



The competitiveness and economic viability of the news media sector in the EU

Final report



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For this report, KEA has supported the consortium in designing the conceptual framework for the study and in capturing the main trends affecting the news media sector. KEA also contributed to establishing the value chains for news, led part of the interview protocol, and developed some of the national level case studies.

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For this report, O&O has supported the consortium in collating and analysing market data relating to the viability of the news industry and wider trends in the print, TV and radio sectors. O&O also contributed to establishing the value chains for news, and the framework for measuring economic viability.

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For this report, PPMI has supported the consortium in conducting and analysing the results of the citizen survey, leading part of the interview protocol and developing a part of the national level case studies. PPMI also organised the validation workshop and led the analysis and data collection of the economic viability indicators.

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Abstract

The study focuses on the competitiveness and economic viability of the news media sector in the European Union. It analyses the main drivers of economic viability, including market size, structure, financial performance, consumer demand for news, employment trends and costs, and media independence. The study shows that the sector has experienced disruption in recent decades. We note the decline of print media, the emergence of digital media and the impact of global online platforms on news service and content distribution and on trends in display advertising revenues. We also note a decline in total employment and a demand for new skills in newsrooms; the potential for commercial and political pressures around editorial content; and in some countries a changing level of citizen trust towards different media sources. Nevertheless, the demand for news among consumers remains strong, and while print media is declining in terms of revenue, radio and television (important distributors of news content) revenues remain stable, while digital news media revenues are growing fast. Further positive trends in the sector include the growth of user-driven revenue such as donations and paid subscriptions. The future of the sector's economic viability will depend on whether the convergence of different segments (press, TV, radio) into digital media continues, whether news media will continue to develop sustainable monetization models, and how the relationship with online platforms will evolve.

Executive summary

The news media sector in the European Union has undergone significant change in recent years, facing new challenges posed by digital disruption and changes in revenue models, the emergence of global online platforms, and evolving consumer behaviour. As a result, news media organisations have had to adapt their offerings and business models to meet these challenges, as well as to seize new opportunities. In this context, the economic viability and resilience of the news media sector have become increasingly important to ensure that EU27 citizens' access to diverse, pluralistic, independent, and high-quality news content is not diminished and, if possible, is strengthened.

In this study the news media sector includes, in summary, the printed press, generalist TV and radio services (both commercial and public service media – which often carry news content), and digital news services and content from these traditional media providers and from digital-born providers. We define 'economic viability' as the extent to which quality news content can be sustainably delivered – considering both current market conditions and the expected future landscape.

Market outlook

This aspect provides a contextual look at the dynamics of the sector and includes financial as well as market structure data. Accordingly, enterprises' financial data and market structure indicators, such as the numbers of enterprises and their segmentation by size was analysed. These elements provide information on the competitiveness within the sector, diversity in the market, ease of entry into the market, and media pluralism.

The overall market value (in terms of revenues) in the analyzed countries is stable with the decline in printed press, but a positive trend in digital media and television. The decline in case of the press sector is evidenced by total EU-27 revenues in the sector (i.e. excluding broadcast radio and TV news revenues) were estimated at €19.8bn in 2021, down 19.3% from 2016, despite strong growth in revenues generated by digital news activities over the same period.

The number of media companies (in all sub-sectors together) is declining in EU27, which might become a possible issue for the diversity of the market in the future, especially in the press subsector where this decrease is the steepest. The majority of the companies in the sector are micro-sized but larger markets like German, Poland, and Spain have a larger presence of larger and medium-sized companies. In all countries, however, the overwhelming majority of value is produced by larger companies.

Consumer demand

The consumer demand is a key driver behind the sustainability of quality and pluralistic news content. Here, we aim to observe citizens' attitudes towards news media, with regards to such aspects as trust in news, consumption patterns and the willingness to pay for news media access.

The overall trust in news across selected countries can be characterised as medium (Eurobarometer 96). In terms of trust in media sources (regardless of content), more traditional media, especially radio, are the most trusted while 'the Internet' and social media are less trusted, despite their significant growth.

The overall demand for news remains strong. In terms of consumption, we see the printed press declining, radio and television remaining stable, and digital growing. Most consumers however do not currently pay for the news. While the sector representatives report growing subscription revenues and other consumer-driven revenues, advertising remains the most important source of revenue – and the dynamics of the advertising market continue to evolve following the emergence of online platforms, and the establishment of online marketplaces for classified ads.

Financial stability

To assess the financial stability of the news media sector we look at a variety of drivers related to the financial performance of companies which can have influence on the overall financial viability of the sector. We also look at advertising revenues of the sector as these have been traditionally crucial to its long-term viability.

In terms of profit, combined profits of the news media sector were fairly stable (between 2015-2020), although pre-pandemic 2019 levels had not yet fully been recovered. Overall, the dynamics of profits correlated with dynamics of revenues, indicate stable, very slightly declining profit margins and mean net income. The sector as a whole is also above the benchmark for financial stability (solvency, current ratios), while there were reports of companies operating at a loss and the financial stability varied significantly across countries (e.g. companies in France showed comparatively worse solvency and current ratios than the average).

Employment and costs

The economic viability of news media sector depends not only on demand and revenue flows, but also on costs incurred to produce news (of which the most significant are employment costs) as well as the ability to maintain a productive and high-quality workforce.

Total EU-27 media sector employment fell between 2008 and 2019, with a net decline of more than 307,000 employees (down 29.9%).¹ All sectors (press, radio and TV) witnessed a significant decrease, particularly in the case of publishing journals and periodicals and retail of newspaper journals and periodicals. Publishing newspapers and TV programming & broadcasting witnessed a rapid decline in employment in the aftermath of the 2008-2012 financial crisis. There has been some slow but steady recoupment from 2013 onward, but the permanent, in-house employment figures never returned to pre-crisis levels.

Explanations from industry insiders show that instead there has been a significant increase in temporary hiring of freelancers to carry out journalistic tasks. As a rule, freelancers receive lower pay and have precarious working conditions (no stable job, limited social guarantees etc.). Within news specifically, there is a potential future risk that this trend towards lower paid and more precarious working conditions in employment could result in less high-quality news. In the recent years, the overall share of media employees when compared to the rest of national employment has been relatively stable (2015-2019), but compared to the situation a decade ago, the average press newsroom has reduced (i.e. the average of FTEs per press enterprise dropped from 16 to 10.1 between 2008 and 2019).

¹ Comprising the retail sector as well. Discounting retail gives a net decline of around 225,800

There are significant new skills requirements for the workforce in the sector (journalists need to know how to take photos, crop photos and insert them into articles, film videos, record podcasts, etc.). All this helps maximise average profit per employee to support overall financial performance (average profit per employee in news media sectors of selected countries increased steadily between 2015 and 2021). However, this can create a new challenge of a competent workforce shifting towards more profitable industries than media. The average cost of an employee in the media sector and employment costs compared to other costs incurred has been relatively stable from 2015 to 2021 with the slight tendency to grow.

Media independence

The final group of drivers of economic viability of quality news media that was considered in the study was related to media independence. We consider that independence from external actors, be it political or economic, is crucial to the sustainability of quality news. Alongside established measurements of media freedom and market plurality, we also looked into the perception of citizens under this aspect.

Most of EU Member States have a medium or high risk to media pluralism, according to the Media Pluralism Monitor 2022, with the right to information and journalistic profession standards and protection are the most challenging across the countries. In terms of media plurality, issues of news media concentration, online platform concentration and competition enforcement are of particular concern. These matters are most often the result of lack of or inefficient regulation as well as enforcement of rules.

The public perception towards media independence from political and commercial pressure varied significantly across countries, while on average 43% of EU27 respondents agreed that the media is free from such influence.

According to Bureau van Dijk's Orbis database, the ownership concentration of media in EU27 is high, with majority of companies having over 50% of ownership in one shareholder's hands. However, ownership structure does not directly entail an effect on media freedom. The overall existence of rules, their effective enforcement and the provision of information to the public (including on final beneficiaries) are key for minimising risks associated with media ownership transparency.

Opportunities and threats to news media

In terms of **consumer engagement**, the main opportunities in the sector are related to user payment models where there is an increasing willingness to pay for news. For example, we have seen particularly high demand for news during the pandemic and the war in Ukraine, and there is an overall trend towards subscription models for different types of media content. At the local level, there is also an increased interest in local news and content involving local communities, which may present new opportunities for local news media across different segments. In terms of challenges, with the growth of digital news media and the trend of convergence affecting the press, television and radio news, the role of online platforms as intermediaries for news distribution may become more important in the future. There are different possible approaches for the news media to adapt to the digital environment such as cooperation at par, operation within the boundaries of the platforms, competition against platforms, or increasing competition within the sector while platforms grow their share of consumer attention. Another threat is that the recent uptick in subscriptions and donations by consumers might

reverse in the short term due to an unfavourable or uncertain wider economic situation, affecting willingness to pay.

In terms of **monetisation**, there is potential in further exploring user payment and experimentation with different models such as memberships or subscriptions sold as package deals with other services (e.g. digital news subscriptions bundled with telecommunication services such as mobile or broadband plans to better encourage consumers to pay for the bundle). Using other types of content such as hobby-oriented, practical content, entertainment or sport to increase traffic and help sell subscriptions which include news content is also an increasing trend.

In terms of threats, while news media has found 'cohabitation' models with some established platforms such as Google or Facebook, we heard in some interviews that some newer platforms like Snapchat or TikTok pose more challenges for news media in terms of monetisation or driving traffic to their own websites, due to their nature. Also, online platforms or intermediaries may take a share of revenues earned through their services (e.g. app stores, crowd-funding platforms), and this trend may grow if user payment models become more prevalent.

In terms of **value creation and product**, arguably subscriptions or other user-funded models enable news media companies to better formulate their value propositions to customers, and to define their standards of quality and specialisation. In a situation where news media is thinking more how to attract and retain a paying customer, the quality of the content comes to the forefront and the potential attractiveness of click-bait or sensationalism is likely to recede. User-driven funding models are also helping news media maintain economic viability in situations where news outlets opposing the government are cut off from government funding and potential advertisers are discouraged from advertising. Infotainment may also contribute somewhat positively to democracy and political engagement where it helps to engage consumers with reliable news and information, while presenting legacy broadcasters with a format that allows them to compete with digital news by providing audiences with attractive news offers. Finally, choosing the right distribution strategy for different types of content remains key for news media outlets: both lighter and in-depth content is likely to attract engagement if it resonates emotionally with users or has wider social significance, and if it is shared on the right platform for the type of content.

The threats related to value creation and product are however significant as well. With the continuing trend of smaller newsrooms and changing working conditions of journalists, as well as competition from non-journalist content creators, there is a risk of lower quality standards in the news.

In case digital subscription models in news media further grow, the most vulnerable and least financially stable consumer groups may continue to only consume free news online. Some commentators have expressed concerns that, as regards the digital press, free to access news may become increasingly basic (while more in-depth or specialised quality journalism would be paid). Nonetheless, this was a characteristic of the pre-Internet news media sector too - it has always been the case that the printed press is mostly paid, with some 'lighter' advertising-funded free sheets alongside. It has also been suggested that the different subscriptions of politically leaning digital press outlets may become 'walled gardens' where only the like-minded consumers would obtain news, and that this could further increase political and cultural polarisation in societies. But again, arguably this has always been the case as regards the printed press. Finally, there is doubt whether subscription models could be helpful in countries with weaker traditions of critical independent journalism, or countries where there are politicians pressuring the media; and also in small countries with limited economies of scale). Above

all, TV and radio commercial and public service broadcasters will continue to play an important role in serving all consumers with accurate news and analysis, free at the point of use, including online.

Conclusions

Overall, news media consumption in Europe continues to move further towards online news content and away from the printed and digital press; we expect lower consumption of traditional printed media, with radio and television remaining stable as sources of news. The ongoing digital shift disrupts the market in a variety of ways: consumption patterns have not yet found a new state of equilibrium, while digital revenue sources are developing.

As a response, news media itself has started to go under a digital transformation but are now competing with other players in the digital market, who are capturing ad revenues as well as other novel sources of revenues. The level of display advertising revenues flowing to the printed press has fallen, for example linked to the rise of online marketplaces that have attracted classified advertising, as well as the increased substitutability of display advertising in the press with other media. This has not yet been compensated by advertising revenues from digital news services.

While this might yet improve in the future, the steps taken by the news media outlets to compensate this trend include shifting towards models which require consumers to pay for the news directly. This is done by improving their value proposition towards the consumers, and by offering highly specialised and tailored content according to their diverging needs. Some titles are reporting strong growth in operating profits. However, a possible key impact of this change is the differentiation in the quality, breadth or depth of content accessible for consumers who may not be able to pay for news. In this light, public service media are important as they offer high-quality content for all. This type of media requires stable, independent and adequate public funding to counter the effects of potential further fragmentation of content consumed behind different paywalls. Equally, commercial free to air TV and radio broadcasters play an important role in providing accurate news to all consumers and their overall economic viability is important to this, which may have implications for wider media regulation.

In this context, a major question is whether the news media companies can utilise the initial momentum of more revenue gained from direct payments from consumers such as subscriptions and crowdfunding. For the moment, this is not yet noticeable in radio and TV, as most subscription news are consumed on smartphones, tablets and desktop computers; however, the trend is that with increasing prominence of smart television sets which include streaming applications as a default, the subscription models may become more prominent for TV as well. If this momentum can be sustained and grown (this is however not yet clear), this may lead to the multitude of positive trends and reversal of negative ones discussed above. However, as this is an area with a growing revenue, there is also a potential that new actors may emerge who could utilise the trends in a disadvantageous way to the news media outlets (e.g. platforms may find operation models which would take away part of the subscription revenue from news outlets).

Finally, in a context in which media organisations are offering their content via a multi-platform approach and traditional media companies are suffering from the pressure to re-allocate resources from their legacy business model, new opportunities for market disruption are arising. New business areas often imply partnerships with competitors, fellow legacy media organisations or new players like news aggregation platforms (e.g. Facebook Instant Articles). As discussed before, the relationships with these intermediaries are still evolving (these may lead to cooperation, operations within larger ecosystems,

competition, collision) and might lead to new opportunities or threats to the overall viability of the sector.

Explanatory note: context, objectives and methodology of the study

The study was commissioned by the European Commission, to feed into its biennial Media Industry Outlook report, exploring media trends from technology advances to emerging production and consumption patterns, and analysing their potential impact in the European media market and business models. The Outlook is part of the Commission's communication 'Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation', otherwise known as Media Action Plan, intended to accelerate the recovery, transformation and resilience of the media industry. In terms of news media, the Media Action Plan highlights that "companies should be able to find enough viable and sustainable funding models to ensure citizens' access to a pluralistic, diverse, and independent media environment, including at regional and local levels". The study is looking into whether this ambition has become a reality across EU27. The study is also intended to complement the ongoing work of the Media Ownership Monitor and the Media Pluralism Monitor.

The objectives of the study are the following:

- **Identify, present and analyse supply and demand-side trends** relevant to the economic viability, competitiveness and resilience of the news media sector in the EU.
- **Provide an in-depth assessment of the relevant trends, industry and market dynamics across the Union**, focusing on the Member States, sectors or genres that represent the different news media landscapes and traditions in the EU.
- **Illustrate how digital transformation changes the way people consume news** and in turn is transforming and disrupting the news media sector itself (considering changes in positioning and relevance).
- **Set out how these disruptions affect the commercial/economic viability** of journalistically produced content and the competitiveness of different types of news media outlets.
- **Determine whether there is a risk to the economic viability of certain players** and/or the overall sector, and if so, what could this potentially mean for media plurality.

Given the wide possibilities for interpretation, a range of metrics has been selected, based on desk research as well as interviews with key market stakeholders, to unpack and operationalise the **key drivers of economic viability**. These are used to measure the absolute and relative performance of different market segments and stakeholder groups across the news media sector, eventually focusing on Member States, sectors or genres that represent the different news media landscapes and traditions in the EU.

These metrics are spread across the following five groups:

- 1. Market outlook:** the structure and composition of the market and the overall financial performance of the sector.
- 2. Consumer demand:** the level of demand, willingness to pay and consumption of news media and the public perception of news media organisations and their differing roles.

3. Financial stability: the financial performance of individual news media organisations and the wider sector, including the sustainability of current levels of financial performance.

4. Employment and costs: the level of employment in the news media sector, costs of employment, and sector productivity.

5. Media independence: the independence and self-sustainability of news media organisations – and the news elements within organisations operating across multiple sectors/activities.

