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Media Influence Matrix: Czech Republic

Funding Journalism

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Shifts in Journalism Funding

During the past decade, the Czech media market has undergone major shifts that have radically changed the country's journalism. Much of that was caused by technology. But changes in the country's media ownership played an equally big role.

It all started in 2008 with Zdenek Bakala, a coal magnate, who acquired the publishing house *Economia* from its German publisher, the *Verlagsgruppe Handelsblatt* group. No more acquisitions were made for the next several years as the economic crisis wreaked havoc on the country's advertising and media industry. But to some of the country's mighty financiers and oligarchs, the crisis, in fact, brought about opportunities. Hobbled by the economic downturn, many media companies suddenly became an easy prey for financially powerful oligarchs. By taking over nearly all major media businesses during the past five years, they sounded the death knell for foreign ownership in the Czech media.

First, in 2013, Andrej Babis, owner of the *Agrofert* manufacturing colossus, bought *Mafra*, publisher of the dailies *Metro*, *Mlada fronta Dnes* and *Lidove noviny*, three of the country's most coveted daily newspapers. That marked the exit from the Czech market of the German owned media group *Rheinisch-Bergische Verlagsgesellschaft (RBVG)*. A year later, Daniel Kretinsky bought one of the most profitable publishing businesses in the country, the Swiss-German owned *Ringier Axel Springer Media*, which runs the tabloid *Blesk* (the best-selling daily in the country), and a shoal of magazines. Kretinsky worked as a lawyer for the financial group *J&T*.

The same year, another powerful financial group, *Penta Investments of Slovakia*, took over *Vltava-Labe-Press*, a media house owned by another German publisher, *Verlagsgruppe Passau*.

Add to the mix *Jaromir Soukup* (a pugilist-turned-journalist who has built a media house comprising *TV Barrandov* and several print media), and *GES* group controlled by the investor *Ivan Zach* (which runs *Prima TV* and a commercial radio operator), both active supporters of the President *Milos Zeman* and his political coterie, and you have a picture of a highly concentrated, politicized and instrumentalized media market where independent journalism is hardly surviving.

Except for *TV Nova* (which several oligarchs are planning to buy from the American owned group *CME*), a few smaller print titles and radio stations, and the public broadcaster (whose situation can change anytime depending on how political winds blow), there is not much left outside the oligarchs' sphere of influence.

And things do not improve. With Babis appointed prime minister in 2017 and oligarchs further expanding their media houses, independent journalists have a tough row to hoe.

However, some stand pat. An increasing number of journalists, mostly those who started their careers in the 1990s, have been leaving their jobs in droves to launch their own news businesses. At least seven such new initiatives are still alive and kicking. Some boast large audiences (Echo24.cz), others pioneer innovative advertising models (Reporter). But most of them are still struggling to turn a profit. In particular, those relying on grants are the most vulnerable.

Fighting against the large media houses will be an uphill battle if some bigger players or investors do not step in. Seznam.cz, the biggest Czech technology company, made the first move. It has been constantly stepping up its investment in the news media. It bought a stake in Pravo, the sole daily outside the oligarchs' control, and launched in early 2018 its own television channel.

But much more is needed to beat the financial and political power of oligarchs. Some journalists put their hopes in Czech TV, the country's public broadcaster whose news output is generally praised for its objectivity. The station has built a good reputation as one of the few public broadcasters in eastern Europe succeeding in staving off political pressures. However, as much of the decision power about the station's finances and management rests with Parliament, its independence is always in harm's way.

Who's who in Czech media

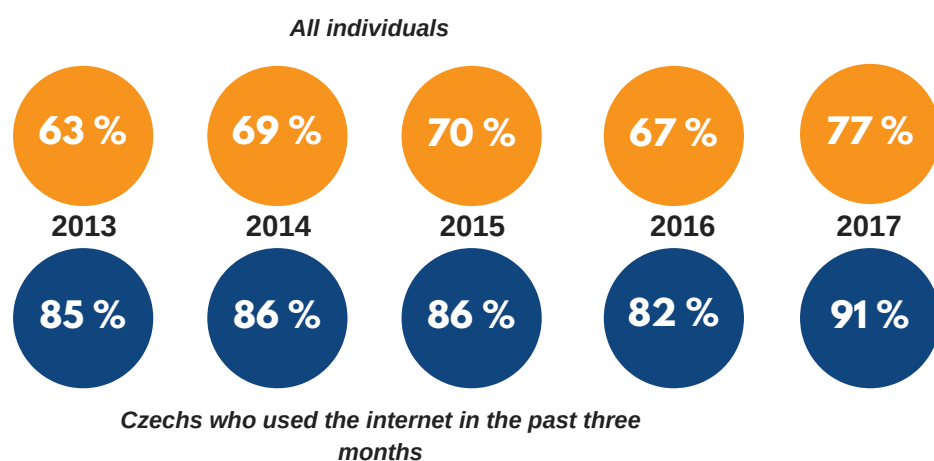
The key influencers in the largest media in the Czech Republic

Direct & indirect influence	Operator	Prominent news media assets				Annual income 2016 (CZK m)
		TV	Radio	Print	Online	
Government	Czech TV & Czech Radio	CT (6 channels)	CRo (23 channels)		iRozhlas.cz ct24.ceskatelevize.cz	9,114
CME	TV Nova	TV Nova (7 channels)			tn.cz	4,654
Helifreak	Seznam.cz	Seznam TV		Pravo	Seznam.cz, Novinky.cz, Super.cz	3,703
GES	Denemo Media	Prima TV (6 channels)	Radio United Broadcasting (6 radios)			3,076
Andrej Babis	Mafra		Radio Impuls	Metro, Mlada fronta Dnes, Lidove noviny, Tema	iDnes.cz, Lidovky.cz, Expres.cz	2,631
Penta Investments	Vltava Labe Media			Denik	Denik.cz	1,847
Daniel Kretinsky	Czech Media Invest		Evropa 2, Frekvence 1, Zet	Blesk, Aha!, E15, Reflex	Blesk.cz, Zive.cz, Reflex.cz, E15.cz	1,102
Zdenek Bakala	Economia			Hospodarske noviny, Respekt, Ekonom	Aktualne.cz, Centrum.cz, Penize.cz, iHned.cz	811
Jaromir Soukup	Empresa Media	TV Barrandov		Sedmicka, Tyden, Instinkt	Tyden.cz	363

Source: CMDS, 2018

Consumption Trends

Czechs are ravenous news consumers. More than three quarters of people read news online, according to data from Eurostat. In 2017, some 77% of Czechs read news, a spectacular jump of 10 p.p. compared to the year before. The year 2017 also marked a high record of news consumption among regular internet users: some 91% of the regular Czech internet users read news on the internet or in a newspaper or magazine.



the news reading habit

Share of individuals (%) reading online news sites, newspapers or news magazines in the Czech Republic, 2013-2017

Source: Eurostat, 2018

Television dominates the news market in the Czech Republic. Some 95% of all households in the country own a television set, according to data gathered by Nielsen Admosphere for the Association of Television Organisations (ATO), a local industry association.

Howbeit, Czechs spend a lower amount of time in front of TV screens than many of their European peers. In 2016, they spent three hours and 28 minutes on average watching television, which was more or less the same as in the year before, according to Eurodata TV Worldwide.⁽¹⁾ That is less time than in large television consumption nations such as Romania or Bosnia & Herzegovina, and even than in average TV-consuming markets like Slovakia where people watch TV for nearly four hours a day.

Internet television is even less appealing to Czechs. In 2017, only 7% of Czechs watched television online every day or almost every day, which was more or less the same as in 2016, according to data from the European Commission. That places Czech Republic among the smallest consumers of television online in Europe. Only Bulgaria and Greece fared worse.

Radio has a healthy listenership in the Czech Republic, but it is less popular than television. Some 45% of Czechs said that they listened to radio every day or almost every day in 2017, according to data from the European Commission. That is 5 p.p. less than the EU average. In total, some 93% of Czechs listened at least once to radio in 2017.

¹ Data available here: http://marcommnews.com/wp-content/uploads/2017/09/TVKF-2017-Magazine_low.pdf

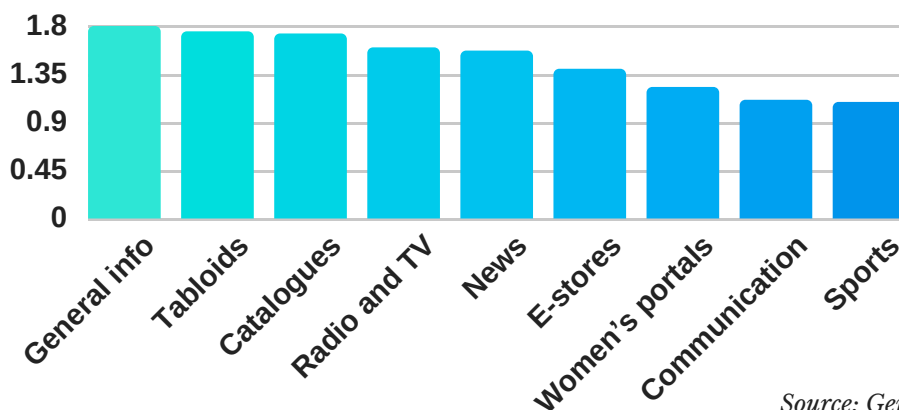
The most dramatic slump in recent years in the Czech media has been experienced by the print media industry. Only 13% of Czechs said that they read print press every day in 2017. The average circulation of Czech newspapers combined exceeded 702,000 copies in 2017, which was a decline of 5.5% compared to the previous year, according to data from the local press audit bureau ABC CR. Except for the business daily *Hospodarske noviny*, all eight most read daily newspapers saw their sold circulation down in 2017. Nevertheless, Czechs are among the few nations in Europe still making a habit from holding a paper in their hands. Some 44% of Czechs read a print title at least once a week in 2017, the highest percentage across EU, according to data from the European Commission. Lithuania, Bulgaria and Ireland followed with over 40% each.

The downslide in the Czech print media has been caused mainly by the internet, which offers people a cheaper, more convenient platform to get informed. Some 61% of Czechs said that they used the internet every day or almost every day, according to data from the European Commission. That is still less than the 65% EU average, but Czechs continue to move online for news content. In January 2018, news websites attracted a high record of 2.3 million users, according to NetMonitor, an online research project run by the Association for Internet Development (SPIR), a Prague-based internet industry group. Although much of that growth was spurred by the presidential elections that took place that month, online readership has been constantly increasing in the Czech Republic during the past decade.

Smartphones and tablets have further helped internet news consumption increase. Some 57% of Czechs had a smartphone and roughly a quarter owned a tablet in 2017, according to data from Nielsen Admosphere. Many smartphone users use these gadgets to access news. A total of 1.57 million of Czechs said that they were using their smartphone to access news, according to a 2016 survey from Gemius.

What are Czechs looking for on smartphones?

