
Market Structure and Innovation Policies in Austria

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1 Market Structure and Media Ownership

The geopolitical position of the small state of Austria (2015: population of 8.5 million) in the centre of the European continent offers blessings and challenges. Prosperity and the relatively well functioning economy (Austria ranks ninth on the IMF world GDP per capita list in 2014) allowed for steady growth of the advertising market, benefitting for many decades media organizations in the first place (and US-American internet giants like Google and Facebook lately). Affluent readers, listeners and viewers made good use of mass news media, thus contributing to establish them as important factors of influence in public life (Filzmaier, Plaikner, & Duffek, 2007). Being small sets clear limits to economic expansion of ambitious media companies. Rather, foreign media corporations identified Austria as suitable investment ground, originating in Germany in the first place. The shared language certainly facilitates this exchange, with a few Austrian ideas and talents succeeding in Germany in return for German business investment in Austria. Furthermore, shared language also facilitates the use of television across borders, as duly intended by European policy on trans-frontier television. Consequently, the advert effect for the news media industry in Austria is exporting advertising revenues which follow the audience's attention. Thus, relations have become imbalanced: Austrians watch programs from Germany, thereby diminishing funding opportunities for genuine Austrian programming [for the debate on media in small countries see Lowe and Nissen (2011), Meier and Trappel (1992)]. Such imbalances, however, are limited to television (and film production), other news media are not affected.

Austrian households are well equipped for the reception of radio and television. In 2014, almost all households (98 %) had at least one television receiver, and 95 %

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of them were either connected to cable or satellite reception. This rate has increased by 10 percentage points since 2004. Around 83 % (2008: 54) of all households were equipped with digital receivers in 2014 in comparison to 54 % in 2008. In 2014, 57 % of all television households used the digital satellite reception. Digital cable television was used by 26 % of all households and digital terrestrial television (DVB-T) by 6 %. Digital terrestrial radio (DAB/DAB+), however, has still not managed to overcome the early stage of market tests (source: ORF media research).

Alternative ways of radio and television reception by computers, tablets and smartphones is widespread as well. 86 % of households were equipped with any sort of computer, 82 % were attached to the internet (2014). Mobile phones were present in 93 % of households in the same year.

1.1 Newspapers

Contemporary news media development in Austria can only be understood by taking the historic development into account. After World War II, Austrian newspapers were re-established by licenses issued by the American, British, French and Russian administrations in different parts of the country. After fully re-established independence in 1955, newspapers flourished and the dominating daily *Neue Kronenzeitung* grew by consolidation with other titles (Trappel, 2004: 5).

The national daily press consists of eight titles published in the capital Vienna. Three of them are tabloid-style papers (*Neue Kronenzeitung*, *Österreich*, *Heute*), one is mid-market (*Kurier*), and the remaining four compete within the quality newspaper segment (*Presse*, *Standard*, *Wiener Zeitung*, *Wirtschaftsblatt*). The resulting competition has had adverse effects. While quality standards have improved within the up-market segment, (Trappel, 2007), tabloid papers started a race to the bottom by competing for celebrities, gossip and populist reporting rather than for quality journalism. The coverage of economic developments has improved considerably since 1995 when the economic daily *Wirtschaftsblatt* was launched, based on the concept of the Swedish *Dagens Industri* with strong initial financial backing of the Swedish Bonnier Group. In 2006, the Austrian publisher Styria took over the majority of shares, speculating for economies of scale and scope with its second national daily, the *Presse*. In September 2016, however, Styria closed down the newspaper *Wirtschaftsblatt* for economic reasons.

Österreich (German name for Austria), printed all in color, was founded in 2006 by two brothers who had managed to restructure the Austrian magazine market earlier in their professional life. They sold their highly profitable magazine group, *News*, to the German Bertelsmann Group (*Gruener + Jahr*) and invested the revenue in this tabloid newspaper. At the beginning, *Österreich* was intended to challenge the *Neue Kronenzeitung*, but this overambitious plan failed. Instead, the owners gradually transformed *Österreich* into a free daily newspaper, with decreasing numbers of copies sold.

Although not national in the strict sense of the term, the freely distributed daily newspaper *Heute* competes in Vienna, Upper and Lower Austria for readers. It is not entirely clear who the formal owners of this highly successful newspaper were,

but the editor-in-chief is married to the publisher and editor-in-chief of the *Neue Kronenzeitung*. Market shares usurped by *Heute* from *Neue Kronenzeitung* remain somehow within the family.

Furthermore, the market for weekly newspapers and news magazines is national with few but occasionally strong weekly papers published outside Vienna (some of these are free sheets such as *Tips* in Upper Austria, others are paid weeklies such as *Niederösterreichische Nachrichten*). The main titles are *News*, *Profil*, *Format* and *Trend*, all part of the *News* group. By early 2016, however, notoriously loss-making *Format* disappeared by merging with *Trend*.

