THE FUTURE OF NATIONAL NEWS AGENCIES IN EUROPE

Case study 2
The survival challenges for news agencies in a small market: News agencies in the Baltic countries

2019
Abstract
This case study provides complementary explanatory information for understanding the current state and future prospects of European national news agencies. It focuses on the Baltic news agencies, BNS (Estonian and Lithuanian branches), LETA (Latvia) and ELTA (Lithuania), as examples of news services in small markets. Our purpose was to investigate how news agencies in small markets respond to the challenges of the internet, digitalisation and the social media era, which has altered their formerly indispensable position in the news ecosystem. All the news agencies in the Baltic countries declare as their primary role the serving of society with reliable and diverse information. In order to survive competition, news agencies, especially small ones, need to be innovative, creative and able to adapt and improve their services and products. This Baltic case study draws on available documentation and on ten interviews with editors-in-chief, CEOs and journalists.

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Introduction

Common to all news agencies is the struggle for the attention of news consumers. Today, the internet and digitalisation are rapidly eroding the agencies’ indispensable position in news ecosystems and undermining their business models. The availability of a massive, free-of-charge online content flow challenges business models developed on the basis of selling quality information to subscribers and causes news agencies to adapt and innovate. The situation is the same for large and small, commercial and non-commercial, national and international news agencies. We focus here on how news agencies in small markets respond to these challenges, and on their possible future prospects.

A brief history of Baltic news agencies

All three Baltic States established their news agencies during the inter-war period, immediately after becoming independent republics. The first Estonian news agency was the Press Bureau, which operated for a short time in 1918. In 1919, the Telegraph Agency Estur was established as a unit of the Foreign Ministry. Drawing on both these institutions, the Estonian Telegraph Agency (ETA) was established in 1920 as a limited company. In the early 1920s, the state became the largest shareholder (Peegel, 1988, p. 19; ERA 1094).

Latvia’s national telegraph agency, LETA, was established in 1919, and Lithuania’s national agency, ELTA, in 1920. In 1940, after the annexation of the Baltic countries by the Soviet Union, all these news agencies were ‘nationalised’ and became Soviet news agencies subordinated to the supervision of the Communist Party of each ‘republic’. In 1971, they became subsidiaries of the all-Soviet agency TASS. In the newly independent republics of the early 1990s, all were state financed and all experienced financial difficulties. Between 1996 and 1999 they were all sold to private owners and they have since changed owners several times. ETA went bankrupt in 2003 and ELTA became a limited liability company in 2015.

The Baltic News Service (BNS) was established in Moscow in 1991. Three Estonian students in Moscow had started the Estonian News Service (ENS) in 1990 and began selling information about Estonia to foreign journalists residing in Moscow. After Lithuanian and Latvian students joined in this enterprise, BNS was established in 1991 to cover all the Baltic countries. The Finnish media corporation Alma Media bought BNS in 1998 and sold it in 2014. Today, there are four news agencies in the Baltic countries: two branches of BNS: BNS.Estonia and BNS.Lithuania; LETA in Latvia, and ELTA in Lithuania.

Research questions and methodology

The research questions for our study derive from the main question of the project on The Future of International News Agencies in Europe: How, and to what extent, does the rapidly changing contemporary news ecosystem challenge the viability of the concept of a national news agency in Europe? We asked:

1. How are national news agencies positioned in the small Baltic market today?
2. What are the business strategies of the Baltic news agencies, and how are these strategies changing?
3. How do journalists see their role, working conditions and motivation in news agencies?
4. What are the future prospects of the national news agencies in the Baltics?

A case study is defined as ‘an empirical inquiry that investigates a contemporary phenomenon (the ‘case’) in depth and within its real-world context’ (Yin, 2014, p. 16). We focus here on the case of the Baltic news agencies in their national economic, cultural and media environments, and under the impact of global developments. As a part of the overall project on the future of national news agencies, this case study provides complementary explanatory information for understanding the current state and future prospects of European national news agencies.

The study draws on three in-depth and seven semi-structured interviews with editors-in-chief and CEOs from all the Baltic news agencies. All the journalists interviewed worked for BNS Estonia. In addition to answering the researcher’s questions, all our interviewees were encouraged to discuss any topics they regarded as relevant. Qualitative content analysis was used to analyse the interviews in terms of the most important aspects highlighted by the interviewees.

Informed consent was obtained from each interviewee, and anonymity was guaranteed, except to those editors-in-chief and CEOs who gave permission to use quotations from their interviews with their names.

Additionally, available documentation and archive materials were used (including the European Business Register, the Estonian Business Register, and the Estonian National Archive), as well as the agencies’ home pages and social media sites.