The type of information and services sought by users (No. in million) in the Czech Republic



Source: Gemius, 2016

2 "Účet deníků za rok 2017: Prodeje klesly o 5,5 %" (The account of dailies in the year 2017: sales declined by 5.5%), Mediaguru, 12 February 2018, available online at <https://www.mediaguru.cz/clanky/2018/02/ucet-deniku-za-rok-2017-prodeje-klesly-o-5-5/>
 3 "Prezidentské volby přilákaly na zpravodajské servery až 2,3 milionu uživatelů denně" (The presidential election attracted up to 2.3 million users a day to news servers), NetMonitor, 6 February 2018, available online at <http://www.netmonitor.cz/en/node/4430>

Key Players



TELEVISION

The Czech television market is extremely concentrated with three big players, TV Nova, Czech Television (CT) and Prima TV commanding together nearly 80% of the total audience. Commercial TV Nova and public CT are competing neck and neck for primacy in the television market, controlling some 30% of the audience each (via several channels, combined).

The largest television player in the Czech market is TV Nova, which is owned by the American group Central European Media Enterprises (CME). The station's broadcast license is held by the company TV Nova, formerly CET 21. Incorporated in Bermuda, CME is a publicly traded company. In 2009, U.S.-owned Time Warner paid US\$ 241.5m for a 31% stake in CME. Two years later, it increased its share to over 34%.

TV Nova was among the first privately owned television stations that started operations in the Czech Republic after the collapse of communism in 1989. The station launched its broadcasts in 1994. In late 1990s and early 2000s, TV Nova had been embroiled in a bevy of disputes between its American owners and their local partners in the Czech Republic. (CME had to work with a local partner in the Czech Republic when they entered the market in the 1990s as local legislation at the time did not allow foreign companies to own a broadcast license.) The dispute involved CME and its Czech partner at the time, Vladimír Zelezny who decided to take the station's broadcast license and launch its own, breakaway TV Nova after CME fired him in 1999.

CME took the case to an international arbitration court. They claimed that the Czech government failed to protect their investment in the country as required by international agreements that the Czech Republic was part of. A painfully lengthy arbitration ensued. In the end, an international arbitration court in 2003 ordered the Czech Republic to pay compensation in excess of US\$270m to CME for having failed to protect CME's investment in TV Nova. Following a series of deals involving the local financial group PPF, CME regained ownership in the station after several years. Zelezny was completely pushed out.

TV Nova is a generalist television station offering a variety of commercial genres and programs, including news and information, films and reality shows. Since 2007, thanks to the transition to digital broadcasting (which has created space for more television channels), TV Nova has expanded its programming. In 2008, the station launched Nova Cinema focused on movies and series. Since then, it launched six more specialized channels, including sports channels, a channel airing old programs from TV Nova's archives, one geared on male viewers and a channel targeting Slovak viewers. Although the audience of the group's flagship channel TV Nova has been constantly decreasing in the past five years, the group remains the leader of the Czech television market with an audience of over 30% thanks to the audiences of all its channels together.

TV Nova's closest competitor is Czech Television (CT), the country's public broadcasting group, which commands an audience of nearly 30% through all its channels combined. CT's leading channel is CT1 whose audience has been also declining in the past five years, but at a much slower pace than TV Nova's ratings. CT has also expanded its channel offering in the past decade, but its output is more clearly aligned with CT's public service mission: that means more quality news programs, cultural shows and documentaries, and children-focused programs. Founded by the government, CT is governed by a council whose members are appointed by the Chamber of Deputies, the lower house of the parliament. *(See more in Government, Politics and Regulation in Media Influence Matrix: Czech Republic)*

TV Nova's main commercial competitor is Prima TV whose history harks back to the early 1990s. Prima TV launched broadcasting back in 1993. In 2017, a domestically owned company bought Prima TV from its Swedish owner, Modern Times Group (MTG). MTG had purchased 50% in FTV Prima Holding, the company running Prima TV, in 2005. That stake was taken over in 2017 by the company Denemo Media, which is co-owned by the local entrepreneurs Ivan Zach (75%) and Vladimír Komar (25%). Denemo Media paid some €237.4m (CZK 6.3bn) for the stake in Prima. In 2005, MTG had bought the stake for €87m (CZK 2.6bn at the exchange rate of that time).⁽⁴⁾ The overall owner of Denemo Media is GES Group, founded by Ivan Zach, which also owns a slew of radio stations *(See Radio in Key players in this chapter)*

Prima TV ("prima" meaning "cool" in Czech) is a generalist television station airing a slew of western TV series, games and reality shows, but also news programs. The station has been slammed for its bias against migrants during the European migration crisis.⁽⁵⁾ *(See more about this controversy in Influential News Media in this chapter)*

The only challenger to the TV Nova-CT-Prima TV triopoly is TV Barrandov, a young television station that launched its operations in 2009. Since then, TV Barrandov has grown into the fourth largest television channel in the Czech Republic with an audience share of over 6%. TV Barrandov is controlled by the company Empresa, which is fully owned by Jaromír Soukup.⁽⁶⁾ The station used to be majority owned by the steelworks Moravia Steel, which sold it to Empresa in 2012. The owner of the TV Barrandov broadcast license is the company Barrandov Televizní Studio.

TV Barrandov is a generalist television station with a wide range of programming including news and information, movies, political talk-shows and reality shows. TV Barrandov is close to the president Miloš Zeman. Alexandra Mynářová, wife of Vratislav Mynář, who heads the President's office, has been until recently the moderator of the program "Week with the President" on TV Barrandov.⁽⁷⁾

4 "Majetkové změny v televizi Prima schválil regulátor" (Regulator approved ownership changes in the Prima television), Euro, 13 April 2017, available online at <https://www.euro.cz/byznys/majetkove-zmeny-v-televizi-prima-schvalil-regulator-1342128>

5 "How a media mogul helped turn Czechs against refugees", *The Economist*, 13 September 2016, available online (subscription needed) at <https://www.economist.com/europe/2016/09/13/how-a-media-mogul-helped-turn-czechs-against-refugees>

6 Michal Bures, "Kdo vlastní naše televize? A která TV má nejvyšší tržby?" (Who owns our TV stations? And which TV station has the highest revenues?), *Finance.cz*, 4 January 2018, available online at <https://www.finance.cz/502845-vlastnici-televizi/>

7 "Zeman získá pořad na TV Barrandov, moderovat ho bude Mynářova manželka" (Zeman gains program on TV Barrandov, Mynář's wife is going to moderate it), *iDnes.cz*, 15 February 2017, available online at https://zpravy.idnes.cz/tv-barrandov-porad-milos-zeman-alexandra-mynarova-fs4-/domaci.aspx?c=A170215_133920_domaci_jkk

Other than that, the only player struggling to keep up with the large broadcasters is AT Media, an advertising selling platforms for foreign and thematic TV stations such as AMC, Disney, Fox or the Slovak channel Joj. In October 2017, they had a portfolio of 27 television channels.

The television players

Most popular TV stations in the Czech Republic by 2017 audience share (%), 2013-2017

	2013	2014	2015	2016	2017	Operating company	Majority owner
TV Nova	23.6	23.2	22.0	20.8	20.8	TV Nova*	CME Media Enterprises Public
CT1	16.7	15.2	15.9	16.3	15.3	Public service	Public
Prima	14.6	14.0	13.3	12.8	12.7	FTV Prima	Denemo Media
TV Barrandov	4.4	4.6	5.5	7.3	6.1	Barrandov Televizni Studio	Empresa Media Group
CT2	4.1	4.7	4.5	4.5	4.6	Public service	Public
Nova Cinema	4.3	4.3	4.3	4.3	4.3	TV Nova	CME Media Enterprises Public
CT24	5.5	4.3	4.2	4.0	4.2	Public service	Public
AT Media	3.3	3.9	4.2	4.0	3.8	Atmedia Czech	VM Media Investment Public
CT Sport	3.2	4.4	4.1	4.5	3.4	Public service	Public
Prima Cool	3.7	3.3	3.3	3.0	2.9	FTV Prima	Denemo Media
Nova Action**	1.5	1.6	1.4	1.3	2.5	TV Nova	CME Media Enterprises Public
Prima Love	2.2	2.3	2.3	2.3	1.9	FTV Prima	Denemo Media
Nova 2***	1.0	1.4	1.5	1.3	1.8	TV Nova	CME Media Enterprises Public
Prima Zoom	2.0	2.0	1.8	1.6	1.7	FTV Prima	Denemo Media
CT:D	0.4	1.3	1.4	1.4	1.5	Public service	Public
Nova Gold****	0.8	1.4	1.5	1.3	1.0	TV Nova	CME Media Enterprises Public
CT Art	0.1	0.3	0.3	0.4	0.4	Public service	Public

Note: the figures indicate average yearly audience shares for viewers over 15 years of age; the rest to 100% is accounted for by TV stations with small audiences; *formerly CET 21; **formerly known as Fanda; ***formerly known as Smichov; ****formerly known as Telka)

Source: ATO-MediaResearch, CMDS, 2018

One of the latest entrants in the Czech television market, likely to further spur competition, is Seznam.cz, the most visited online server in the country, which launched in January 2018 its own television channel. Available terrestrially and on all major cable, satellite and IPTV networks, Televize Seznam offers news and entertainment programs.(8) The station, however, is slow in attracting eyeballs: by mid-2018, Televize Seznam had an audience of some 0.2%.

8 “SHRNUTÍ: V pátek začne vysílat Televize Seznam” (Summary: On Friday, Televize Seznam starts broadcasting), 10 January 2018, available online at <https://mam.cz/media/c1-66013320-shrnuti-v-patek-zacne-vysilat-televize-seznam>

RADIO

The Czech radio market is extremely concentrated. Of the five radio stations with over 100,000 listeners, two (Evropa 2 and Frekvence 1) are in the hands of the businessmen Daniel Kretinsky, Patrik Tkac and Roman Korbacka, one (Radio Impuls) is owned by the prime minister Andrej Babis, and the remaining two (CRo Radiozurnal and CRo Dvojka) are run by Cesky Rozhlas (CRo), the Czech public radio broadcaster. Kretinsky is a Czech lawyer and businessman who owns the energy company Energeticky a prumyslovy holding (EPH) and co-owns the football club AC Sparta Prague. He was a partner in the financial group J&T until 2009. Prime minister Babis is the founder and owner of the Agrofert conglomerate, which has investments in agriculture, food manufacturing, chemical production, construction and logistics, among many other business areas.

The largest player on the Czech radio market is Radio Impuls, a radio channel that airs news bulletins and traffic information within a music-dominated format. The station was bought by Babis' Agrofert in 2014 from the German-owned company Eurocast. Impuls is followed closely by Evropa 2, a network of radio stations covering the entire territory of the Czech Republic. Airing music mostly targeted at young listeners as well as news bulletins and morning programs, Evropa 2 was the first private radio station that launched operations in the Czech market as the market opened up in the 1990s. Frekvence 1, the fourth largest radio station by audience, and Evropa 2 had been run for decades by the French group Lagardere, but in spring 2018, Czech Media Invest (CMI) bought Lagardere's operations in the Czech market, including Frekvence 1 and Evropa 2. CMI is the company used by Kretinsky, Tkac and Korbacka to make acquisitions in the media. CMI paid a total of €73m for all Lagardere's radio stations in Slovakia, Czech Republic, Poland and Romania.