To analyse these aspects, the following methods were applied:

- On both the supply and demand sides, a **comprehensive desk research** effort was undertaken by the research team, including the analysis of documentary evidence, academic and industry literature, statistical data, and other information.
- On the supply side, the study included **interviews** with relevant stakeholders at the EU level, as well as from each selected country. The interviewees included representatives from stakeholder associations and non-governmental organisations, news media publishers and broadcasters, journalists, as well as researchers and experts from academia. The interviews were conducted remotely.
- On the demand side, the study included a **citizen survey** conducted in selected countries. The survey was launched on Alchemer and disseminated via online panels to representative audiences. 1,750 responses were collected in 9 target countries, each country surveyed according to its size, with a minimum of 150 responses per country and a maximum of 300 responses per country.
 - We made a **selection of nine countries** based on the following criteria: geography, real GDP per capita (EUR), market size, and the level of digitalisation. The country selection is Bulgaria, France, Germany, Hungary, Italy, Lithuania, Poland, Spain, and Sweden. The selected countries make up 72.6% of the EU population while representing one third of the EU countries.
- Additionally, the results of our research were presented at a **validation workshop** that was held online on 4 November 2022. The workshop included industry stakeholders and experts who discussed the research results and key takeaways and suggested additional information.

Introduction

PPMI, together with KEA and O&O, presents the study on the **competitiveness and economic viability of the news media sector in the EU**.

The objectives of the study are the following:

- **Identify, present and analyse supply and demand-side trends** relevant to the economic viability, competitiveness and resilience of the news media sector in the EU.
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To achieve the objectives, the research team has conducted the following tasks:

- On both the supply and demand sides, a **comprehensive desk research** effort was undertaken by the research team, including the analysis of documentary evidence, academic and industry literature, statistical data, and other information.
- We made a **selection of nine countries** based on the following criteria: geography, real GDP per capita (EUR), market size, and the level of digitalisation. The country selection is Bulgaria, France, Germany, Hungary, Italy, Lithuania, Poland, Spain, and Sweden. The selected countries make up to 72.6% of the EU population while representing one third of the EU countries.
- On the supply side, the study included **interviews** with relevant stakeholders at the EU level, as well as from each selected country. The interviewees included representatives from stakeholder associations and non-governmental organisations, news media publishers and broadcasters, journalists, as well as researchers and experts from academia. The interviews were conducted remotely.
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- Additionally, the results of our research were presented at a **validation workshop** that was held online on 4 November 2022. The workshop included industry stakeholders and experts who discussed the research results and key takeaways and suggested additional information.

In essence, the report consists of the following main sections:

- Overview of the news media sector.
- Analysis of trends at the European Union level.
- Comparative analysis of trends across EU Member States.
- Key takeaways.

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1. Overview of the news media sector

1.1. Key concepts definition

Because this study aims to investigate the economic viability of the news sector, we adopt a rather wide definition of “news”. It encompasses not only public interest news but also soft news and journalistic content that is relevant to the business models of news media outlets. It does not consider user generated content. For the purpose of this study, we define the following terms, without prejudice to EU legislation:

News media outlet: a provider who is engaged in the professional and regular production and dissemination of journalistic content in any form under its own editorial workflows, standards and responsibilities. It fulfils a societal function by enabling public discourse through the provision of original work about topics of general or specialised interest, written and selected by professional media and published following professional standards and rules^{2 3}.

News media sector refers to all the news media outlets - either traditional or born digital - taken together and their interactions with related stakeholders. It, therefore, includes news-producing and/or news-distributing/retail/wholesale organisations.

Segment: a sub-sector of the news media characterised by a similar medium of production and distribution (regardless of the format). E.g. Broadcast media refers to activities aiming to distribute journalistic content through broadcasting.

Written press: Published newspapers and magazines, whether on paper or online.

Printed press: refers to medium using paper and ink, mostly newspapers and magazines. Both magazines and newspapers often have high-circulation rates and are rapidly mass produced by specialised press printing services. Traditionally, a majority of the costs of production are financed by advertisements, for newspapers and magazines respectively⁴.

² UNESCO, (2018). Journalism, fake news & disinformation: handbook for journalism education and training

³ Steindl, N., Lauerer, C., and Hanitzsch, T. (2017). “Journalismus in Deutschland. Aktuelle Befunde zu Kontinuität und Wandel im deutschen Journalismus [Journalism in Germany: Current findings on the continuity and change in German journalism].” *Publizistik*, 62 (4): 401–423

⁴ Kipphan, H. (2001). *Handbook of Print Media: Technologies and Production Methods*. Springer Science & Business Media; 1207 pages

Digital media: this includes online versions of physical newspapers (websites and apps, newsletters, podcasts); online TV and radio; digital-born media (websites and apps, newsletters, podcasts); news providers' social media channels;

Broadcaster: generalist TV channels and radio stations, as well as dedicated news TV channels and radio stations. Public service broadcasting is funded through two basic funding models: a yearly tax or fee system and an advertiser-supported system⁵. Private broadcasting depends above all on ad revenues and TV subscriptions.

Digital platforms: online platforms. This also includes content aggregators⁶ such as Google News, Facebook's News Feed, Apple News. Content aggregators host the curated collection of links to third-party content. Aggregators provide titles and short summaries of linked articles⁷. The selection of articles is the result of an algorithm and/or editorial choices. Online platforms and social media like Twitter play a key role in facilitating news distribution. They hold a hybrid role, e.g. with automated and/or moderated decisions about ranking, which may affect content consumption. The format and functionality of online platforms and social media may also influence how third-parties create news editorial, i.e. to suit the design and audience of the site, and its monetisation options.

User-generated content: UGC is defined *as any kind of text, data or action performed by online digital systems users, published and disseminated by the same user through independent channels, that incur an expressive or communicative effect either in an individual manner or combined with other contributions from the same or other sources*. Examples of UGC include video recordings or images or live streams. The concepts of Citizen Journalism and User Generated Content (UGC) have been used interchangeably, although lately the concept of Citizen Journalism is increasingly being replaced by the more comprehensive notion of user-generated content (UGC), which is not limited by the reference to journalism. The wording user-generated also blurs the notion of the citizenry and civic engagement, for content can be produced by consumers, interest groups and eyewitnesses alike, and it is implied that professional news editors are needed to turn the content into real journalism.

Legacy media: An umbrella term to describe the centralised media institutions that were dominant during the second half of the 20th century, including — but not limited to — television, radio, newspapers⁸ and magazines, all of which had a uni-directional distribution model⁹. However, they are digitalizing and most have digital services alongside or instead of their print and broadcast versions today. Sometimes "legacy media" is used interchangeably with "traditional media".

⁵ Conway M. (2012). Broadcast Journalism. The international encyclopedia of communication

⁶ Wilding, D., Fray, P., Molitorisz, S. & McKewon, E. (2018). The Impact of Digital Platforms on News and Journalistic Content, University of Technology Sydney, NSW.

⁷ Dellarocas, C. Sutanto, J. Calin, M. Palme E (2015). Attention Allocation in Information-Rich Environments: The Case of News Aggregators. *Management Science* 62(9):2543-2562.

⁸ Note that in the UK and the US, most original stories originate from newspapers. See: Diel, Stan. (2017). New Media, Legacy Media and Misperceptions Regarding Sourcing. *KOME*. 5. 104-120. And NESTA (2019) The Cairncross review A sustainable future for journalism

⁹ Deuze, Mark & Prenger, Mirjam. (2019). Making Media: Production, Practices, and Professions.

1.1.1. Mapping of actors

The news media outlets are structured along the value chain in which they operate, which is defined in Annex 1; and in terms of their activities. Those are focus, geographical market and value for public debate.

The objective of mapping the outlets in this way is to be able to identify and analyse the specificities of actors depending on the segment they operate in and the activities they have. On this basis, we will be able to extrapolate trends, common issues or unique issues/opportunities.

1.1.2. Focus

The focus of media refers to the scope covered in terms of expertise. We differentiate between media that cover general affairs and those that focus on specific topics.

Generalist media: media whose target audience is the mass readership of general and current affairs (including, for example, international news). Generalist media collects and presents the latest and most important information in an area and across the main types of news. It employs both generalist media professionals as well as, to an extent, subject-matter experts.

Specialised media: media focusing on a subset of subjects, catering to a specific audience. Journalists are mainly subject-matter experts.

1.1.3. Main geographical focus

The market segmentation is in this case geographical and aims to establish if there are specific issues for local markets. It measures the extent to which a news media outlet covers different geographical reference areas.

Local media: news media outlets covering local events, typically a large municipality.

Regional media: news media outlets covering a given region within a country.

National media: news media outlets covering national news, typically have a larger readership than local or regional media outlets.

International media: news media outlets covering international news, usually having an audience across countries.

1.1.4. Value for public debate

Media content has become fluid in its functions and the distinction between entertainment and news content is sometimes blurred. While content categories are not easily isolated and data is not always available, for policy-makers and citizens it is important to differentiate news outlets that provide content with societal added-value (e.g., investigative journalism with political consequences) from mere clickbait content production, which requires no or very little journalistic skills and potentially, journalistic ethics. While deontology protocols and professional standards ensures quality in the production of news content, news media quality remains a contested notion, depending on one's beliefs

about society. However, many researchers see it as a function of news media to contribute “to a functioning, vibrant democratic society”¹⁰. Therefore, we will also analyse news media outlets on their contribution to democratic debate, which correlates with how journalism is produced¹¹. We bundle the type of news along with how much a type of media contributes to the public debate: highest, high, low, null.

- The highest value refers to the type of news that provides contextualised, editorially free information of specific democratic value (e.g. social, constructive, investigative, community, legal journalism). Because they produce such content, this category refers primarily to public interest news outlets.
- High value refers to the provision of general, standard news covering a diversity of topics and allowing readers to be informed of current events in a transparent and balanced way. Accuracy or trust-worthiness are elements worth applying to this and the category above.
- Low value refers to the provision of news and topics of less central relevance to democratic debate (e.g., popular culture, lifestyle) as well as to news items focusing on emotions or written in the form of polemics (e.g. tabloids). While they are legitimate subjects for reporting, they do not heavily contribute information to support the opinion-forming of readers, or have a low impact on citizens' democratic participation or, in the case of tabloids, could privilege polarisation over informed debate.
- Null value refers to news produced or relayed by media that are not free (e.g. propagandistic tools owned by non-democratic states, media openly voicing corporate interests). ‘Fake news’ and disinformation, which subvert journalistic editorial standards and are meant not to inform, but to mislead the public, are at the bottom of this list and arguably make a negative contribution to democratic debate.

Journalistic standards: Journalists and newsrooms apply strong deontology protocols which ensure their work is trust-worthy (i.e. balanced, contextualised, original) and not the reflection of their opinions. Organisations ensuring respect for these standards exist and hold journalists and newsrooms accountable¹².

Editorial content: any content that's designed to inform, educate or entertain in line with professional standards and oversight. It provides readers with data about a topic or explains something to them¹³. It falls under the responsibility of the editor and is understood as the opposite of advertising content.

Public interest¹⁴ news/media: media that is editorially free and independent, that exists to inform people on the issues that shape their lives, in ways which serve the public's rather than any commercial

¹⁰ Bachmann P et al. (2022). Defining and Measuring News Media Quality: Comparing the Content Perspective and the Audience Perspective, *The international Journal of Press/Politics*, Volume: 27 issue: 1, page(s): 9-37. Article first published online: March 25, 2021; Issue published: January 1, 2022

¹¹ NESTA. (2019). *The Cairncross review A sustainable future for journalism*

¹² Independent Press Standards Organisation, *What we do*, URL: <https://www.ipso.co.uk/what-we-do/>, Consulted May 2022

¹³ Scribemediacom, *Advertorial vs. Editorial Content: What's the Difference?*, URL: <https://scribemediacom/advertorial-vs-editorial/>, consulted March 2022

¹⁴ International Fund for Public Interest Media, *ifpim.org* consulted April 2022

or factional interest, to enable public debate and dialogue across society, and to hold those in power to account on behalf of the public interest. Generally, these media have a mission that indicates their importance for the public, and/or for the functioning of a democratic society¹⁵. (Examples may include media and newsrooms focusing on investigative journalism, or quality local and community media).

Infotainment, also called **soft news**: news content primarily meant for entertainment and which does not consider the broader political or societal implications of its subject; may include lifestyle and celebrity news¹⁶.

Advertorial content, also known as sponsored editorial content: material with similar qualities and format to content that is typically published by a content provider or on a third-party platform, but which is paid for by a third party¹⁷. Typically takes the form of advertising or sponsored content.

Clickbait: a sensational headline meant to attract readers to click on a story link. Headlines are not mainly informative but eye-catching and/or potentially misleading.

Fake news or disinformation: all forms of false, inaccurate, or misleading information designed, presented and promoted to intentionally cause public harm or for profit¹⁸.

1.2. Other important definitions

Attention economy: an economic model that has gained traction in the last two decades and that is based on considering a limited human attention capital within an ecosystem with an almost-infinite offer of inputs that fight to capture attention (mostly in the form of news, advertising and entertainment content). The model assumes that attention—time, as well as the actions carried out—guarantees monetisation based on the conversion of one's attention into relevant and privileged information for the collector and analyser of the same information (data)¹⁹. Refined analytics models allow the data gatherer to develop consumer profiles and target advertising.

Media consolidation: an economic logic and concrete process comprising the concentration of ownership in the media sector

¹⁵ Shot, E. (2020). *Income Models of Independent Media in Difficult Contexts*, Free Press Unlimited

¹⁶ Bachmann P et al. (2022). *Defining and Measuring News Media Quality: Comparing the Content Perspective and the Audience Perspective*, *The international Journal of Press/Politics*, Volume: 27 issue: 1, page(s): 9-37. Article first published online: March 25, 2021; Issue published: January 1, 2022

¹⁷ Hardy, J. (2021). *Sponsored Editorial Content in Digital Journalism: Mapping the Merging of Media and Marketing*, *Digital Journalism*, 9:7, 865-886

¹⁸ European Commission (2018), *A multi-dimensional approach to disinformation - Report of the independent High level Group on fake news and online disinformation*

¹⁹ Giraldo-Luque S and Fernandez-Rovira, C. (2021). *Economy of Attention: Definition and Challenges for the Twenty-First Century*, p 283 - 305 in : Park, S; Gonzalez-Perez, M; Floriani, D; Eliete (2021). *The Palgrave Handbook of Corporate Sustainability in the Digital Era*

Vertical integration: the result of convergence processes in media industries that result from agreements between different stages of the value chain, which may involve content owners and distribution channels in a prominent position²⁰. The strategy results in a company expanding to various stages of the value chain instead of relying on external suppliers/distributors.

Media convergence: a series of interlinked processes, both technological and market-driven, that have resulted in greater connectivity between media and the erosion of formerly fixed boundaries between types of content, content providers, distributors, or devices. Media convergence enables digital media formats (sound, text, and video) to no longer be restricted to a single device, and allows for an increasing number of media devices to represent a plurality of different formats, functions, and services²¹.

Media fragmentation: a splintering of consumers into numerous smaller groups spread across a range of news outlets in an increasingly diffuse media landscape.

Participatory processes: structures by which news outlets create a space for readers to engage with the content either actively (e.g., comment sections, forums...) or passively (e.g., share and reactions buttons).

Media monitoring: a pattern of news consumption defined by a constant, low-intensity scanning of the 24/7 media environment for relevant content. Closely related to the attention economy, and often juxtaposed with both recurrent periods of more demanding news use as well as ones of avoidance.

1.3. News media value chains

Definitions of the main actors and descriptions of different business models are provided as part of the value chain mappings and overview of the business models (Annex 1). Three separate value chains were established:

- Print news sector value chain.
- Digital news sector value chain.
- Broadcast news value chain.

²⁰ Vertical integration in media industries / M. Gambaro - In: Looking to the future of modern media management : changes, challenges, opportunities : IMMAA report 2007/2008 / [a cura di] C. Scholtz, U. Eisebeis. - Lisboa : Formalpress, 2008. - ISBN 978-989-8143-07-5.

²¹ Corinna Peil and Sergio Sparviero (2017). 'Media Convergence Meets Deconvergence.' In Media Convergence and Deconvergence, edited by Corinna Peil and Sergio Sparviero. London: Palgrave Macmillan.

2. Analysis of trends at the European Union level

Various trends are shaping the news media industry nowadays, with crucial effects on the supply and demand chains of the industry. This chapter will shed light on the emergence and development of these trends and will equally provide a quantitative picture of their importance. The objective of this chapter is to present the data and information gathered about the key market trends of the news media value chain, affecting the economic viability of the news media sector and its constituent sub-segments in the EU.

