radio market was caused by changes in the listenership of the relevant market players: during this period, the listening time share of both the SWH and Mix Media Group decreased, while the listenership of Super FM and RS Media had increased.

Table No. 5. ***Audience share (percent) and concentration (HHI) of the radio market in Latvia (2000–2014).***

Channel/group	2000	2002	2004	2006	2008	2010	2012	2014
Latvian Radio[20]	37	46	44	41.6	40	39	36	40
SWH[21]	14.6	16.9	15	14	13	9	10	10
Mix Media Group[22]	3	3.8	3.8	2.9	2	3	2	2
Super FM[23]	6	4.8	6.8	6.6	10	12	13	13
RS Media[24]	4	3	4	7	6	7	10	9
Novoje Radio				2.8				
Radio PIK				2. 7				
Star FM[25]		5	4.5	4	4	5	4	4
Jumor FM					3			
TOP Radio						2	3	4
Latvian Christian Radio								2
Autoradio							3	2
Retro FM							4	3
Radio 101							3	
Radio 100	3.8	4.8	4					
Radio Business&Baltija	7							
Jēkabpils radio nr.1	2							
Radio Maksimums	2							
HHI	1700	2496	2274	2059	1934	1833	1728	2003

Sources: TNS Latvia (2000–2014), MTG Latvia (2016), Data basis of LURSOFT of the Latvian Register of Companies (2012–2016), Rozukalne (2013).

TNS Latvia (2000–2014) data show that during a period of more than ten years of the development of the Latvian television market, almost each single TV channel has gradually lost its audience. The audience share of channels of the public media company Latvian Television (*LTV1*, *LTV7*) went down from 18% in 2000 to 12.6% in 2014. It means that a part of the audience has moved to other TV channels, and that public media has gradually lost its impact. The audience share of the national commercial company LNT has decreased from 26.9% in 2000 to 14% in 2010. Though on the contrary, the audience share of the international media company MTG has grown from 9% in 2000 to 19% in 2010. The growing number of TV channels helps in increasing the audience share and keeping the leading market position for MTG (35% of audience share in 2014), which had bought LNT in 2012. A similar trend can be observed in the case of audience time expenditure data of BMA – the company share went up from 8% (one channel) in 2000 to 21.9% (four channels) in 2014 (Table No. 6). BMA has a strong

[20] The public media organization Latvian Radio operates six channels: *LR1, LR2, LR3, LR4, Pieci.lv, Radio NABA*.

[21] JSC SWH operates five channels: *Radio SWH, SWH+* (Russian language), *SWH Rock, SWH Gold*, internet radio channel for young people audience *Spin*.

[22] JSC Mix Media Group operates *Radio Mix FM, Radio Baltkom*, it has also the internet news site *Mixnews.lv*, and the Internet television channel *MixTV*.

[23] JSC Super FM operates *European Hit Radio, Hiti Rossii (Russkoje Radio), Super FM*, and also few regional channels.

[24] LLC RS Media operates *Radio Skonto*; since 2015, it has a channel in Russian *Skonto+*.

[25] Radio channel *Star FM* is a part of the company MTG Latvia.

position within the media market of all Baltic States because it elaborates the content of several Russian TV channels in Estonia and Lithuania as well.Data on the TV market from 2000 to 2014 show a moderately concentrated market (with the exception of 2010). In the beginning of the second decade of the 21st century, the TV market has reached its highest concentration level – 1987 HHI in 2012 and 1896 HHI in 2014 (Table No. 6). The market shares of MTG and BMA, which have rapidly increased since 2012, set the TV market concentration levels towards those of high concentration.

Data in Table No. 7 illustrate that two or three largest daily newspapers that are issued in the Latvian dominated the market (*Diena*, *Latvijas Avīze*, *Neatkarīgā Rīta Avīze*), and other players could not seriously influence the market concentration between 2002 and 2014. The general number of daily newspapers in Latvia has decreased since the beginning of the 21st century; also, the circulation of each daily newspaper has fallen (National Library of Latvia, 2016). In addition, the publishing frequency of several newspapers has decreased, and a few dailies have left the media market. Those are the main reasons why the concentration has increased from HHI 2018 in 2002 to HHI 2448 in 2014. The HHI index shows that the Latvian daily market was almost highly (in 2004–2008) or highly concentrated (in 2002, 2010-2014) (Table No. 7).