The main competition to commercial radio channels in the Czech market comes from the public radio. CRo's four radio stations with nationwide coverage, Radiozurnal, Dvojka, Vltava and Plus, have an average audience of nearly 1.25 million listeners, which is higher than the listenership of the leader, Radio Impuls. The Czech public radio stations stand out thanks to their quality, in-depth news output. However, its reputation has been tarnished at times because of its pro-Babis bias. For example, in late 2017 and then in 2018, CRo's CEO Rene Zavoral publicly sided with Babis against a CRo's reporter, Janek Kroupa who had reported on Babis's Agrofert group.

The regional radio market is controlled by two groups, Media Bohemia and Radio United Group, the latter being owned by GES Group, which also owns Prima TV. A few independent radio stations are still in operation in the regional radio market.

9 Filip Rozanek, "Czech Media Invest dokončila nákup rádií Lagardère" (Czech Media Invest completed the purchase of Lagardere's radios), *Hospodarske noviny*, 27 July 2018, available online at <https://art.ihned.cz/c1-66204020-czech-media-invest-dokoncila-nakup-radii-lagard-232-re>

10 "Czech Media Invest kupuje rádia včetně Frekvence 1 a Evropy 2" (Czech Media Invest buys radios including Frekvence 1 and Evropa 2), *E15.cz*, 17 April 2018, available online at <https://www.e15.cz/byznys/technologie-a-media/czech-media-invest-kupuje-radia-vcetne-frekvence-1-a-evropy-2-1345747>.

11 "Ředitel ČRo vadi Kroupův článek o Agrofertu. Ten výtky vedení odmítá" (Director of CRo ic concerned about Kroupa's article on Agrofert. He rejects complaints), *Echo24.cz*, 6 December 2017, available online at <https://echo24.cz/a/SSAvX/rediteli-cro-vadi-kroupuv-clanek-o-agrofertu-ten-vytky-vedeni-odmita>.

Most radio stations in the Czech Republic fill their schedules with music. However, they remain an important player on the news market as many of them break their music programs with news bulletins and talk-shows. Particularly the nationwide radio stations are playing a significant role in the Czech news diet. Among those, the key players are Radio Impuls, Evropa 2, Frekvence 1 and CRo Radiozurnal (the all-news channel of the public radio).

Who's who in the Czech radio?

Most popular radio stations in the Czech Republic by 2017 audience, 2014-2017

	2014	2015	2016	2017	Operating company	Majority owner
	No of listeners ('000)					
Nationwide radio stations						
Radio Impuls	1,063	981	978	1,028	Londa	Agrofert
Evropa 2	901	900	848	860	Evropa 2	Czech Media Invest (CMI)
CRo Radiozurnal	850	826	832	846	Public service	Public
Frekvence 1	837	888	843	818	Frekvence 1	Czech Media Invest (CMI)
CRo Dvojka (Praha)	389	390	354	293	Public service	Public
CRo Plus	25	33	59	65	Public service	Public
CRo Vltava	71	56	41	45	Public service	Public
CRo D-dur	8	3	5	12	Public service	Public
Zet*	20	16	17	9	RadioZET	Czech Media Invest (CMI)
CRo Radio Wave	9	6	8	8	Public service	Public
Radio Junior	6	6	6	6	Public service	Public
CRo Jazz	6	3	2	2	Public service	Public
Regional radio stations						
Radio Blanik	598	631	583	569	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
Radio Kiss	n/a	n/a	n/a	333	Radio United Broadcasting	Radio United Group
Radio Beat	259	241	251	255	Radio United Broadcasting	Radio United Group
Country Radio	262	254	234	223	Radio United Broadcasting	Radio United Group
Radio Cas	193	166	135	143	Juke Box	Radim Parizek
Hitradio Orion	184	153	118	123	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
Fajn Radio	100	107	180	122	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
CRo Brno	128	126	109	122	Public service	Public
Rock Radio	103	111	133	114	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
Hitradio City	88	89	67	101	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
Radio Krokodyl	116	95	93	92	Nonstop	Michal Plachy
Radio Cerna Hora	111	88	75	79	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
Radio Helax	n/a	n/a	63	78	Media Bohemia	Media Bohemia Holdings Ltd Cyprus
Radio Hana	n/a	n/a	n/a	73	HAMCO	David Foretnik
Hitradio Faktor	82	66	n/a	66	Media Bohemia	Media Bohemia Holdings Ltd Cyprus

Note: data for Q3-Q4 of the year; *formerly BBC Czech Republic frequency; n/a: not available

Source: Stem/Mark-Median, Radioprojekt, 2018

PRINT

The Czech print media market has seen a steep decline during the past decade mainly as a result of the disruptive effect of the internet (which offers cheaper, faster and easier options to consume news). Between 2013 and 2017, the Czech daily market has lost over 208,000 sold copies, which is a quarter of the total daily circulation in the industry in 2013 (without the daily Metro, distributed free of charge, whose circulation started to be audited as part of an industry-wide initiative in 2017). The best-selling daily is Blesk, a tabloid newspaper. Its circulation declined slightly less (by some 20%) than the daily newspaper market average.

The weekly newspaper and magazine market has declined as well since 2013, but at a much slower pace. It lost some 16% of its paid circulation during the period 2013-2017. News weekly titles in particular were hit hard: Reflex, Tyden, Respekt, Instinkt, Euro and Ekonom lost nearly a third of their total combined circulation during the period.

The Czech print media market, badly ravaged by the economic crisis and online disruption, is controlled by a smattering of entrepreneurs with vast businesses in a spate of industries. They include Agrofert, the holding founded by the Andrej Babis, Czech News Center, a fast-expanding media house controlled by three powerful businessmen (Kretinsky, Tkac and Korbacka), Vltava Labe Media of the financial group Penta Investments (which has a massive presence in the Slovak media), Economia group belonging to the financier Zdenek Bakala, and Empresa Media, a growing media house owned by the boxer-turned-businessman Jaromir Soukup.

The Czech daily market is highly concentrated with a handful of publishers controlling most of it. They include Mafra, which prints over 425,000 copies of all its newspapers combined, Czech News Center with sales in excess of 290,000 and Vltava Labe Media whose daily Denik sells over 119,000 copies. Two nationwide dailies try to keep up with these big players: Pravo and the business daily Hospodarske noviny.

The weekly market is heavily dominated by entertainment titles. The five most read weeklies in the Czech Republic with a circulation above 100,000 copies are the women magazine Blesk pro zeny, the celebrity-focus tabloids Rytmus zivota and Sedmicka, the Sunday magazine Nedelni Blesk and the television schedule weekly TV Magazin. There are, however, a few news weekly media including Reflex, Tyden, Respekt, Instinkt, Euro and Ekonom. Almost all are part of the big publishing houses.

Similarly, the Czech bi-weekly and monthly magazine market is fully dominated by entertainment and specialized titles such as magazines focused on cars, computers or recipes. Except for Forbes, which is published in Czech by the company MediaRey, SE, there is practically no news business in this market.

One of the largest players in the Czech publishing industry is Mafra, a subsidiary of Agrofert owned by Andrej Babis. He purchased Mafra in 2013 from its German owner, the company Rheinisch-Bergische Verlagsgesellschaft (RBVG).⁽¹²⁾

¹²“Agrofert Andreje Babiše koupil vydavatele MF DNES a Lidových novin” (Andrej Babis’ Agrofert bought the publisher of MF Dnes and Lidove noviny), iDnes, 26 June 2013, available online at https://ekonomika.idnes.cz/babis-koupil-vydavatelstvi-mafra-dqb-/ekonomika.aspx?c=A130626_160851_ekonomika_fih

Mafra's portfolio also includes the daily Metro, distributed free of charge, which it acquired in 2007 from Metro International, a Swedish global media group headquartered in Luxembourg. Mafra launched its first operation in the weekly market in 2014: Tema, a news and current affairs journal only available to subscribers. In 2017, Tema sold over 57,000 copies. Mafra's expansion has not stopped there. The company bought Bauer Media's media portfolio in the Czech Republic, which consists of a string of tabloid and entertainment publications.⁽¹³⁾ The company is also expanding to other segments. In 2017, for example, it acquired a stake in Ticketportal, a website selling event tickets across Central Europe.⁽¹⁴⁾

Another major publisher, Czech News Center started its growth in 2014 through the acquisition by the businessmen Kretinsky, Tkac and Roman of the assets owned in the Czech market by the Swiss-German publishing house Ringier Axel Springer Media.⁽¹⁵⁾ They include tabloid Blesk, the best-selling daily in the country, Aha! (another tabloid), and a raft of weekly and monthly magazines. Czech News Center is controlled by Czech Media Invest (CMI), which also owns radio stations. CMI also owns the company CN Invest, publisher of E15 daily. In May 2018, CMI announced that it folded CN Invest into CMI operations.⁽¹⁶⁾ Like its competitor Mafra, Czech News Center continuously expands, mostly in the online market.

Vltava Labe Media is another prominent player in the Czech publishing industry. The company has belonged since 2015 to the financial group Penta Investments, which bought it from Verlagsgruppe Passau, a German media house.⁽¹⁷⁾ The deal included the Denik regional daily network and a sheaf of other businesses, including a magazine publisher, press distribution companies and an online advertising company.

Economia, publisher of the business daily Hospodarske noviny and of the weeklies Respekt and Ekonom, is controlled by the Czech entrepreneur Zdenek Bakala, who bought the company from the German publishing group Verlagsgruppe Handelsblatt back in 2008.⁽¹⁸⁾

13 "Agrofert rozširuje mediální záběr. Jeho Mafra kupuje Bauer Media v Česku a na Slovensku" (Agrofert enlarges its media coverage. Its company, Mafra buys Bauer Media in the Czech Republic and Slovakia), Euro.cz, 9 October 2018, available online at <https://www.euro.cz/byznys/agrofert-rozsiruje-medialni-zaber-jeho-mafra-kupuje-bauer-media-v-cesku-a-na-slovensku-1424566>

14 "Mafra se stala novým spoluvlastníkem společnosti Ticketportal" (Mafra became the new co-owner of the company Ticketportal), iDnes, 12 October 2017, available online at https://ekonomika.idnes.cz/mafra-ticketportal-0of-/ekonomika.aspx?c=A171012_151212_ekonomika_div

15 "Obchod uzavřen. Vydavatelem Blesku je Czech News Center" (Deal closed. The publisher of Blesk is Czech News Center), Aktualne.cz, 9 June 2014, available online at <https://zpravy.aktualne.cz/ekonomika/obchod-uzavren-vydavatelem-blesku-je-czech-news-center/r-2c731646efca11e3b48f0025900fea04/?redirected=1533389670>

16 "Czech News Center, CN Invest a Affectio fúzuji" (Czech News Center, CN Invest and Affectio are merging), Mediar, 31 May 2018, available online at <https://www.mediar.cz/czech-news-center-cn-invest-a-affectio-fuzuji/>

17 "Penta koupila vydavatele regionálních Deníků Vltava-Labe-Press" (Penta bought the publisher of the regional Dennik of Vltava-Labe-Press), E15.cz, 12 August 2015, available online at <https://www.e15.cz/byznys/technologie-a-media/penta-koupila-vydavatele-regionalnich-deniku-vltava-labe-press-1217696>

18 "Vydavatelství Economia koupil finančník Bakala" (Financier Bakala bought the publisher Economia), Novinky.cz, 30 August 2008, available online at <https://www.novinky.cz/domaci/148481-vydavatelstvi-economia-koupil-financnik-bakala.html>.