2.1. News media market: size, structure, business models and investments

2.1.1. Trends in market size

This section introduces general data about the news media sector in the EU.

The total EU-27 press and digital media sector revenues (excluding broadcast radio and TV news revenues²²) were estimated at €19.8bn in 2021, down **19.3%** from 2016, despite strong growth in revenues generated by digital press activities over the same period. Whilst digital press revenues grew by just over 50% between 2016 and 2021, this strong growth has not yet offset falling print news revenues, with total sector revenues declining at a rate of 4.2% per year over the same period. The decrease in print revenues is due to decreasing sales and advertising revenues (see figure below). To contextualize, the broadcast media in general did not suffer from such a sizeable decrease of revenues, but the effect of the pandemic can be observed nonetheless. In the case of the radio sector, revenues declined by 3.6% between 2016 and 2021, to a total value of around €8bn²³. The television sector had a smaller decline of 1.7% between 2016 and 2021, with a total value of €53.3bn. Much of these declines came in 2020 due to the impact of Covid-19, which compounded minor declines in 2019 after a period of slow growth between 2016 and 2018, with revenues for both the radio and television sectors beginning to bounce back in 2021.

²² Data on the news sector of the radio and television broadcasting, considered on a stand-alone basis, is not available. As it was found out, the radio and television broadcasting segments do not track their revenues specifically related to news activities. Thus, when relevant, the report provides data on the revenues of the radio and TV segments in their entirety, without a breakdown for the news-specific revenues. Further, it was found that in case of commercially funded media, in general, 'hard news' is not attractive to advertisers as the content may be challenging for audiences, so such news content is mainly funded from other commercial revenues including advertising around other programmes (for specialist news channels this may include travel or magazine programmes).

²³ PwC Global Entertainment and Media Outlook: 2021-2025, www.pwc.com/outlook, Oliver & Ohlbaum analysis and estimates

FIGURE 1. EU-27 PRESS AND DIGITAL MEDIA SECTOR REVENUES* 2016-21 (€BN)



Note: *Revenues exclude broadcast media due to a lack of available data at this stage. **Circulation revenues include subscription and individual purchases. ***Digital includes digital versions of traditional print newspapers and online-only newsbrands. ****Print includes traditional newspapers and newsmagazines

Source: PwC Global Entertainment and Media Outlook: 2021-2025, www.pwc.com/outlook, Oliver & Ohlbaum analysis and estimates

Along with revenues, total EU-27 news media sector employment has fallen, down 29.9% between 2008 and 2019 for a net decline of more than 307,000 employees. The process of newsgathering is more and more left to smaller newsrooms that also face the need to attract and retain larger audiences and adopt new content strategies. Although there are no data available for all EU Member States on the typology of positions that such employees are covering, there is interesting information available by sector, showing how newspaper printing was the most affected activity, with employment falling by more than 50%. The graph highlights the changes in employment by sub-sector. It shows how most sectors witnessed a significant decrease, particularly in the case of publishing journals and periodicals and retail of newspaper journals and periodical²⁴. On the other hand, overall employment in TV programming and broadcasting rose from 2016 onwards. Within news specifically, there is a potential future risk that downward trends in both employment and revenues could result in reduced spending on journalism and less high-quality news.

As a comparison, data on the U.S.²⁵ (where figures provided by the U.S. Bureau of Labour Statistics are more detailed and updated) shows a 26% drop in employment since 2008 (data refers to 2020), but while it plummeted in traditional newsrooms, it increased in the digital publishing sector. Newspaper newsroom employment fell 57% between 2008 and 2020, from roughly 71,000 jobs to about 31,000. At the same time, the number of digital-native newsroom employees rose 144%, from 7,400 workers in

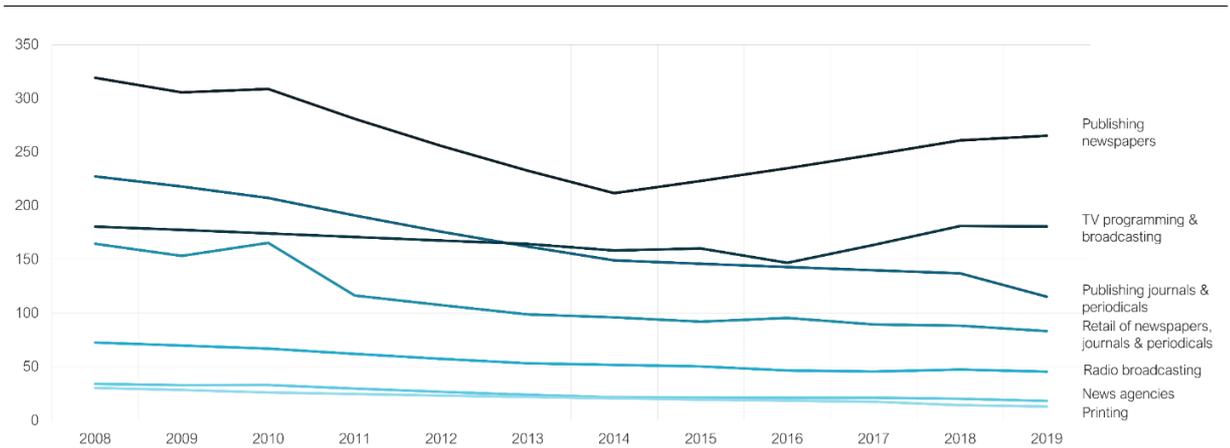
²⁴ 'Publishing newspapers' is shown to recover somewhat from 2014 – this line covers any organisation involved directly in the publishing of news content, via print or digital. But note that Eurostat changed its definition of enterprise and employment from legal unit to statistical unit, and this mainly made a difference to the reporting from Germany. As this is a large market, its reporting may have skewed the overall line shown. The number for Germany went from 388.7 to 440 thousands employed between 2014 and 2015.

https://ec.europa.eu/eurostat/databrowser/view/LFSA_EGAN22D__custom_5289127/default/table?lang=en

²⁵<https://www.bls.gov/ooh/media-and-communication/reporters-correspondents-and-broadcast-news-analysts.htm>

2008 to about 18,000 in 2020. At the same time, data from the UK confirms the same trend. The composition of jobs has been changing in the last ten years, with employment in web portals growing while newspaper publishing and newspaper printing employment experienced a rapid decline²⁶. The increase in digital-native newsroom employees does not compensate for the loss in newspaper newsroom employment yet.

FIGURE 2. EU-27 NEWS MEDIA SECTOR NUMBER OF EMPLOYEES BY ACTIVITY, 2008-2019 (THOUSANDS)



Note: Data is not available for 2020 at the time of writing. Includes both print and digital newsbrands.

Source: Eurostat, Oliver & Ohlbaum analysis and estimates

It is estimated that between 2008 and 2019, the number of enterprises active in the EU-27 news media sector fell by nearly one-third (29.1%), representing a loss of just over 39,000 enterprises (see figure below).

The activity registering the most important decline is the retail of newspapers, journals and periodicals, with the other activities maintaining relatively steady numbers. Therefore, it can be estimated that for all activities, apart from retail of newspapers, journals and periodicals, the size of newsrooms is shrinking (as the number of enterprises remains the same overall but the number of employees is decreasing).

Several trends that might explain part of this employment decline are emerging in academic literature and seem to be both commercial-driven and more structural. The commercial reasons that are driving the decline of employment are rooted in the declining revenues that the industry is facing, which is leading news organisations to save on costs through lay-offs while increasing productivity, a trend which has been accelerated by Covid-19.

Together with commercial reasons, structural issues such as the growing automation of editorial processes and the increase of freelancing activities are affecting journalists' employment. The automation of editorial processes reduces the need for some roles, and evidence suggests that the development of learning algorithms will lead to more advanced forms of automated news and that

²⁶ https://media.nesta.org.uk/documents/Nesta_Future_News_Fund_Research_Report_FA.pdf

journalists are showing a strong capacity to adapt to new technologies. To safeguard and refocus investment on the jobs in the sector that are deeply 'journalistic', including investigative journalism, news outlets and journalists have to adapt how they report and distribute the news in the digital world. Such skills, especially IT and digital, become even more important if cross-referenced with the increased velocity of the news cycle and the adoption of artificial intelligence and machine learning methods for fact-checking²⁷.

Academic research is also focusing on another relevant trend in journalistic employment: freelancing. Although the available data doesn't allow for a complete analysis, some exploratory studies are starting to give a more precise image of the phenomenon. A recent study focused on Germany²⁸, which conducted 137 interviews with freelancers, shows that their income is lower than regularly employed journalists, although they tend to work for multiple outlets. Another study²⁹, focused on Germany as well, showed that journalist freelancers were one of the professional categories most severely hit by the Covid crisis. The average annual income of freelancers decreased by 25% in 2020, with more than two thirds of freelancers reporting a decline in work assignments and one in ten no longer receiving any work at all. Available data for other European countries suggests that the situation is not much different. In Italy for example³⁰, research found that more than 41% of freelance journalists are forced to have a second job outside professional journalism to meet their financial needs. More than two thirds of them are paid only if the article is published, with 68% of freelancers earning less than 10,000 euros net a year. In this context, European industry associations such as the European Federation of Journalists³¹ (EFJ) are calling for broader protection of freelancers' rights, including collective bargaining rights, broader protection from unfair competition and additional training.

Regarding the number of enterprises in the news media sector, it can be seen that the sub-sector registering the most relevant decline is the retail of newspapers, journals and periodicals, with the other sub-sectors maintaining relatively steady numbers. Therefore, it can be estimated that in the print sector newsrooms tend to shrink (as the number of enterprises remains the same overall but the number of employees is decreasing). Retailers suffer from the decrease in printed media circulation, most likely a consequence of increased digital consumption of news.

FIGURE 3. EU-27 NEWS MEDIA SECTOR NUMBER OF ENTERPRISES BY ACTIVITY, 2008-2019 (THOUSANDS)

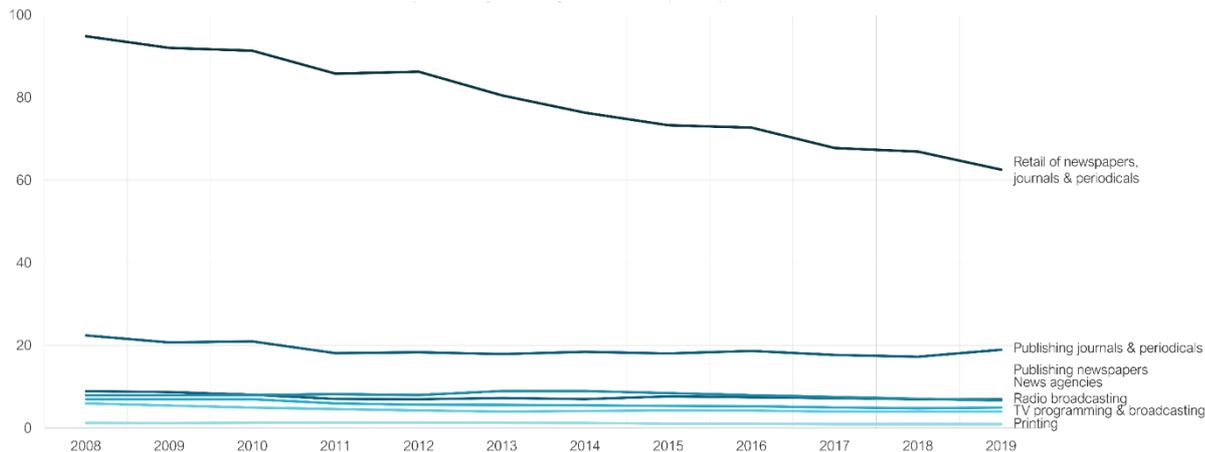
²⁷ <https://online.sbu.edu/news/journalism-in-the-digital-age>

²⁸ <https://journalistik.online/en/edition-012018-en/the-future-is-freelance/>

²⁹ <https://europeanjournalists.org/blog/2021/03/04/germany-freelancers-in-urgent-need-of-long-awaited-financial-support/>

³⁰ <https://it.ejo.ch/cultura-professionale/condizioni-lavoro-freelance-media-italia>

³¹ <https://europeanjournalists.org/policy/freelance/>



Note: Data is not available for 2020 at the time of writing. Includes both print and digital newsbrands.

Source: Eurostat, Oliver & Ohlbaum analysis and estimates

Looking at start-up funding, the sector has been on a slow growth especially compared to other sectors where venture capital funds have increased significantly. This indicates relatively low interest in media enterprises, except for those leveraging AI, which are very attractive to funders (see The expenditures on news are translated into news programming in public service media in the TV and radio sectors. In 2020, news programming accounted for 26% of EU public service media TV hours and 20% of EU public service media radio airtime; news is the most prominent genre on public service media TV, and second on the radio after music. The news made up more than one-fifth of public service media TV & radio output hours as shown in the figure below. Considering the expenditure on news of public service media, it shows that producing original news content is a costly activity for public service media outlets, especially for the radio sub-sector which spends over half of its resources to produce news that represent 20% of the content broadcasted (Error! Not a valid bookmark self-reference.).

FIGURE 17 and EU27 (after visual arts and music), with an estimated 91 million dollars of venture capital and private equity investments between 2010 and 2021 (see Figure below).

).

Overall, the news media sector has been facing a difficult decade, especially actors in the printing and retail part of the value chain, while TV and radio broadcasters have weathered better. Only players in digital-only media have enjoyed constant growth in revenues. The following sections will look at the trends that are shaping the industry and the business models that have emerged out of the transition period (mostly) due to the digital transformation of the sector.

BOX 1. DIGITAL-BORN MEDIA

Digital-born media are pure players that produce and deliver news online. They are part of the wider digital news media, which also includes the online version of physical newspapers and broadcast tv and radio. Digital-born media can produce and deliver news across formats: video, radio, newsletters, etc.

Their presence is limited to the digital world. Some digital born media have been very successful in attracting audiences. Often, they have been spearheading new journalistic practices³² such as mixing delivery formats, editorial analytics³³ or by engaging through social media. Yet, their market share is difficult to establish, as the number and the revenues of digital born and legacy media are not differentiated by the indicators.

Digital-born media have generally benefitted from the absence of legacy costs, having not made or had to maintain investments in printing or broadcasting capacities. The business model of digital born media tends to be ad-based, as on average 94% were free to access in 2019 in a selection of countries³⁴ while only 2.8% implemented a hard paywall.

The consumption of digital-born media is more common among individuals with a lower level of trust in news media³⁵. In general, younger citizens (25-44) are most likely to read news from digital sources, although online consumption has grown among all age groups (see *The shift TOWARDS AN ATTENTION-BASED ECONOMY, INCREASINGLY RELIANT ON MORE LIGHTWEIGHT CONTENT FORMATS, HAS NOT AFFECTED ONLY THE DIGITAL SIDE OF THE NEWS MEDIA SECTOR. PART OF THE ENDURING POPULARITY OF TELEVISION NEWS, IN PARTICULAR, MAY BE EXPLAINED BY ASPECTS OF BROADCASTING THAT ARGUABLY ANTICIPATED PARTS OF THIS DEVELOPMENT. EUROPEAN BROADCASTING HAS SEEN NEWS PROVIDERS GRAVITATE IN INCREASING NUMBERS TOWARDS THE PRODUCTION OF INFOTAINMENT – AN ECLECTIC BLENDING OF POLITICAL INFORMATION WITH ENTERTAINMENT CONTENT – SINCE THE LATE 1980S, WHEN MOST EUROPEAN COUNTRIES OPTED TO RELAX GOVERNMENT REGULATIONS IN A MOVE THAT OPENED THE DOORS FOR UNPRECEDENTED COMPETITION BETWEEN PUBLIC AND COMMERCIAL BROADCASTERS.*

WHILE A STRONG LINK IS COMMONLY HELD TO EXIST BETWEEN INFOTAINMENT AND MEDIA COMMERCIALISATION, EVIDENCE FROM RECENT RESEARCH INDICATES THAT ELEMENTS OF THE INFOTAINMENT FORMAT HAVE BECOME INCREASINGLY COMMONPLACE IN PUBLIC SERVICE BROADCASTS TOO. NOTABLY,

³² European Federation of Journalists, Digital Journalism & New Business Models, 2019

³³ Editorial Analytics: How News Media are Developing and Using Audience Data and Metrics. Reuters Digital News Project 2016

³⁴ Finland, France Germany, Italy, Poland, UK, US. As seen in <https://www.pwc.com/gx/en/entertainment-media/outlook-2020/perspectives.pdf>

³⁵ Richard Fletcher and Sora Park (2017). 'The impact of trust in the news media on online news consumption and participation.' *Digital Journalism* 5 (10): 1281-1299. <https://doi.org/10.1080/21670811.2017.1279979>

A COMPARATIVE STUDY OF THE NARRATIVE STRUCTURE OF TELEVISION NEWS IN SPAIN, IRELAND, AND THE NETHERLANDS FOUND THAT INFOTAINMENT TECHNIQUES - SUCH AS STYLISTED TRANSITIONS, EXTENSIVE USE OF MUSIC, AND ELABORATE CAMERA MOVEMENT TECHNIQUES - ARE STILL OVERALL MORE LIKELY TO BE USED IN PRIVATE BROADCASTING. YET, THE RESEARCH SUGGESTS THAT THE FORMAT HAS ALSO BECOME INCREASINGLY PRESENT IN PUBLIC SERVICE BROADCASTS, ESPECIALLY IN COUNTRIES WITH A HIGHLY COMPETITIVE MARKET BETWEEN TELEVISION CHANNELS. WHILE THE TREND IS THEREFORE CLEARLY SUBJECT TO CIRCUMSTANCES SPECIFIC TO INDIVIDUAL NATIONAL MEDIA MARKETS, AND COMMONLY RESULTS FROM INCREASED MARKET PRESSURE, IT IS NOT LIMITED ONLY TO MEDIA ORGANISATIONS RELIANT ON ADVERTISING REVENUES. FOR EXAMPLE, SPANISH PUBLIC SERVICE NEWS BROADCASTS INCLUDE ON AVERAGE GREATER TRACES OF INFOTAINMENT THAN THEIR DUTCH EQUIVALENTS, EVEN IF THE FORMER IS PUBLICLY FUNDED AND PROHIBITED BY THE COUNTRY'S AUDIOVISUAL LAW FROM CARRYING COMMERCIAL COMMUNICATIONS (EXCEPT FOR SPECIFIC CULTURAL OR SPORTS EVENTS OF A PUBLIC NATURE).