Apart from *Presse* and *Wirtschaftsblatt* and the news magazines, another two national dailies share owners. 50 % of the shares of *Neue Kronenzeitung*, the longstanding market leader, and the second largest daily until 2006, *Kurier*, are owned by the German publishing group *Funke* (former *WAZ*) since 1988. Commercial and logistic operations (but not newsrooms) are bundled within their joint subsidiary *Mediaprint*, eventually emerging as largest publisher in Austria. The remaining shares of the *Neue Kronenzeitung* are in the hands of the founding family *Dichand*, while the other 50 % of *Kurier* are controlled by the banking group *Raiffeisen*, together with a few minority shareholders.

But there is even more cross ownership. In 2001, the leading weekly news magazines (*News*, *Format*, *Profit*) merged into the *News* group, which was sold in 2006 to the German *Bertelsmann* group (holding 56 %). The other owners are the newspaper holding *Kurier* (25 %) and the *Fellner* owners of the daily newspaper *Österreich* (19 %). *Bertelsmann* sold its shares in the *News* group in June 2016 to its newly appointed Director General, *Horst Pirker*. In total, these cross ownership relations at the national level result in four interconnected ownership groups:

- *Dichand* family: holds shares in *Neue Kronenzeitung*, *Mediaprint*, and *KroneHit* (national radio);
- *Fellner* family: owner of newspaper *Österreich*, holds shares in *News* group, and regional media (radio);
- *Funke* (Germany): holds shares in *Neue Kronenzeitung*, *Kurier*, *Mediaprint*, indirect in *News* group;

Raiffeisen (banking group): holds majority shares in *Kurier*, indirect in *News* group, and regional media.

The regional press is characterized by strong regional newspapers, dominating up to 90 % of their respective regional market. With two exceptions, each province is dominated by one regional publisher, typically controlling one or even two newspapers and free sheets. Ownership of these newspaper publishers is typically private. In the case of the provinces of Upper Austria, Salzburg, Tyrol and Vorarlberg, the respective newspaper publishers are family businesses. In the southern provinces Styria and Carinthia, the conglomerate media corporation Styria (owned by a roman-catholic foundation) is running the leading newspaper (*Kleine Zeitung*), two newspapers in Vienna (*Presse*, *Wirtschaftsblatt*) and the regional Antenne radio channels. In Vorarlberg, the family owned publisher *Russ Media*

operates not only two newspapers (Vorarlberger Nachrichten, Neue Vorarlberger), but also the regional Antenne radio channel, the dominating regional online media (VOL.at) and various free sheets.

The strong position of the regional publishers is challenged by the regional editions of the *Neue Kronenzeitung*, which competes fiercely with the traditional press in most of these regional markets. In eight (out of nine) provinces, the *Neue Kronenzeitung* has either taken the lead or is a close second to the respective regional paper.

Hence, the Austrian newspaper market is characterized by a small number of daily newspaper titles, a small number of large newspapers and magazines, a strong orientation towards boulevard newspapers and a high degree of concentration of ownership. The elephant in the room is the *Neue Kronenzeitung*, which dominates the newspaper market almost since it was established in 1959. In 2015, this newspaper appears in several regional editions and reaches some 32.2 % of the Austrian population (14 years and older).

In general, daily newspapers are highly popular in Austria. In 2015, around 69 % of the Austrian population (age 14+) read at least one newspaper. This percentage has been relatively stable over many years (see Fig. 1). In 1989, around 72.5 % of adults were reading a daily newspaper. Twenty years later, in 2009, newspapers were even more widespread (75 %). Since then, however, the daily reach of newspapers declined, despite the market entry of high volume free-sheets.

In the first half of 2015, every day more than 2.9 million copies were sold or distributed for free. This figure includes the daily freesheets *Heute* (launched in 2004) and *Österreich* (launched in 2006 as paid newspaper, shifting towards free distribution since then). In 2015, *Heute* printed around 650,000 copies and *Österreich* around 575,000 copies for free distribution. The paid newspaper *Neue Kronenzeitung* printed around 771,000 copies. These figures (see Fig. 2) illustrate the structural change which has been initiated by launching free newspapers in Austria.