The publisher of the daily Pravo, the company Borgis has been domestically owned for most of its history. The company was established in 1990. In 2013, the news server Seznam.cz bought a third of Borgis' shares from its owner and editor-in-chief, Zdenek Porybny.(19) Pravo has produced for several years content for Seznam's news portals Novinky.cz, Super.cz and Sport.cz.

An increasingly influential business in the Czech publishing industry is the company Empresa Media, which also operates the TV Barrandov station. Empresa Media is controlled by the Czech magnate Jaromir Soukup, an entrepreneur who has run so far several consultancies active in the PR and media markets in Slovakia and the Czech Republic. In 2015, it transpired that the Chinese company CEFC came to own a stake in Empresa Media. Two years later, Soukup said that the Chinese returned the stake in Empresa to him. The pro-Russian propaganda programs on TV Barrandov have led to speculations in the Czech media that Soukup's media outlets are financed from Russia, several journalists interviewed for this report said. TV Barrandov did not return our calls for an interview. An investigation by Czech Television from August 2018 found that the president Zeman himself, close to TV Barrandov, receives funding from Russian sources.(20)

Daily readings

Most popular daily newspapers in the Czech Republic, by 2017 sold circulation, 2013-2017

	2013	2014	2015	2016	2017	Operating company	Majority owner
	<i>Sales (no of copies)</i>						
Metro*	n/a	n/a	n/a	n/a	263,629	Mafra	Agrofert
Blesk	266,860	251,449	233,115	206,604	212,777	Czech News Center	Czech Media Invest (CMI)
Mlada fronta Dnes	182,683	159,790	146,201	138,747	128,269	Mafra	Agrofert
Denik	160,826	150,161	136,846	132,983	119,722	Vltava Labe Media	Penta Investments
Pravo	101,367	91,068	85,616	79,561	76,045	Borgis	Seznam, Zdenek Porybny
Aha!	62,435	60,616	56,379	50,730	46,147	Czech News Center	Czech Media Invest (CMI)
E15	53,561	53,710	53,585	38,681	39,086	Czech News Center**	Czech Media Invest (CMI)
Hospodarske noviny	36,718	34,688	32,112	30,518	33,813	Economia	Zdenek Bakala
Lidove noviny	35,082	38,946	38,213	37,194	35,193	Mafra	Agrofert

Note: data for end of year; n/a: not available; data refer to paid circulation; *Metro is distributed free of charge; **through the merger of the company in May 2018 into Czech News Center.

Source: ABC CR, 2018

19 "Zdeněk Porybný odstoupil z představenstva vydavatelství Borgis" (Zdenek Porybny withdrew from the board of the Borgis publishing house), E15.cz, 22 January 2014, available online at <https://www.e15.cz/byznys/technologie-a-media/zdenek-porybny-odstoupil-z-predstavenstva-vydavatelstvi-borgis-1054822>

20 "Reportéři ČT: Adamovskou firmu, která sponzoruje Zemanovce, skrytě ovládá právník blízký Putinovi" (Reporters CT: The Adamov-based company sponsoring Zeman's people [party] is secretly controlled by a lawyer close to Putin), Czech Television, 27 August 2018, available online at <https://ct24.ceskatelevize.cz/domaci/2577886-reporteri-ct-adamovskou-firmu-ktera-sponzoruje-spo-skryte-ovlada-pravnik-blizky>

Weeklies: an entertainment business

Most popular weeklies in the Czech Republic, by 2017 sold circulation, 2013-2017

	2013	2014	2015	2016	2017	Operating company	Majority owner
	Sales (no of copies)						
<i>Blesk pro zeny</i>	158,825	146,217	143,945	114,059	119,426	Czech News Center	Czech Media Invest (CMI)
<i>Rytmus zivota</i>	165,330	137,67	138,642	119,852	118,061	Bauer Media Praha	Agrofert
<i>Sedmicka</i>	148,899	147,235	143,942	120,887	112,333	Empresa Media	Empresa Media Group
<i>Nedelni Blesk</i>	155,148	147,191	136,553	117,940	105,942	Czech News Center	Czech Media Invest (CMI)
<i>TV Magazin</i>	138,912	134,443	118,090	113,621	102,945	Vltava Labe Media	Penta Investments
<i>Pestry svet</i>	154,196	129,123	106,724	96,510	88,792	Bauer Media Praha	Agrofert
<i>Tydenik Televize</i>	73,391	78,512	76,451	75,796	77,062	Bauer Media Praha	Agrofert
<i>Reflex</i>	64,741	59,720	56,071	55,085	65,951	Czech News Center	Czech Media Invest (CMI)
<i>Chvilka pro tebe</i>	79,917	70,318	61,253	59,224	59,097	Bauer Media Praha	Agrofert
<i>Tema</i>	N	N	36,831	56,672	57,520	Mafra	Agrofert
<i>Tyden</i>	41,759	47,743	43,582	49,421	54,456	Empresa Media	Empresa Media Group
<i>Tina</i>	59,439	59,810	57,579	54,662	52,155	Bauer Media Praha	Agrofert
<i>Prekvapeni</i>	49,905	49,694	48,173	46,228	45,278	Vltava Labe Media	Penta Investments
<i>TV pohoda</i>	53,892	50,131	50,664	46,084	45,274	JIK-05	Jiri Kaspar
<i>Cas pro hvezdy</i>	N	120,105	79,744	68,058	43,088	Bauer Media Praha	Agrofert
<i>Nedelni Aha!</i>	57,324	54,820	52,552	46,228	40,935	Czech News Center	Czech Media Invest (CMI)
<i>Svet motoru</i>	37,319	38,370	38,284	36,131	37,327	Czech News Center	Czech Media Invest (CMI)
<i>Respekt</i>	33,245	33,850	33,663	35,006	36,266	Economia	Zdenek Bakala
<i>Claudia</i>	45,436	42,958	39,418	36,103	34,387	Bauer Media Praha	Agrofert
<i>Vlasta</i>	41,680	38,039	36,257	35,309	33,729	Vltava Labe Media	Penta Investments
<i>Tydenik Kvety</i>	46,534	42,629	36,757	36,085	33,405	Vltava Labe Media	Penta Investments
<i>Katka</i>	44,815	37,532	28,460	24,153	23,746	Burda Praha	Burda International Holding
<i>Instinkt</i>	34,566	32,275	31,039	24,861	22,149	Empresa Media	Empresa Media Group
<i>Euro</i>	21,675	18,639	18,085	16,192	15,855	Mlada fronta	n/a
<i>Ekonom</i>	14,508	12,939	12,451	11,895	14,365	Economia	Zdenek Bakala

Note: data for end of year; n/a: not available; NP: not launched yet

Source: ABC CR, 2018

ONLINE NEWS

The online news business has also become highly concentrated in recent years, with the four largest publishers fully in control of much of the news output online. Their main competitor is Seznam.cz, a search engine and web portal set up in 1996 by Ivo Lukacovic who today is known as one of the richest Czechs with a fortune in excess of CZK 15bn (€586m), according to Forbes. (See more about Seznam in *Technology, Public Sphere and Journalism* in this report)

With all its websites included, Seznam.cz is the leader on the Czech online media segment with a total of 6.55 million users in 2017. However, with all their websites combined, Mafra and Czech News Center beat Seznam.cz with audiences of 7.11 million and 6.78 million, respectively, according to data from NetMonitor and Gemius. The leading news portals Idnes.cz and Blesk.cz contributed the highest amount of traffic to Mafra's and Czech News Center's overall readership. Part of the two companies' traffic online is generated by a thicket of websites they own: Mafra and Czech News Center each runs some 50 websites, which are focused on a variety of topics including e-commerce, real estate, sports, health and beauty.

Virtual news

Most popular internet portals in the Czech Republic, by 2017 number of users, 2016-2017

	2016	2017	Operating company	Majority owner
	<i>No of real users, million</i>			
Seznam.cz	5.89	6.55	Seznam.cz	Helifreak Ltd
Idnes.cz	4.95	5.46	Mafra	Agrofert
Novinky.cz	4.36	4.61	Seznam.cz	Helifreak Ltd
Super.cz	3.68	3.71	Seznam.cz	Helifreak Ltd
Blesk.cz	2.79	3.72	Czech News Center	Czech Media Invest (CMI)
Aktualne.cz	2.10	2.52	Economia	Zdenek Bakala
Denik.cz	1.98	2.31	Vltava Labe Media	Penta Investments
Centrum.cz	2.15	2.20	Economia	Zdenek Bakala
Tiscali.cz	0.95	2.02	Tiscali Media	Dignity
Eurozpravy.cz	0.50	1.85	InCorp	Petr Zelinka
Zive.cz	1.01	1.69	Czech News Center	Czech Media Invest (CMI)
Reflex.cz	0.77	1.60	Czech News Center	Czech Media Invest (CMI)
E15.cz	0.88	1.56	Czech News Center	Czech Media Invest (CMI)
Penize.cz	1.30	1.42	Economia	Zdenek Bakala
iHned.cz	0.88	1.34	Economia	Zdenek Bakala
Lidovky.cz	1.23	1.29	Mafra	Agrofert
Expres.cz	1.23	1.26	Mafra	Agrofert
Echo24.cz	0.42	1.19	Echo Media	Dalibor Balsinek
Euro.cz	0.62	0.88	Mlada fronta	Mlada fronta
Tyden.cz	0.58	0.75	Empresa Media	Empresa Media Group

Note: Data before 2016 are not comparable as a new methodology for measuring online traffic has been used since then.

Source: NetMonitor & Gemius, 2018

The Czech news media market is dominated by a handful of players. They include the government and a dozen private companies. Public funding is the largest pot of money. License fees that households are forced by law to pay are channeled to the country's public TV and radio broadcasters. Czech TV is thus the highest funded media player with a yearly budget close to CZK 7bn (€270m).