The authors are responsible for all translations.
A small market? Theoretical framework

The size of a country impacts on the size and structure of its media market, content distribution and consumption, as earlier research has proved. Key countrywide aspects that determine the ‘health and wealth’ of media systems are size of population and size of economy (GDP) (see Picard, 2011; Trappel, 2011; Puppis et al., 2009; Siegert, 2006). In many countries, linguistic plurality (the size of the media sectors in different languages) also has a role (Iordache & Livémont, 2018; Balcýtiene, 2009; Puppis, 2009).

Different population numbers have been used to define a country as small or large. For example, Puppis (2009) regards a country as small if it has less than 15 million inhabitants; Pelinka (2005) suggests that a population of up to 18 million defines a small country. The editors of and contributors to a comparative volume, Small Among Giants: Television Broadcasting in Smaller Countries (Lowe & Nissen, 2011), chose 20 million as their benchmark for distinguishing between smaller and larger countries. The aggregate population of the three Baltic countries is about 6.2 million, which clearly positions each of them as a small country.

In small countries, the number of media companies, the number of potential customers, and the variety of production are all more limited than in larger economies. Because of their small populations, small countries, even wealthy ones, face higher production costs which restrict domestic media production (Picard, 2011, pp. 44-45). A small population also means a smaller domestic sales market in terms of both audiences and advertising revenues (Puppis, 2009, pp. 9-11). This is especially true for news agencies, which rely mainly on domestic media clients.

Puppis (2009) also emphasises the vulnerability of small media systems. He associates this vulnerability with the impact of foreign capital and especially the likelihood of a foreign takeover of media companies. There exists, however, a critical size at which a market becomes interesting to foreign investors, as the example of Central and Eastern European (CEE) countries demonstrates. After the breakdown of the communist regimes, foreign media companies immediately captured the markets of the countries with higher population numbers: Romania (19.5 million), Czech Republic (10.6 million), Hungary (9.7 million) and Bulgaria (7 million). Foreign investment reached the smaller markets, including those of the Baltic countries, only when the domestic markets had stabilised in the late 1990s. However, when the global financial crisis peaked in the CEE countries in 2008–2009 foreign businesses began withdrawing one after another. For example, the German WAZ pulled out of Romania, Serbia and Bulgaria in 2010, and the Swedish-based Metro International withdrew from Hungary in 2011 (Štetka, 2013, p. 10). Among the CEE countries, the economic situation of the media industry was worst in the Baltic States (Kattel & Raudla, 2013), which experienced a sharp decline in newspaper circulation figures and a deep plunge in the entire advertising market. According to Vaclav Štetka (2013, p. 6), ‘in Latvia, the market fell by 44 per cent in 2009 and by a further 49 per cent (compared to 2008 figures) in the following year, while expenditure in Lithuania, Estonia and Romania also declined by 40 per cent between 2009-2010’. One of the first companies to sell their print media assets was Sweden’s Bonnier in Latvia in 2009, and in 2013 Norway’s Schibsted Media Group left Estonia. In most cases, the buyers of the foreign owned-businesses were ‘not other international companies, but local businessmen, often with major economic interests in other industries’ (Štetka, 2013, pp. 10-12). When Finland’s Alma Media corporation sold BNS in 2014, the buyer was an Estonian businessman with no media background.

Oliver Boyd-Barrett (2010, p. 17) argues that there is generally room for only one ‘credibly comprehensive and authoritative “national” service’, and that a successful business model requires ‘effective monopoly status’ of a news supplier in the national market. The Baltic example demonstrates that the limited number of clients in small countries’ media markets cannot fully sustain news agencies, even if these are in a monopolistic position. Large international media actors are not interested in regularly buying the services of Baltic agencies. Globally, interest in small countries arises only when something extraordinary happens. For example, even the recent government crisis in Estonia (November 2018) was not news at the European level. Former editor-in-chief Ainar Ruussaar (Personal interview, Sept. 15, 2018) characterised the fluctuating relevance of Baltic news as an ebb and flow:

When [the ferry] ‘Estonia’ sank in 1994, the level of interest was high, and many new clients started subscribing to our news. The first setback occurred after the Russian army left the Baltic States. Many clients cancelled subscriptions – well, you are no longer interesting, the Russian army is gone, you are a little independent state somewhere in the Nordics, and so what? Another setback happened when Estonia joined NATO and the EU. Again many international clients left – you are too boring, you are just one among us. So, you see, it happens like waves.

The size of the media market is also related to language, and because they are also ‘language markets, media markets are even smaller in countries with different language communities’ (Puppis, 2009, p. 11). In both
Latvia and Estonia, a remarkable share of the population is Russian-speaking (33 per cent and 27.9 per cent respectively). Historically, two separate information spaces have emerged along linguistic lines both in Estonia and in Latvia – one in Russian and another in the indigenous language (for more on this, see Chelysava, 2015; Lauk & Jõesaar, 2017). For the majority of Russophones in the Baltic countries the most important sources of information are Russian television channels (especially Pervyi Baltiiskii Kanal, RTR Planeta Baltic and NTV Mir) (Jõesaar, 2017, p. 41). There is no doubt that media content from Russia creates certain specific frames for the understanding and interpretation of Latvia’s and Estonia’s realities. This situation may also indirectly reduce the potential for selling news in Russian to commercial and corporate customers.