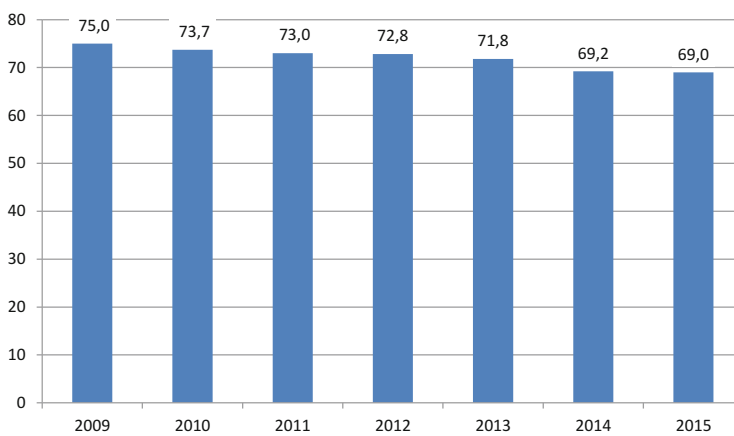


Fig. 1 Newspaper readership (daily reach among population age 14+ in percent). Source: Media Analyse (2015: first half year)

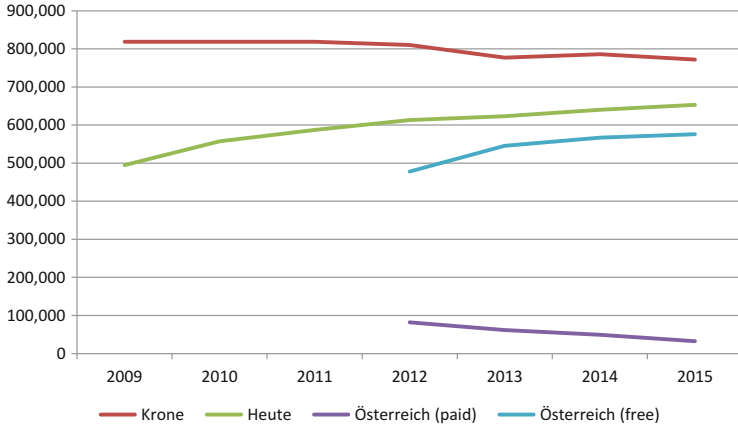


Fig. 2 Circulation of the three largest newspapers in Austria (paid and free, Mo-Fri). Source: ÖAK

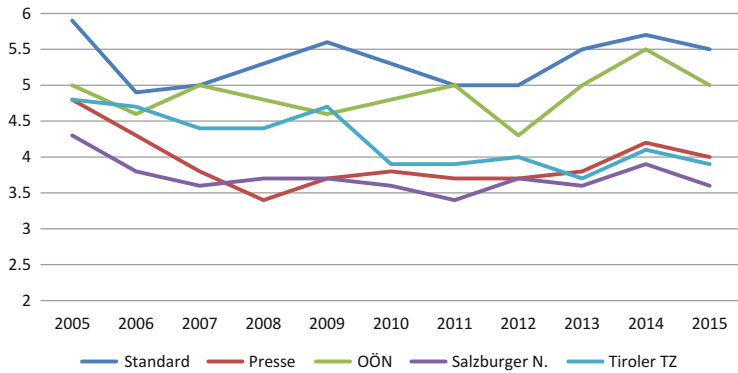


Fig. 3 Daily reach of selected regional daily newspapers among age 14+ in percent (Mo-Fri). Source: Media Analyse (2015 = 2014/15). OÖN = Oberösterreichische Nachrichten; N. = Nachrichten; TZ = Tageszeitung

All three daily newspapers are considered popular papers with sensationalism and personalization, combined with coverage of celebrities and rather short texts and large pictures as main news diet, both online and in the printed version.

In the shadow of these newspaper giants, however, quality oriented and regional papers perform quite well in Austria. The two national flagship quality papers, Standard and Presse, did not lose readers significantly over the years 2005–2015. Regional newspapers which are predominately in monopoly positions in their area of distribution (in competition only with the regional editions of the Neue Kronenzeitung) managed to keep their readership stable as well (see Fig. 3).

Apart from the slow but steady erosion of the once unchallenged market leading position of the *Neue Kronenzeitung*, the Austrian newspaper market did not experience major turbulence. The latest sizeable additions to the Austrian daily newspaper market date back to 2004 and 2006 when *Heute* and *Österreich* were launched. During those years, some additional regional free sheets were established but most of them closed down after a few years of existence.

What is not visible in circulation and reach figures is the economics of the Austrian newspapers. As newspapers are private companies or family businesses, no figures are published on turnover and profit margins. However, some information has been disclosed by newspaper owners stating that display advertising—their main source of income—has eroded dramatically between 25 and 50 % since the economic crisis affected them in 2009, let alone the irreversible departure of classified advertisements from newspapers to online portals. In no way, online advertising can compensate for these losses, as online advertising prices unfavorably compare to those of the print editions. They say that a factor of 10 describes the price discrepancy sufficiently well.

To conclude, newspapers are still popular in Austria. Most single newspaper titles envisage no significant erosion of their daily reach. The overall decline of newspaper reach can be explained by the downward trend of the market leading newspaper, *Neue Kronenzeitung*, in competition with two still growing free sheets. However, this relative success in readership of newspapers cannot be translated into economic success any more. Advertising markets crumble, confronting newspapers with requirements to cut costs in their core business.