With an analysis of the available data, it can be concluded that Latvian internet users spend most of their time on the same websites – social media, email systems, gaming

Table No. 6. ***Audience share (percent) and concentration (HHI) of the television market in Latvia (2000–2014).***

Channel/group	*2000*	*2002*[26]	*2004*[27]	*2006*	*2008*	*2010*	*2012*	*2014*
LNT[28]	26.9	28	25	23	22.6	14		
MTG Latvia[29]	9	15	18	22	20.7	19	37	35
Latvian Television[30]	18	16	17	16	15	13.6	13	12.6
ORT/ BMA[31]	8	11	14[32h]	11	13	13	21	21.9
BMU[33]						4.7	2.8	5.7
HHI	1193	1386	1434	1390	1333	933	1987	1896

Sources: TNS Latvia (2000–2014), Baltic Media Alliance (2016), Data basis LURSOFT of Latvian Register of Companies (2012–2016), Rozukalne (2013).

[26] Due the lack of data, the television market in 2002 has been calculated by using the research data of TNS Latvia from October 2002.

[27] Due the lack of comparable data, the television market in 2004 has been calculated by using the research data of TNS Latvia from May 2004.

[28] Latvijas Neatkarīgā televīzija (LNT) operates the channels *LNT, Kanals 2* and *TV5* (Russian language); in 2012, LNT was merged with MTG. The LNT share has been calculated separately up until 2010.

[29] MTG Latvia operates the channels *TV3* and *3+*, since 2008 – *TV6*, since 2012 – *LNT, TV5, Kanals 2*; from March 2016, MTG Latvia closed *TV5*.

[30] The public media company Latvian Television operates two channels: *LTV1* and *LTV2* (*LTV2* was renamed to *LTV7* in 2006).

[31] ORT – a Russian TV channel, since 2003 – the Baltic Media Alliance (BMA). The BMA operates four Russian channels: *PBK* (*Pervij Baltijskij Kanal*), *Ren-TV Baltija, 1BM, NTV Mir Baltic*. The BMA also issues the largest weekly newspaper in Russian *MK* – Latvia, which belongs to the Russia-based publishing house Moskovskij Komsomolec. In 2015, the media concern BMA launched a video content portal *TVDOM.lv*.

[32] Data for 2004 consist of shares of two BMA channels – *PBK* and *NTVMir*.

[33] The Baltic Media Union (BMU), established in Estonia, provides content of the following Russian TV channels: *RTR Planeta Baltij*a and the sport channel *KHL*.

Table No. 7. ***Audience share (percent) and concentration (HHI) of the national dailies market in Latvia (2002–2014).***

Daily	*2002*[34]	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
Diena[35]	34	23	23	24.6	27.5	30	34
Latvijas Avīze[36]		30	30	28	23.7	24	22
Neatkarīgā Rīta Avīze[37]	20	16	14	16	22	23	22
Biznes & Baltija	5.7	4	4	5.5			
Vesti Segodnya[38]	15	12.7	15.6	14	11.7	13	18
Panorama Latvii	8.7						
Telegraf[39]	5.7	4	3	4	6.9		
Chas[40]	9.8	8.7	9	6.8	7.8	8.7	
HHI	2018	1954	1974	1934	2047	2250	2448

Sources: National Library of Latvia (2016), Data basis LURSOFT of Latvian Register of Companies (2012–2016), Rozukalne (2013).

platforms and news sites. The increase in internet market players does not decrease the concentration by itself, as monotone internet usage patterns remain. Thereby, the level of concentration is influenced by the amount of browsing time shared by similar services – multiple social networks and news sites. With the increase of diverse social media, the browsing time has decreased, while with the increase in content diversity and internet penetration rate in Latvia, the time spent on news sites like *Delfi.lv*, *Apollo.lv*, *Tvnet.lv* has increased. At the same time, the social network *Draugiem.lv* has maintained a leading role, influencing the level of market concentration – its time share was 45% in 2008 and 38.8% in 2014 (Table No. 8).

The HHI data about the internet market reflect not only economic processes, but also the dynamics of internet technology development in Latvia. The HHI data show that the increase in market players decreased market concentration. However, the internet market concentration has remained high since 2007, when HHI was 3325, but it has fallen to 2190 in 2014 (Table No. 8).

There are two clear trends of media concentration in Latvia between 2000 and 2014. The concentration of conventional media (press, radio and television) has increased, but the internet media market concentration has gradually decreased. The daily newspaper market represents the highest level of concentration within all media sectors in Latvia in the end of the research period.

[34] The National Library of Latvia does not have any circulation data of dailies from 2000.

[35] From 1991, a part of JSC Diena, which includes publishing houses, a regional press outlet and a real estate company.