Market positions of Baltic news agencies

Ownership

All the Baltic news agencies are privately owned. The Estonian news agency BNS Estonia and the Lithuanian agency BNS Lithuania are units of the largest Estonian media corporation AS Eesti Meedia [Estonian Media Ltd], which acquired BNS in 2014.¹ AS Eesti Meedia is a subsidiary of investment company UP Invest,² which is owned by the country’s fourth richest entrepreneur Margus Linnamäe. UP Invest acquired LETA in 2015. In this way, Linnamäe became the owner of both Baltic news agencies (LETA and the Latvian unit of BNS). This was in conflict with Latvian competition regulations, and Linnamäe sold BNS Latvia to an Estonian company, AMP Investeeringud [AMP Investments], in the same year (Krūtaine, 2017). BNS Latvia was renamed Latvian News Service (LNS). LNS has now gone out of business. The owner of the other Lithuanian news agency, ELTA Ltd., is Gitana Markoviciene, former commercial director of ELTA and formerly one of the leaders of the Latvian Labour Party. She acquired the controlling stake in ELTA in 2017 from the Respublikos Leidiniai [Respublika Publications] media group.

The agencies in the news market

Unlike for example, the case of Deutsche Presse-Agentur (dpa), where news in German is also supplied by AFP, AP, Reuters and DDP (Boyd-Barret, 2010, p. 25), no international competitors exist in the Baltic markets. BNS Estonia and LETA are in monopolistic positions in their domestic markets. Previously, LETA’s competitor was BNS Latvia, while BNS Estonia competed with – and by 2000 had outcompeted – ETA. LETA’s CEO Juris Mendziņš (Personal interview, Aug. 29, 2018) characterises the relationship among these three agencies as a network:

We regard ourselves as one network. We deliver to BNS Estonia and BNS Lithuania all stories about developments in Latvia in Russian and in English, and in exchange we receive a wire about events in Estonia and Lithuania. We also together serve some international customers and split the respective revenues.

The largest of the four news agencies is LETA, with 500–700 news items daily, and a content-producing staff of about 60. The revenue of LETA in 2017 was 4.85 million euros, and 2018 estimates reach 5.4 million. The proportion of this revenue derived from media customers is about 10–12% (Mendziņš, 2018).

BNS Estonia and BNS Lithuania are about the same in size and productivity, with 29 and 28 journalists respectively. Their daily production is close to 300 news items and revenues are about one million euros (in 2017). Together they produced 2.36 per cent of AS Eesti Meedia’s revenue in 2017. BNS Lithuania was profitable in 2016, 2017 and 2018, although the profit margin has been relatively low. In recent years BNS Estonia has made neither a noticeable loss nor a noticeable profit. BNS Estonia is in a peculiar market situation. Two big media corporations, AS Eesti Meedia and Ekspress Grupp, own the majority of the Estonian news media and, given this competition situation, none of Ekspress Grupp’s outlets buy BNS Estonia’s services. The outlets owned by AS Eesti Meedia buy the services of BNS Estonia, and the most important media client outside the corporation is National Broadcasting. Thus, media clients make up a small proportion of all BNS Estonia’s clients, which has an obvious impact on total revenue.

According to Vaidotas Beniušis, editor-in-chief of BNS Lithuania (Personal interview, Aug. 31, 2018), ‘all major national media outlets (news portals, TV and radio), but not many regional media outlets’ are customers of BNS Lithuania. They account for about 29 per cent of total revenue.

¹ On 1 January 2017 AS Eesti Meedia, AS Postimees Grupp, BNS Group OÜ, AS Kanal 2, AS Trio LSL, OÜRaadio Elmar and BNS Akadeemia OÜ all merged. The conglomerate continues in business under the name of AS Eesti Meedia.

² UP Invest OÜ is a private equity and venture capital firm specialising in investments in healthcare, media, cleantech and real estate sectors with a turnover of 515 million euros.
BNS Lithuania's competitor ELTA, with 33 journalists, produces 250–300 news items daily. According to editor-in-chief Eleonora Budzinauskiene (Personal interview, Nov. 28, 2018), about 70 per cent of Lithuanian news media are their clients, including the biggest news websites delfi.lt, lrytas.lt and etapius.lt, and about 50 per cent of ELTA’s revenue comes from media customers. ELTA has made an increasing loss for the past two years, according to the Register of Legal Entities of Lithuania.

