

THE AUSTRIAN MEDIA SYSTEM: STRONG MEDIA CONGLOMERATES AND AN AILING PUBLIC SERVICE BROADCASTER

Martina Thiele

'Two giants dominate the Austrian media scene: the government-influenced Austrian Broadcasting Company (ORF) and an enormous print family' (Fidler 2004: jacket text). These were the concise conclusions of *Standard* journalist Harald Fidler, who has documented and commented critically on media policy developments of recent years. Communications scientists speak of a highly concentrated market and one which, in comparison to the international scene, has been slow to implement a dual broadcasting system.

Nevertheless, in the area of press and broadcasting there have been a few important developments since the 1990s. Since 2001 there has been a new broadcast law, intended to regulate the relationship between private, commercial, and public service broadcasting corporations. In the same year, however, there occurred a merging of the print media which has been worrisome, as more than 60 per cent of the daily and the weekly press, and 100 per cent of the production of political magazines, are issued by this media conglomerate Media Print AG. There can therefore be only a limited sense of varied and various independent publishers and broadcasters supplying the people of Austria with information. Rubina Moehring, the Austrian President of Reporters Without Borders, sees this as one reason why Austria ranks 16 worldwide in terms of concentration of media and of political influence on ORF (see Fuith 2006: 36).

The Press in Austria

A positive sign is that 72.7 per cent of Austrians over the age of fourteen read a newspaper daily. These mostly read the tabloid *Neue Kronen-Zeitung* with its specific federal states' editions. With a circulation of 847,320 copies, representing a share of 43.8 per cent, the

Neue Kronen-Zeitung is the most successful newspaper in the country, followed in second and third places by the 269,000 copies of the *Kleine Zeitung* and the *Kurier* with 169,000 (see OeAK 2006).

Despite the market leadership of the *Neue Kronen Zeitung*, the strong position of the regional daily papers is apparent. The nationwide quality papers such as *Die Presse* and *Der Standard* reach a national readership which is as great as that of the *Oberoesterreichischen Nachrichten* or the *Tiroler Tageszeitung*, both regional newspapers. The political party press, which was so strong in the fifties, has largely disappeared; today they reach only two per cent of the daily press market. However, it is not only the party- and confessional-related press which has come under economic pressures: Many other smaller newspaper publishers have been swallowed by the larger ones. This disguises the decline of the actual numbers of the publishing companies and editorial units. Others can secure their survival only by attracting foreign or non-media investors. The *Kurier*, founded in 1954 by Ludwig Polsterer, is now 54.9 per cent owned by the Raiffeisen-Konzern, the biggest Austrian bank; small investors hold 0.1 per cent of the shares and 49.41 per cent belongs to the Essen-based German media company WAZ-Konzern, which has been engaged in the Austrian markets since 1987. They first acquired 45 per cent, then 50 per cent of Hans Dichand's *Neue Kronen Zeitung*, then the 49.41 per cent of *Kurier*. In 1988 the firm Mediaprint AG Press, Marketing and Advertising was founded for marketing and advertising on behalf of *Neue Kronen Zeitung* and *Kurier*. Several other firms also involved in broadcast, newspapers and advertising belong to Mediaprint.

Despite the tendency towards concentration, there have been attempts to establish new newspapers and magazines in the last two decades. One of the successes has been that of Oscar Bronner, who founded the political magazines *trend* and *profil* at the beginning of the 1970s, and thereby decisively changed the Austrian news magazine market. In 1988 he founded, in cooperation with the Axel Springer publishers, the liberal newspaper *Der Standard*. After Springer retired in 1995, a new partner had to be found: since 1998 this has been the *Sueddeutsche Zeitung*, a leading German national quality newspaper owned now by the Stuttgarter Südwestdeutsche Medienholding publishing house, which holds a 49 per cent interest in *Standard*. Less successful was the former co-publisher of the *Neue Kronen-Zeitung*,

Table 1: Decline of Editorial Units (EU).

Year	EUs	Circl. (Millions)
1946	34	2.54
1956	31	1.30
1966	26	1.88
1976	19	2.43
1991	15	2.55
1996	16	2.88
2004	13	2.52

Source: Melischek; Seethaler and Skodascek (2005: 247).

Kurt Falk, with his popular paper *Taeglich Alles*, which appeared between 1992 and 2000. The economic newspaper *Wirtschafts Blatt*, founded in 1995 and in which the Swedish firm Bonnier held a majority interest, was able to maintain its market place.