1.2 Television

The Austrian broadcasting landscape has been the exclusive domain of the public sector, which controlled all television and radio networks and operated all transmission equipment in the past. In 2001, the Austrian Broadcasting Corporation (ORF) changed its legal form and became a foundation institutionalized by the Austrian Broadcasting Act. By that time, the former position as monopolist for radio and television was already challenged by private radio stations (since 1995), licensed by the broadcasting authority following the ruling of the European Court of Human Rights in 1993 (Steinmaurer, 2009: 80). Also in 2001, the Act on private television was passed, followed by licensing procedures for several applicants. In June 2003, the first private national terrestrial television station, ATV, started transmissions. After initial support by an Austrian bank, this channel was later taken over entirely by the German film trader Herbert Kloiber.

At the regional and local level, numerous smallish, and few sizeable television stations followed. In 2004, Puls4 started operations as a regional television broadcaster in and for Vienna. It extended its license to cover entire Austria in 2008. Ownership went from a variety of frequently changing investors to a single owner in 2007 (the German broadcaster ProSiebenSat.1). Another big corporate name entered the Austrian private television market in 2009 when small Salzburg TV was

converted into Servus TV by its owner Red Bull Media House. There is no sizeable cross-ownership between print media and private television operators, because this is ruled out by law.

Hence, the Austrian television landscape is clearly and thoroughly determined by the public service broadcaster ORF. Its operations cover television and radio. In addition, the ORF website including all sub-domains is by far largest internet content provider in Austria. The ORF's headquarter is located in Vienna with two operation heads, one for television at the margins of the metropolitan area of Vienna and one for radio at the heart of the old town in the city center. The latter, however, is determined to be sold and operations should merge at the television location headquarter in 2016 and 2017. Furthermore, ORF runs regional radio and television studio facilities in all nine provinces of Austria where the regional programs are produced.

The ORF also is Austria's largest media corporation with 2814 employees (2014), of which 13 % were administrators and 22 % technicians. Total revenues reached 912 million euros in 2014. It declined compare to all-time high 959 million euros the year before. Revenues were composed of a total license fee income of 590 million, advertising revenues of 222 million and other revenues (such as sales of programming rights) of 100 million euros. The relation between license fee and advertising revenue has developed in favor of license fees since the year 2000, when both main revenue streams generated almost the same amount of money.

In Austria, all households are legally obliged to pay license fee for radio and television, whenever a receiver is present in the household. According to the license fee collecting corporation GIS, around 89.6 % of all households registered their television receiver in 2014. The license fee for television and radio reception varies from province to province, on average the annual fee amounts to 264 euros.

Private television broadcasting in Austria started in 2003, when the (then) only national terrestrial television frequency for private broadcasters was granted to ATV, a private broadcaster based in Vienna and controlled by the Munich-based film trader Herbert Kloiber (Tele München Fernsehen GmbH and HKL Medienbeteiligungs GmbH). Subsequently, a variety of small broadcasters were granted terrestrial and cable licenses at the regional and local level. The largest among them is Puls4 in Vienna, which was acquired by the German ProSiebenSat.1 group in 2007. Two years later, in October 2009, Servus TV started its operation from Salzburg. This television channel is fully owned by the soft-drink giant Red Bull (Red Bull Media House GmbH) and transmits digital-terrestrial DVB-T in Austria and is freely available from Astra satellites beyond Austria. Its program schedule is composed of high-quality news, talk shows and documentaries, mixed with light entertainment and sports. All three private television broadcasters are advertising-financed but do not disclose their business and financial figures.

In addition, so called third-sector television channels operate in Vienna and other provincial capitals in Austria. Their market share is miniscule, but they manage to play a role as facilitators of civic engagement and citizen participation platforms. The largest among them is Okto TV, based in Vienna.

Television viewing has been fairly stable over the years 2005–2014, with a slight increase in overall viewing minutes per day (Fig. 4). On average, Austrian

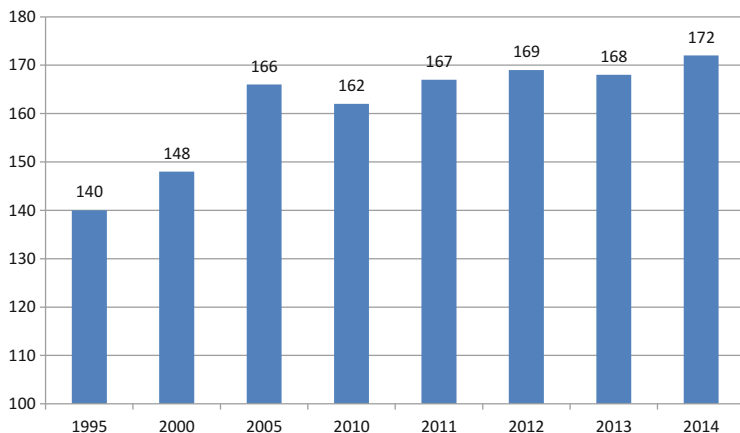


Fig. 4 Television viewing minutes per day (viewers age 12 year and older). Source: AGTT/ORF

television viewers spend almost 3 h watching television every day (172 min in 2014).