Aims and tasks of the news agencies

All the Baltic news agencies declare as their primary aim and task the provision of reliable and up-to-date information to their clients. They emphasise the accuracy and breadth of their news production compared with any free-of-charge content. The leaders of BNS Estonia and Lithuania, as well as those of LETA, also strongly emphasise the ‘Baltic dimension’ of their news services as a unique feature: exchanging news from Estonia, Latvia and Lithuania within their own ‘network’, their service offers a sizeable Baltic coverage. The editor-in-chief of BNS Estonia, Kalev Korv (Personal interview, July 10, 2018), emphasises that:

We are able to offer our clients the Baltic dimension – Latvian and Lithuanian domestic news – and this is what differentiates us. We co-operate in transmitting and forwarding information.

I think one of the biggest advantages of BNS is that we operate in all three Baltic states and receive all news about Latvia and Lithuania. We also have special search settings for Latvian and Lithuanian news which mentions Estonia. (Anonymous, Personal interview, Nov. 17, 2018)

Another important task highlighted by our interviewees was that of filtering the ever-growing information flow for their clients:

During the day we have to pick out all important news from the enormous mass of information. We have to make logical choices, find which source is the most adequate on a particular issue, balance the sources, and find additional information. (Aivar Valdre, Head of foreign news desk of BNS Estonia, Personal interview, June 20, 2018).

LETA emphasises the generation of reliable and multi-faceted content and the provision of custom-tailored solutions for professional information users.

ELTA has formulated its values on its home page as impartiality (balanced information including the opinion of both parties), reliability (only verified news and credible sources), efficiency (to be first in breaking important news) and analysis (providing news with a wide range of expert opinions).

In their Codes of Ethics, both BNS units emphasise the vital importance of maintaining their customers’ trust by offering accurate and balanced reporting. It is also seen as crucial to admit and correct mistakes and inaccuracies openly and clearly as soon as these are discovered. This is something for which BNS is highly appreciated by its clients. All the news agencies regard the global distribution of information about the Baltic States as an important mission.

Challenges

During the 2008–2009 financial crisis, BNS lost a number of clients, especially among the news media. The prices of services were lowered in order to maintain the loyalty of subscribers. The consequence was radical cuts in staff and a decline in salaries, with a simultaneous increase in workload. Maintaining and expanding the proportion of institutional and corporate clients was the way they survived. Today, the media are not a major revenue source for any of the Baltic news agencies. Operating as part of a successful media corporation gives the BNS news agencies a certain guarantee of security. Although producing only a small profit (BNS Lithuania) or no profit (BNS Estonia), they serve their corporation’s news-media outlets, which can lower the costs of their own news production by buying BNS news.

Scarcity of resources is a common problem for all the Baltic news agencies. As Manuel Puppis (2009, p. 11) argues, in small markets a ‘shortage of resources occurs not only with respect to capital, but also with respect to know-how, creativity and professionals in the media’. Cutting costs by reducing the workforce is not an option in today’s circumstances for any of the four agencies. The editor-in-chief of BNS Estonia, Kalev Korv, estimated that the number of employees has dropped by about 50 per cent as compared with the organisation’s prosperous period before the economic crisis (Personal interview, July 10, 2018). Today, the heads of news desks also act as journalists; the workload has increased exponentially. At the same time, salaries are not motivational. Aivar Valdre admitted that ‘we have to find other ways to keep people with BNS. They have more work than before, but salaries have not increased accordingly. Many of our people continue only because they think they can make the world a bit better through their work here’ (Valdre, 2018).
Vaidotas Beniušis added: ‘High professional values keep people in BNS, because salaries are around 10-15 per cent smaller than in news portals’ (Beniušis, 2018).

A small market also means a shortage of clients. News agencies do not have many solvent customers who can pay a fair price for the service. In Estonia, the biggest clients pay between 1,000 and 2,000 euros for a monthly subscription. Juris Mendzinš pointed out that LETA, as a typical B2B service, already covers 95 per cent of possible customers and the potential for acquiring new customers is small (Mendzinš, 2018). Economically hard times also cause the loss of customers. Especially noticeable for the BNS agencies has been the decline in the number of small private enterprises who buy their services. Institutional and corporate customers tend to bargain for lower prices or just to cancel the service. Leaders of the BNS agencies also pointed out that media advisers, press officers and PR specialists sometimes suggest cancelling BNS subscriptions in order to cut costs, although the quality of the news offered by the news services is much higher than that of free-of-charge content. Too often, decision-makers seem not to understand the value of the BNS service (Korv, 2018; Valdre, 2018).

Scarcity of resources also has an impact on the quality of production. The huge volume of news, in combination with an insufficient workforce, lowers the criteria for newsworthiness. The constant flow of press releases from various organisations, companies and institutions keeps journalists too busy with filtering and editing these press releases, so they do not have enough time for proper journalistic work, one interviewee pointed out (Anonymous, Personal interview, Nov. 27, 2018).