WHAT THIS SUGGESTS IS THAT INFOTAINMENT IS SEEN ACROSS THE EUROPEAN BROADCASTING SECTOR TO HOLD AN IMPORTANT ROLE IN THE CREATION OF ATTRACTIVE NEWS PRODUCTS AND THAT ITS STRATEGIC SIGNIFICANCE STRETCHES BEYOND FINANCIAL CONCERNS TO ENSURING A GREATER GENERAL REACH AND RELEVANCE FOR TELEVISED CONTENT. THIS HAS RESULTED IN SOME COMMUNICATIONS SCHOLARS EXPRESSING CONCERN OVER A POSSIBLE COGNITIVE AND SOCIETAL DEVALUING OF BROADCAST NEWS, ARTICULATED MAINLY IN THE BELIEF THAT THE SENSATIONALIST QUALITIES OF INFOTAINMENT ARE TRIVIALISING PUBLIC AFFAIRS INTO A SHALLOW AND DISTRACTING ENTERTAINMENT SPECTACLE, THUS UNDERMINING THE ABILITY OF CONSUMERS TO ACQUIRE THE FACTUAL POLITICAL KNOWLEDGE NECESSARY FOR INFORMED OPINION FORMING AND ENCOURAGING A GENERAL APATHY TOWARDS ACTIVE CIVIC PARTICIPATION. HOWEVER, WHILE RESEARCH ON WHETHER

INFOTAINMENT EXPOSURE HAS EITHER SIGNIFICANT NEGATIVE OR BENEFICIAL LEARNING EFFECTS REMAINS INCONCLUSIVE AND LARGELY ANECDOTAL, SOME RESEARCH HAS SOUGHT TO DEMONSTRATE THAT ITS ABILITY TO EVOKE HIGHLY EMOTIONAL RESPONSES IN VIEWERS CAN HAVE A MINOR POSITIVE IMPACT ON MESSAGE COMPREHENSION AND RECALL AND THAT THE FORMAT MAY AID IN ENCOURAGING A GREATER INTEREST IN PUBLIC AFFAIRS AMONGST LESS INFORMED AUDIENCE SEGMENTS. INFOTAINMENT MAY THEREFORE CONTRIBUTE SOMEWHAT POSITIVELY TO DEMOCRACY AND POLITICAL ENGAGEMENT WHILE PRESENTING LEGACY BROADCASTERS WITH A FORMAT THAT ALLOWS THEM TO COMPETE WITH DIGITAL NEWS BY PROVIDING AUDIENCES WITH ATTRACTIVE NEWS OFFERS, ALTHOUGH IT REMAINS DIFFICULT AT PRESENT TO ASSESS TO WHAT EXTENT THIS MAY HOLD IN THE LONG TERM.

TURNING TO THE REACH OF ONLINE NEWS SOURCES, THE AVERAGE PROPORTION OF THE EU-27 POPULATION READING ONLINE NEWS INCREASED FROM 47% IN 2013 TO 64% IN 2021 (SEE FIGURE BELOW). CITIZENS AGED 25-44 ARE THE MOST LIKELY TO READ NEWS FROM DIGITAL SOURCES, WHILST OLDER GENERATIONS AGED 65 AND OVER ARE THE LEAST LIKELY. WHILE YOUNGER AGE GROUPS HAVE BEEN THE GREATEST ADOPTERS OF ONLINE NEWS SO FAR, THE TREND OF STRONG GROWTH IN THE PROPORTION OF PEOPLE READING ONLINE NEWS HAS BEEN CONSISTENT AMONG ALL AGE GROUPS OF EU-27 CITIZENS. THIS IS ATYPICAL FOR THE ONLINE MEDIA LANDSCAPE WHERE GROWTH IN THE UPTAKE AND CONSUMPTION OF NEW MEDIA SOURCES IS TYPICALLY FASTER IN THE YOUNGER AGE GROUPS. THIS INDICATES THAT ONLINE NEWS IS NOW WELL ESTABLISHED AND, IF ONE LOOKS AT THE SITUATION IN TERMS OF THE TIME AND ATTENTION SPENT BY THE AVERAGE CONSUMER ON EACH MEDIA FORMAT DAILY, IT APPEARS TO BE IN AN EVEN STRONGER POSITION.

). However, it is unknown what share of this consumption goes specifically to digital-born media.

Trust-perceptions on digital-native media are not available, although results on low trust towards the internet in general might suggest a more sceptical attitude towards online media overall. This

hypothesis is supported by a study finding that there is a trust gap between news found via digital platforms, which tends to be lower than general levels of trust in news media.³⁶

When successfully leveraging distributors and audiences, digital-born news media outlets can attract a sizable readership. Notable examples, such as El Confidencial in Spain, Il post in Italy,³⁷ for example, pursue business models based on a mix of advertising, e-commerce and readers' payments. However, it is unclear if such successes are stable in an ever-moving environment³⁸.

With all that, traditional media continues to have a larger reach in comparison to digital native outlets considering the top players in our country selection.

Costs

Producing original news is a costly activity. In the case of PSM, the radio segment spends over half of its resources to produce news, which represents 20% of broadcast content (The expenditures on news are translated into news programming in public service media in the TV and radio sectors. In 2020, news programming accounted for 26% of EU public service media TV hours and 20% of EU public service media radio airtime; news is the most prominent genre on public service media TV, and second on the radio after music. The news made up more than one-fifth of public service media TV & radio output hours as shown in the figure below. Considering the expenditure on news of public service media, it shows that producing original news content is a costly activity for public service media outlets, especially for the radio sub-sector which spends over half of its resources to produce news that represent 20% of the content broadcasted (**Error! Not a valid bookmark self-reference.**).

FIGURE 17 as regards TV and Radio PSM news programming).

The main cost of production is employment costs, which have been relatively stable in the 9 countries considered for this study, between 2015 and 2021. The employee costs compared to other costs complements information and data about the average cost of employees compared to the national average. In the countries studied, the share of media employees' cost has seen a minor growth in the press sector and a more pronounced increase in television and radio broadcasting in the years considered. It is notable that this increase is driven by Hungary, Poland and Bulgaria while in other countries the costs remained stable. These metrics highlight the cost of employment for news media organisations, although in general a sufficient pool of journalists and support services (such as marketing) is essential to produce quality news.

Beyond journalistic costs, distributing news is more costly for newspapers that have to weather the increased costs of paper and cost inflation along the print supply chain. Meanwhile, the retail sector has

³⁶ Camila Mont'Alverne et al., 2022. The Trust Gap: How and Why News on Digital Platforms Is Viewed More Sceptically Versus News in General.

³⁷ Bron Maher, "Il Post: How a New Type of News Brand for Italy Attracted 50,000 Paying Members," Press Gazette (blog), February 17, 2022, <https://pressgazette.co.uk/news/interview-il-post-luca-sofri>; Foer, F. 2017, World Without Mind: The Existential Threat of Big Tech, Penguin, London

³⁸ In 2018, Upworthy laid off over 30 staff members and in 2020, BuzzFeed, Vice, Vox, and HuffPost announced furloughs and layoffs.

particularly suffered from the decrease in physical consumption of journals, periodicals and newspapers. The production of digital content is more cost-effective and, coupled with much easier distribution, these are the main drivers behind the vitality of the segment. Acquiring an off the shelf tech stack, instead of developing it in-house, can be a further force for cost reduction. The increased acquisition of off-the-shelf tech stack, instead of in-house development, is another trend that helps digital media cut their costs.

2.1.2. Trends in market structure

The news media sector is characterised by a large number of companies, the overwhelming majority of which are small and micro sized. Available data suggests there were 42,696 news media companies in Europe in 2019.³⁹ The news media sector has seen a decrease in the number of companies in the previous decade, marked by an important downturn in the physical retail sector. Companies publishing print newspapers have suffered while there has been a move towards online activities and consumption (see FIGURE 3 above).

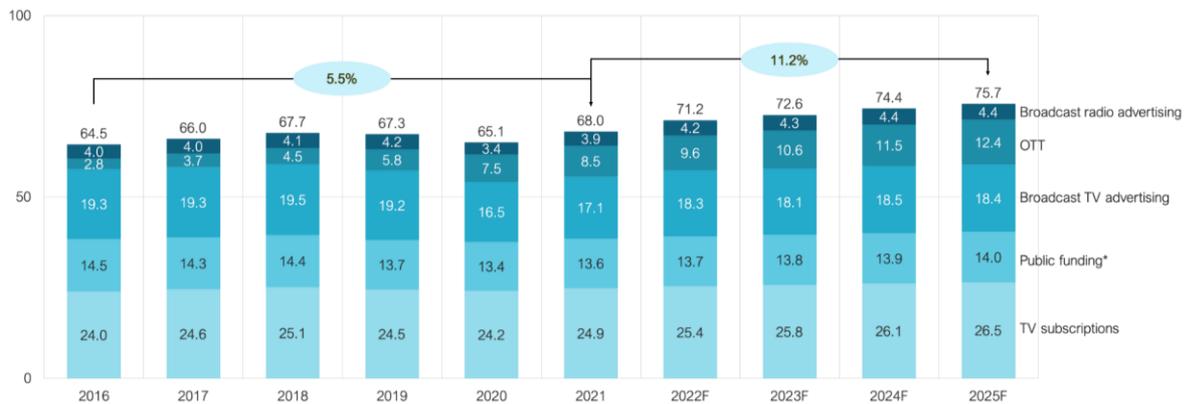
We observe a similar pattern in the number of employees in these different activities (see FIGURE 2 above). An important factor in the decline in employment in the printed press segment is the change in consumption patterns, which has led advertisers to focus their budgets increasingly on digital spaces. As a result of this and declining circulation revenues, printed press actors have seen their revenues shrink rapidly and have had to adapt their activities and their business model (see The total EU-27 press and digital media sector revenues (excluding broadcast radio and TV news revenues) were estimated at €19.8bn in 2021, down **19.3%** from 2016, despite strong growth in revenues generated by digital press activities over the same period. Whilst digital press revenues grew by just over 50% between 2016 and 2021, this strong growth has not yet offset falling print news revenues, with total sector revenues declining at a rate of 4.2% per year over the same period. The decrease in print revenues is due to decreasing sales and advertising revenues (see figure below). To contextualize, the broadcast media in general did not suffer from such a sizeable decrease of revenues, but the effect of the pandemic can be observed nonetheless. In the case of the radio sector, revenues declined by 3.6% between 2016 and 2021, to a total value of around €8bn. The television sector had a smaller decline of 1.7% between 2016 and 2021, with a total value of €53.3bn. Much of these declines came in 2020 due to the impact of Covid-19, which compounded minor declines in 2019 after a period of slow growth between 2016 and 2018, with revenues for both the radio and television sectors beginning to bounce back in 2021.

Figure 1 above).

Besides the downturn in revenues experienced by the printed press sector, companies and employees have enjoyed a more stable context in TV and radio broadcasting. Broadcasters' revenues are expected to increase, driven by TV subscriptions and advertising, highlighting the robustness of the advertising model for generalist broadcasters in the short-term.

³⁹ EU-27 total was not provided by Eurostat in case of news agencies, which was calculated by summing up the available data points. For other values, the Eurostat totals were used.

FIGURE 4 EU-27 TV AND RADIO SECTOR REVENUES, 2016-2025F (BN EUR)



Note: *Includes public TV and radio licence fees and equivalent broadcasting taxes and charges. Excludes taxes and charges not related to broadcasting (e.g. income taxes), even where they are used to fund TV and radio.

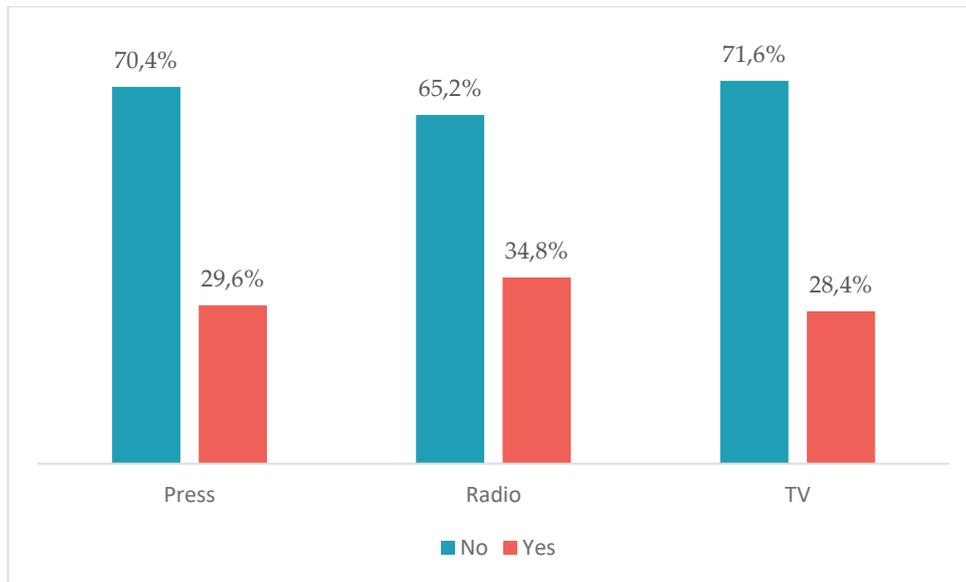
Source: PwC Global Entertainment and Media Outlook: 2021-2025, www.pwc.com/outlook, Oliver & Ohlbaum analysis and estimates

Market consolidation and concentration

The news media market is a complex one, historically made up of a multitude of small and local news providers. In recent decades, large newsbrand groups have emerged in Europe accompanied by a distinct market consolidation in some markets.

The figure below compares the main media subsectors, showing that out of companies having more than 10 employees or more than 1 million EUR of yearly turnout, round a third of all three subsectors (press includes both digital and print newspapers) have a presence outside their national market. The radio sector from our sample has a slightly larger outside presence.

