

The Current Situation with Media Audience Measurements in Armenia and Its Impact on The Quality of Public Information: The Perspective of The Private Sector

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EXECUTIVE SUMMARY

In the framework of an initiative by the Center for International Private Enterprise (CIPE) to engage the Armenian private sector in combatting disinformation, the CI studied ways in which the situation with media audience measurements on the Armenian media advertising market affects media quality and the spread of mis/disinformation, and how the private sector can contribute to positive changes.

*In line with the values of the CIPE and the CI, **a key assumption of the current study** was a free flow of verified information is a precondition for a free market economy. Applied to media advertising, it means that (1) businesses require a predictable fair environment in which they can conduct targeted advertising and marketing campaigns and assess their impact, and (2) it the interests of the private sector that media advertising incomes serve to combat disinformation, boost the quality of public information and ensure media independence and plurality.*

*We surveyed the general situation with advertising across all types of Armenian media except print. **The methodology** included assessment of existing research and open-source data and data collection by means of interviewing (twenty-two semi-structured interviews). The goal of the interviews was to understand the strategies of the players and the logic of their interactions.*

***The main finding of the study** is that lack of trusted audience measurements, especially but not exclusively of television and radio audiences, remains a key factor preventing the private sector from contributing to media independence and quality. Trusted data on audiences are needed in order that businesses can place targeted cost-effective advertising in the media and enable the growth of neutral media that aim for quality reporting and fight against fake news. Lack of audience data creating creates additional incentives for advertisers to move away from professional media towards social media platforms.*

The study also found that political patronage remained a major concern for Armenian media in 2022. Across types of media, political patronage prevents the emergence of predictable business models, undermining the survival prospects of quality media. Arguably, by ignoring political bias and advertising in politicized media, businesses contribute to the dissemination of disinformation and deprive quality media of the support they need.

The study also found that low audience literacy is a contributing factor to the spread of dis/misinformation and an overall chaotic situation in the media market. Here also businesses have a role to play by adopting responsible policies when designing their advertising strategies.

Background

The media advertising market of Armenia remained small in 2022 and had not recovered from the adverse effects of the COVID pandemic and the 2020 Karabakh War. Experts assessed it at 20-25 million USD per year, a decline from 2019. Its key characteristic is its disproportion: Armenia has relatively many media for a country of three million residents, but few advertisers. Five private and two public TV stations broadcast nationwide, seven broadcast in the capital city Yerevan where a third of Armenia's population resides, and another ten, in other regions of Armenia¹. Three private and four public radio stations broadcast nationwide, and another 16 cover Yerevan². By various estimates, between 100 and 200 Armenian news websites are updated daily. Meanwhile, Armenia's relatively small and poor market barely attracts any international advertisers, and, given the structure of its economy, a third of Armenia's top fifty taxpayers do not advertise in the domestic market³ (mining and utility companies, producers of tobacco the advertisement of which is prohibited). Leading businesses that advertise in the media include telecommunication and Internet providers, banks, insurance companies, retail chains, vendors of pharmaceuticals, construction materials and household appliances, etc.

In the last decade, two studies analyzed the situation with advertising in Armenian media: one produced in 2012 by the Caucasus Institute⁴ and one in 2016, by researcher Aghassi Yenokyan for the Armenian Center for Political and International Studies⁵. Many of the recommendations made in both studies continue to be relevant. The 2012 study concluded that political patronage dominated in Armenian media but a business model based on advertising had begun to emerge. Its recommendations were the establishment of a joint industry committee (JIC) that would ensure the independence and quality of audience research, and efforts toward de-politicization, greater transparency and self-regulation of the media, to make the market attractive to advertisers and enable media quality as well as more effective income generation. While the 2016 study already found wider prevalence of business models in the media, it identified a new concern: the dominance of some players in the media advertising market. The study recommended an independent audit of the measurement company, Admosphere Armenia, and inquiry into possible linkage between Admosphere, the Media International Service sales house and one of the two leading nationwide broadcasters, Armenia TV. The study also proposed the set-up of a second sales house to prevent monopolization, and the revision of the Law on Mass Media to make the financial operations of online media more transparent.

By 2022, Armenia already had two competing TV sales houses, each working with one of the two leading nationwide broadcasters. After the 2018 Velvet Revolution, Armenia TV's main competitor, Shant TV, stopped using the services of the Media International Service, and a new sales house, Mediahouse Armenia, was set up in 2019. Apart from Shant TV, its services have also been used by Public TV since the June 2020 lifting of the January 2014 ban on advertising on public television. Both sales houses also sell the ads of a number of smaller TV stations. While the establishment of a second TV sales house can be viewed as a positive development, there is the problem that the majority of smaller and regional TV stations do not collaborate with either of the sales houses. An even bigger problem is that issues with TV audiences measurement came to head in Armenia in 2022 when Mediahouse Armenia published the results of an independent international audit of the measurement company, Admosphere Armenia⁶. The audit report highlighted significant issues

¹ Commission on TV and Radio of Armenia, Annual Report 2021, 17-20. <https://bit.ly/3OXDLHj>

² Ibid, 21-24.