**Baltic news agencies and the state**

Unlike about 15 per cent of agencies worldwide (Boumans et al., 2018), the Baltic agencies are not state-supported and are entirely dependent on their clients. The agencies also lobby and compete for public procurements. Subscriptions from government offices, ministries and other state institutions and state-owned companies form a substantial part of their revenues.

From the state sector we collect money through single contracts with ministries, government offices and agencies. The volumes of the contracts vary a lot: some pay one to two hundred euros, others up to two thousand for a monthly subscription. (Korv, 2018)

The leaders of BNS see the state support as an opportunity for developing as a strong and independent news provider. However,

... our state [Estonia] has not regarded a state supported news agency as necessary at the level of any government, even at the level of state leaders. They often do not even know what we are doing. I would like to see a more professional attitude from that direction. (Valdre, 2018)

The danger of the political influence of the state is admitted, but not seen as a real threat. ‘Estonia is fortunately a proper state. Public broadcasting also receives money from the state, but I wouldn’t dare to say that our National Broadcasting is not independent. It definitely is’, said Ainar Ruussaar (2018). All Baltic agencies emphasise their independence from the state and any political forces. ‘We’ve had better times and worse, but never have we experienced attempts at external interference in the content or editorial policy of the agency’, Aivar Valdre explained (Valdre, 2018).

**Business strategies**

**Business strategies differ**

Before the era of the internet, the news agencies continued in a traditional way, as if they were still the main news providers. Selling high-quality news in the environment of massive free-of-charge (online) content flow requires a rethinking and improving of the agencies’ business strategies. The 2008–2009 economic crisis was the main catalyst for reconsidering business strategies, largely because of the crisis of the print media’s business model, which caused many newspapers to go out of business. For example, regional newspapers from all 60 municipalities of Lithuania had been ELTA’s clients, but, with the decline of regional newspapers, only about a dozen are ELTA’s customers today (Budzinauskiene, 2018).

The end of their business operations, change of ownership or change of ownership are the three main reasons for customers cancelling their subscriptions. Juris Mendzinš gave some examples:

Riga Radio 94.5 FM existed from 2011 to 2013 and used Leta news for its morning news programmes. The portal focus.lv has been sold to the Vesti media group and stopped its subscription. (Mendzinš, 2018)

For LETA, media monitoring is the most important business line, which ‘brings the majority of income for the agency and attracts the majority of customers in the non-media sector’ (Mendzinš, 2018). In Estonia and Lithuania, the monitoring businesses are not part of BNS, although they belong to the same owner. In addition to monitoring and production of news, LETA offers video and photo
services, translation and digitalisation, and participates in various projects. As a further development, artificial intelligence will be implemented for producing news. According to Mendzižiņš (2018), the agency’s video-on-demand business is decreasing because of harsh competition. The same applies to the digitalisation service. He emphasised that currently it is important ‘to keep profitable monitoring, news production and photo services’, and to develop these further.

For BNS Lithuania, news production for subscribers remains the most important part of the business. The agency also offers a photo service, and rents out a conference hall (Beniušis, 2018). Except for the photo service, which BNS Estonia does not have, the business strategies of these two agencies are similar. BNS Estonia is strictly following the strategy of producing a so-called ‘academic news flow’ – hard news on serious topics with analysis or expert opinion, press releases and other information on events and developments at the level of governance, national and international cooperation etc., and using no illustrations. The fact that BNS only serves corporate, institutional and media clients dictates the content and format of the current business model. News has to be to the point, factual, informative and balanced, and presented as text which does not need to be illustrated. In this way, customers get exactly what they are looking for – the core of the most important information. ‘Our permanent clients, such as the Foreign Ministry, the Defence Police, the Ministry of Defence and others, largely rely on our information, and I think they prefer it presented in this way’, Aivar Valdre (2018) explained. BNS Estonia has stopped its photo service and radically reduced sports news, since all domestic news media have their own sports departments. Scanpix Baltics, which was created by Eesti Meedia in 1999 (as EM Foto), plays a big role in the distribution of photos, design graphics and video images, and is a cooperation partner of BNS and LETA. The larger news media also have their own photo (and audio-visual) services.

BNS also provides clients with tailored daily and weekly summaries in various fields (state defense, economy) and topics, as well as diaries of domestic topical news and digests of newspapers’ content in English.

The leaders of BNS argue that the agency works for clients, not for profit. The not-for-profit strategy, however, has led management to search for ways of creating more synergy in producing journalistic content within the owner-company, AS Eesti Meedia. Internal structural changes are being tested, combining the news production processes of BNS Estonia and the company’s flagship, the most popular Estonian daily Postimees. The economic news desk of BNS and the economic news department of Postimees are already under the same direction, and the units also have joint meetings, where topics and tasks are discussed. While news wire journalists produce short news items for BNS, Postimees enables them to publish longer analytical stories. This is added value both for the journalists and for Postimees. Also, as the BNS foreign news desk works around the clock, they put the most important news directly onto the front page of Postimees. This cooperation and combination of functions also adds visibility to BNS (Merili Nikkolo, Head of news media and publisher responsible for Postimees, Personal interview, June 20, 2018).