FIGURE 5. COMPANIES WITH BRANCHES OR SUBSIDIARIES



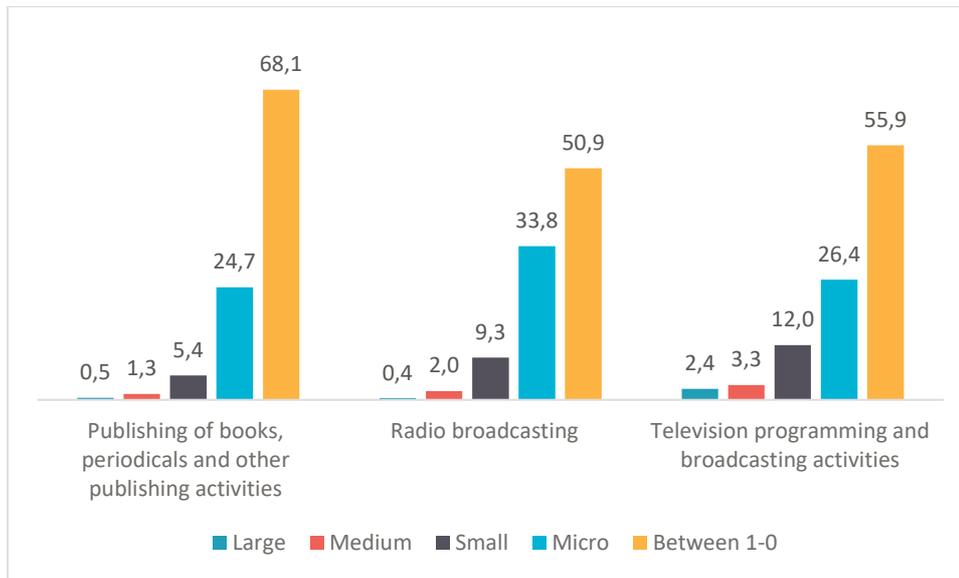
Note: *Includes companies with more than 1 EUR million revenue or more than 10 employees. Micro-sizes companies are excluded.

Source: Orbis company database

The market of news media is a complex one, historically made of a multitude of small and local news providers. In recent decades, large aggregations of newsbrands have occurred in Europe accompanied by a distinct market consolidation in some markets. Concentration, in terms of company size, is more apparent in television broadcasting. TV broadcasting is a portfolio business, where the larger the company, with more labels covering more genres and more markets, the more likely it is to be able generate enough 'hits' to cover the costs of the 'misses', and the more chance of generating a major 'hit' that can enjoy success in multiple markets. For generalist channels, news is part of providing a broad and comprehensive service that can generate mass audiences. (See figure below).

The following section presents the sectoral trend of mergers.

FIGURE 6. SEGMENTATION OF THE MEDIA SECTOR BY COMPANY SIZE, EU-27, (%)⁴⁰



Source: Eurostat

Market concentration mechanisms

Mergers and acquisitions among newsbrands have been at the forefront of news media sectoral changes in past and current years, notably prompting a European Audiovisual Observatory study on the transparency of media ownership⁴¹. The market consolidation that Europe has witnessed is likely the result of several causes and complex market dynamics. One of them is a reaction to the increasing role of new digital platforms (in 2019, large UK publishers depended on Facebook and Google for over a third of the traffic to their websites⁴²).

⁴⁰ Company size definitions are the following large enterprises have more than 250 employees, medium-sized enterprises have 249-50, small 49-10, micro have between 9-2 employees. Due to their relative size, companies with 1-0 employees have a separate category both here and in Eurostat published data. Furthermore, percentages may not add always up to 100%, as in some cases, size-segmented country data points are missing i.e some size categories' data was not provided.

Furthermore, the total number of enterprises, from which percentages was calculated, was taken from the aggregate number of enterprises, this way estimating better the percentage distribution of the size categories. EU-27 value for the number of enterprises with 19-10 employees in the television sector was estimated.

The segments used here are the most detailed categories made available by Eurostat. While there are corresponding NACE Rev.2 categories for the television and the radio sectors, our definition of the press sector is not accessible with regards to company size. Therefore, to approximate the size segmentation of the press sectors, we used the closest category available i.e. Publishing of books, periodicals and other publishing activities.

⁴¹ Cappello M. (ed.) (2021). Transparency of media ownership, IRIS Special, European Audiovisual Observatory, Strasbourg

⁴² UK Competition and Markets Authority, Online platforms and digital advertising market study, Annex S. The relationship between large digital platforms and publishers, 2020

Amid the digital disruption faced by the news media industry, digital platforms have emerged as key new intermediaries for distribution, while consumer demand for digital news and other media content and services has grown. While some of the legacy players were able to make efficient use of the new market opportunities by quickly proposing a digital offer⁴³, most of the traditional written press players found themselves unprepared in the face of the digital challenge and without the necessary resources to invest. Some European players are therefore looking to gather to reach sufficient scale to compete⁴⁴. Examples in France and Spain show that media concentration was justified as a key way for news media to digitise their offer and respond to readers' needs^{45,46}. "According to the players, the concentration movements in the media sector are justified in large part by economic imperatives considering the upheaval in usage brought about by the digital revolution".⁴⁷

Media concentration happens among newspapers but also often concerns large media groups that are active across outlets and/or countries⁴⁸. For example, evidence suggests some European media groups "are strongly vertically integrated into the value chain of audiovisual services: they are producing and packaging (TV channels and/or on-demand services) as well as distributing content."⁴⁹ Further, horizontal concentration, across subsectors, was also observed recently (see table below).

⁴³ KEA (2021) Research for CULT Committee, Research for CULT Committee – Europe's media in the digital decade, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

⁴⁴ NESTA. (2019). The Cairncross review A sustainable future for journalism

⁴⁵ Senat Français, Rapport de la Commission d'enquête sur la concentration des médias en France, 31 Mars 2022

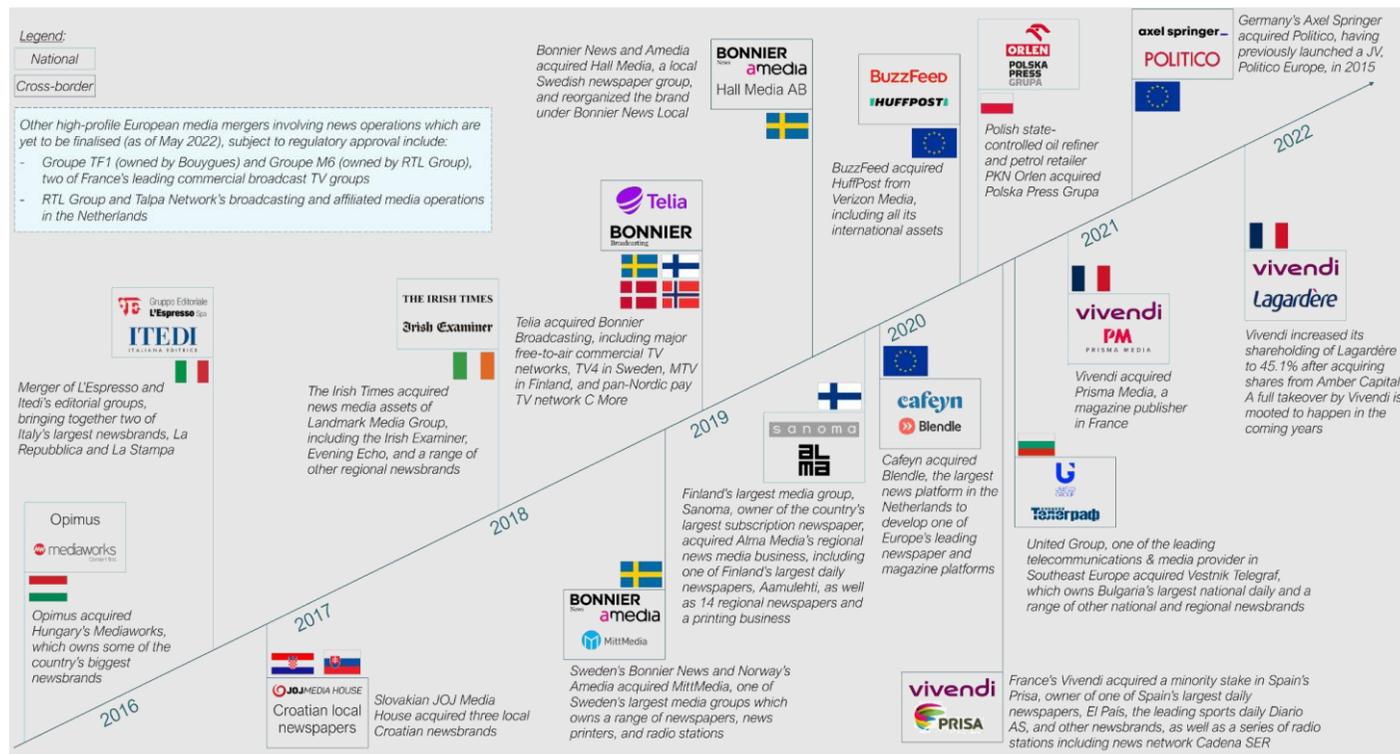
⁴⁶ García-Santamaría, José Vicente, & Pérez-Serrano, María José. (2020). Grupos de comunicación en España: madurez y profundas transformaciones en un final de ciclo. *Palabra Clave*, 23(4), e2345. Epub October 13,2020. <https://doi.org/10.5294/pacla.2020.23.4.5>

⁴⁷ French senate report. Senat Français, Rapport de la Commission d'enquête sur la concentration des médias en France, 31 Mars 2022, Tome I p.81. In French 'Les mouvements de concentration dans le secteur des médias sont justifiés, selon les acteurs, en grande partie par des impératifs économiques destinés à prendre en compte le bouleversement des usages induits par la révolution numérique.'

⁴⁸ Isabelle Krebs, Philipp Bachmann, Gabriele Siegert, Rafael Schwab & Raphael Willi (2021) Non-journalistic competitors of news media brands on Google and YouTube: From solid competition to a liquid media market, *Journal of Media Business Studies*, 18:1, 27-44

⁴⁹ Cappello M. (ed.). (2016) Media ownership - Market realities and regulatory responses, IRIS Special 2016-2, European Audiovisual Observatory, Strasbourg

FIGURE 7. TIMELINE OF SELECTED EUROPEAN NEWS MEDIA M&A ACTIVITY, 2016 – 2022



Source: authors

Mergers and acquisitions impact the news ecosystem, with recent high-profile consolidations, for example:

TABLE 1. SELECTED HIGH-PROFILE CONSOLIDATIONS BY SECTOR

Sector	M&A activity
Traditional print	Axel Springer acquisition of Politico, October 2021 News Corp acquisition of HMH Books & Media, May 2021
Broadcast	Proposed TF1 merger with M6, <i>abandoned following concerns raised by the French competition authority</i> RTL merger with Talpa Network, <i>pending competition clearance</i>
Digital -only	Buzzfeed acquisition of HuffPost, November 2020 Cafeyn acquisition of Blendle, July 2020

Source: authors

The rapid changes that affect the media supply chain have forced organisations to closely examine their internal processes, prioritising practices that are agile and flexible, and leveraging digital technology to fundamentally reinvent processes. As such, mergers may be a valid strategy to address challenges with investment, scale, and establishing synergies. However, deliberate patterns of consolidation can lessen the diversity in the offer and/or control of media; local markets with a single content offer are one example of this as a concern.

BOX 2. MEDIAHUIS – MEDIA CONSOLIDATION IN FLANDERS



The Mediahuis conglomerate was founded in 2014 after two Flemish publishers merged. This was subject to binding competition commitments that each publication would be preserved with a sufficiently developed editorial team, substantively controlled by their own editors in chief, and that the Antwerp title would have sufficiently developed regional and local reporting. Mediahuis has expanded to other European territories (the Netherlands, Ireland and Luxembourg) and other media types (TV, radio, sport, magazines, marketplaces).

In their 2019 study of news diversity at Mediahuis in Flanders⁵⁰, Hendrickx et al assessed around 3,000 print news articles from before and after the merger (2013 and 2018) and gathered qualitative data from observing one newsroom. They found that following the merger, overall news diversity significantly decreased. While the recycling of content appears to have already been a trend before the founding of Mediahuis, the study found that the consolidation of four newspapers under the same organisation accelerated the process, with reductions

⁵⁰ J. Hendrickx et al (2021). 'Why and How Higher Media Concentration Equals Lower News Diversity? The Mediahuis Case.' Journalism.

in newsroom sizes and some newsroom sharing, coupled with a homogenisation of content management systems, lowering barriers for the sharing of content between publications. The proportion of articles recycled between at least two papers in the Mediahuis group increased from 38.1% in 2013 to 50.8% in 2018. However, news recycling varies by title – it has been especially notable for the two smaller regional papers, which have become more dependent on content provided by the daily tabloid. The quality title maintained its level of news recycling since the merger. Genre is also telling – while the overall level of news recycling for domestic and foreign news increased slightly by 4-5%, it dropped by around 20% for political news and remained stable for economic news. On the other hand, recycling rose by around 20% for sports news and by over 30% for culture, media and science news.

Although some of these findings may have negative implications for media plurality, especially at the local level and in genres outside hard news, the trend should not be exaggerated; key public interest areas, such as political news, registered a decreased level of news recycling. It should also be examined whether operational streamlining, cost sharing and investment in digitalization have been facilitated by the merger and have positively impacted the sustainability of the titles concerned.

Beyond democratic worries around plurality of voices, from an economic point of view and in order to avoid the dominance of very large players or a significant lessening of competition, competition authorities are particularly vigilant. They assess closely market conditions before validating large mergers. One example is the decision by TV broadcasters TF1 and M6 in France to abandon their proposed merger in 2022, following an in-depth examination by the Competition Authority⁵¹.

The next section looks at how business models are evolving and what investments the industry is making.

2.1.3. Business models and investments

Legacy media is responding in different ways to monetisation challenges, varying from revenue diversification strategies between print and online, to advertising and reader payment business models, to specialised long-tail offers. Online commerce has significantly broadened customers' access to products, opening opportunities for publishers in niche markets⁵².

Emerging models and revenues diversification

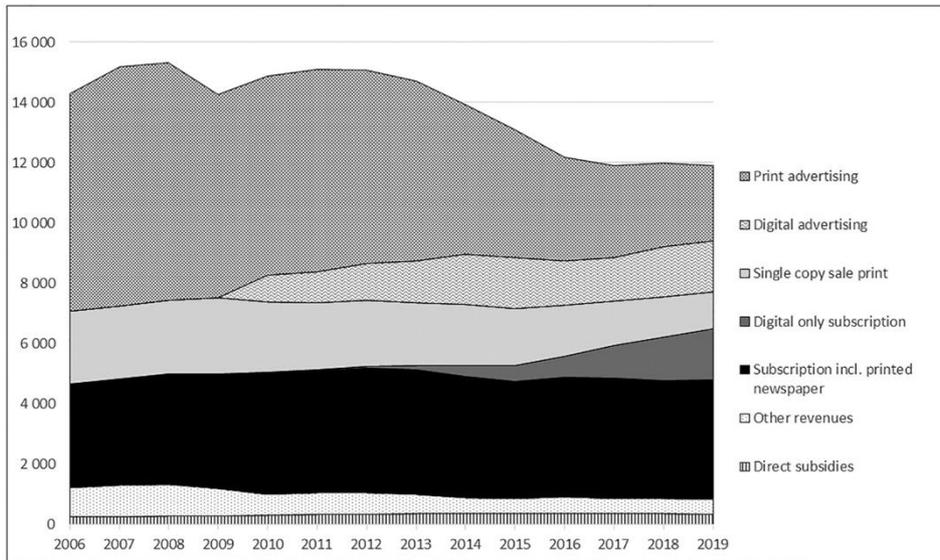
The way newspapers have turned their business a) from a print-only to a print and digital operation and b) from advertising only to a combined advertising, reader payment and donations model represents two distinct revenue diversification strategies in the industry. Revenue diversification can contribute to better business models but it does not automatically lead to a better economic performance. Although numerous studies have found that the most sustainable business models are

⁵¹ <https://www.autoritedelaconurrence.fr/en/communiqués-de-presse/tf1m6-autorite-de-la-concurrence-takes-note-decision-withdraw-its-planned>

⁵² <https://hbr.org/2008/07/should-you-invest-in-the-long-tail>

those with diversified revenue streams, several studies are challenging the simple assumption that revenue diversification leads to increased economic performance⁵³ as evidence is suggesting for the Norwegian Newspaper industry.

FIGURE 8. THE NORWEGIAN NEWSPAPER INDUSTRY’S REVENUE STREAMS 2006-2019 (M NOK)



Source: Ragnhild Kr. Olsen, Bente Kalsnes & Jens Barland (2021)

Newspapers diversifying from a print-only to a print and digital business are struggling to find a balance⁵⁴ and digital operations may reduce print circulation⁵⁵ as well as cannibalise newspapers’ print advertising business and print subscription revenues. As an example, a 2015 study focusing on 50 top US newspapers, shows that for every \$1 increase in online advertising (from 2005 to 2011) newspapers lost \$22 in print advertising finding that advertisers perceive print and online newspaper advertising to be substitutes, therefore with a negative correlation between them⁵⁶. While this study is not recent and was conducted outside Europe, we can observe a continuous decrease in advertising revenues for the printed press and a strengthening of digital news advertising revenues – although there are wider factors involved in display advertising trends and the shift in total revenues towards online, as discussed.