Helmut and Wolfgang Fellner's project to found a new daily paper for Austria was announced in 2004 and was eagerly awaited. On 1 September 2006, one month before national elections, *Oesterreich* appeared – to largely disappointed readers. Too many expectations had been awakened: innovation, exclusivity and the development of new target audiences had all been spoken of. However, the immediate general impression was simply 'more of the same'. There were, in addition, business and organizational problems. *Oesterreich* was not always available all over Austria. Many thought 50 cents for the paper was too much. Others were offended by the name of the newspaper. Principal among these latter, as reported in the competing *Kronen-Zeitung*, was Hans Boech, once the chief of the programme supplement *tele* and advertising editor of the free newspaper *Heute*, who initiated a suit before the Patents Office, and established a website, <http://www.oesterreichistunserlandundkeineZeitung.at> ['Austria is our country and not a newspaper'].

Further confusion was provided by the first published circulation figures for *Oesterreich* by the Austrian Circulation Control (Oesterreichische Auflagenkontrolle – OeAK) agency. Competitors asked how the many free copies were to be counted. At any event, the claim by Wolfgang Fellner that *Oesterreich* was second in the country and even first in Vienna could only be based on the total distribution, but not on the sales figures (see fid 2007: 29). In the meantime, the data available to the OeAK was incomplete, as the Mediaprint papers *Krone* and *Kurier* had not reported their circulation for the first quarter of 2007 (see Bentz 2007: 34).

Whether *Oesterreich* will stay in the market remains to be seen. The Fellners have already shown that they are successful managers of popular newspapers. They started with *News* in 1992, made possible by a 50 per cent investment by the German Springer publishing house. This was a news magazine, which soon overtook the competing *profil* in both circulation and advertising. They followed with *tv-media*, *Format*, *e-media* and the women's magazine *Woman*. In 1998 the Bertelsmann subsidiary Gruner und Jahr took a 75 per cent interest in the publishing group *News*. Three years later *Kurier Magazine Verlag GmbH* and *News GmbH* were merged; the merger was conditionally approved by the Vienna State Court (Oberlandesgericht Wien). One of the conditions was a five year guarantee of the survival of *profil*. The details of this deal are complex; who holds what shares can only be determined with difficulty by close observers of the Austrian media market. Fantasy names such as *KroKuWaz* or *Mediamil-Komplex* stand for this scarcely transparent conglomerate. The journalist and publisher of Viennese city magazine *Falter*, Armin Thurnher, is one of the few who sense in this a danger for the freedom of the press and who has spoken out. Each week he ends his column in *Falter* with the sentence: 'I remain of the opinion that the Mediamil-Komplex must be smashed.'

What appears at first glance to be a good opportunity lies with the regional weekly newspapers. At the level of the federal states, the *Niederoesterreichische Rundschau*, with 27 editorial editions and an expanded circulation of 158,000, and the *Oberoesterreichische Rundschau* with thirteen editions and a circulation of 245,000, are especially successful. These figures are actually enhanced by a multiplicity of supplements: advertising, community and regional papers, albeit of varying quality. The weekly papers are often distributed free by the publishers, who are often also active in the daily market. Thus in Salzburg there is, in parallel to

the daily *Salzburger Nachrichten*, the *Salzburger Woche* as a supplement plus the advertising insert *Salzburger Fenster*.

There are attempts to approach the issue of press concentration by official means in that certain publications and their publishers are financially supported. These legally regulated press subsidies have existed since 1975. As a result of constant criticism of the criteria for receiving support, the then current guidelines for allocations were modified in 2004 and a 'Three Columns' model was introduced. The new model envisages a special 'Marketing Incentive'; a 'specific incentive for the maintenance of variety in regional daily newspapers' and there are also incentives for raising journalistic standards, such as a specific 'Incentive for Quality and Future Security'. In addition to these provisions, there are incentives for training and further education of journalists. In 2005 there were 12.8 million Euros available, nearly half of which flowed into 'specific incentives' with which it was intended to at least maintain, if not increase, the variety of regional newspapers. For the allocation of resources the 'super regulatory body' called KommAustria was established in 2001.