However, television viewing is not equally distributed among age groups. While the generation 60 years and older spent on average more than 4 h (257 min) per day watching television, the age group of 12–29 years old only spent 88 min watching television in 2014.

The television viewing market is characterized by growing preferences of Austrian television viewers for German television channels. While in 1995, the market was clearly dominated by the (then) only Austrian television broadcaster ORF with some 63 % of viewing time, its dominance has vanished ever since. In 2015, 40 % of the market remained with Austrian television channels, and 34 % is allocated to German channels. Obviously, the shared German language together with the ready and easy availability of German channels in Austrian cable networks and via satellite is one strong explanation for this development. But also the decreasing difference in programming, with similar or even the same films and television series on ORF and German channels invites Austrians to watch German television. The relation in viewing preferences between Austrian and German channels becomes even more pronounced when taking the fact into account that two of the three private Austrian channels are owned and controlled by German companies.

By 2015, the television market has somewhat reached stable performance with no indicators suggesting further landslide-shifts as happened in the decade 1995–2005, when ORF lost its dominant position in its home market (Fig. 5).

To conclude, television is still the preferred mass medium for Austrians with no decline in viewing, at least not on average. Younger age groups, however, use television significantly less than older people. ORF defends its market leading position. As all Austrian television broadcasters are at least partly advertising financed, the erosion of the advertising markets negatively affects all broadcasters.

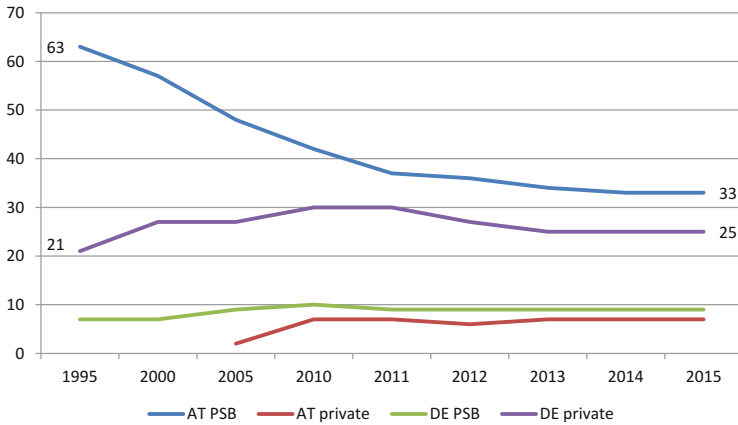


Fig. 5 Television market shares in Austria 1995–2015 (viewers 12 years or older+, in percent). Source: AGTT/ORF. AT PSB: Austrian public service television broadcaster: ORF 1, ORF 2; AT private: Austrian private television broadcasters: Puls 4, ATV, ATV 2, Servus TV; DE PSB: German public service television broadcasters: ARD, ZDF, 3SAT (cooperation program); DE private: German private television broadcasters: Sat1, RTL, ProSieben, VOX, Kabel Eins, RTL 2, Super RTL

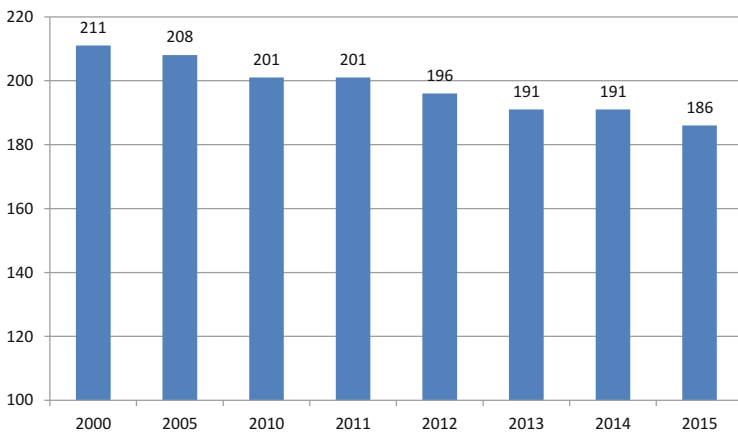


Fig. 6 Radio listening minutes per day (listeners age 10 years or older, Monday–Sunday). Source: Radiotest

1.3 Radio Broadcasting

Radio is the most popular mass medium in Austria when usage measured in minutes is the yardstick. Of course, radio is mainly used as complementary medium along other activities. But still, Austrians spent more than 3 h every day listening to radio (2015: 186 min, population 10 years or older). Although still relatively high, daily radio listening time has decreased over the years. At the beginning of the century, Austrians were listening 211 min/day (Fig. 6).