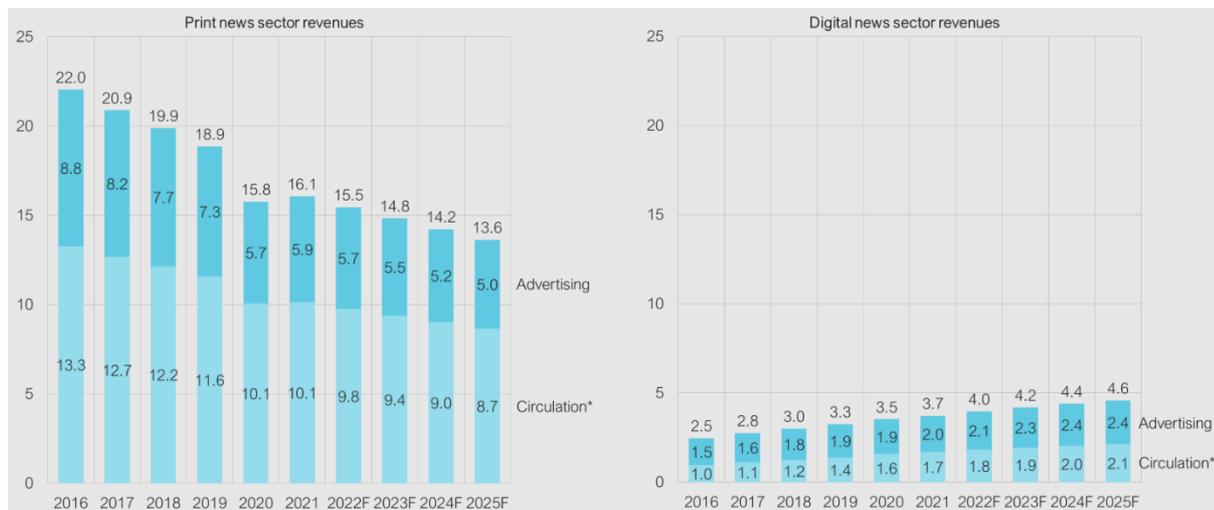
⁵³ Ragnhild Kr. Olsen, Bente Kalsnes & Jens Barland (2021) Do Small Streams Make a Big River? Detailing the Diversification of Revenue Streams in Newspapers’ Transition to Digital Journalism Businesses

⁵⁴ Thurman, N., R. G. Picard, M. Myllylahti, and A. H. Krumsvik. 2018. “On Digital Distribution’s Failure to Solve Newspapers’ Existential Crisis: Symptoms, Causes, Consequences and Remedies.” In *Routledge Handbook of Developments in Digital Journalism Studies*, edited by S. A. Eldridge II, and B. Franklin, p. 14. London: Routledge.

⁵⁵ Mierzejewska, B. I., D. Yim, P. M. Napoli, H. C. Lucas, jr., and A. Al-Hasan. 2017. “Evaluating Strategic Approaches to Competitive Displacement: The Case of the U.S. Newspaper Industry.” *Journal of Media Economics* 30 (1): 19–30.

⁵⁶ Sridhar, S., and S. Sriram. 2015. “Is Online Newspaper Advertising Cannibalizing Print Advertising?” *Quantitative Marketing and Economics* 13 (4): 283–318.

FIGURE 9. EU-27 PRINT AND DIGITAL NEWS SECTOR REVENUES, 2016-2025F (BN EUR)



Note: * Light blue: circulation; dark blue: Advertising

*Print circulation revenues include subscription and individual purchases

*Digital circulation includes consumer spending on digital editions of newspapers, including digital subscriptions and payments for newspapers delivered directly to connected devices such as a PC, tablet or smartphone, and including fees to access online content

Source: PwC GEMO, Oliver & Ohlbaum analysis and estimates

Considering the disruption brought by digitisation plus the Covid-19 pandemic, business, revenue and monetisation models in the news media industry are rapidly changing. Together with an analysis of specific emerging business models, some studies have tried to summarise the key elements that lead to economic success, which include^{57,58}:

1. collaboration strategies with other news media organisations, in the form of alliances and cooperatives, to reduce expenses and gain more value in the eyes of audiences and advertisers;
2. focusing on consumers and the development of new types of relationships with them;
3. technology investments aimed at launching new revenue strategies in the medium and long term;
4. an innovation mindset and the consequent pursuit of different business models aimed at specialisation to have a chance of success.

Aside from the exhaustiveness of such findings, it is interesting to point out how both academic and market research are increasingly focusing their attention on the analysis of business success factors and of new emerging ways of production, aggregation and distribution of content. In this context, news media organisations are urged to abandon their former business logic and radically transform their

⁵⁷G. Karpes da Silva, Business Model Innovation in the Online News Industry, Erasmus University Rotterdam 2015

⁵⁸ M. Rourke, Emerging Business Models for New Media, Innovation 2019

business models. This is particularly relevant for legacy media, which might struggle more to transition from radicalised traditional practices towards novel and digital models⁵⁹. Most academic research focuses on the difficulties faced by traditional organisations and their ability to innovate⁶⁰. The main findings highlight that although legacy media have continuously introduced innovations in certain elements of their business models, such as using mobile apps as new distribution channels, various innovation approaches often remain uncoordinated, implying that organisations concentrate on adapting specific elements rather than drastically changing the whole business model logic. Such an approach can be explained through path-dependency theories, meaning that path un-locking, or the drastic departure from a radicalised business approach, entails not only product innovation but more importantly innovation in value creation logic. At the same time, particularly among digital-born outlets, different innovative business models (often not exclusive) have started to appear⁶¹:

1. **Subscriptions:** several newspapers, mostly online only, are showing that models solely based on subscriptions can work. At the same time, legacy media outlets like The New York Times, although generating significant revenues from subscription plans, cannot be sustained by subscriptions alone.
2. **Paywalls** also come in different forms:
 1. **Hard paywalls:** blocks non-subscriber access to the whole publication. Some argue it is more suitable for niche content because there are fewer (free) substitutes and readers are more dedicated. There have been questions about viability for general news publications; when The Times introduced its paywall in 2010 it initially lost 90% of its website visitors but it has compensated for the loss over time by growing its digital revenues, in addition to print and other sources⁶².
 2. **Metered paywalls:** allowing users to read a number of articles for free per month, it personalises the experience by letting readers know what kind of content they can find and judge whether it is valuable to them.
 3. **Freemium paywall:** allows visitors to read articles for free with advertising but hides premium content, which is available only under a subscription.
3. **Donor Funding:** this typology of funding comes in various forms, ranging from philanthropic backing to corporate funding. Generally speaking, philanthropists give donations to moral causes, for example the founder of eBay Pierre Omidyar donated 100 million dollars through philanthropic investment firm the Omidyar Network, with the aim of supporting investigative journalism and fighting disinformation⁶³.
4. **Membership:** Membership of a media outlet allows members to not only gain access to content but to contribute to content creation, or to have an exchange with the journalists.

⁵⁹ Evens, T & Raats, T & von Rimscha, M. B. (2018). Business model innovation in news media organisations – 2018 special issue of the European Media Management Association (emma). *Journal of Media Business Studies*. 14. 1-6. 10.1080/16522354.2018.1445164.

⁶⁰ Horst, S.-O., & Järventie-Thesleff, R. (2016). Finding an emergent way through transformational change: A narrative approach to strategy. *Journal of Media Business Studies*, 13(1), 3–21.

⁶¹ European Federation of Journalists, *Digital Journalism & New Business Models*, 2019

⁶² Press Gazette, Ten years of the Times digital paywall: How Murdoch's 'big gamble' paid off, 2 July 2020

⁶³ CNBC, eBay founder pledges \$100 million to fight 'fake news', 5 April 2017

5. **Crowdfunding:** Some organisations invite people to donate for individual projects (on platforms like Kickstarter), and others ask their readers to give one-time or continued support. Examples of crowdfunded projects are De Correspondent in The Netherlands, which was dedicated to ‘unbreaking news’ and launched in 2013 after raising over one million euros (it ceased publishing in January 2021 when Covid-19 created demand for ‘immediate news’ and affected member ability/willingness to pay).
6. **Micropayments:** micropayments allow readers to pay for accessing a single article. An example is Blendle in the Netherlands, with licensed content from nearly every major news outlet in Europe and articles costing between 10 and 90 cents. Other news outlets, particularly in Austria (Der Standard and Kurier), are offering the possibility of paying to avoid ad tracking and cookies.

The number of people paying for news is slowly growing together with a future likelihood to pay amongst those who are not already paying⁶⁴ (in 2021, up 2pp in 20 countries). Yet this growth in digital revenues does not yet make up for declining legacy revenues⁶⁵. Furthermore, case studies considered to be extremely successful, like the New York Times, present double-sided consequences in terms of the strategies adopted to increase revenues from readers’ subscriptions. In the particular case of the New York Times, the newspaper is gradually accepting lower revenues per user, with the number of readers increasing proportionally more than the revenues from subscription plans, as highlighted by the PWC Global Entertainment & Media Outlook 2020-2024⁶⁶.

Generally speaking, paywalls are here to stay, with newspapers and news magazines across Europe moving away from digital news offered for free. Nevertheless, hard paywalls are extremely rare, even among newspapers, and many outlets (53%) remain free to access for users, with an overwhelming majority among digital-born outlets (94%)⁶⁷.

TABLE 2. PAY MODELS ACROSS COUNTRIES (NEWSPAPERS AND WEEKLIES ONLY) AND MEDIA TYPES, 2019

2019	Free access (%)	Freemium (%)	Metered paywall (%)	Hard paywall (%)	Average monthly price (€)	Netflix basic subscription price (€)	N
Finland	13.40	46.70	40.00	0	16.14	7.99	15
France	4.76	61.90	33.40	0	15.11	7.99	21
Germany	42.86	47.62	9.52	0	14.51	7.99	21
Italy	50.00	30.00	20.00	0	14.45	7.99	20
Poland	19.04	57.14	14.28	9.52	9.05	7.49	21
UK	66.67	5.56	16.70	11.20	17.45	6.90	18
US	32.03	0	65.51	3.45	11.93	8.04	29
Total	32.68	35.56	30.34	3.45	14.09	7.77	145

⁶⁴ Reuters Institute Digital News Report 2018. Nic Newman with Richard Fletcher, Antonis Kalogeropoulos, David A. L. Levy and Rasmus Kleis Nielsen

⁶⁵ Felix M. Simon and Lucas Graves (2019) Pay Models for Online News in the US and Europe: 2019 Update-

⁶⁶ <https://www.pwc.com/gx/en/entertainment-media/outlook-2020/perspectives.pdf>

⁶⁷ Ibid

2019	Free access (%)	Freemium (%)	Metered paywall (%)	Hard paywall (%)
Newspapers	30.65	33.06	33.06	3.23
Weekly newspapers and news magazines	42.86	38.10	14.29	4.76
TV	100	0	0	0
Digital-born	94.44	2.78	0	2.78
Total	52.53	23.58	20.75	2.83

Note: In the case of a combination of a metered model and premium content, the offer was coded as a 'metered paywall'. The total may differ from 100% due to rounding. Exchange rates on 23 April 2019 and 22 September 2017 respectively.

Source: Reuters institute. Pay Models for Online News in the US and Europe: 2019 Update

The tables above show significant differences in the typology of paywalls adopted both by media type and by country. We would note the low (in some cases null) existence of hard paywalls in European countries, and the preference for freemium models. Considering media types, newspapers and digital-born outlets opt for free or freemium models more often than weekly newspapers and news magazines.

Pay models are not evenly distributed across the nine studied countries and are tied to the individual circumstances of each market. Overall, in the countries considered, **freemium and metered approaches are dominant**, with hard paywalls only used by a small minority. While the fears about paywalls limiting access to quality information, with all the concomitant implications for democracy, seem disproportionate for now, the potential effects of paywalls on media access and plurality cannot be overlooked⁶⁸. On one side they can be seen as freeing media outlets from the power and influence of paid advertising, giving news providers a new sense of independence if they are able to rely solely on their readers for economic viability. *“There is absolutely a freedom to cover the kinds of stories we think are important because we’re not beholden to advertisers [or] tethered to page views. Obviously, we want our work to reach as many people as possible, but we don’t feel pressure to add a Justin Bieber headline just for the traffic”* (Sara Libby, The Voice of San Diego)⁶⁹. While quality news might be ‘trapped’ behind paywalls, free news spreads quickly online and reaches a wider audience. Free news also encompasses high-quality public service news. However it is unclear whether audiences are able to distinguish ‘good’ from ‘bad’ journalism. This leads to a concern that paywalls might aggravate misinformation by leaving the already disadvantaged in society with a reduced choice of reliable news sources.

It must also be noted that *“the shift towards consumer payments has not proven evident for all types of media organisations, therefore people’s willingness to pay for digital news is relatively low, and digital subscriptions are no sustainable model at this moment”*⁷⁰. In a context in which media organisations are offering their content via a multi-platform approach and traditional media companies are suffering from the pressure to re-allocate resources from their legacy business model, new opportunities for market disruption are arising. On one side, new business areas often imply partnerships with competitors, whether fellow

⁶⁸ <https://mediaengagement.org/research/the-ethics-of-news-paywalls/>

⁶⁹ Ibid

⁷⁰ Evens, T. (2018). Media economics and transformation in a digital Europe. In: d’Haenens, L. Sousa, H. & Trappel, J. (Eds.), Comparative Media Policy, Regulation and Governance in Europe. Unpacking the Policy Cycle (pp. 41-54). Bristol: Intellect

legacy media organisations or new players like news aggregation platforms (e.g. Facebook Instant Articles).

Together with changes in revenue models, newspapers are also catering to new markets with specialised long-tail offers, a trend which has been significantly fostered by Covid-19. According to a 2021 international survey by Reuters⁷¹, the pandemic has unexpectedly renewed confidence in journalism, as the general public increasingly looks for reliable information. The validation and value placed on fact-based reporting come against a backdrop of years of international criticism of the news media by populist politicians and critics of social media. In the early period of the coronavirus crisis, pieces of specialised journalism thoroughly explaining new developments to the general public strongly emerged. These pieces showed innovation in the way information was presented and explained, through a highly-skilled combined approach of fact-finding and data visualisation of complex scientific matters⁷².

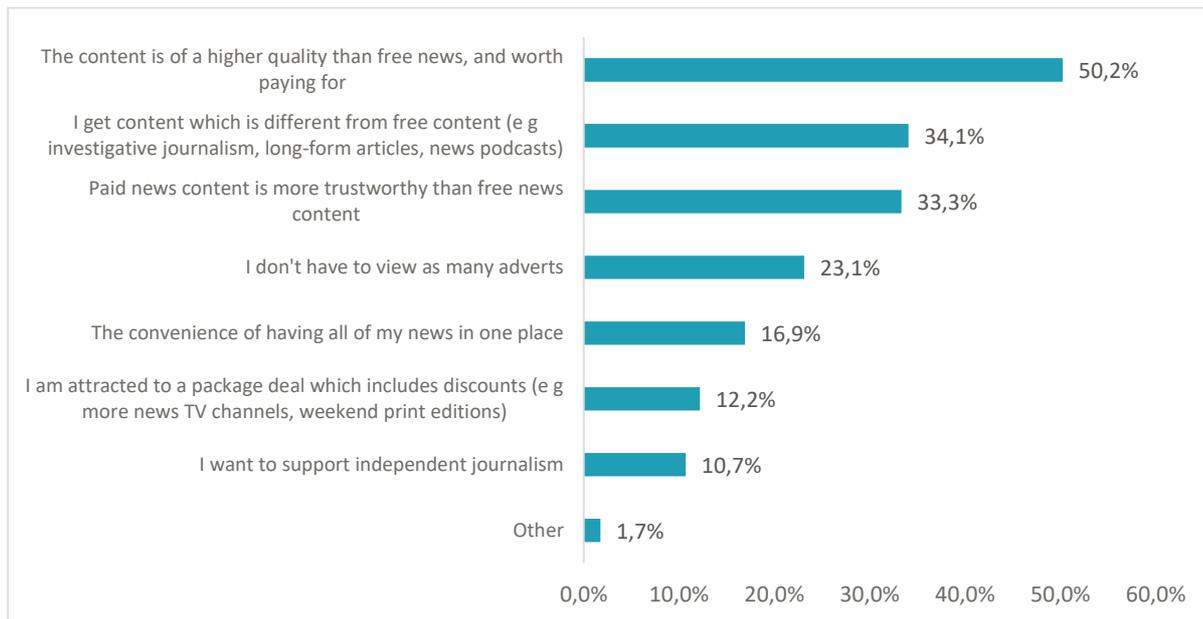
Finally, our citizen survey showed that 45.8% of respondents paying for news have a paid online subscription to access news content and 34.6% have a pay-TV subscription. After these two most popular methods, print-only subscription (22.1%), one-off purchases of print newspapers (21.6%) and bundled online and print subscriptions (17.2%) are the next group of popular methods. It remains that a majority of surveyed citizens did not pay for news.