[36] Belongs to JSC Lauku Avīze, which also issues several magazines, a weekly, monthly and publishes books as well.

[37] Newspaper is the part of LLC MN Mediji.

[38] Newspaper is issued by the publishing house Vesti.

[39] Newspaper was transformed to a weekly and closed in 2014, previously being issued by the publishing house Vesti.

[40] Newspaper was closed in 2013, previously being issued by the publishing house Vesti; the particular newspaper title formerly belonged to publishing house Petit.

Table No. 8. ***Audience share (percent) and concentration (HHI) of the internet market in Latvia (2007–2014).***

Web site/group	*2007*	*2008*	*2010*	*2012*	*2014*
Draugiem.lv[41]		45	44	43	38.8
One.lv[42]	52.8	18.9	10.6		
Inbox.lv[43]	21.8	13	13.6	17	21
Tvnet.lv[44]	7	3.7	3	4	6.8
Face.lv[45]	3				
Pasmaidi.lv[46]	2	2			
Ss.lv[47]		4	5.7	7	
Apollo.lv[48]		2	2	2.8	3.5
Delfi.lv			6	6.5	9
Mail.ru				2	2
Spoki.lv				2	
Odnoklasniki.ru				6	10
HHI	3325	2589	2315	2297	2190

Media Concentration in Estonia

There were 29 radio valid licences in Estonia as of 1 June 2015 (Estonian Technical Regulatory Authority, 2015). Even the number of licences looks high for such a small market as Estonia, though in reality, the commercial competition on the national level takes place between two main groups – Trio LSL AS and Taevaraadio AS. These two companies are holding twelve radio licences (six for each) and have possessed more than 50% of the audience share in 2010, 2012 and 2014. The market leader's Estonian Public Broadcaster's (which operates five radio programs) share is in decline, but it still retains almost one third of the audience share. These three media groups altogether hold more than 80% of the market. Mediainvest Holding AS is the third commercial player that has run two stations until 2015. The Estonian radio market is characterized as highly concentrated with slight decline trend during 2006–2012 (Table No. 9).

[41] National social network site *Draugiem.lv* is owned by LLC Draugiem.

[42] *One.lv* was the largest Russian speaking social network in Latvia (1999 – January 2013); shortly before its closure in January 2013, the former owner appealed the users to join the Russian social network *Odnoklasniki.ru*.

[43] The national email service *Inbox.lv* is owned by LLC Inbox; it also provides certain other services – games, internet stores, dating.

[44] The news site *Tvnet.lv* was established in 2000 and owned by LLC TV NET, which has been a part of the Estonian media concern Eesti Media since 2013. Due to the merging of internet news site companies LLC TV NET (news site *Tvnet.lv*) and LLC Apollo (news site *Apollo.lv*), starting with June 2014, statistics include *Tvnet.lv* and *Apollo.tvnet.lv*.

[45] *Face.lv* is national dating social network, established in 2004

[46] *Pasmaidi.lv* was social network for teenage users, based on user-generated content; its current title is *Spoki.lv*, it has belonged to LLC TV NET since 2012.

[47] *Ss.lv* is a site for private classifieds.

[48] News site *Apollo.lv* was established in 1997 by a state-owned telecommunication company Lattelecom, and has been owned since 2014 by LLC TV NET, which is a part of Estonian media concern Eesti Media. Due to the merging of internet news site companies, starting with June 2014, statistics includes *Tvnet.lv* and *Apollo.tvnet.lv.* Sources: Gemius Audience (2016), Data basis LURSOFT of Latvian Register of Companies (2012–2016), Rozukalne (2013).

Table No. 9. ***Audience share (percent) and concentration (HHI) of the radio market in Estonia (2002–2014).***

Channel/Group	*2002*[49]	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
Estonian Radio[50]	38	38.6	36	35.4	33.2	32.7	32.7
Trio LSL AS[51]	31.4	28.3	25.5	25.6	25.1	27	28.2
Taevaraadio AS[52]	15.8	19.2	24.5	22.7	25.4	24	23.7
Mediainvest Holding AS[53]	2.8	4.5	6	8	8	7.7	6.7
HHI	2687	2680	2583	2488	2441	2434	2471

Source: TNS Emor (2002–2014).