Similar to television, the Austrian radio market is dominated by the public service broadcaster ORF's channels. Four channels cover listeners interested in classical music and news (channel Ö1), listeners interested in regional and popular program (channel Ö2, regional split in all nine provinces), younger pop music devotees (channel Ö3) and young urban professionals (channel FM 4). Of these four, Ö2 and Ö3 are strongholds against private competitors. These two channels are market leaders in Austria. Private channels are numerous but much less successful than the incumbent ORF radio channels.

When private radio was licensed in 1995, and more widespread from 1998 onwards, Austrian publishers were centrally involved as owners and operators. The first ever legal private radio channel was launched in 1995 by Styria, the dominant newspaper publisher in southern Austria. Following up from this precedent, regional private radio stations in the provinces became the domain of regional publishers: Radio Life in Upper Austria, Antenne Tirol, Antenne Vorarlberg, Antenne Kärnten—they all are part of a regional newspaper publisher. Even at the national level, Neue Kronenzeitung managed to obtain the only private national license for its radio KroneHit in 2001. Later, when the gold rush euphoria faded, regional and local private radios with no institutional link to newspaper publishers started operations.

In 2016, some 126 private radio channels were licensed all over Austria. In total 46 are transmitted via cable only. The majority of these cable radios are either run by regional cable companies themselves or by supermarkets all over Austria. The other 80 private radio license holders fall into three categories: first, the category of national private radios consists only of KroneHit, operated by the leading daily newspaper, Neue Kronenzeitung, since 2001; second, corporate radios which are run by media corporations at a regional level, often linked-up to radio chains (e.g. Radio Arabella, Antenne radios, Energy); third, small local or regional radio operators (e.g. Radio Osttirol, U1 Tirol, Radio West), some of them third-sector radios (e.g. Radio Agora, Radiofabrik, Proton, Freirad), others with a narrow profile or mission (student campus radios, church radios, classic radio, etc.).

All these private channels taken together reached a market share of 24 % in 2015, pretty stable over the previous 5 years (see Fig. 7). The channels Ö2 and Ö3 have the largest market shares: 34 % and 31 % respectively. The closest private competitor, KroneHit, reached 8 %, with no obvious trend towards further growth. The Austrian radio market seems saturated, with slightly decreasing listening time by the audience year after year.

1.4 Online Media

All sizeable media companies operate their own internet based online media outlets. Two media can be considered pioneers in Austria in this respect: As early as 1995, the daily newspaper Standard opened its online edition. Two years later, the public service broadcaster ORF launched its website ORF.at. In both cases, the first movers' advantage contributed to their success. Twenty years later, ORF.at still

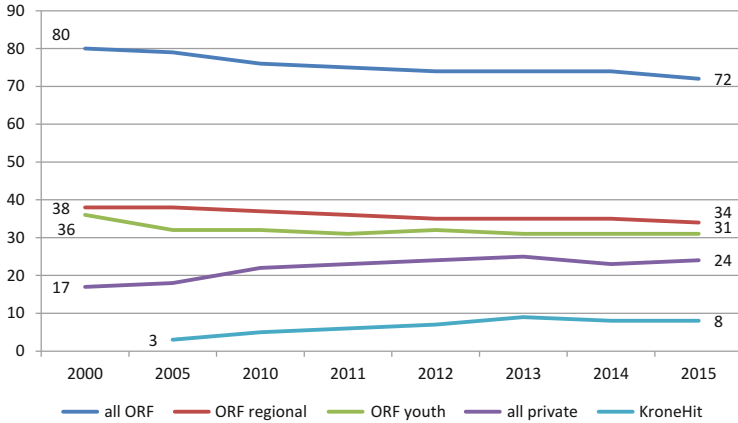


Fig. 7 Radio market shares in Austria 2000–2015 (listeners age 10 years or older, in percent). Source: Radiotest. all ORF: total of all ORF radio channels; ORF regional: all regional ORF radio channels in all provinces; ORF youth: ORF radio channel Ö3, targeted at young audiences; all private: total of all private Austrian radio channels; KroneHit: most popular private radio channel (national)