Press subsidies find considerable acceptance in Austria. Especially in concurrence with criticism of foreign media influence in Austrian media concerns, general acceptance of federal intervention is found. Critics, on the other hand, regard state support for the press as a fig leaf for acceptance of cartel policies, and thus tending towards a reactive media policy. Official negotiations were necessarily in the forefront of mergers and acquisitions, as in 1988 with the founding of Mediaprint and in 2001 with the merger of *Kurier Magazine Verlag GmbH* and *News GmbH*.

An observer of the Austrian media scene would be dubious about the institution for self-regulation of the press, the Austrian Press Council, inactive since 2002. This organ for voluntary self-control allowed its functions to lapse due to the too-great differences of opinion between the concerns of the publishers and the unions. This meant that the concerns and complaints of the citizens were not considered, and publishers' offences against the ethical code of the Austrian Press Council went unrebuked. If and when the Council might resume its functions is not clear. Discussion at this time concerns a Chief Editor-model or an Ombudsman-model. Equally unclear is how the independence of an Ombudsman/woman would be maintained.

Broadcasting in Austria

The situation of the Austrian press gives little cause for optimism. Can Austrian broadcasting fill the gaps to provide the people with balanced and comprehensive programming? The public service broadcaster ORF can, as a result of the Regional Radio Law (*Regionalradiogesetz*) of 1993 (which enabled private commercial broadcasting), no longer function as a quasi-monopoly. Private commercial providers compete with the public broadcasters and with a so-called third sector, the independent non-commercial stations, and not just in the area of radio. Something similar is occurring in the television market as well. Contributing decisively to this are a host of technical and economic developments, chief among these being digitalization, and the convergence of the previously separate areas of broadcasting, telecommunications and information services. This has occurred in part due to judicial rulings by the Constitutional Court and the coming into force of European rulings, and in part due to media policies such as the distancing of the public broadcasters from the government, and more competition.

In 2001 the Austrian Parliament approved certain laws concerning broadcasting in Austria which had far-reaching consequences for the terrain of Austrian broadcasting in general and in particular in respect to the ORF. Thus, the public structure has developed into a foundation, the objectives of which lie in the fulfilment of the public goal in which the beneficiaries are the general public. The public mission is threefold: a support service, which is to include two television stations, four radio programmes and an online service provider; a programme mission, which is to include information, education and entertainment; and a special mission, which is to include, for example, consideration of ethnic minorities and access for the sight- and hearing-impaired.

Changes in the internal organization of the ORF should limit the influence of political parties, nevertheless the Foundation's Council ('Stiftungsrat') is largely made up of political appointees, even though members of the Council may be neither employees nor representatives of political parties. Nine of 35 members are appointed by the federal government, nine are from each of the nine regional governments, six are nominated by political parties represented in parliament, six from the Viewers' and Listeners' Council ('Publikumsrat') and five from the ORF's labour organization.

Like the Foundation's Council, the Viewers' and Listeners' Council consists of 35 members and is similarly appointed for a term of four years. Six members are also members of the Foundation's Council; three of these six also recruit six members each from those paying broadcast fees. However, fewer than ten per cent of the fee payers avail themselves of this opportunity to participate. The manager of the corporation is the Director General, who is chosen by the Foundation's Council. He has the right to make personnel decisions, to determine remuneration and advertising fees and to propose guidelines for the development of the foundation.

In hindsight, in the election year of 2006 a few things did change in the Austrian media landscape. One month before the elections the new daily paper *Oesterreich* commenced circulation, and in mid-August there were elections for the Director General of the ORF. Discussion about the ORF had intensified early in the year. The putative cause of this was the speech of the ORF reporter Armin Wolf at the presentation of the Robert Hochner Prize in which he vehemently criticized certain attempts at political influence. The independence of the ORF was, and is, also at the core of an initiative of the same period entitled 'SOS ORF'. In a very short period, 70,000 persons had signed an appeal for the ORF to be removed from the clutches of politics, and for a programme of reform for more information, better quality and balance to be instituted, as well as provision for public hearings and wide-ranging discussion before the election of the Director General of ORF (see Initiative S.O.S. ORF 2007).