A TV audience share and HHI data analysis (Table No. 10) show that the Estonian television market is moderately concentrated with a stable tendency of a declining level of concentration. The highest concentration level, 1506 HHI, occurred in 2008. An increase of concentration during 2002-2008 was the result of an Estonian broadcasting legislation – the limitation of the number of nationwide broadcasting licences to two (the Amendment of the Broadcasting Act, 2002), which closed the Estonian market for domestic newcomers. Both changes – the liberalization of the proprietary mentioned earlier and the closure of the market – directly served the interest of the two international media companies, Schibsted and Modern Times Group. These companies were granted with an advantageous economic environment. The "good times" had lasted until 2008. However, new media developments and rapidly increasing numbers of new foreign channels, made accessible through cable, sat-TV and emerging IPTV platforms, hindered the positions of commercial Estonian broadcasters. Broadcasters faced a decrease in audiences and a loss of revenues. The switchover from the terrestrial analogue transmission to the digital platform in 2010 increased the competition even more. And on top of that, the 2008 economic regression took away more than one third of the Estonian advertising market value (TNS Emor, 2014). Despite all difficulties, the main broadcasters – *Kanal2*, *TV3* and *ERR* – (largely) maintained their market shares and are altogether having more than 50 percent of the viewing time.

By the beginning of the 2000s, the Estonian dailies market has settled down and two main publishing groups were dominating. The HHI analysis of the Estonian national dailies shows that the market is oligopolistic and is divided between two media houses: Eesti Meedia and Ekspress Grupp (Table No. 11). A small and fragmented market caused bankruptcies and/or mergers and the overtaking of small outlets. Due to the change of media consumption, the business opportunities for print media

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49 No audience survey data available for year 2000.

50 Estonian Public Broadcasting channels: *Vikerraadio, Raadio2, Raadio4, Klassikaraadio* and, since 2005, *Raadio Tallinn*.

51 In 2012, Eesti Meedia AS bought 67.7% of Trio LSL ASL shares from Metromedia and became a sole owner of this radio group. Channels: *Kuku Raadio, Uuno Raadio, Raadio 100 FM Narodnoe Radio, Raadio Eeva* (2002) / *Raadio Uuno Pop* (2003-2009) / *Raadio Spin FM* (since 2009) and R*aadio Elmar, DFM* (since 2004).

52 Channels: *Energy FM, Raadio Mania, Raadio 3, Raadio Sky Plus, Sky Radio* and *Russkoe Radio*.

53 Owned by Modern Times Group; channels: *Power Hit Radio* and *Star FM*.

Table No. 10. ***Audience share (percent) and concentration (HHI) of the national television market in Estonia (2000–2014).***

Channel/Group	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
ERR[54]	19.5	18.2	18	17.3	15.8	17.4	19	18.4
Kanal2 AS[55]	13.5	16.5	19.6	21.9	20.6	19.4	18.2	18.8
TV3 AS[56]	16.2	21.1	23.6	23.1	22.6	18.2	16.5	16.3
BMA[57]	14.8	17	9.6	12.3	17.6	17	16.1	14
Other Russian channels[58]	6.9	6.5	4.6	4.2	3.4		4.2	5.1
Other Western channels[59]							3	3
HHI	1092	1380	1378	1481	1506	1299	1250	1189

Source: TNS Emor (2000–2014).

Table No. 11. ***Audience share (percent) and concentration (HHI) of the national dailies market in Estonia (2000–2014).***

Daily/Group	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*	*2012*	*2014*
Eesti Meedia[60]	50.7	53.2	51.2	55.3	54.6	59.5	60.4	61.5
Ekspress Grupp[61]	21.9	19.9	19.4	18	18.5	20.1	26.2	25.2
Eesti Päevaleht	7.8	6.9	6.9	6.1	7	7.4		
Äripäev	6.9	7.9	8	8.6	8.9	6.3	6.4	6.3
Põhjarannik	3.9	3.3	3.1	2.9	3	3.3	3.3	3.4
Meie Maa	3.4	3.3	3.1	2.9	2.8	3.4	3.7	3.6
Estonija	3	2.5	2.3					
Molodjož Estonii		3.0	3.2	2.7	2.2			
Vesti Dnja			2.8	3.6	3.1			
HHI	3194	3373	3152	3530	3483	4061	4400	4482

Source: Estonian Newspaper Association (2016).

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[54] Estonian Public Broadcasting; channels: *ETV* and since 2008 *ETV2*.

[55] Channels: *Kanal2,* since 2008 *Kanal 11,* since 2011 *Kanal 12*.

[56] Channels: *TV3,* since 2004 *3+*, since 2008 *TV6.*

[57] Baltic Media Alliance channels: *Pervõi Baltic Channel (PBK), REN-TV Estonia* and *NTV-Mir*.