Their archives are valued business lines for all the Baltic news agencies. The BNS Estonia archive contains its news production from 1991 onwards and ELTA’s from 1996. ELTA also has a rich photo archive (100,000 photos) going back to 1994. According to ELTA’s home page,* LETA’s archive is available in Latvian, English and Russian and consists of more than 4 million entries and is supplemented each month with 60,000 new entries.

**Innovation as a response to market and industry changes**

The means used by the agencies to increase the efficiency of production include internal restructuring and innovation. Technological innovations ‘enable carrying out tasks that needed third persons […] and provide the journalist a larger control on the productive process’ (Guillem et al., 2017, p. 159). So far, BNS agencies have not revealed radical plans for changing their business strategies. Both agencies offer a number of traditional services, including: real-time economic, domestic and foreign news; events diaries, digests, bulletins, translations, Baltic Business Weekly, press releases and archives. BNS Lithuania is preparing for news distribution on mobile devices, while BNS Estonia already offers this service.

As Eesti Meedia is considering further internal changes to combine the functions of BNS Estonia and the daily Postimees.

The most innovative Baltic news agency is LETA, which is proactively improving its business strategy with a view to introducing innovative products. ‘We are not a classical news agency’, CEO Juris Mendzižiņš told us (Mendzižiņš, 2018). LETA has a scientific laboratory which is experimenting with such new technologies as automatic translation, the use of artificial intelligence in news production, picture recognition and automated speech translation, digitalisation of newspapers, etc. LETA’s archive is available in Latvian, English and Russian and consists of more than 4 million entries and is supplemented each month with 60,000 new entries.ELTA also has a rich photo archive (100,000 photos) going back to 1994. According to LETA’s home page,* LETA’s archive is available in Latvian, English and Russian and consists of more than 4 million entries and is supplemented each month with 60,000 new entries.

* http://www.leta.lv/eng/info_pages/products_archive/
recognition. These projects are being carried out in cooperation with researchers and international companies (Deutsche Welle, BBC), and mostly with EU and Google funding. For example, a Google Digital News Innovation-funded project is developing face recognition algorithms for the photo service. The SUMMA (Scaleable Understanding of Multilingual Media) project combines automatic speech recognition (ASR) with automatic translation.

Juris Mendzinš saw these projects as radically altering the future of LETA:

We see that SUMMA would allow us to develop technologies which will dramatically change the production of foreign news. Instead of a direct translation process, we will be able to select multimedia content, recognise speech, translate it into the language needed, edit and serve to the customer. Actually, the foreign news desk will revert from translators to editors, whose main task will be the selection of content. Also, by combining search functions, ASR and machine translation, all the world’s audio-visual media will be available to our processing. (Mendzinš, 2018).

LETA is also developing its business database, which is drawing on the news feeds from all Latvia’s public registers.

Social-media visibility

In the present context, it is absolutely essential that consumers identify the media agency as a brand that provides them with trustworthy and reliable information, according to Guillem et al. (2017, p. 159). One way of promoting and strengthening the brand is to be visible and active on social media. Big news agencies, with substantial resources, such as Associated Press (AP), use social media to share their content, thus establishing their credibility through a strong online presence, as well as to search for news sources (Griessner, 2012, p. 17). AP has numerous accounts on Twitter and Facebook. The number of followers of the main Twitter account has grown from 1.4 million in 2012 to 13.1 million today. During the same period, their main Facebook account, APNews, has increased its number of likes from 93,051 to 672,789. The social media editor at AP, Eric Carvin, stated in an interview back in 2012 that it was ‘important for our credibility and for our brand presence for us to be there [on social media]. He also pointed out the importance of social media for making connections with individual news consumers (Griessner, 2012, p. 17). The example of AP demonstrates the strategic importance of social media for gaining visibility and for the big news agencies’ brand-building. Small agencies lack the resources to develop as large a presence on social media as the big agencies can. All the Baltic agencies are B2B businesses with no private individuals as clients. This fact determines their social media strategies. All of them have Twitter and Facebook accounts, but not with a clear aim of reaching individual news consumers. Social media is mainly used to keep the brand visible, and not for marketing. As Juris Mendzinš stated, ‘we assume that some part of society is living in FB only and we treat this channel as a communication tube to this part. The same with Twitter, which is a minor channel for our marketing needs’ (Mendzinš, 2018). LETA was the first among the Baltic news agencies to join Facebook and Twitter (in 2011) and is also the most active. It has over 15,400 followers on its Twitter news in Latvian and 735 in English (December 2018). All its Facebook posts (1-3 daily) include photos or videos, and there are also massive photo albums on their Facebook page, which had over 4,500 followers in December 2018. They follow the Twitter accounts of key players (opinion leaders, ministers etc.) to gather information, and sometimes issues that pop up on the social networks become the subject of extensive reporting. LETA also has a news section called ‘On the networks’, which contains soft news about how some issues are being covered by the users of social networks (Mendzinš, 2018).