The favourite candidate of the conservative OeVP (Oesterreichische Volkspartei - Austrian People's Party) was the incumbent Director Monika Lindner. However, she was not re-elected. Instead the Sales Director of ORF, Alexander Wrabetz, won 20 of 35 votes in the first round. A rainbow coalition of Foundation councillors, among them those associated with the Austrian Socialist Party (Sozialdemokratische Partei Oesterreichs - SPOe), the Greens as well as the right wing populist Federation for the Austrian Future (Bündnis für die Zukunft Oesterreichs - BZOe) and the right wing populist Austrian Freedom Party (Freiheitliche Partei Oesterreichs - FPÖe), had voted for him. The new Director General immediately promised to fill important positions exclusively in accordance with journalistic criteria and a reform programme which was to provide improvements to information and entertainment. Wrabetz took office

on 1 January 2007, and the new programme scheme went into effect on 10 April. It was soon apparent, however, that the new programme, which had promised an interesting early evening programme, more domestic productions, more information and a better platform for more demanding programmes, was perceived by the public as mere appearance packaging. Criticism was directed at the new early evening show, *Mitten im Achten* ['Mid Eight'] and noted that the main news programme, *Zeit im Bild* ['Time in the Picture'] was no longer the same on ORF 1 and 2 channels.

The 'SOS ORF' initiative, as well as countless letters from the public and comments on various Internet fora, demanded that the public profile of ORF be sharpened instead of just imitating the content of the private competitors. The competitors of the ORF are the foreign cable and satellite stations, plus domestic local and regional stations and, since 2003, Austria Television (ATV) – the first Austrian private television station received nation-wide. ORF reacted to the growing competition with a strengthened organization for entertainment and a display of upgraded formatting. There was a noticeable difference in a splitting of the two ORF stations: while ORF 2 retained the traditional public broadcasting format, with strong regional programming, ORF 1 featured talk, sport and films. An expansion of public content is presumed by critics to be in response to the various cooperative measures encountered by ORF. These include, for example, 3Sat, in which Swiss and German public broadcasters are involved, together with BR-alpha, the educational channel of the Bavarian Broadcasting, ZDF (Zweites Deutsches Fernsehen –

Table 2: TV Market Share December 2007.

<i>TV Broadcaster</i>	<i>Market Share</i>
ORF total	40.8%
ORF 1	16.0%
ORF 2	24.7%
ATV	3.1%
RTL A+G	5.4%
RTL II A+G	2.8%
Super RTL A+G	1.7%
VOX A+G	4.4%
Sat 1 A+G	7.7%
Sat1 Austria	5.3%
Pro Sieben A+G	4.4%
Pro Sieben Austria	3.1%
Kabel 1 A+G	2.5%
Kabel 1 Austria	1.9%

A + G = Sum Austrian + German Channel

Source: AGTT (2007).

Second German TV Programme) Theatre Channel and the German-French culture channel, arte. In response ORF, has initiated its own digital channel, TW 1, which can be received by cable, satellite and Internet and which principally covers tourism, weather and sport.

The adaptive and expansionist strategies of ORF have some opponents in the public broadcasting foundation, who advocate the abolition of one ORF channel, thus effectively combining ORF 1 and 2. At present, these recommendations are being heard, but so far have not attracted a majority. At any rate, the establishment of the second ORF programme was one of the most important results of the 1964 petition for a public referendum on broadcasting, which was signed by 832,000 persons. Although the administration of the previous Director General Lindner was referred to as the 'Era of Stagnation', the amalgamation of ORF 1 and 2 was at least prevented at that time.

The fact that ORF has had to struggle to maintain its position of market leadership in this way has a lot to do with the technical infrastructure, which has been so altered in recent years. In 2004 46.5 per cent of Austrian households received programming by satellite, 38.5 per cent by cable and the remainder by antennae. However, even the households with satellite receivers continue to receive 90 per cent of their ORF programmes by terrestrial antennae, because although ORF 1 and 2 have been encoded and digitalized for transmission via the Astra satellite, only 10 per cent of subscribers have registered with ORF for this form of reception. The majority of Austrian television households continue to receive ORF by terrestrial transmission. This should change as digitalization proceeds. Following the preparatory phase and the supply in urban centres, 'step three' of digitalization has been reached: In 2007 the analogue turn-off began – region by region the analogue frequencies will no longer be maintained. In 'step four', the period which will ensue after the analogue systems are switched off, further so-called 'multiplex platforms' will be tendered and allotted.