[58] Channels: *RTR Planeta Baltic, CTC.*

[59] Channels: *Sony Entertainment TV, Sony Turbo, Discocery, Fox, Fox Life, National Geographics.*

[60] Publisher of national daily *Postimees* and six county dailies: *Pärnu Postimees, Sakala, Põhjarannik, Virumaa Teataja, Meie Maa and Järva Teataja*. Eesti Meedia AS owned 50% of AS SL Õhtuleht (publisher of daily *Õhtuleht*) until 2013. In 2013, Schibsted ASA sold ownership of the Eesti Meedia AS to the Meedia Holding OÜ. As by now, AS SL Õhtuleht is 50% owned by Ekspress Grupp and 50% by Suits Meedia OÜ.

[61] Since 2001 and up until 2011, Ekspress Grupp AS held 50% shares of Vivarone OÜ (publisher of daily *Eesti Päevaleht*). In 2011, Ekspress Grupp AS became a 100% owner of Vivarone OÜ. Ekspress Grupp AS is shareholder of 50% shares of AS SL Õhtuleht (publisher of daily *Õhtuleht*). Ekspress Grupp AS is the publisher of the weekly *Eesti Ekspress*.

have got weaker and this increased the already high level of media concentration to an even higher degree. There is a threat that due to the declining circulation numbers, Ekspress Grupp might consider moving their newspaper *Eesti Päevaleht* to an all-digital web platform. This means that Eesti Meedia will have a monopoly at the dailies print market in Estonia.

The Estonian online market has been dominated by three players – Ekspress Grupp AS, which runs the portal *Delfi.ee*; Postimees AS, which runs *Postimees.ee* and Telia, which operates *Neti.ee* and *Hot.ee* (Table No. 12). From the beginning of the 2000s, *Delfi.ee* has been recognized as the forerunner, but actually *Neti.ee* had even higher traffic numbers, but as it was not a core business for the Estonian Telecom (now Telia), they kept a low profile and were not providing journalistic content. According to TNS Emor (2016) statistics, *Postimees.ee* was, until fall 2015, slightly behind of *Delfi.ee*, but reached first position in the end of the year. An HHI analysis (Table No. 12) shows high concentration

Table No. 12. ***Audience share (percent) and concentration (HHI) of the internet market in Estonia (2007–2014).***

Web site/Group	*2007*	*2008*	*2010*	*2012*[62]	*2014*[63]
Telia[64]	40.1	39.1	18.1	39.3	27.8
Ekspress Grupp[65]	23.9	23.8	26.1	22	25.8
Eesti Meedia[66]	9.7	15.5	18.5	4	19.2
MTG[67]		2.1			
Forticom[68]			14.7	19.7	19
Mangukoobas.ee	9.6	2.7	2.1		
Auto24.ee	5.3	6.3	5.8	3.8	4.1
Perekool.ee	2.2	2.4	2.1		
Lastekas.ee		2.2			
Buduaar.ee			2.9	2.7	
HHI	2398	2397	1618	2454	2185

Source: Gemius Audience (2016).

[62] Gemius Baltic statistics do not provide full data about the Eesti Meedia web sites in 2012, including one of the most popular Estonian portal *Postimees.ee*.

[63] The data from March 2014 was selected to evaluate the concentration of the Estonian websites market since Gemius Baltic resumed to measure the time share of the Eesti Meedia web sites in that year.

[64] *Rate.ee; Neti.ee, Hot.*ee (2012, 2014).

[65] *Delfi.ee, Sloleht.ee* (since 2012 – *Ohtuleht.ee*) (was owned in 50% by Ekspress Grupp and 50% by Eesti Meedia), *Ekspress.ee* (2007), *Epl.ee* (2007, 2012), *Maaleht.ee* (2012), websites of the company Ajakirjade kirjastus (50% of shares belong to the Ekspress Grupp): *Toidutare.ee, Kroonika.ee, Naistemaailm.*ee (2012). The calculations include 50% of the time share of websites: *Sloleht.ee (Ohtuleht.ee), Toidutare.ee, Kroonika.ee, Naistemaailm.*ee due to the earlier mentioned property division.

[66] *Postimees.ee* (2007–2010, 2014), *Kv.ee* (2007-2012), *Upop.ee* (2007, 2008), *Elu24.ee* (2010), *Soov.ee* (2012, 2014), K*anal2.ee, Sakala.ajaleht.ee, Virumaateataja.ee, Reporter.ee, Valgamaalane.ee, Kuku.ee, Elmar.ee, Spinfm.*ee (2014). The calculations include 50% of the time share of website *Sloleht.ee (Ohtuleht.ee)*.

[67] *Everyday.com, Tv3.ee*.