ELTA joined Facebook in August 2017 and has about 5,100 followers. It posts 1-3 links to news stories every day, always accompanied by photographs. ELTA does not have a link to its Facebook page on its homepage, however, and seems not to have a Twitter account.

Both the BNS agencies joined social media in 2013. BNS Estonia has been remarkably inactive, with 1,031 followers on Twitter, and only 12 Tweets in 2018. Its Facebook account looks even quieter. BNS Lithuania has an active Twitter account in English aimed at reaching an international audience. Their Facebook page is only in Lithuanian (BNS Lietuva) and has 5,862 followers (December 2018). The Facebook page offers 1-3 illustrated links to selected news stories every day.

It is obvious that none of the Baltic news agencies uses social media for purposeful news-gathering or for network-building. Social media remain as an additional tool for small agencies whose business model does not allow them to publish news stories directly on Facebook and Twitter, even when these have already been received by their subscribers.

Journalists at the Baltic news agencies

The credibility of the agencies’ brand cannot be maintained without a high-quality workforce. Most of the journalists in news agencies have a background other than journalism. Overall, between 44 and 58 per cent of
journalists in Estonia and Latvia have a journalistic education. Most often, the education of journalists in news agencies has been in economy, law, political science, history or other social sciences. Journalistic writing and editing, as well as technical skills, are learned on the job, by taking advice from experienced colleagues. ‘We practically do not have journalists with journalism education. The salary level is so low that we cannot hire any star journalists, but we employ journalistically inexperienced people whom we train and teach on the spot’, said Kalev Korv (2018). According to Juris Mendzinš:

Actually a news agency is a professional school for young journalists. So, we have more or less established routines for teaching new colleagues, especially in the reporters’ team. Editors teach them news-writing, language, the ‘inverted pyramid’ in news-/.

(Mendzinš, 2018)

It is common for the agencies also to provide in-house formal training for their journalists. ‘We usually do one or two trainings a year for journalists, focusing on writing skills, photo skills or social media skills. The editor-in-chief decides where we need to improve most’, Vaidotas Beniušis told us. A certain quality control of content and language functions among colleagues, as news texts move from desk to desk – from journalist to translator, from translator to editor, etc. ‘If somebody notices a mistake, we correct it immediately. The product that finally ends up in the archive is undoubtedly of the best quality in the Estonian context’ Kalev Korv opined. One journalist interviewed emphasised that: ‘We do not copy press releases, but rewrite or/and edit them’ (Anonymous, 2018).

Journalists assess the intensity and amount of work as greater at a news agency than on a newspaper. ‘While staff numbers have shrunk in recent years, the volume of information to process has increased many times over. I am editor-in-chief, but I write about a half the domestic news wire myself’ (Korv, 2018).

Journalists set themselves high standards: they must have excellent writing skills, extensive general knowledge, a large network of contacts and sources, and must speak several languages. In all the agencies at least Russian and English are required as foreign languages. At BNS Estonia, several journalists also speak Finnish. The journalists should be able to react, orientate themselves and write quickly, and withstand high levels of stress. They value highly the skill of ‘filtrating’ the news flow – finding the important facts, and not being biased in assessing these. Journalists also emphasised that, unlike newspaper or online journalists, they do not have to think up ‘clickbait’ headlines or produce a fixed number of stories per day or week. According to the journalists at BNS, they can write about the issues they see as important, and there is no pressure on them to compose stories that generate as many clicks as possible. It is more important to maintain high journalistic standards and to be conversant with basic values and priorities. In a way, there is more real journalism happening in news agencies than in newspapers, one journalist underlined. This is also one of the attractions of and motivations for working at a news agency, where salaries are much lower than in other media or in the PR field. Journalists appreciate the opportunities to receive professional training, the respect for journalistic values, and the high degree of professional autonomy. A journalist at BNS with over 20 years of experience emphasised that: ‘I’ve never been asked to do things here that I did not want to do’ (Valdre, 2018). At the large international agencies, ‘many journalists are in fact information brokers who mainly recycle existing content—a practice that is dubbed ‘churnalism’’ (Boumans et al., 2018, p. 1771). Journalists at the small Baltic agencies do not cite ‘churnalism’ as a problem for them.

National or international?

Vyzlozil and Surm (2019) define five characteristics of international news agencies: (i) operating in both national and international markets, (ii) providing international news for clients without copyright restrictions and (iii) in at least four languages, (iv) having worldwide sales and (v) distribution network.