The competition with the private stations, along with the requirement to provide content and technical innovation, has had its effect on the financing of ORF. The budget share of advertising is, at over 40 per cent, almost as large as the subscription charges. Approximately 16 per cent of the income results from 'special proceeds', for example, licensing and rights. This financing model is explained by the small population of Austria. With just 8 million inhabitants, the user fees will never be sufficient, although the Austrian fees, averaging around 20 Euros, correspond to the European norm. These fees are comprised of several elements and vary among the federal states because, in addition to radio and television user fees, television remunerations, and artistic incentives and sales taxes, individual states' charges are also included. The recommendation to raise fees by the ORF Director General collided principally with the miscarried reform programme on account of the major sports events of 2008 plus the requirements to introduce new technology, and has met little agreement, even within ORF. The editors do not wish to be drawn into a debate on user fees without addressing the 'structural' problems of ORF. They apparently do not mean by this the fact that, despite all promises, the number of permanent employees at ORF has, in the past ten years, risen from 2,600 to 4,500.

The financing of ORF is thus a major problem. Criticism has given rise to so-called 'Ad Specials', such as 'product placement'. This does not appear to be of great concern to those responsible at ORF – and that includes in recent years, among others, the then Sales Director of ORF, Alexander Wrabetz, – although it is in direct contrast to the 2001 regulations governing ORF. This clearly prescribes that, only in specific exceptional circumstances and for very small

remuneration (less than 1,000 Euros), may a product be specifically identified in a show. The cause for this clarification was the song-show *Starmania*, in which the stars of the future were shown not only singing and dancing, but also eating chips of a particular and identifiable brand. However, when ORF asked for a tenth of what would have been asked for by their private competitors for this 'product placement', there were complaints that ORF has forced down prices. Wrabetz as Director General remains of the opinion that advertising and special advertising reforms such as product placement are indispensable sources of income for ORF.

How economically the ORF is managed is subject to audit by the office of the Federal Auditor (Rechnungshof). The Federal Communications Senate, as the responsible legal advisory and enforcement body, will determine if an offence against the ORF governing regulations has occurred. Besides the possibility of a direct accusation by the Federal Communications Senate, a popular complaint may also arise, which must be placed on behalf of at least 120 people. Infractions subject to censure might include, for example, failure to maintain objectivity, or failure to maintain independence from political parties, as well as meeting the requirement to remain cognisant of diverse opinions and to maintain balanced programming.

With the promulgation of new broadcast regulations in 2001, it was intended that broadcasting management and oversight become more effective and transparent. Thus, the 'super regulatory body' KommAustria was created. This is to be the licensing, legal supervision, administration and disciplinary authority for private broadcasters, and for ORF, the frequency allocating authority, as well. The Broadcast and Telecommunications Regulatory Corporation (RTR) functions as an office of KommAustria and as the Telecom Control Commission, which is, since the ending of the monopoly period in 1977, intended to ease the entry into the market of new providers. It is also intended thereby to ensure the provision of modern, inexpensive telecommunications services. The use of mobile telephones and the regular use of the Internet have since then expanded enormously. More than two thirds (68 per cent) of Austrians aged over 14 are online each day.

Conclusion

The sources of information are not just the 'classical' media of newspapers, magazines and broadcasting. To arrive at a reasonably accurate assessment of the state of press and media freedom in Austria, it would be necessary to have a deeper evaluation of the media available in different fields. In addition to the press and television, radio, news agencies, movies and theatres, books and publishers, recording, telecommunications and Internet and advertising also have to be considered. Data on media use, official guidelines, ownership, methods of financing, media orientation and media culture must be assembled, and in a second step compared with others. In the literature of communications science, Austria is numbered among the 'central European, democratic-corporate mixed models' (see Hallin and Mancini 2004: 143), in which both liberal market and public service elements are found. Public subsidies also play a role, as in press and films. This state influence is generally accepted by the public and is justified by the challenge of the small-state environment in its encounter with the otherwise overwhelming influence of foreign publishers and broadcasters. Contrastingly, attempts at just such a state involvement in public broadcasting would be perceived as violating the freedom of broadcasting. When in 2001 new broadcast regulations were enacted with the intent to reduce political party influence, this was seen as lip service only and it was assumed that the

political party wrangling over public broadcasting would continue unabated. The chances for greater media freedom in Austria are therefore not good. The media echo of the Worldwide Press Freedom Index referred to earlier remains. Sixteenth place does not seem so bad – in comparison to Italy in 40th place, or the United States, which as ‘liberal-investigative model’ has long been an example, and which now rests in place 56.

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