[68] *Mail.ru, Ok.ru*.

within the Estonian internet market, with an exception of 2010 (moderate concentration). However, Gemius Baltic does not provide data about one of the most popular Estonian portal *Postimees.ee* in 2012. There is also a lack of data on the time share of some smaller web sites. Therefore, the changes of the concentration level (calculated HHI) in the Estonian internet market between 2007 and 2014 are not presented accurately enough and should be treated as a general trend only.

The Estonian media market is described by three main characteristics: 1) an oligopoly of two main media houses – Eesti Meedia AS and Ekspress Grupp AS – on print media and the internet market, which gets stronger year by year; 2) a high concentration within the radio market is slightly declining; 3) now much less concentrated, the television market had its peak in 2006–2008. Despite increasing competition, the positions of four main television groups have remained pretty much the same.

Discussion and Conclusions

A comparison of the different types of markets (radio, television, dailies and internet) shows that the dailies markets were largely concentrated in the Baltic States between 2000 and 2014 (Fig. Nos. 1-4). Such a trend was especially pronounced in the Estonian and Lithuanian dailies markets: each of them were dominated by two companies. In the same time, there are some complications in the evaluation of Latvian dailies market mainly because of the difficulty to identify the real owners and the beneficiaries of the largest media companies. Unofficial information states that media firms that operate the largest dailies *Diena* and *Neatkarīgā* are related to the same individuals as real owners. If confirmed, this would mean that the Latvian market of dailies is even more concentrated than it is observed by the official data. It is also worth to observe that the development of internet media markets and an intensive growth of internet users had positive correlation with the increased

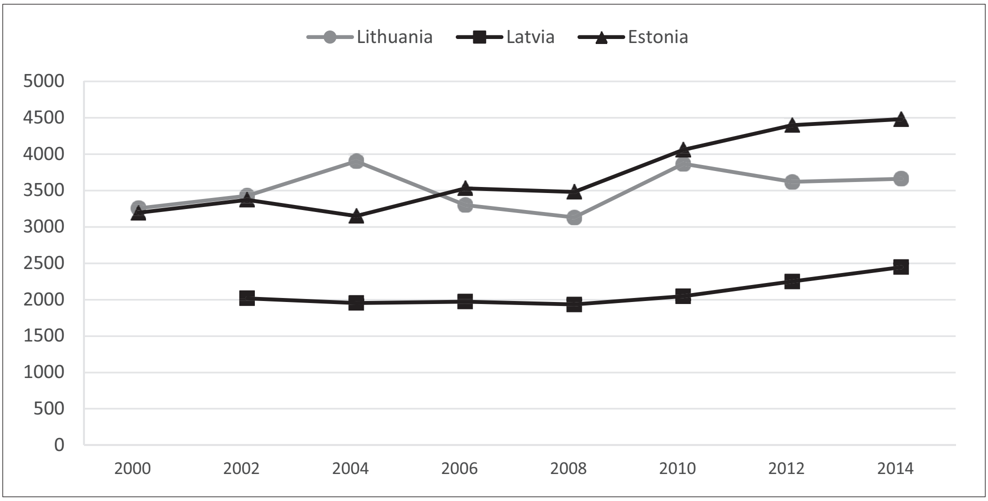

Figure No. 1. ***Concentration (HHI) of the national dailies markets in Lithuania, Latvia and Estonia (2000-2014).***

Source: authors, based on data of Tables Nos. 3, 7, 11.

concentration in the national dailies sectors in all Baltic States between 2010 and 2014.

If compared with the dailies, radio and internet sectors, the lowest concentration in the Baltic States' media markets is observed within the television sector. The HHI analysis shows moderate concentration in these three television markets between 2000 and 2014 (Figure No. 2). There are essential differences of volatility in the television markets' concentration. These differences are related to the limitations determined by law when comparing Lithuania, Latvia and Estonia. The level of the television market' concentration was higher in Lithuania (between 2000 and 2010), where special restrictions regarding the horizontal concentration for broadcasting activity were not set. Discussed limitations on the number of channels/licenses for the broadcasting sectors in Latvia (until 2010) and Estonia (since 2002) resulted in a lower level of the television market concentration in both countries. However, the curve of the Latvian television HHI sharply rose after these restrictions were abolished in 2010 (Figure No. 2). Meanwhile, the HHI of the Estonian television market even decreased due to the increased number of new foreign channels in the end of research period. Therefore, it can be concluded that stricter legal regulation of the concentration in the broadcasting (television) sectors of Latvia and Estonia made an important effect on the prevention of the growth in market concentration.