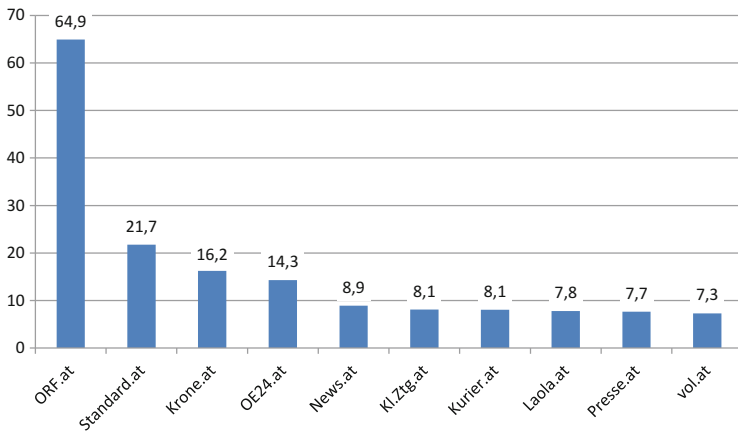


Fig. 8 Daily reach of leading online media in Austria (million visits, 2015). Source: ÖWA (Austrian web analytics), first half year 2015; Kl.Ztg. = Kleine Zeitung

was the by far most successful online medium in Austria, followed by derStandard.at (Fig. 8). Both websites were initially founded as complementary service with own editorial staff, own newsroom and own business unit. This concept allowed for independent development, flexible adjustment to changing technological and social environments and enabled their staff to experiment with new forms of storytelling and the use of multimedia formats.

Although it is no surprise that ORF.at is the leading online medium in Austria, given its market position in television and radio, the second rank of derStandard.at is less evident. This website is not particularly geared towards flashy animations, viral videos or other fancy gadgets popular in the internet realm. It rather concentrates on high quality journalism and offers—for free—almost the entire editorial content of the adjacent newspaper. Its layout did not fundamentally change over the 20 years of existence, thus makes it quite unique within the streamlined online environment of its competitors. All these factors, according to textbook knowledge of web design, should have driven derStandard.at out of the highly competitive market. But this did not happen.

Actually, derStandard.at has never lost its leading position as newspaper offspring against its runners-up Krone.at, OE24.at (which is the online edition of the newspaper Österreich) and News.at (descendent of the popular news magazine). All four websites are branded in order to connect to their strong brands in the analogue newspaper world. But brand transfer worked much better for derStandard.at than for the far larger popular newspapers and the news magazine. Apparently, online preferences are significantly different from paper preferences, and derStandard.at still profits from its first-mover advantage.

As Fig. 8 shows, there are no sizeable online-only websites within the Austrian top 10, with the exception of Laola.at which is a thematic portal for soccer. In other words, online news provision is the exclusive domain of incumbent news organizations, albeit with slightly different market hierarchies.

2 Regulations

Austria is a textbook example of a country with a high level of cross-media ownership (Thiele 2009). Print media corporations own more than one newspaper (horizontal concentration), they hold controlling shares in radio operators (cross-media concentration), and they control the entire value chain from content creation to final distribution of their print products (vertical concentration). Furthermore, the whole online market is dominated by incumbent media corporations. The only exception to this highly concentrated market is private television. But even there, two of the three Austrian channels are integrated in larger German corporations (cross-country horizontal concentration).

One essential reason for the current state of media concentration is the lack of any media specific legislation in Austria until 2006. Only then a rather strict cartel Act entered into force, with specific rules for media mergers. Before that, in 1988, the close collaboration of the then leading newspapers Neue Kronenzeitung and Kurier went legally unrestricted; more than a decade later, in 2001, the spectacular merger of all relevant news magazines, including daily newspaper stakeholders (Kurier) was arbitrated in Court, but endorsed with only minor amendments. Fidler correctly observed that the cartel legislation was only adapted when the main waves of media concentration has had successfully happened (2008: 198).

In 2006, finally and for some actors too late, a new Cartel Law (BGBl. 61/2005) entered into force. Media mergers are regulated specifically in § 8 and 13 of the Law. As a general rule media mergers must be notified with the Cartel Authority at much lower turnover thresholds than other mergers (§ 8). Media mergers are prohibited by law if they threaten or impair media diversity (§ 13). Practically, any merger between media companies need to be notified according to this Law. The Cartel Authority then has to decide whether media diversity is negatively affected. Since the law entered into force, no further significant media merger happened.

Furthermore, detailed ownership rules are included in both the Law on private radio (BGBl. 20/2001) and the Law on audio-visual media services (private television) (BGBl. 84/2001). These laws exclude media owners under certain conditions as applicants for radio or television licenses. In the case of radio, media companies are not allowed to own more than two radio channels serving the same area; in the case of television, media owners are excluded as licensees if they reach more than one third of the audience in their respective market. For example, if a newspaper publisher in Salzburg reaches more than one third of the population in this province, it is excluded as owner of the regional television station. This company can, however, operate up to two radio stations in its territory. The same 30% rule applies to radio operators, weekly newspapers and cable networks. For this reason, Austrian newspapers are not operating regional television stations.

Since 2001, media merger legislation has been amended to prevent future conglomerations. Subsequently, Austrian media corporations invested in Central and Eastern European countries, rather than in extending internal ownership concentration.