The four Baltic agencies define themselves as national and consider serving their domestic clients in the national languages as their primary task. Most of their revenue comes from domestic customers. They have no resources for expanding their operations geographically or for competing for positions in global news markets. They have no permanent correspondents or offices abroad and rely on international news agencies for foreign information. However, at the same time, several of the above-listed characteristics do apply to the Baltic agencies.

BNS, as a pan-Baltic agency, can be seen as international. It produces news in five languages – Estonian, Latvian, Lithuanian, English and Russian – and exchanges services across the borders of nation-states. All the Baltic news agencies also emphasise their mission to promote Estonia, Latvia and Lithuania abroad, providing foreign embassies, diplomatic missions and foreign media with accurate and up-to-date information. They also have
business relationships with big international agencies, including AFP, AP, Interfax, Deutsche Welle (LETA only), BBC (ELTA only), STT, PAP and APA.

We are delivering our services to international agencies as partners of those agencies that want to know what happens here in the Baltics. I can name France-Presse, Deutsche Welle, the Austrian press agency. They don’t come here to Latvia [...]. They prefer just to buy some service from us and then enter that content into their wire, and that is their coverage from the Baltics. No one is ready to keep a staff of reporters here, pay them a salary and let them compete with us in coverage of Latvian events. (Mendziņš, 2018)

Key values are the same for national and international, small and big, news agencies. As Vyzlozil and Surm (2019) state, international agencies see ‘providing accurate, impartial and reliable national and international news’ as their highest value. The same applies to the Baltic agencies, which emphasise complete and reliable real-time coverage of domestic and foreign news (BNS), balanced and verified timely news you can trust (ELTA), and reliable and multi-faceted content and custom-tailored solutions for professional information users (LETA).

**Future prospects**

The most important question for small national agencies is that of sustainability. Only those who can adapt will survive. This is especially true of small news agencies.

‘News agencies have a niche, as there will always be demand for accurate and impartial news. But they must make adaptations to new mobile platforms which include technical solutions and the new text formats, graphics and videos’ (Beniušis, 2018). Reporting and editorial functions will continue to be valuable. The cases of convergence of the production process of a news agency with that of a newspaper further increase the importance of editorial and journalistic approaches.

As small Baltic news agencies are unable to expand their businesses geographically into global markets, their future probably lies in qualitative expansion – the improvement of products and services. Therefore, technological innovations seem a promising option, although these are expensive. As LETA’s case demonstrates, with the aid of international funding and cooperation technological innovations enable new solutions for product development, and consequently are potential new sources of revenue. If we share the optimism of LETA’s Mendziņš, today’s news agencies, although still rather conservative in their activities, will probably become hybrid mechanisms combining journalism with databases, search engines, artificial intelligence, automatic speech recognition and machine translation. In such an automated, algorithm-based and digitalised information-processing environment, the size of the agency and location of its market may lose significance. News agency staff, especially journalists, face a need for continuous training and re-training since they must quickly adapt to ever-changing news production processes.

**Conclusions**

All the Baltic news agencies emphasise that their most important function is to provide truthful, reliable and proven news. The credibility of their brand stands out as an absolute value. However, the niche production of quality news alone has proved to be unsustainable. The case of the Baltic agencies demonstrates that small agencies that previously relied on media markets and state subsidies can sustain their news production to a certain extent with income from a range of ‘side services’ (digitalisation, media monitoring, renting out of conference facilities, etc.). Therefore, they are constantly searching for and experimenting with various ways of diversifying their services and the formats of their news output. Technological innovations are on the agenda of all the Baltic agencies, but so far only LETA has made more ambitious attempts to use modern digital technology to create new types of products.

For none of the Baltic agencies does the proportion of total revenue from the news media exceed 50 per cent, which means that they primarily rely on institutional and corporate clients. Furthermore, ELTA’s example demonstrates that the business model of relying largely on news-media clients is not sustainable in a small market. Small agencies have no resources for expanding their operations exponentially, so a sustainable business model(s) will probably need to include a good deal of experimental innovation.

The Baltic news agencies are national agencies primarily oriented to providing domestic clients with a variety of news. However, they also fulfil several of the criteria of international agencies, offering news in between three (ELTA) and five (BNS, LETA) languages and exchanging news services across national borders.

Our interviewees believed that, in today’s conditions of an ‘overdose of information noise’ and an increasing volume of clickbait journalism, the role of news agencies as producers of trustworthy information is a growing one. One journalist interviewed took the considered view that:

> When the news media are full of attractive but not very pertinent, and even misleading, headlines, our production is of a different quality. I believe that people
always want to know what is going on in the world and in the fields they are interested in. There is no better information provider than a news agency. (Anonymous, 2018)

References


How to cite