The Estonian radio market is the most highly concentrated among the radio markets of the Baltic countries (this sector in Estonia is measured as highly concentrated between 2002 and 2014). Despite the fact that the concentration rates in the Latvian and Lithuanian radio markets are lower than in the Estonian radio market and are classified as moderate in the major part of the research period, these sectors tend to

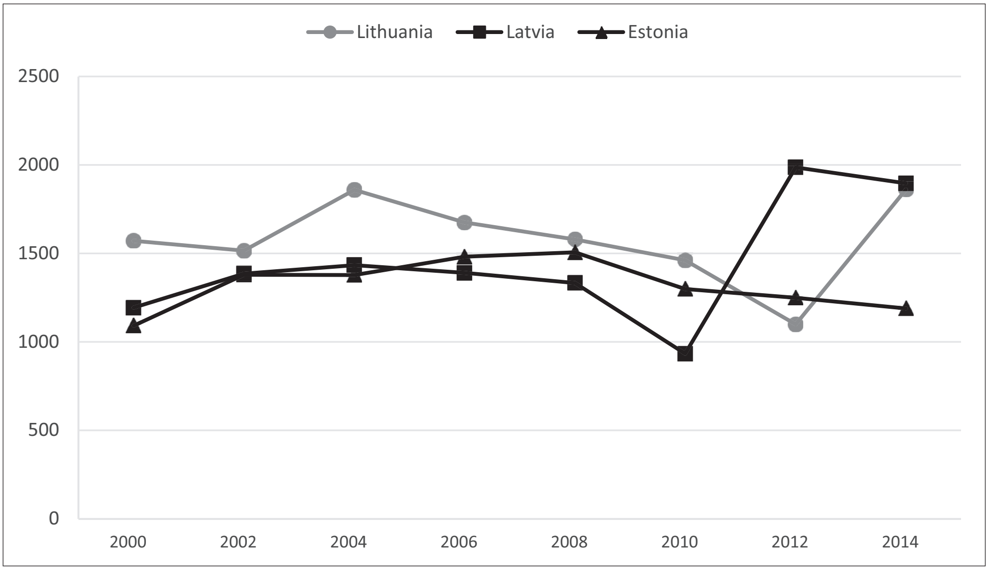

Figure No. 2. ***Concentration (HHI) of the television markets in Lithuania, Latvia and Estonia (2000-2014).***

Source: authors, based on data of Tables Nos. 2, 6, 10.

become highly concentrated markets at the end of the research period (Figure No. 3). It has to be emphasized that only in Latvia lawmakers tried to regulate the horizontal concentration in the radio sector in addition to the norms of common law. According to the additional regulation, broadcasting organizations (with exception of the state companies) were allowed to have no more than three channels. However, such regulation did not prevent the high (or close to high) concentration level in the Latvian radio market due to the dominant position of the public media organization (Latvian Radio), for which the limitation of the number of channels was not applied.

The concentration of internet media markets in the Baltic States' has shrunk down due to the growing number of market players and the increase of competition between the largest participants of the internet market. However, despite the decline of concentration in all Baltic internet markets, the level of the concentration at the end of research period remained high in the markets of Latvia and Estonia (Figure No. 4). Another relevant difference found between the Baltic countries' internet markets is a varying structure of the main market players with respect to the provided content. News websites were the main players in the Lithuanian internet market at the end of research period; in the Latvian internet market, the main players were the social media, email systems and gaming platforms, while the Estonian internet market was dominated by the news websites, the social media and internet services.

To sum up, the results of this study show that most of the Baltic States' media markets show a tendency of high concentration and the creation of oligopolistic competition. This tendency is reflected in practice when the market is comprised of