Television remains big business in the Czech market. The three largest media companies in the country by income are television operators. Of the seven companies in the media market that generate yearly revenues of over CZK 1bn (€38m), three are television operators.

The big boys in Czech media

Top media companies in the Czech Republic, by 2016 revenue

	<i>Sales revenues (CZK m)</i>	<i>Sector</i>
Czech TV	6,902	TV
TV Nova	4,654	TV
FTV Prima	2,995	TV
Mafra	2,478	Print/online
Czech Radio	2,212	Radio
Czech News Center	1,882	Print/online
Vltava Labe Media	1,847	Print/online
Economia	775	Print/online
Borgis	659	Print/online
Barrandov Televizni Studio	607	TV
Londa	153	Radio
Frekvence 1	106	Radio
Evropa 2	95	Radio
Media Bohemia	82	Radio
Radio United Broadcasting	81	Radio

Source: CMDS based on data from the Czech Trade Registry

Following several years of economic crisis, most of the media companies in the Czech Republic returned to profits. Except for Economia and Vltava Labe Media (which has continuously incurred losses for more than a decade), all other major media companies finished in the black in 2016. Television remains the most profitable, with FTV Prima and TV Nova netting over CZK 400m (€14.8m) each in 2016.

Back to black

The most profitable media companies in the Czech Republic, by 2016 net profit

	Net profit (CZK m)	Sector
<i>FTV Prima</i>	481	TV
<i>TV Nova</i>	451	TV
<i>Mafra</i>	236	Print
<i>Londa</i>	60	Radio
<i>Borgis</i>	29	Print/online
<i>Barrandov Televizni Studio</i>	23	TV
<i>Czech News Center</i>	19	Print/online
<i>Frekvence 1</i>	7	Radio
<i>Evropa 2</i>	5	Radio
<i>Media Bohemia</i>	1	Radio
<i>Radio United Broadcasting</i>	0	Radio
<i>Economia</i>	-14	Print/online
<i>Vltava Labe Media</i>	-18	Print/online

Source: CMDS based on data from the Czech Trade Registry

The technological disruption coupled with years of profound economic depression led to a decline in revenue and profits in the Czech media industry. TV Nova has accumulated the biggest losses to date. During the years 2012 and 2016, their aggregate losses exceeded CZK 8bn (nearly €300m). In contrast, FTV Prima is the most profitable media company in the country. It has accumulated profits of over CZK 1.7bn (€63m) during the period.

Losing ground

The media companies with the highest losses in the Czech Republic, 2012-2016

	Combined net results, 2012-2016 (CZK m)	Yearly average net results, 2012-2016 (CZK m)	Sector
<i>TV Nova</i>	-8,087	-1,617	TV
<i>Mafra</i>	-545	-109	Print/online
<i>Barrandov Televizni Studio</i>	-426	-85	TV
<i>Economia</i>	-386	-77	Print/online
<i>Media Bohemia</i>	2	0.4	Radio
<i>Frekvence 1</i>	35	7	Radio
<i>Borgis</i>	47	9	Print/Online
<i>Evropa 2</i>	76	15	Radio
<i>Londa</i>	283	57	Radio
<i>Czech News Center</i>	901	180	Print/Online
<i>FTV Prima</i>	1,732	345	TV

Note: Net combined profit/loss in the period 2012-2016; the company Vltava Labe Media is also among the media houses with big losses, but they were not included here because of missing financial data in 2014-2015.

Source: CMDS based on data from the Czech Trade Registry, 2018

TELEVISION FUNDING

Television remains the most lucrative media segment in the Czech Republic with the three largest television groups in the country, TV Nova, Prima TV and TV Barrandov, generating a total of nearly CZK 7.9bn (€292m) in 2016. TV Nova continues to be the leader on this market with some CZK 4.8bn (€177m) in revenue in 2017. However, the station's revenue nearly halved in the past decade following increased competition from other players, particularly new entrants such as TV Barrandov.

The most resilient to the economic crisis and the ensuing slump in ad revenue to date has been Prima TV, which managed to stay in the black between 2011 and 2016. In contrast, in spite of two profitable years in 2016-2017, TV Nova accumulated losses of some CZK 8.9bn (€330m) in the five years to 2015.

TV players: financial results

	2011	2012	2013	2014	2015	2016	2017
TV Nova (formerly CET21)							
Sales revenues (CZK, m)	7,106	6,623	5,083	4,240	4,493	4,654	4,835
Net profit (CZK, m)	-470	-3,875	-2,925	-1,141	-597	451	296
FTV Prima							
Sales revenues (CZK, m)	2,377	2,597	2,899	2,621	2,789	2,995	
Net profit (CZK, m)	399	311	201	441	298	481	
Barrandov Televizni Studio							
Sales revenues (CZK, m)	333	392	417	438	439	607	
Net profit (CZK, m)	-181	-332	-32	-53	-32	23	

Source: CMDS based on data from the Czech Trade Registry

Advertising continues to be the main source of funding in the television segment. Ad revenues accounted for more than 83% of TV Nova's total revenue in each 2016 and 2017. Prima TV's ad revenues accounted for some 80% of its overall income in each 2015 and 2016. Only a small part of the ad sales revenue is accounted for by online, which grows at a very slow pace in television.

TV Nova, sources of revenue, in CZK m

	2016	2017
Sales of TV advertising	3,745	3,890
Other television commercial revenues	497	487
Sales of internet advertising	144	145
Cable fees	206	237
Other services	60	74
Total	4,654	4,835

Prima TV, sources of revenue, in CZK m

	2015	2016
Sales of TV advertising	2,178	2,278
Sponsorship, product placement, teleshopping	258	255
Sales of internet advertising	88	116
Other services	205	272
Total	2,789	2,995

Source: CMDS based on data from company reports

RADIO FUNDING

In spite of its decline in revenues, triggered partly by the economic downturn, the radio sector has remained resilient to the changes in the media industry. Since 2011, most of the major operators of radio channels in the Czech Republic have turned a profit. Some of them have exceptionally high profit margins. For example, Londa, which runs Radio Impuls, the leading radio station in the country, has a profit margin nearing 40%. Generally, however, radio companies have reasons to worry as revenues in this segment continue to slide unabatedly. Londa's sales in 2017, for example, were half compared to the year 2011 after seven years of uninterrupted decline.

The radio business

	2011	2012	2013	2014	2015	2016	2017
Londa							
<i>Sales revenues (CZK, m)</i>	310	241	188	180	157	153	151
<i>Net profit (CZK, m)</i>	78	68	28	67	60	60	57
Evropa 2							
<i>Sales revenues (CZK, m)</i>	152	129	112	104	104	95	
<i>Net profit (CZK, m)</i>	16	18	20	18	15	5	
Frekvence 1							
<i>Sales revenues (CZK, m)</i>	146	121	110	111	117	106	
<i>Net profit (CZK, m)</i>	10	0	12	2	14	7	
Media Bohemia							
<i>Sales revenues (CZK, m)</i>	85	86	76	79	93	82	
<i>Net profit (CZK, m)</i>	-26	0	0	0	1	1	
Radio United Broadcasting							
<i>Sales revenues (CZK, m)</i>				85	83	81	
<i>Net profit (CZK, m)</i>				-2	2	0	

Source: CMDS based on data from the Czech Trade Registry, company reports

PRINT MEDIA FUNDING

After a decline in revenue triggered by the economic crisis, most of the publishers in the Czech Republic began to recover, albeit at a much slower pace than the pace of revenue loss. Mafra is by far the largest publishing house in the Czech market with revenues of over CZK 2.5bn (€97m) in 2017. It is followed by Czech News Center with nearly CZK 2bn (€77m) and Vltava Labe Media with CZK 1.6bn (€62m).

When it comes to profitability, the most resilient player in the aftermath of the economic crisis proved to be Borgis, publisher of the daily Pravo, which finished in the black every year since 2013. All other publishers experienced severe losses. Mafra, for example, lost some CZK 886m (nearly €34m) in 2013. Vltava Labe Media, formerly Vltava-Labe-Press, the publisher of the regional daily network Denik has been incurring losses constantly since 2006. These losses reached a peak of CZK 300m (€11m) in 2009.⁽²¹⁾

Print media operators: financial results

	2011	2012	2013	2014	2015	2016	2017
Mafra							
Sales revenues (CZK, m)	2,691	2,569	2,453	2,448	2,548	2,478	2,516
Net profit (CZK, m)	88	-168	-886	137	136	236	74
Czech News Center*							
Sales revenues(CZK, m)	2,293	2,094	1,956	1,836	1,841	1,882	1,947
Net profit (CZK, m)	443	422	424	-8	44	19	127
<i>*operating as Ringier Axel Springer CZ before 2014</i>							
Vltava Labe Media*							
Sales revenues (CZK, m)	1,145	1,048	946	n/a	n/a	1,847	1,631
Net profit (CZK, m)	-22	-21	-51	n/a	n/a	-18	-178
<i>n/a: not available due to the restructuring of the company VLP before it was purchased by Penta Investments</i>							
<i>*operating as Vltava-Labe-Press (VLP) before 2015</i>							
Economia							
Sales revenues (CZK, m)	679	616	579	842	754	775	811
Net profit (CZK, m)	-21	-54	-125	-153	-40	-14	3
Borgis							
Sales revenues (CZK, m)	721	701	667	652	640	659	
Net profit (CZK, m)	-12	-10	15	9	14	29	

Source: CMDS based on data from the Czech Trade Registry, company reports

Except for tabloids (which continue to be financed primarily through advertising money), most of the daily newspapers in the Czech Republic have launched a subscription model during the past four years. Journalists interviewed for this report agree that subscription is the (only) future of news media. Advertising is not seen as a viable source of funding anymore as large technology companies are better equipped to compete on that market than media outlets. According to industry estimates, some 61% of the total ad spend in the Czech Republic (worth some CZK 20bn or €777m in 2017) was gobbled up by the three large technology players operating in the Czech market, namely Google, Facebook and Seznam.

²¹ "Mediální skupina VLP vykázala zisk, obrát jí ale klesl" (Media group VLP reported [gross] profit, but its turnover declined), Tyden.cz, 20 June 2013, available online at https://mediamania.tyden.cz/rubriky/tisk/medialni-skupina-vlp-vykazala-zisk-obrat-ji-ale-klesl_274113.html

Czech media's subscription offers vary broadly as publishers, desperate to gain over subscribers, offer a myriad of discounts, special offers and perks. Some of them offer presents (such as books) for each subscription, others give readers free trials or cheap one-to-three-month subscriptions. For example, Mlada fronta Dnes of Mafra offers a combination of print+digital subscription package with a cost range between CZK 16 (€0.60) for one read of a daily edition to CZK 439 (€17) for a month of print subscription and digital access (plus access to the weekly Tema, which belongs to the same publisher).

E15 has an ingenious, yet odd, distribution model combining both sale and free-of-charge distribution of its print edition. On top of that, they offer a digital subscription that costs CZK 249 (€10) taken with a yearly subscription. Of all the dailies in the Czech market, Metro is the sole free-of-charge newspaper, basing their funding model fully on advertising sales.