3 Media Innovation Policies

Media policy in Austria shows no ambition to actively promote media innovation. Newly elected governments publish action plans on their political program after they take office and routinely media are part of these declarations. In general, a few sentences on the general importance of the media are included, but these announcements never turned out as representing binding commitments.

Rather, media policy concentrates on the issue of electing the director general of the public service broadcaster. Political parties in parliament, the national government, provincial governments and representatives of viewers as well as employees together form the electorate for this influential position. Between elections, however, the political influence is institutionally limited. This does not exclude, however, occasional attempts to intervene on editorial matters.

Austria could have celebrated the 40th anniversary of its press subsidy system in 2015 (but did not). This scheme distributes money from the state budget to eligible daily and weekly newspapers, as well as to small size publications (Murschetz & Karmasin, 2014). Invented in the 1970s as policy instrument to compensate newspapers for the burden of the then imposed value added tax, it survived as

support instrument to safeguard the diversity of opinions. Various tracks of support grant subsidies to all existing daily and weekly newspapers (relative small amount of money), as well as to those newspapers which are second in their respective market, thus excluding all market leading papers (larger amount of money). These secondary papers are considered especially important for opinion diversity. In 2015, some 8.9 million euros was spent on daily newspapers this way.

A share of 1.5 million euros of this overall amount is decisively earmarked for safeguarding quality and the future of newspapers. Of this, the large share is spent on journalist's training and further education institutions, press clubs and foreign correspondents. However, only 65,000 euros went to research and development (2015; all data RTR, regulatory authority).

Another investment instrument into the digital future of broadcasting is the Austrian Digitization Fund, sponsored by a top-slice of the license fee paid by all television households. This fund is a response to the eEurope 2005 action plan and supports transmission means and platforms for digital broadcasting. It spent some 500,000 euros per year, basically for implementing DVB-T technology.

4 Summary and Best Practices

Overall, the Austrian news media landscape is characterized by oligopolistic structures both at the national and the regional level. Key players are the public service broadcaster ORF in television, radio and online-media, *Neue Kronenzeitung* in daily newsprint, national radio and online-media, and the regional media corporations involved in daily newspapers, often radio and high-volume free sheets. Private television, in contrast, is not interrelated with Austrian publishers. Channels are either small and Austrian, or of considerable size—and German. Servus TV is the exception to this rule with Austrian origins in the massive global soft-drink giant.

Media innovation in Austria is a task confined to media companies, rather than to state policy. Passive and reluctant media policy has been unable to develop new instruments to foster and encourage media innovation for at least two decades. One reason for this reluctant media policy is the ongoing controversy between the few but influential publishing corporations and the large and equally influential public service provider ORF. While these corporations develop their businesses further, agreement on joint policy initiatives is hard or even impossible to achieve. As long as business actors do not follow a joint agenda, media policy has a perfect excuse and no reason to act.

One example is the conflict on ORF's internet activities. While ORF claims that the future of broadcasting is as much dependent on internet platforms as the future of newspapers, the newspapers insist in restricting ORF's activities to traditional radio and television with marginal website companionship for single program elements.

ORF had been highly innovative during the early days of the internet, for example by creating a platform called Futurezone for the younger and technology

savvy population. Vested private interests, however, sued ORF for illegally extending its remit and managed to force ORF to sell Futurezone. In a similar move, ORF should have been legally banned from using Facebook as platform for content distribution. A court of appeal finally overruled such a ban and ORF is now available on Facebook. Newspaper publishers, by contrast, have not embraced the internet in the first place and are now struggling to define their place in this still emerging market (the newspaper Standard is the exception to the rule).

Media policy to trigger innovation as corporatist endeavor of all concerned parties did not provide a best practice in Austria. Despite essential changes in the media landscape, in particular with regard to global players attracting advertising at large scale in markets exposed to economic crises, the search for innovations as answers to these crises remains an issue exclusively at the company level.

5 Innovation Policy Recommendations

Although it is certainly true that media policy does not encourage media innovation, the absence of media innovation policy does not prevent media companies from investing into innovation. Their economic performance, however, does not allow for copious activities.

One way forward could be a comprehensive joint innovation initiative by all interested parties, similar to the Digital News Initiative by Google. Media policy makers, administration, radio and television broadcasters, daily and weekly newspaper publishers, eventually Internet start-up companies and academic media research should be invited to develop an agenda for media innovation. The ministry responsible for news media or the regulatory authority could initiate and moderate this dialogic process. With time, the pressing problems will converge across the news media industry as much as digital technologies converged in the past. This intrinsic engine could drive such an innovation initiative forward. Financing of projects could be partnership arrangements of project beneficiaries, the state and research money from foundations.

Such a joint exercise would suit well the Austrian news media market and it could help overcoming deadlocks between incumbent market players, which run the risk of perpetuating their internal quarrels, thereby neglecting the search for strategic replies to the much more important seismic shifts of global public communication.

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