Half of the respondents who pay for news stated that they do so because they believe it provides them with higher quality news. The next two most popular reasons to pay were selected by around one-third of the respondents, were that they pay for content that was not otherwise available (34.1%) or because they believed paid news was more reliable (33.3%). The survey also asked non-paying respondents about their reasons for not paying. The majority (68.7%) believed that news should be free, and almost half (47.5%) reported that they were content with their free news sources..

⁷¹ Reuters Research. (2021)., Journalism, media and technology trends and predictions 2021, <https://reutersinstitute.politics.ox.ac.uk/journalism-media-and-technology-trends-and-predictions-2021>

⁷² Ibid

FIGURE 10. THE MAIN STATED REASONS FOR PAYING TO ACCESS NEWS CONTENT INSTEAD OF USING FREE TO ACCESS NEWS SOURCES ONLY, CONSUMER SURVEY, 2022



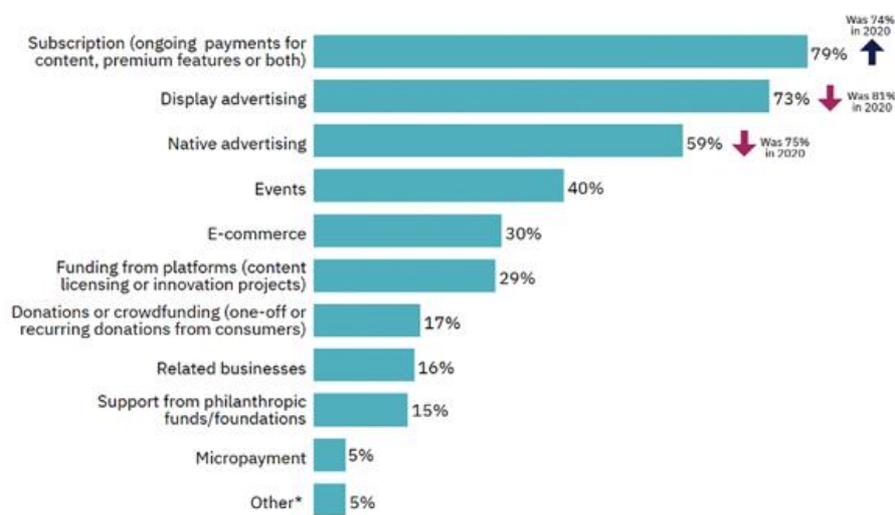
Focus on the subscription model

A general overview of the main revenue focus of news organisations in 2022 shows the increasing importance of digital subscription and membership models, which have been boosted by the Covid-19 pandemic. As an example, The New York Times now has 8.4 million subscriptions, of which 7.6 million are digital, putting it on track to hit its 10 million target by 2025⁷³. Even if with a smaller readership, Covid-19 boosted subscription plans also for European newspapers such as El Pais in Spain, which reached 100,000 digital subscribers in only 12 months after creating their digital offer, and Bild in Germany, with 540,000 digital subscribers and over 70% of their website traffic being direct, with relevant consequences for both monetisation and brand recognition⁷⁴.

⁷³ New York Times Third Quarter Results: <https://www.nytimes.com/2021/11/03/business/media/new-york-times-3q-earnings.html>

⁷⁴ <https://www.twipemobile.com/surprising-subscription-growth-across-the-world/>

FIGURE 11. MAIN REVENUE FOCUS OF COMMERCIAL PUBLISHERS, 2022



Q7. Which of the following digital revenue streams are likely to be important or very important for your company in 2022? Choose all that apply. Base: Commercial publishers only. N=216. * Other = selling technology, parcel distribution, funding for fact-checking, content syndication (and public funding).

Source: Reuters Institute, 2022

A Reuters Institute research report⁷⁵ shows that subscription became the number one priority (79%) for commercial publishers in 2022, ahead of display advertising (73%) and native advertising (59%), events (40%) and funding from platforms (29%), which has grown significantly over the last year. At the same time, subscriptions might not be the perfect model for every type of news organisation as some may not be willing to put their content behind a paywall or would not reach a sufficient number of subscribers to maintain revenues. Publications such as BuzzFeed and Vox are pursuing models based on a mix of advertising, e-commerce and reader payments. Many publishers are citing on average three or four different revenue streams to be their primary focus for the coming years, showing that there is no one-size-fits-all model and confirming the importance of revenue diversification. Although subscription models are gaining traction in terms of economic viability, free models will also be important in guaranteeing broad access to a plurality of quality media. Reuters⁷⁶ indicates that many news media industry stakeholders (47%) worry that subscription models may be pushing journalism towards superserving richer and more educated audiences and leaving others behind. As a way to counter such potentialities, several news organisations are putting in place specific innovative measures like:

1. Open access initiatives: conceived as a way to counter critiques about growing information inequalities. In Europe, examples include newspapers like Politiken in Denmark which is extending schemes offering free access for students at educational institutions; or countries like Portugal which allocated lottery funding to fund 20,000 free digital news subscriptions to eight newspapers.

⁷⁵ <https://reutersinstitute.politics.ox.ac.uk/journalism-media-and-technology-trends-and-predictions-2022>

⁷⁶ <https://reutersinstitute.politics.ox.ac.uk/news/public-service-media-are-struggling-reach-younger-less-educated-audiences-and-risk-decline-and>

2. Product extensions and bundling: these are mostly being used by news outlet to retain the subscribers gained during the pandemic. Cut-price offers and differential pricing are adopted by some, but others are looking to develop new premium products to encourage tie-in. Other publishers are looking to bundle paid podcasts and audio books.

As a general trend, it has been argued by the American Press Institute Media Insight Project that *"the future of journalism will increasingly depend on consumers paying for the news directly, as content distributors like Facebook and Google take up the lion's share of digital advertising dollars"*⁷⁷. A possible key impact of such a change would be the differentiation in the quality and variety of content accessible for consumers that may not be able to pay for news. In this light, public service media and news from private broadcasters are important as part of the news ecosystem as they offer high-quality content for all.

Advertising and programmatic ads

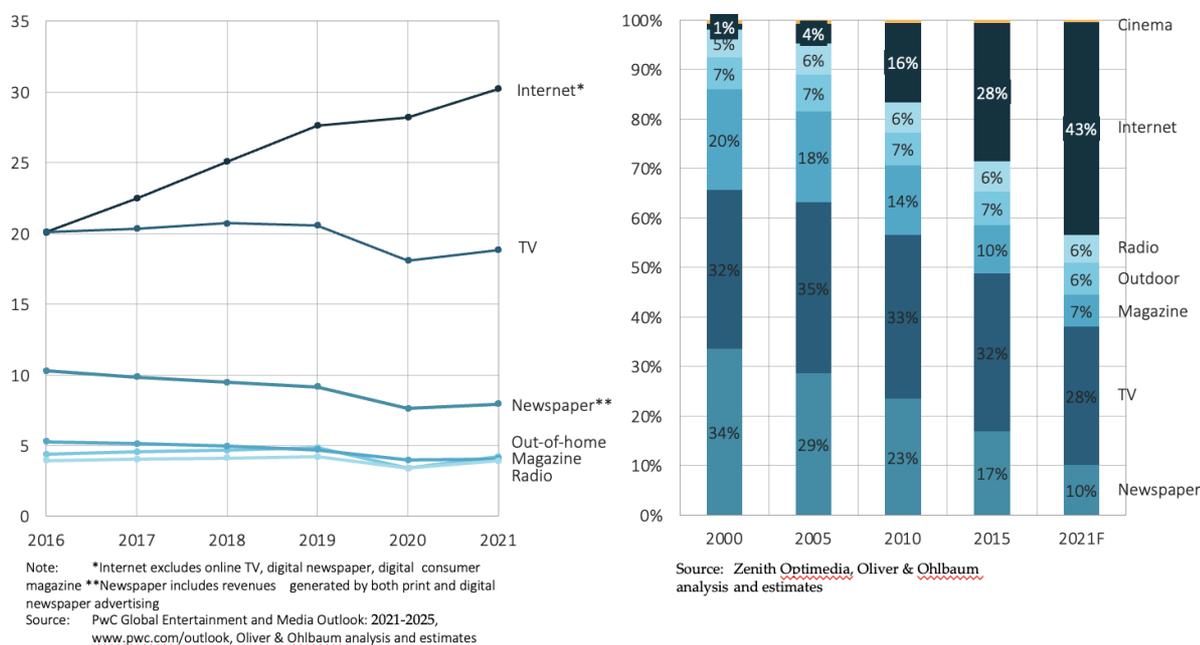
The EU-27 advertising sector experienced continued growth from 2016 to 2021, amounting to €65bn in 2021. The fastest growing segment was internet advertising, which grew at a rate of 8.5% per year from 2016, reaching €30bn by 2021, representing a total uplift of 50.7% over the period (see figure below).

At the same time, advertising revenues for newspapers (including both print and digital newspaper advertising), have declined by c23% between 2016 and 2021. This is largely due to declining print news advertising revenues, which fell by nearly one-third over the period. Digital news advertising revenues grew significantly in the same period, but have not yet mitigated the decline in print news advertising revenues. The pandemic played a part, with total newspaper advertising revenues dipping in 2020 and not fully recovering afterwards, potentially accelerating the existing trends.

Recent years only show part of the story. Newsbrands' share of total EU-27 advertising spend fell from 34% in 2000 to 10% in 2021 – it has fallen by more than any other media, while internet advertising spend has risen to 43% of total spend in 2021.

⁷⁷ <https://www.americanpressinstitute.org/publications/reports/survey-research/paying-for-news/>

FIGURE 12. EU-27 ADVERTISING REVENUES, BY TYPE, 2016-21 (€BN) AND EU-27 ADVERTISING REVENUES, BY TYPE, 2016-21 (€BN)



Google is the largest digital ad seller in the world, accounting for 31.1% of worldwide ad spending, or \$103.7 billion. Facebook is the second one, with \$67.4 billion in net ad revenues, followed by China-based Alibaba, at \$29.2 billion. Though Amazon has been steadily challenging the Google-Facebook duopoly in the US, it remains a smaller player on the global stage, with \$14 billion in ad revenues⁷⁸.

In 2020, Covid-19 inflicted a significant hit not only to the overall advertising market, with almost \$50 billion lost throughout the year, but also to ad-supported tech giants like Google and Facebook⁷⁹. The latter saw its ad revenues reduced by \$5.3 billion across all proprietary platforms, while Alphabet (Google’s holding group) reduced its beginning of year predictions by \$12.9 billion.

BOX 3. THE EUROPEAN AUDIOVISUAL INDUSTRY IN THE TIME OF COVID-19

The crisis of Covid-19 put the audiovisual industry in a paradoxical situation, with record audiences and all-time high trust ratings but facing serious economic difficulties. One immediate effect of the pandemic was a sharp drop in TV advertising revenues, with a decrease of 15 to 20% from 2019 to 2020. Both commercially funded and public funded media faced significantly increased demand for trusted news content while adapting to Covid disruption to production workflows and live broadcasting. National regulatory authorities (NRA) were particularly active in recommending governments introduce support measures, promote standards and good practices at the national level and combat misinformation and a variety were launched at EU and national level, benefitting commercial and public service media. Initiatives have also been taken directly by the industry itself,

⁷⁸ Jasmine Enberg, ‘Global Digital Ad Spending 2019’, eMarketer 2019, <https://www.emarketer.com/content/global-digital-ad-spending-2019>

with calls by leading trade associations at European level to take far-reaching, long-term measures to address challenging market trends that the pandemic has greatly accelerated. Among these, both the European Broadcasting Union (EBU) and the Association of Commercial Television in Europe (ACT) have been active voices urging public support measures for the European news broadcasting industry. It should be noted that ad revenues of commercial broadcasters swiftly bounced back, however, the long-term impact on public finances due to the crisis still represents a risk for public service media. While all broadcasters may be affected by general economic turbulence over the next couple of years, forecasts for broadcaster revenues are positive on average (see Figure 65 below).

Advertisers' organisations (IAB Europe) claim that as much as 68% of Europeans have never had to pay to access a website, online news or core internet service, rising to 75% among those with lower incomes⁸⁰. According to the same source, this is in line with the willingness of up to 69% of Europeans to share their browsing data in exchange for free access to news articles and online content. Generally speaking, advertisers argue that Europeans like the digital ad-driven market, with 92% saying that they would stop using their favourite site or app if they had to pay for it and 80% saying that they prefer free sites with ads to paying for content⁸¹.

In this context, advertising revenues are key for news media. Among advertising practices, programmatic ads are perceived as a particularly important aspect of the market, with rising ad revenues for online press, radio and TV. The following section provides an overview of how the use of programmatic ads impacts the advertising revenues of ad publishers online.

Programmatic ads are an important part of the digital advertising landscape but revenue distribution lacks transparency.

An IHS Markit⁸² report, also commissioned by IAB Europe as an updated to a 2015 study⁸³, shows that digital advertising was the single largest advertising medium in Europe in 2016, representing 37.2% of

⁸⁰ EUROPE ONLINE: an experience driven by advertising. GfK. https://iab europe.eu/wp-content/uploads/2019/08/EuropeOnline_FINAL.pdf Note: this report commissioned to GfK conducted approximately 11.000 interviews in ten European countries (plus UK) respecting ISO 9001 quality assurance standard and ISO 20252 international standard for Market, Opinion and Social Research.

⁸¹ EUROPE ONLINE: an experience driven by advertising. GfK. https://iab europe.eu/wp-content/uploads/2019/08/EuropeOnline_FINAL.pdf Note: this report commissioned to GfK conducted approximately 11.000 interviews in ten European countries (plus UK) respecting ISO 9001 quality assurance standard and ISO 20252 international standard for Market, Opinion and Social Research.

⁸² The economic contribution of online advertising in Europe. IHS Markit. https://iab europe.eu/wp-content/uploads/2021/05/DigitalAdvertisingEconomicContribution_FINAL.pdf

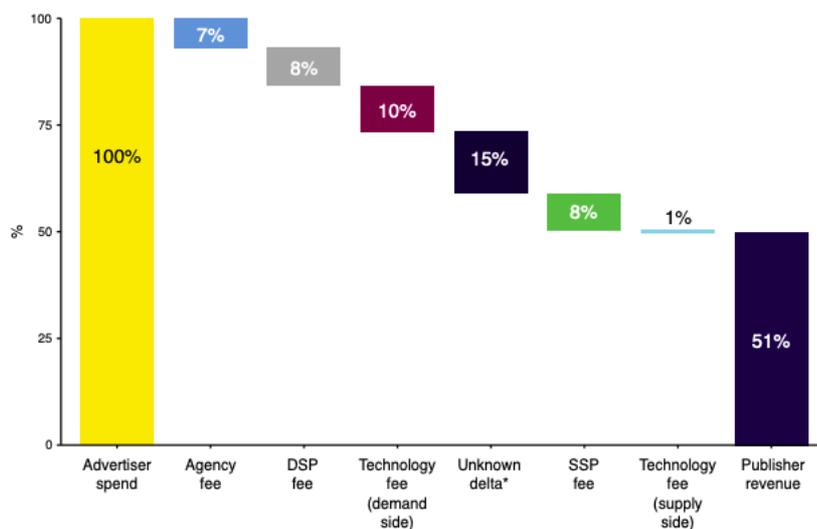
⁸³ IHS (2015): 'Paving the way: how digital advertising enables the economy of the future', Whitepaper commissioned by IAB Europe. Note: the study comprised of both secondary data from Eurostat and data collected from privately commissioned studies.

all advertising revenue. Programmatic advertising underpinned 12 billion of the 48 billion digital advertising market in Europe⁸⁴.

A study by the University of Minnesota, the University of California, Irvine, and Carnegie Mellon University, cited by the Wall Street Journal,⁸⁵ found that publishers only get 4% more from an ad impression that has a cookie enabled than for one that does not despite evidence that advertisers are willing to pay 2.68 times more for a behaviourally targeted ad than one that is not, implying that the extra value created by cookies is captured by intermediaries.