³ Tax Service of the Republic of Armenia, "Taxpayer Information Listings." <https://bit.ly/3Q8tXvc>

⁴ Evelina Gyulkhandanyan, and Nina Iskandaryan, "Media Environment and Attitudes to Media in Armenia," Caucasus Institute, 2010. <http://c-i.am/wp-content/uploads/2010-evelina-media-eng1.pdf>

⁵ Aghasi Yenokyan, *Structure of the Armenian Media Advertising Market and Prospects of Liberalization*, Open Society Foundations – Armenia, 2016. <https://bit.ly/3zS4FMO>

⁶ Nune Hakhverdyan, "Audit Results: Television Measurements In Armenia Cannot Be Considered Valid," *Media.am*, 21 May 2022. <https://media.am/en/newsroom/2022/05/21/32863/>

with the company's selection of households in which it installed its meters, putting into question the validity of the data and further undermining the trust of advertisers⁷.

Online media, whose audiences are better measurable than those of broadcast media, had been rapidly gaining popularity in Armenia; in 2022, for the first time, more respondents of a nationwide opinion survey named online media and social networks than television as the source of information that they use most frequently.⁸ Radio stations continued struggling, and hard data on Armenian radio audiences was still nonexistent in 2022.

FINDINGS OF THE STUDY

Overall trends

The most important new trend observed in 2022 compared with 2012 and 2016 is that **social media have become the main competitors of all types of media**. As media owners and managers told us, *"We don't compete against each other, we compete against Facebook, Instagram and YouTube. We need to be creative if we want to survive"*. Businesses, including large ones, also admitted increasing investment into social media outreach. *"Social media are cheaper, they are also targeted and controllable, and the impact is measurable."* They name a number of reasons. First, the logic of pricing in online and social media is more understandable and transparent; second, targeting is easier and much more accurate; third, it's easy to track customer engagement; fourth, the ads are easier and cheaper to make and their placement is also more affordable; fifth, the audiences of social media are in a higher income bracket.

Meanwhile, faced by this new challenge, Armenian media is still plagued with a major concern observed in previous studies: **political patronage**. While the law prohibits political parties and officials to establish, own or run media companies, political players set up private media through intermediaries, and proving connection to a political actor or group is all but impossible. Politicization causes two concerns. *First*, there are many **non-market players** on the Armenian media market. Independent media trying to survive by producing quality content have to compete against others who are fully funded by political actors and can thus afford to lower advertising prices. *Second*, widespread political patronage leads to **poor overall quality of information**. As a media expert argued, *"Non-commercial politically funded media lose incentive to do professional work and improve the quality of reporting."* The unprofessional, poorly fact-checked content of these media contributes to low media literacy of the audiences and a flow of mis/disinformation.

Although by 2022, television lost its position as the largest source of information in Armenia to online and social media⁹, marketing experts estimated the amounts spent by businesses on TV ads in 2021 as about five times those spent on ads in other types of media. As to radio, it has the smallest advertising market of all the media in Armenia; experts also consider it the least politicized, with music accounting for almost 80 percent of radio broadcasts. Small advertising revenues make radio stations vulnerable: according to owners, a third of their income comes from gambling ads, which will be banned in Armenia by a new law starting from September 2022. Unless they find new financial sources, some radio broadcasters may shut down by the end in 2022.

Seen from the perspective of the private sector, as a marketing manager put it, *"overall, Armenia's media broadcast advertising market is chaotic"*. Marketing managers working at Armenian companies said they didn't trust measurement data and therefore their marketing departments did their own research. *"We buy ratings from Admosphere and the stations provide us their own data, but the numbers often differ, the methodology is not clear. We have to make our own*

⁷ Ibid.

⁸ Caucasus Research Resource Center-Armenia Foundation, *Media Consumption and Media Coverage of Reforms in Armenia*, Media Initiatives Center, February 2022, 12. <https://bit.ly/3d0hWtC>

⁹ Ibid, 12. <https://mediainitiatives.am/wp-content/uploads/2022/01/Media-Consumption-in-Armenia-Report.pdf>

measurements and surveys". Smaller businesses do not have the capacity to buy ratings or do their own research; they rely on what advertising/marketing agencies offer them.

Moreover, businesses point out that the absence of reliable audience data makes the market subject to abuse, because the entire process, from design of an advertising campaign to the actual buying of media time, becomes informal and personalized. For marketing and advertising agencies, it means talking the clients into approving a strategy based on general impressions and guesswork, thereby creating a characteristic personalized culture of media advertising. This lowers the expectations of some clients and repels other clients altogether.

While the data on TV audiences supplied by Admosphere Armenia are not fully trusted, on the radio market the situation with measurements is even worse. The only measuring body working with Armenian radio, Radiocontrol, only monitors radio ads, allowing advertisers to follow up the timely placement of commercials. Technology for measuring radio audiences is expensive, up to \$30 000 per quarter according to experts, and Armenian radio stations still haven't been able to invest it in. At the moment, as a marketing agent told us, *"Placement of radio commercials is guesswork. We have to rely on a general impression of the quality, style and potential audiences of a station. This is all we have to go on."* Not just targeting ads but even assessing the overall number of listeners is a matter of guesswork. *"Every radio station tells us that it has the biggest audiences; there is no tool for checking the accuracy of this data"*. Plus, as with broadcast television, the productivity of radio ads can only be measured by advertisers in-house by means of customer surveys.