The reader-hunt

Monthly subscription packages (in CZK) for news media in the Czech Republic, 2018

DAILIES

Pravo	416	
Hospodarske noviny	299	
MF Dnes	279	
Lidove noviny	279	
E15	249**	
Denik*	233**	

WEEKLIES

Pravo	141
Hospodarske noviny	138
MF Dnes	129
Lidove noviny	115
E15	115
Denik*	80

*average for a regional daily subscription: price varies by city; **based on an annual subscription as monthly subscription are not on offer
Source: CMDS

Some of the digital-focused strategies started to produce results. In 2017, revenue generated through digital sales accounted for 17% of the total turnover of Czech News Center, the publisher of the tabloids Blesk and Aha!, the daily E15 and several magazines including Reflex. Sales of digital ads accounted for 40% of the publisher's total ad sales revenues, according to Libuse Smuclerova, the head of Czech News Center. The company's target is to have 80% of its turnover generated through digital sales by 2022.⁽²²⁾ However, not all of that comes from subscriptions: Czech News Center owns a raft of lucrative websites that generate money through e-commerce.

One of the few newspapers that are gradually heading towards a sustainable digital subscription model is the business daily Hospodarske noviny. By 2018, it had a total of 20,000 digital paying subscribers, according to data from Economia, its publisher. That was double compared to the number of subscribers in the year 2015.

²² Leos Kysa, "Libuše Šmuclerová: Do pěti let chceme mít obrát tvořený 80% z digitálu" (Libuse Smuclerova: In five years, we want 80% of the turnover to be generated by digital), idnez.cz, 19 October 2017, available online at https://zpravdy.idnes.cz/libuse-smuclerova-do-peti-let-chceme-mit-obrat-tvoreny-80-z-digitalu-1fd-/mediahub.aspx?c=A171019_1047176_mediahub_imp

NEW PLAYERS

But in addition to the mainstream media, the Czech journalism sees a flurry of new initiatives, all trying to find a working financing model. The Czech media industry has gained in the past decade a strong reputation for innovation. More than 20 years ago, new funding models for journalism were tested in the country. In 2010, the local financial group PPF tested a then-new model of funding journalism, more anchored in the community. PPF's Nase adresa (Our address) was a network of hyperlocal media outlets that functioned in open offices, half-newsroom-half-cafe where readers could pop in, read a newspaper and have a chat with their favorite journalist. The project did not generate profits and was folded the same year as PPF reportedly lost €100m in this business.⁽²³⁾

Another notable initiative at the time was Motejlek.com, an investigative reporting website launched in 2010 by Miroslav Motejlek, a journalist who worked for Lidove noviny, the weekly Tyden and the public radio. Catering to readers from all over the world and thanks to its original output, Motejlek has attracted a healthy audience. Fellow journalists say that thanks to his broad network of contacts, Motejlek acquired information earlier than his competitors, even those in the mainstream media. Motejlek has gained a reputation of being one of the few Czech journalists brave enough to call a spade a spade. However, in 2016, Motejlek left the project following a disagreement with Ondrej Tomek, a former co-owner of the server Centrum.cz, who had a stake in the company running the website.

motejlekkocdopole.com, key financial data

	2011	2012	2013	2014	2015
Sales revenues (CZK, m)*	3.3	4.9	9.4	11.5	15.0
Net profit (CZK, m)	2.8	2.2	5.0	3.5	4.6

**the company's balance sheet shows zero in the sales revenue category; the figures in this table indicate the value of output generated by the company, which is basically the amount of revenue generated by the website.*

Source: CMDS based on data from Czech Trade Registry, corporate reports

But in the past five years or so the market has experienced a new wave of media startups. Most of them are small operations, usually founded and led by disgruntled journalists who left their jobs in mainstream media because they could not stand anymore pressures from their owners. The sweeping changes in the ownership of many Czech media, with oligarchs and politicians taking the helm in most of the country's key media houses during the past five to 10 years, prompted an exodus of good journalists. Many of them have started their own shops. The series of defections started in 2008 when a group of journalists left Economia, the publisher of the business daily Hospodarske noviny, after Zdenek Bakala, a local coal magnate, purchased the publishing house. The journalists joined the internet news portal Aktualne.cz. Ironically, five years later, Bakala also bought Aktualne.cz's owner, the company Centrum Holdings.

²³ Karel Toman, "Konec projektu Naše adresa přišel náhle. PPF nevydělala" (The end of the Nase adresa project came suddenly. PPF did not make a profit), Aktualne.cz, 30 August 2010, available online at <https://zpravy.aktualne.cz/ekonomika/ceska-ekonomika/konec-projektu-nase-adresa-prisel-nahle-ppf-nevydelala/r-i:article:675892/?redirected=1533639778>

A new wave of journalism start-ups began in 2014. That year, Robert Casensky, a former editor-in-chief of the daily *Mlada fronta Dnes*, launched the monthly *Reporter*, both in print and online. Casensky's lifelong dream was to create a publication like the *New Yorker* or the *Atlantic* for the Czech market. *Reporter* wants to be just that.

Casensky left his daily newspaper in 2013 after Mafra, *Dnes*' publisher, was bought by Agrofert, a conglomerate run by Andrej Babis, the Czech prime minister. Other *Dnes* journalists who could not accept working for Babis, a businessman enmeshed in a web of corruption allegations, followed Casensky. *Reporter* started with a print-run close to 25,000 copies with the aim of reaching 50,000. Casensky is financing it through advertising as well as sales of print copies and digital subscriptions.

Reporter today amasses healthy revenues (for a small publication), but it is yet to turn a profit. Published by the company *Reporter magazin*, which is 100% owned by Casensky, *Reporter* had revenues of CZK 25m (€920,000) in 2015, its full operational year. But sales stagnated the following year and losses continued. The magazine has so far incurred combined losses of CZK 24m (€938,000).

Casensky started the business without any investor, hence all the cash behind *Reporter* came from his own savings, he said. "The product thus had to sell right away," he said in a 2017 interview.⁽²⁴⁾ *Reporter*'s model is heavily print-based. Some 90% of its revenues are generated by advertisers and print sales, according to the latest estimates from Casensky made in 2015. The magazine was selling back then some 6,000 copies and had up to 3,000 print subscribers. On top of that, it sold some 18,000 copies of the magazine to its advertisers as part of an original concept that *Reporter* offered to its clients from day one: interested ad spenders can order a certain number of *Reporter* copies that are then be emblazoned with the advertisers' logo. Advertisers use these branded copies as gifts for their own partners or clients.

Reporter magazin, key financial data

	2014	2015	2016
Sales revenues (CZK, m)*	7	25	24
Net profit (CZK, m)	-14	-5	-5

Source: CMDS based on data from Czech Trade Registry, corporate reports

In spring 2014, Dalibor Balsinek, former editorial head of the daily *Lidove noviny*, which belongs to the same publisher, Mafra, launched *Echo24.cz*, an online news server and print weekly. Balsinek left Mafra for the same reasons as Casensky: he refused to work for Babis. Balsinek used cash from Jan Klenor, former chair of the financial group *Patria Finance*, to launch the portal.

²⁴ *Vojtech Hodbod, "Robert Časenský a Reportér: Obsah přesvědčí" (Robert Casensky and reporter: the content convinces), Finmag.cz, 1 February 2017, available online at <https://finmag.penize.cz/kaleidoskop/320261-robert-casensky-a-reporter-obsah-presvedci>*

One year after its launch, Echo24 sold 11,000 copies of its print weekly, and had 1,500 print subscribers and 4,500 digital subscribers. In 2016, some 50% of all Echo24's revenues were generated by readers. The publication aims at pushing that percentage up to 70%, according to Balsinek.⁽²⁵⁾ An injection of CZK 1.5m (€60,000) that was raised through crowdfunding (double than expected) helped Echo24 to launch Echo Prime, a fully paid section of the website where readers can browse through ad-free content and engage in discussions in a closed community.

In spite of all that, Echo24 is yet to become profitable. Echo Media, the company that publishes Echo24, had CZK 25m (€920,000) in revenues in its first full operational year (2015), but it has lost to date over CZK 30m (€1.2m).

Echo Media, key financial data

	2014	2015	2016
Sales revenues (CZK, m)	8	25	n/a
Net profit (CZK, m)	-13	-9	-6

n/a-not available

Source: CMDS based on data from Czech Trade Registry, corporate reports

In yet another 2014 development, Daniela Drtinova and Martin Veselovsky, journalists at the public broadcaster Czech TV, left the station to establish their own platform, Drtinova-Veselovsky TV (DVTV), the first Czech news website fully focused on video content. The two journalists left the broadcaster following a series of controversies that marred Czech TV's name during the 2013 Czech presidential election.

DVTV airs interviews with politicians, artists and other personalities, but also produces news reports. Much of the cash for DVTV's takeoff came from a crowdfunding campaign that earned DVTV some €80,000. By 2017, the website had 5.5 million unique users, according to data from the portal. From its very first year, DVTV was hired by the publishing house Economia to crank out video content for Aktualne.cz, an Economia online news platform.

In 2015, a new portal started on the Czech news market. Neovlivni.vz was launched by the journalist Sabina Slonkova, one of the best-known names in the Czech investigative journalism. Slonkova followed Casensky in the position of editor-in-chief of Mlada fronta Dnes when he left to launch Reporter. But it took Slonkova only six months in the job. Like the other journalists who worked for Babis, she left the newspaper to start her own shop. This was Neovlivni.cz (meaning "unaffected" in Czech), a portal whose declared mission is to map influence in various parts of the Czech society. The portal is part of a bigger family of websites run by the company Dead Line Media whose owner is Slonkova's partner, Jakub Unger, formerly Aktualne.cz's director. Unger is also the head of news at the television station that the online server Seznam.cz launched in early 2018. (Slonkova herself produces an investigative program for Seznam television).

Neovlivni.cz is funded through a combination of grant money, donations and sales of editorial products. In the first year in operation, Dead Line Media had revenues of roughly CZK 2m (€74,000), plus additional income from other sources than revenue, and a profit of CZK 6m (€221,000). A year later, the company's revenues were halved.

²⁵ "Echo Media už má 50 % svých tržeb od čtenářů" (Echo Media already has 50% of its revenues from readers), Mediaguru, 11 October 2016, available at <https://www.mediaguru.cz/clanky/2016/10/echo-media-uz-ma-50-svych-trzeb-od-ctenaru/>

**Dead Line Media,
key financial data**

	2015	2016
Sales revenues (CZK, m)	2	1
Net profit (CZK, m)	6	0

Source: CMDS based on data from Czech Trade Registry, corporate reports

The first Czech publisher exclusively targeting tablet users appeared on the market in 2013 when the company Tablet Media was incorporated. A year later, it launched Dotyk (meaning “contact” or “touch” in Czech), a news weekly formatted for tablets and smartphones. Tablet Media was founded by Michal Klima, former general director of Lidove noviny and Economia. The same year, Tablet Media added more titles to its portfolio (covering various topics such as architecture, gardening and lifestyle, but also business news). In 2015, Dotyk was bought by the financial group Penta Investments, which folded Tablet Media into Vltava Labe Media, its media house in the Czech market. In its first year in business, Tablet Media pulled in revenues of some CZK 2m (€95m).