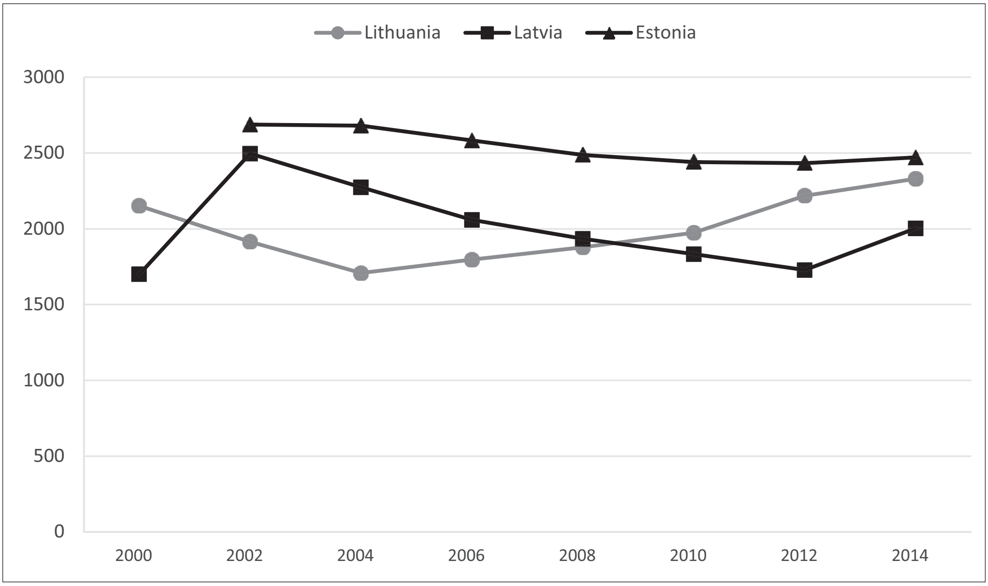

Figure No. ***3. Concentration (HHI) of the radio markets in Lithuania, Latvia and Estonia (2000-2014).***

Source: authors, based on data of Tables Nos. 1, 5, 9.

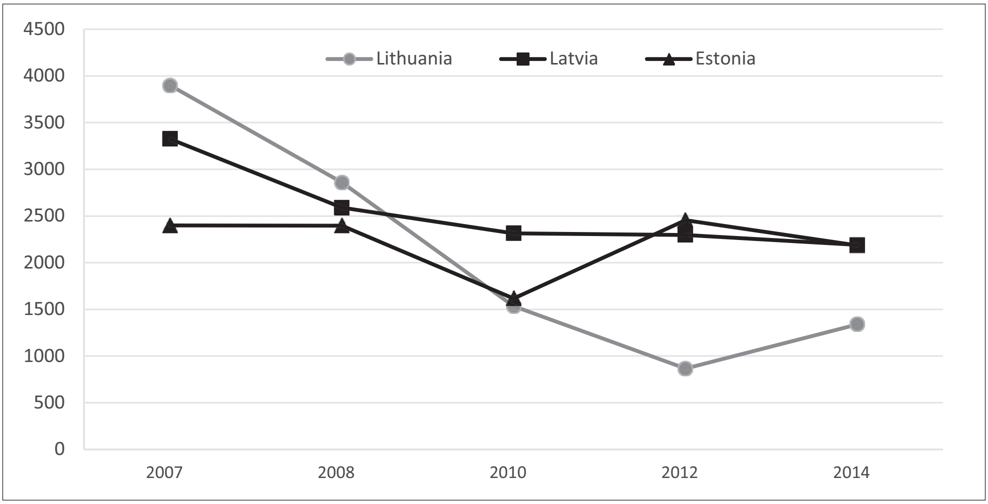

Figure No. ***4. Concentration (HHI) of the internet markets in Lithuania, Latvia and Estonia (2007-2014).***

Source: authors, based on data of Tables Nos. 4, 8, 12.

many companies, but only two or three of them attract the major part of the audience and advertiser investments. First, eight out of twelve analyzed markets (the radio and dailies markets in all countries, the internet markets in Latvia and Estonia) were highly concentrated at the end of the research period. Second, the concentration of the Latvian and Lithuanian television markets approached the margin of "high" in 2014. Finally, only two markets (the Estonian television and Lithuanian internet market) could be defined as moderately concentrated at the end of research period.

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ŽINIASKLAIDOS KONCENTRACIJA BALTIJOS ŠALYSE 2000–2014 METAIS

Deimantas Jastramskis, Anda Rožukalne, Andres Jõesaar

S a n t r a u k a

Straipsnyje nagrinėjama žiniasklaidos koncentracija Lietuvoje, Latvijoje ir Estijoje 2000–2014 metais. Atliktame tyrime, vertinant Baltijos šalių radijo, televizijos, dienraščių ir interneto žiniasklaidos rinkų horizontalios koncentracijos kaitą ir lygį, buvo skaičiuojamas *Herfindahl–Hirschman* indeksas. Tyrimo rezultatai rodo, kad dauguma, t. y. dešimt iš dvylikos, Baltijos šalių žiniasklaidos rinkų yra labai koncentruotos, ir konstatuotina oligopolinės konkurencijos kūrimo tendencija. Vidutinė žiniasklaidos koncentracija tiriamuoju laikotarpiu buvo nustatyta tik dviejose rinkose – Estijos televizijos ir Lietuvos interneto žiniasklaidos.

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