So far, the importance of accurate transparent measurements still isn't obvious to all broadcast media managers in Armenia. The owners of larger media are concerned the data might reduce their dominance to some extent or in some areas; smaller players are worried that true audience figures might cause them to lose the few advertisers they have; some simply believe it will never work in Armenia's small and politicized market. While many players admit that lack of proper measurement is preventing growth and especially the entry of international advertisers, there is not enough synergy for an independent initiative to regulate this sphere.

In summer 2022, the Commission on Television and Radio, the state body regulating the operation of TV and radio stations, began a series of discussions with TV station managers about the setup of a state regulator of TV audience measurements. However, in contrast to a Joint Industry Committee, the neutrality of which is ensured by the involvement of players across the spectrum, it may prove difficult to make sure that a state regulator does not favor some players over others, especially given widespread political patronage and the fact that the public broadcaster is back on the advertising market. It is also still unclear if the largest players, especially Armenia TV, will agree to join in the initiative.

In the sphere of radio, in the absence of divisive political interests or competition for huge funds, there is some cohesion and a functioning union, which is advocating for investment in measurements. As an active member of the Armenian Union of Radio Broadcasters told us, *"The absence of audience measurements is the main impediment to the development and indeed the survival of Armenian radio stations. Georgian media have been hiring Gallup to measure their audiences for a few years, and the cost of radio ads has gone up to \$40-50 per minute, whereas in Armenia it still ranges from \$3 to \$8"*.

Online media

Survey respondents suggested a number between 120 and 150 Armenian news websites that are updated daily but an accurate assessment isn't possible because online media operate on various platforms; some don't even display an address or email or indeed any data by means of which they could be identified. As an online media editor explained, *"There are plenty of anonymous websites in Armenian out there, and some of them plagiarize content and don't pay taxes. We cannot go after them because they don't exist as legal or physical persons. Legal reforms are in order here."*

Audience data is available for online media but can be tampered with by means of bots, simulated traffic and various other technologies. Armenian text is an additional problem. As marketing experts complain, *“Google Analytics cannot target ads on Armenian-language websites. When producing banners, we add a few words in English to ensure indexation.”*

In the online realm, competition with social media is combined with dependence. As editors and owners point out, *“Most of our traffic comes from social media, two thirds or more. It used to be free but now we have to pay for it.”* Some media avoid paying social networks, and, admittedly, lose traffic as a result. Other media pay for the social media traffic but are concerned that its costs may keep rising.

Respondents were able to name fewer than a dozen politically independent online media in Armenia. *“The media that go for quality and value their independence find it hard to live off advertising alone and often have to rely on grants, crowdfunding, subscriptions or other formats.”* One of the reasons is that politicized media sell ads cheap, lowering the prices to below survival level.

As a result, independent quality-oriented online news media have a hard time on the market. They increasingly rely on creative alternatives to classical advertising, such as partnerships and special projects that do not jeopardize their independence and allow them to produce more in-depth and investigative reporting. As an online media editor believes, *“New creative formats are the future of independent online media. However, audience literacy is our main concern. Unless people learn to spot conspiracy theories and disinformation, quality reporting won’t sell.”*

Conclusions

The main finding of the study is that the survival of Armenia’s quality media and the success of efforts to combat disinformation will require more investment by the private sector into advertising in quality media. To do this, they need to see a predictable fair environment in which they can conduct targeted campaigns and reliably assess their impact on sales, and, at the same time, on the quality of public information. At the moment, this is not the case for most Armenian media. The study has identified two main reasons for this situation: first, that media remain politicized, and second, that media audience measurement data is untrustworthy and incomplete. As a result, media are losing the competition to social networks and influencers.

Actors interviewed during the study - representing businesses, media outlets, advertising, PR and marketing agencies, media research and development organizations - agree that a possible solution lies in establishing accurate and trusted audience measurement mechanisms, which would require synergy across the sector in the form of a joint industry committee or similar body. Many respondents believe that audience measurement is also a tool against politicization: market-based incomes are more reliable and potentially bigger.

Most respondents see a role of the Armenian authorities as well as businesses in supporting the growth of independent media in Armenia and preventing the circulation of fake news. They pointed out that the government needs to work with Google, Youtube and other companies to enable adequate indexation and monetization of Armenian media content. Some suggested the government and businesses need to invest in social advertising. Proposed amendments to the regulatory framework concern laws on copyright, ensuring the transparency of online media ownership and proper enforcement of anti-monopoly laws.

Last but not least, respondents have highlighted the issue of audience literacy and the need to invest in informed media consumption in Armenia. Businesses could contribute to an improved media environment by avoiding placing their ads in politicized and unprofessional media. However, for this, they would need guidance on the part of media development bodies or watchdogs.