Concerned about the rise of the entrepreneur and politician Andrej Babis in the Czech media, the former editor of the weekly Ekonom, Ondrej Neumann launched Hlidaci pes (meaning “watchdog” in Czech) in 2014. Run under the slogan “Journalism in the public interest”, the site is fully dedicated to investigative reporting.⁽²⁶⁾ The project, run by Ustav nezavisle zurnalistiky, has been financed primarily through donations. Its seed funding was contributed by the Foundation of Czech Industrialists (Nadační fond českých průmyslníků), a local foundation established by three progressive entrepreneurs worried about the worsening state of democracy in the Czech Republic. But the foundation’s decision to axe the funding for Hlidaci pes in 2018 clobbered the website.

One of the latest initiatives in the Czech media is Svobodne Forum, a daily news portal launched in 2015 by the association of journalists Free Czech Media. Pavel Safr, former editor-in-chief at several Czech newspapers including Blesk and Mlada fronta Dnes, along with a group of prominent journalists including Barbora Tacheci from Radiozurnal and Jan Jandourek, created Svobodne Forum as a platform to support free journalism. Safr said that the site, which monitors the free flow of information in the country, is not a big media project, but rather a citizen initiative.⁽²⁷⁾ He said that their work is fully funded by the website’s founders.

²⁶ Ondrej Aust, “Neumann spustil web Hlidací pes” (Neumann launched the web Hlidaci pes), Mediar, 22 April 2014, available online at <https://www.mediar.cz/neumann-spustil-web-hlidaci-pes/>

²⁷ Ondrej Aust, “Šafr s Free Czech Media spustí Svobodné fórum” (Safr with Free Czech Media launches Svobodne Forum), Mediar, 5 February 2015, available online at <https://www.mediar.cz/safr-s-free-czech-media-spusti-svobodne-forum/>

Ustav nezavisle zurnalistiky, key financial data

	2014	2015	2016	2017
Income (CZK, m)*	0.35	4.0	4.6	5.7
Net profit (CZK, m)	0.35	-0.3	0	0

*Most of the income comes from donations

Source: CMDS based on data from Czech Trade Registry, corporate reports

Furthermore, a new actor is scheduled to launch operations in the Czech media market. Following its success in Slovakia, the daily DennikN is planning to launch its Czech operation in autumn 2018. With seed funding from the software manufacturer Eset, DennikN is now financially self-sustainable thanks to a realistically designed subscription-based model. The launch of DennikN in the Czech market is made possible thanks to funding from a list of investors linked with the Endowment Fund for Independent Journalism (NFNZ) including Silke Horakova, co-owner of the publishing house Albatros Media and the entrepreneurs Martin Vohanka and Libor Winkler.⁽²⁸⁾

Influential News Media

By far the most influential media channel in the Czech Republic is TV Nova thanks to its news programs that command the highest ratings in the country. In 2017, for example, TV Nova's primetime newscast, which is aired every day at 7:30 p.m. appeared 30 times among the 50 most viewed television programs in the Czech Republic, according to data from Nielsen Admosphere. No other news programs is featured on this list. Thanks to this dominant position in the television news market, TV Nova is important particularly for political parties and politicians, but also for mass-catering businesses, mostly those consumer-oriented such as retailers or manufacturing companies.

Thanks to its high audience, Czech TV is also a player with significant influence in the Czech society. Nearly two thirds of viewers trust Czech TV. They include people supporting the political parties in the government coalition, according to a survey commissioned by Czech TV's research and analysis department. Nonetheless, the station from time to time comes under critical scrutiny. For example, a study conducted by the Prague-based Charles University in 2017 found that during the electoral campaign for the 2016 regional and Senate elections, Czech TV favored Top 09, a liberal-conservative party led by Jiri Pospisil, a former justice minister, by giving them more airspace than to other opposition parties.

²⁸ "V Česku vzniká nový deník inspirovaný Denníkem N" (New daily inspired by DennikN appears in the Czech Republic), MediaGuru, 26 June 2018, available online at <https://www.mediaguru.cz/clanky/2018/06/v-cesku-vznika-novy-denik-inspirovany-dennikem-n/>

Czech TV is a big producer of news: besides the news programs on its first channel, the station's all-news channel CT24 aired a total of 8,785 hours of programming in 2016. Thanks to its regional coverage and a generous political news output, the station has significant influence among politicians, especially those who seek votes of both the youth and the more affluent and educated citizens. That is because Czech TV has traditionally had a strong reach among educated viewers. Also, thanks to its dedicated children's channel and generally to its higher children programming output, the station has constantly attracted younger audiences. However, that is changing fast, the age gap in its overall audience rapidly widening. In 2016, the station had a 39% reach in the 18-24 age group. In contrast, its reach in the 65+ age group was 92%. Moreover, the station is losing young viewers. The 25-34 age group saw the biggest decline in Czech TV's audience between 2015 and 2016, according to data from the broadcaster.

Thanks to its youth-oriented channels, Prima TV has strengthened its position among younger audiences. That is worrisome as the station has come under fierce criticism in the past decade for its biased, manipulative, politicized coverage. The station has been for a long time highly influenced by the prime minister Babiš and his party ANO 2011, a centrist populist political party in power.⁽²⁹⁾ The station is thus increasingly catering to a big part of the Czech population beguiled by the populist narrative.

²⁹ Vilem Besser, "Babiš údajně ovládá televizi Prima. Náznaky už se objevily" (Babiš supposedly controls Prima TV. Signs already appeared), *Forum24.cz*, 17 April 2015, available online at <http://forum24.cz/babis-udajne-ovlada-televizi-prima-naznaky-uz-se-objevily/>

³⁰ Robert Brestan, "Nahrávka z klíčové porady TV Prima k uprchlíkům: „Vedení televize má názor a vy ho budete respektovat."

In particular, the station's coverage of the migrant crisis in Europe in 2015-2016 caused a hullabaloo. The website *Hlidací pes* posted in May 2016 an audio recording from a Prima TV staff meeting where the station's management ordered its reporters to inject a negative slant in their coverage of the migrant crisis.⁽³⁰⁾ Those not toeing the line would get the boot, the management said. Much of this bias against migrants came from the country's President, Miloš Zeman, who has friendly relations with the station's management. Zeman, who serves his third term as president in spite of a grave illness that he is hardly coping with, is one of the most paranoid migrant-bashing officials in Europe. He has repeatedly vilified migrants coming to stay in Europe.

Increasingly influential is also TV Barrandov, which is also overtly close to Zeman. In his own program aired on TV Barrandov, the station's owner Jaromír Soukup is advancing an agenda close to political circles around Zeman and his party. The program is increasingly popular. It attracted the station's highest audience ever on 28 February 2018 when over 357,000 viewers tuned in (some 736,000 viewers watched it at some point), according to data from the station.⁽³¹⁾ During the program, Soukup criticized Czech TV for unaccountably spending public money. The criticism is part of a bigger lobbying effort of private TV stations and their owners to weaken Czech TV, which is a serious competitor for audience as well as a largely independent news producer.

(Record from TV Prime's key program on refugees: "Television management has an opinion and you will respect it."), *Hlidací pes*, 31 May 2016, available online at <https://hlidacipes.org/nahravka-z-porady-zpravodajstvi-tv-prima/>

³¹ The station's press release is available at https://www.barrandov.tv/rubriky/novinky/kauzu-jaromira-soukupa-mely-rekordni-sledovanost_1656.html.

The most popular non-tabloid dailies in the country, including *Mlada fronta Dnes*, *Lidove noviny*, *Pravo* and *E15*, are also politically influential given their broad reach. Most of them are aligned with the interests of their owners. Particularly *Mlada fronta Dnes* and *Lidove noviny* are known to support the agenda of their owner, the prime minister Babis. An analysis from Svobodne Forum's Forum24 website found that after the purchase of the two dailies by Babis, the coverage (and its positive tone) of their owner increased massively.⁽³²⁾ The bias is particularly damaging for *Lidove noviny*, the oldest Czech newspaper still in print, which for decades has been highly influential among the Czech intelligentsia thanks to its higher-quality coverage and the space it has devoted to opinions by prominent personalities from the Czech Republic and abroad.

The media with the highest influence in the business community include the daily *Hospodarske noviny*, and the weeklies *Ekonom* and *Euro*. *Hospodarske noviny* and *Ekonom* are owned by the coal magnate Zdenek Bakala. Unlike Babis, however, Bakala exerts less pressure on his media. Journalists who worked for him say that his decision to buy media was purely business-driven. Unlike Babis, Bakala does not have political ambitions, said Jindrich Sidlo, a journalist who worked for *Economia*.⁽³³⁾

Some of the newly launched media are also gaining influence in various parts of society. The news portal *Echo24*, for example, has now an audience of over 1.1 million users, which is comparable to the readership of the largest news portals in the country. From the beginning, *Echo24*'s stories irked Babis who accused the *Echo24*'s founders (former journalists at *Lidove noviny*, his newspaper) of "tunneling" their former newspaper. Babis said that the breakaway journalists were responsible for a loss of CZK 50m that *Lidove noviny* incurred.⁽³⁴⁾ Investigations produced by news websites such as *Hlidaci pes* and *Neovlivni.cz* are also increasingly influential in political and business circles. Much of that influence comes through the notoriety of the journalists running these portals who are feared (or respected) by politicians and businesses.

³² Vilem Besser, "Jak se MFD a LN změnilly po Babišově vstupu do Mafry" (How MFD and LN changed after the entrance of Babis in Mafra), *Forum24.cz*, 9 January 2015, available online at <http://forum24.cz/analyza-jak-se-mfd-a-ln-zmenily-po-babisove-vstupu-do-mafry-zasadne/>.

³³ Petr Bouska, "Jindřich Šídlo o médiích a moci: Bakala nemá politické ambice, na rozdíl od Babiše" (Jindřich Sidlo about media and power: Bakala does not have political ambitions, unlike Babis), 10 August 2016, *Czech Radio*, available online at <https://wave.rozhlas.cz/jindrich-sidlo-o-mediich-a-moci-bakala-nema-politicke-ambice-na-rozdil-od-babise-5197257>

³⁴ "Babiš zaútočil na *Echo24.cz*, deník odpovídá" (Babis attacked *Echo24.cz*, the daily responds), *MediaGuru*, 24 March 2014, available online at <https://www.mediaguru.cz/clanky/2014/03/babis-zautocil-na-echo24-cz-denik-odpovida/>

Key Funders

Non-governmental Funders

Advertising remains one of the largest sources of revenue for the media industry in the Czech Republic. The economic crisis had a massive impact on ad spending in the Czech market. For several years, most companies cut down on their ad expenditures. But after 2012, the Czech ad market resumed its growth. In 2017, some CZK 102bn (€3.9bn) was spent on advertising. Television continued to take the biggest share of that. It accounted for nearly 47% of the total ad market that year. However, that is rapidly changing. In 2016, for the first time ever in the Czech Republic, internet advertising got a bigger share of the ad pie than the print sector. The following year, the gap widened: a total of CZK 22.2bn (over €848m) was spent on internet ads in 2017, which was nearly CZK 3bn (€114m) more than the total print ad expenditure. The Association for Internet Development (SPIR) expects the internet advertising spend to increase by another 14% in 2018.

Newspapers and magazines were the sole segment that lost ad money since 2013 mainly because much ad spend has been moving to the internet. Some of the publishers managed to offset these losses by investing more in their online presence.

Ad infinitum

Advertising spend by medium in the Czech Republic, CZK m, 2013-2017

	2013	2014	2015	2016	2017
TV	27,802	31,179	35,494	42,377	48,077
Internet*	12,105	13,327	14,137	18,827	22,257
Print	18,039	17,899	17,886	18,749	19,287
Radio	5,844	6,062	6,384	7,047	7,551
OOH*	4,528	4,816	4,888	5,124	5,299
Total	68,318	73,283	78,789	92,124	102,471

OOH: out-of-home advertising; *includes data for display and search

Source: CMDS based on data from Nielsen Admosphere, AdMonitoring (for internet data)

The Czech advertising market is dominated by retailers and what is known in the industry as FMCG (fast-moving consumer goods) manufacturers including cosmetics and food producers. Telecoms continue to invest large amounts of money in advertising, but they lag behind several key retail and manufacturing players. The largest ad spender in 2017 with a whopping CZK 1.4bn (€53.5m) was Alza.cz, one of the largest consumer electronics retailers in Central Europe.

The big clients

Largest advertising spenders in the Czech Republic, CZK m, 2016-2017

	2016	2017
<i>Alza.cz</i>	1,222	1,417
<i>Ferrero Ceska</i>	780	1,293
<i>Procter & Gamble</i>	1,362	1,234
<i>Lidl</i>	1,051	1,227
<i>Sazka</i>	774	1,120
<i>Unilever</i>	978	998
<i>Kaufland</i>	629	996
<i>Reckitt Benckiser</i>	669	952
<i>Mountfield</i>	733	892
<i>Skoda Auto</i>	517	852

Source: Nielsen Admosphere (data do not include internet ad spending)

PHILANTHROPY

The philanthropy funding in the Czech news media is totally insignificant in the overall media spend. A total of US\$ 7.7m (€6.6m) of foreign philanthropy funding has been spent in the Czech media since 2010, according to data from the Media Impact Funders, a website collecting data on donor money.

However, only a small part of that was invested in local news operations.

Several international journalism operations that made Czech Republic their home gobble up much of the foreign philanthropy dollars. For example, Project Syndicate, an international media house that publishes and syndicates high-quality commentary and analysis has attracted since 2010 some US\$3.6m in grant money from the Bill & Melinda Gates Foundation, a grant-making shop launched in 2000 by American philanthropist and investor Bill Gates. Transitions Online, a prestigious media development organization and online journal whose history goes back to the 1990s, has received in the same period nearly US\$1m from the National Endowment for Democracy (NED), a U.S. Congress-funded development agency.

Another big chunk of philanthropy cash goes into supporting and defending advocates and activists fighting for independent media and freedom of expression. For example, the largest media-related grant awarded in the Czech Republic by EEA and Norway Grants, a government initiative set up by the states of Liechtenstein, Iceland and Norway, was a total of US\$107,000: it was given in 2014 to Revival Civic Organization to push for more objective coverage in local media.

One of the few supporters of local journalism outlets is Open Society Fund Prague, formerly the local office of the Open Society Foundations (OSF), a global philanthropy bankrolled by investor George Soros.⁽³⁵⁾ Operating as an independent local foundation since 2012, the Fund does not have a regular program to support media outlets. It gave in the past a one-off cash grant to Dead Line Media, the company that publishes the investigative reporting website Neovlivni.cz. One of its main activities in journalism is support for an annual journalism award.

Although funding from locally endowed foundations is also small compared to the overall media spend, the role of these foundations has been growing rapidly. One of the most progressive foundations that often funds media projects is Karel Janecek Foundation. Janecek is a mathematician and entrepreneur who worked for a hedge fund and in the academia. He is known for creating in the 1990s a much-praised simulation software for advantage play in Blackjack, a card game played in casinos. (Janecek himself has served for a while as a consultant in the casino games industry.) In the past decade, Janecek has put much of his time and money into fighting corruption. He funded, among other things, the investigative journalism platform Hlidaci pes.

Another player with a growing influence in supporting Czech journalism is the Endowment Fund for Independent Journalism (Nadační fond nezávislé žurnalistiky, NFNZ), the first entrepreneurial fund devoted to supporting independent journalism in Central Europe. It was created by a group of entrepreneurs who found themselves discussing media and politics at the Prague Business Club, a non-political club bringing together mostly businessmen. The decision to found NFNZ was primarily prompted by the concern about the growing politicization of the country's media ownership. The NFNZ team of founders include businessmen such as Petr Cichon, owner of the sandwich maker Crocodile, Frantisek Dostalek who co-founded the Czech branch of the auditing behemoth KPMG, Jiri Kucera, a lawyer, Richard Kaucky, a co-founder of the company Software602 and Tomas Richter, a hotel entrepreneur.

Launched in 2016, NFNZ has so far supported most of the journalistic start-ups that have appeared in the Czech Republic since 2014, including Hlidaci pes, Neovlivni and Reporter. Their grants range between CZK 180,000 (€7,000) and CZK 600,000 (€23,000). One exception was Hlidaci pes, which received once a grant of CZK 1.8m (€70,000) in 2017. To date, the NFNZ has awarded nearly CZK 7.4m (€287,000) to journalism projects.

35 Disclaimer: the author of this report works for Central European University (CEU), a Budapest-based university funded by George Soros. Work on this report has been conducted independently as part of CMDS, which is an autonomous CEU entity.

One journalism initiative that operates mainly thanks to philanthropy money is Czech Center for Investigative Journalism (CCIZ), an organization established in 2013 by a group of local journalists led by Pavla Holcova. CCIZ is a member of the Organized Crime and Corruption Reporting Project (OCCRP), an investigative reporting platform consisting of 40 non-profit investigative centers, news media and journalists around the globe. OCCRP's funder base includes the U.S. government (the largest funder in 2016), and private donors such as OSF, the Skoll Foundation, the Sigrid Rausing Trust and Knight Foundation. CCIZ had a budget of CZK 688,000 (approximately €26,000) in 2017.

State Funding

The state is a major player in the Czech media. Including the funding from license fee gathered from households and the state budget spending on communications services, the public funding in the Czech media was nearly CZK 10bn (€386m) in 2017, according to our estimates. Much of that goes into the operation of the Czech television and radio broadcasters, which generally have a good reputation in the country. They devote much of their airtime to public interest programming and, in spite of some critical voices emerging once in a while, they offer high-quality, objective news programs.

Czech Television is a public broadcaster with a governance structure consisting of a 15-member council. The council members are appointed by Parliament for a six-year mandate, with a third of them changed every two years. *(See more in Government, Politics and Regulation/Influencers in Media Influence Matrix: Czech Republic)*

The Czech public TV broadcaster is mostly funded through license fees, a tax of CZK 135 (€5) a month that each household in the country that owns devices technically able to receive television content has to pay. As of 2011, the broadcaster was imposed limits on the amount of advertising it airs, according to a set of legal provisions adopted by the Senate in 2011. The first channel of the station and CT24, its all-news channel, are forbidden by law to carry advertising. The station can sell ads only for its second and sports channels. The funding generated through ads then must be used to produce cultural and sports programming.

The funding from license fees has remained unchanged since 2012, hovering around CZK 6bn (€234m) a year. That accounts for more than 85% of the station's total income.

Czech Radio, the country's public radio is also funded mostly through revenue from the license fee. Households have to pay a monthly fee of CZK 45 (€1.75) to finance the Czech Radio. More than 90% of the radio's budget comes from these fees. Advertising only accounts for roughly 4-5% of the total income.

Public television finances

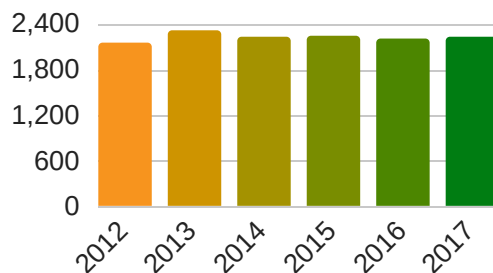
The budget of CT, in CZK m, 2014-2018

	2012	2013	2014	2015	2016	2017	2018
License fee	6,049	5,989	6,257	6,004	6,187	6,095	6,127
Commercial income*	477	580	624	620	622	615	768
Other own generated revenues**	189	139	104	130	93	95	65
Total	6,717	6,708	6,986	6,755	6,902	6,875	6,960

*mostly from advertising and sponsorship; **such as earnings from exchange rate changes or sales of facilities

Source: CMDS compilation and calculations based on CT data and information from annual reports

The budget of Czech Radio, in CZK m, 2014-2017



Source: CMDS compilation and calculations based on Czech Radio data and information from annual reports

In the public service, officially

Number of employees and average wages at CT and CRO, 2013-2018

No of employees	Average monthly salary			No of employees	Average monthly salary	
	CZK	EUR			CZK	EUR
2,925	37,173	1,455	2013	1,430	37,021	1,450
2,902	37,829	1,377	2014	1,464	36,639	1333
2,906	38,325	1,415	2015	1,464	37,634	1,389
2,913	38,669	1,430	2016	1,486	37,436	1,384
2,920	39,620	1,531	2017	n/a	n/a	n/a

n/a: not available

Source: CMDS compilation and calculations based on CT data and information from annual reports

Another media outlet with a public service statute is Czech News Agency (CTK). Although its activity is regulated by law and its governing bodies are appointed by Parliament, CTK does not receive any funding from the state, financing all its operations through its own revenues generated by sale of news content and services.

Besides the money from the license fee allocated to the Czech television and radio broadcasters, the state is involved in funding media through allocations of state marketing contracts, namely space bought in the media by various state institutions. In 2017, the volume of public orders in the communications area increased by 18% year on year to CZK 1.35bn (€51.6m). The number of public contracts covering communications-related services increased to 851 in 2017 from 256 the year before. The biggest ad spender among the Czech state bodies in 2017 was the State Agriculture Intervention Fund (SZIF), which has a 2018-2020 budget for communications of over CZK 149m (€5.7m).



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