The results of a thorough investigation into the programmatic supply chain for 15 advertisers and 12 ad publishers in the UK were published in May 2020 by the Incorporated Society of British Advertisers (ISBA)⁸⁶. The goal was to make the UK programmatic supply chain more transparent for the benefit of all parties and the industry as a whole. Their main conclusions were that 51% of advertiser spending actually goes to the final ad publisher. The unknown delta, representing around one-third of supply chain costs could not be attributed.

FIGURE 13. FLOW OF SPENDING IN DIGITAL DISPLAY AD ECOSYSTEM



Source: ISBA, 2020

Similar information is also provided in a study⁸⁷ by the Association of National Advertisers (ANA), the Association of Canadian Advertisers (ACA), Ebiquty, and AD/FIN, focusing on the US market and, more specifically, on the analysis of 16.4 billion media impressions purchased on behalf of seven major

⁸⁴ European Programmatic Market Sizing 2017, HIS Markit and IAB Europe, September 2018. URL: https://iab.hu/wp-content/uploads/2018/10/IAB-Europe_IHSM_European-Programmatic-Market-Sizing-Report-2017_FINAL-1.pdf and <https://iabeurope.eu/research-thought-leadership/resources/iab-europe-report-adex-benchmark-2017-report/>

⁸⁵ <https://www.wsj.com/articles/behavioral-ad-targeting-not-paying-off-for-publishers-study-suggests-11559167195>

⁸⁶ Programmatic Supply Chain Transparency Study, ISBA, 2020. URL:

<https://www.isba.org.uk/system/files/media/documents/2020-12/executive-summary-programmatic-supply-chain-transparency-study.pdf>

⁸⁷ Programmatic: Seeing Through the Financial Fog. ANA, 2017

advertisers. The graph below shows the main findings on how each dollar spent on programmatic ad moved across the value chain.

FIGURE 14. HOW DID EACH PROGRAMMATIC DOLLAR (USD) MOVE THROUGH THE FULL SUPPLY CHAIN?



Source: ANA, 2017

As specified in the study itself, their results in terms of the percentage obtained by the ad publisher are overestimated mostly for two reasons: the dataset includes only disclosed transactions (non-disclosed transactions have additional costs); and the dataset excludes trading desk fees for 95% of the impressions. Generally speaking, even if not with the exact figures, the two studies give a very similar picture, which is that **about half of the advertiser’s spending on programmatic ads arrives at the publisher.**

It has been argued that in the online ads ecosystem it is “hard to understand how much value each participant in the ecosystem is adding to the process, and whether the fees different intermediaries receive are commensurate to their value added” (Alessandro Acquisti, Professor of information technology and public policy at Carnegie Mellon’s Heinz College).

The detailed description of programmatic ads and the role of big tech in this business model is available in Annex 4. In summary, we highlight that, as is the case for the digital ads markets, big tech players have been found to make the most revenues of programmatic ads as they control most intermediaries (as seen in Box 3).

BOX 4. GOOGLE AND FACEBOOK POSITIONS ON UK AND US MARKETS

In the UK, Google controls a share of 90-100% of the publisher ad server segment, 80-90% of the advertiser ad server segment, 50-60% in supply-side platforms (SSPs) and 50-60% in demand-side platforms (DSPs)⁸⁸. Google's strong position at each level of the value chain can potentially create conflicts of interest, as it can exploit its position on both sides of a transaction to favor its own sources and services. Some researchers⁸⁹ argue that Google's current vertical integration in the supply chain has been obtained thanks to the acquisition of previously independent businesses:

- DoubleClick, the leading ad server globally at the time, in 2007 (now "Google Ad Manager").
- AdMob, the leading ad network for mobile at the time, in 2010 (now "Google AdMob").
- Invite Media, the leading DSP, in 2010 (now part of "Google Marketing Platform").
- AdMeld, a leading SSP at the time in 2011, integrated into its ad exchange (now "Google Ad Manager").
- Adometry, an analytics and attribution provider, in 2014 (now part of "Google Marketing Platform").

The US platform Facebook has followed a similar path. The US subcommittee on antitrust recently stated that "Facebook has monopoly power in online advertising in the social networking market"⁹⁰. Facebook sells advertising space on its platforms as well as on other sites and apps through the "Facebook Audience Network". It operates a self-service interface for programmatic marketing that allows advertisers to set bidding strategies directly with Facebook. It then decides which ad to show, manages the physical delivery of the bid and provides verification and attribution data back to the advertiser. Advertising on Facebook is seen as being necessary due to the scale and reach of its social network platforms, with the platform generating much higher returns than other social networks⁹¹.

Overall, as we have seen above, European publishers appear to want to pursue diversified revenue streams and avoid relying on news aggregators and digital ads-based revenues, by focusing increasingly on growing readers' revenues. A Reuters survey found that for 79% of publishers the main revenue focus for 2022 would be on subscriptions⁹². Part of this decision may be rooted in the fact that a direct user relationship provides access to key user data, which news media can use to help develop their business strategies. The OECD found that digital platforms may not share such data with third party content providers.⁹³

⁸⁸ UK Competition and Markets Authority (2020) Online platforms and digital advertising market study, Market Study Final Report

⁸⁹ Copenhagen Economists (2020). The economic rationale for vertical integration in the tech sector; Geradin D & Katsifis D (2019) An EU competition law analysis of online display advertising in the programmatic age, European Competition Journal, 15:1, 55-96, DOI: 10.1080/17441056.2019.1574440

⁹⁰ U.S. House of Representatives (2020), Investigation of Competition in Digital Markets, The New York Times, <https://www.nytimes.com/interactive/2020/10/06/technology/house-antitrust-report-big-tech.html>.

⁹¹ Ibid

⁹² <https://reutersinstitute.politics.ox.ac.uk/journalism-media-and-technology-trends-and-predictions-2022>

⁹³ OECD (2021), Competition issues concerning news media and digital platforms, OECD Competition Committee Discussion Paper, <https://www.oecd.org/daf/competition/competition-issues-concerning-news-media-and-digital-platforms-2021.pdf>

Other monetisation models

Other interesting models are arising thanks to new technological opportunities. While some journalists are becoming independent thanks to readership monetisation through paid newsletters and funding support for their blogs, in parallel media organisations like US-based CNN⁹⁴ and Associated Press⁹⁵, and French daily 20 Minutes⁹⁶ are starting their own NFT collections, the first selling archival material and the second allowing its photojournalists to sell their pictures.

At the same time, more traditional models such as foundations funding public interest journalism are emerging. Examples are Civitates, a philanthropic initiative which is funding independent organisations intending to create *a strong cohort of public interest journalism organisations which defend democracy in Europe by exposing abuses of power and drivers of polarisation*⁹⁷, and the Free Press Fund (Fond pour une Presse Libre - FPL) a non-profit organisation whose purpose is *to defend freedom of information, press pluralism and independent journalism*⁹⁸.

Together with venture capital and philanthropic donations, emerging independent outlets are relying on several innovative ways of funding. As previously mentioned, crowdfunding campaigns are becoming increasingly popular, leading to several successful case studies like Blendle in The Netherlands. Others rely on subscription payments, but target a niche market of regular readers, such as ilPost.it in Italy.

Public Service Media expenditures

Public Service Media are an integral part of the media sector in Europe and play a role of utmost importance when considering the societal impact of news media, providing reliable information for individuals to form their opinions and ensuring public actors are accountable. Because they have a high added-value for the public, and also because of data availability, we look at the specific role of PSM in the TV and radio sector. The revenues of public service media in the EU-27 amounted to €25bn in 2020. Their average revenues experienced slow growth between 2016 and 2020, at a compound annual growth rate of 0.3% (see figure below).

⁹⁴ <https://vault.cnn.com/>

⁹⁵ <https://www.ap.org/press-releases/2022/ap-to-launch-nft-marketplace-built-by-xooa>

⁹⁶ <https://www.euronews.com/next/2021/10/20/this-french-daily-newspaper-sold-as-an-nft-is-this-the-media-s-future>

⁹⁷ <https://civitates-eu.org>

⁹⁸ <https://blogs.mediapart.fr/fpl>

FIGURE 15. EU-27 PSM OPERATING REVENUES, 2016-2020 (BN EUR)

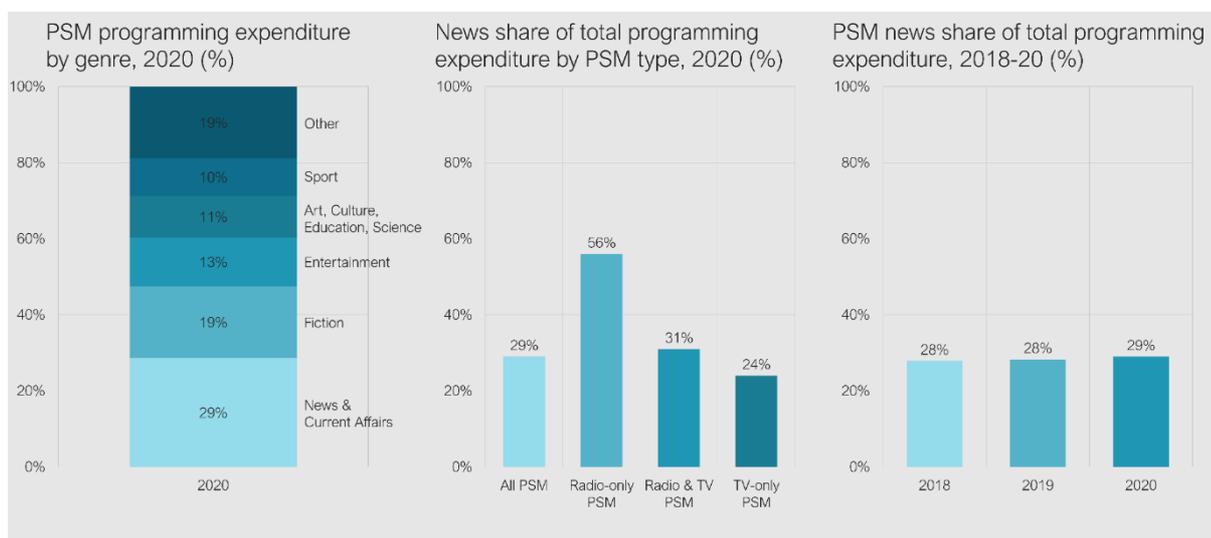


Note: UK not included in historic EU figures. PSM covers both public service radio and TV broadcasters. Based on EBU Members’ data

Source: EBU – Funding of Public Service Media (March 2022), Oliver & Ohlbaum analysis

EU public service media is heavily invested in news programming, with almost one-third (29%) of total programming budgets spent on news content in 2020. It is interesting to note the news’ share in the total programming spend of public service media has remained relatively consistent in recent years. Among public service media, radio-only public service media proportionately spent the most on news, at 56% of their total programming spend (see Figure below).

FIGURE 16. PSM PROGRAMMING EXPENDITURE

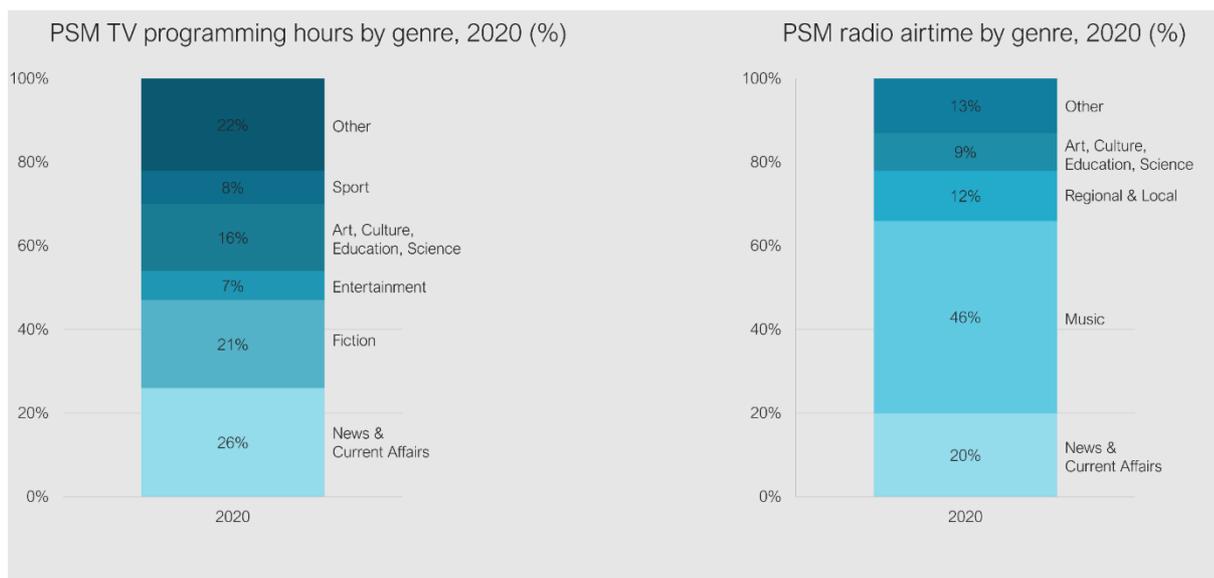


Note: PSM covers both public service radio and TV broadcasters. Based on EBU Members’ data. 2019 data was used when 2020 data was not available.

Source: EBU – Public Service Media and News (August 2021), Oliver & Ohlbaum analysis

The expenditures on news are translated into news programming in public service media in the TV and radio sectors. In 2020, news programming accounted for 26% of EU public service media TV hours and 20% of EU public service media radio airtime; news is the most prominent genre on public service media TV, and second on the radio after music. The news made up more than one-fifth of public service media TV & radio output hours as shown in the figure below. Considering the expenditure on news of public service media, it shows that producing original news content is a costly activity for public service media outlets, especially for the radio sub-sector which spends over half of its resources to produce news that represent 20% of the content broadcasted (**Error! Not a valid bookmark self-reference.**).

FIGURE 17. TV AND RADIO PSM NEWS PROGRAMMING IN HOURS



Note: PSM covers both public service radio and TV broadcasters. Based on EBU Members' data. 2018/19 data was used when 2020 data was not available.

Source: EBU – Public Service Media and News (August 2021), Oliver & Ohlbaum analysis

As part of their PSM remits, PSM news coverage is frequently mandatory. As a result, the viability issue is different. PSM news coverage is considered as a pivotal dimension of their public value. Independent, adequate and stable funding is vital to enable its delivery in practice.

Investments in start-ups

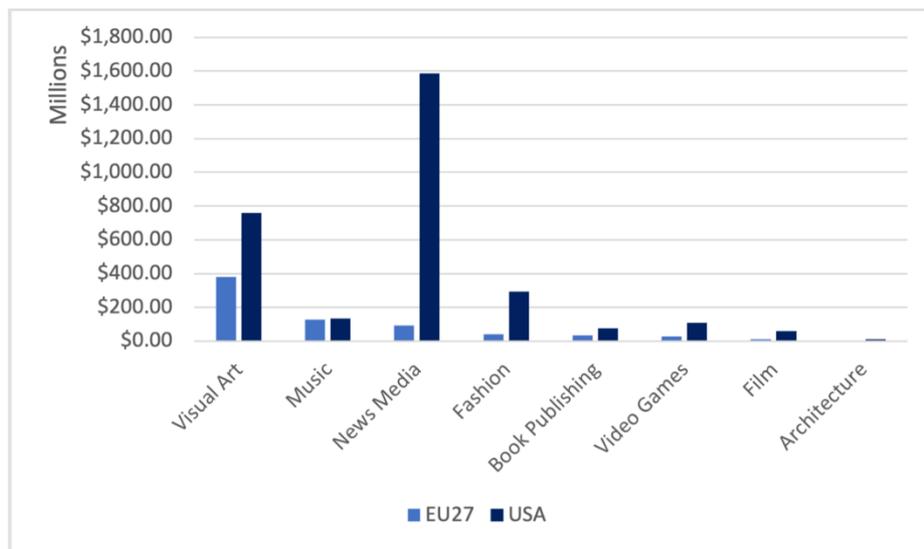
Investment in start-ups can indicate an appetite for new business models supported by new technologies.

The news media sectors of print, broadcast, and digital are less siloed than they used to be. Digitalisation has allowed and necessitated expansion from traditional print and broadcast brands and introduced new digital players and content providers to the market – which now play an important role in distributing and monetising news content.

Although private funding has grown in absolute terms, it has remained at a low fluctuating level since 2008, accounting for between only 0.5 and 2 per cent of all companies funded on Crunchbase. More importantly, the levels of private funding in news and journalism are significantly lower than that in

new disruptive technologies (like AI, blockchain or fintech), suggesting that news and journalism is one of many traditional sectors losing market shares of investment and funding to such technologies⁹⁹. At the same time, looking at venture capital investments for AI tech start-ups specialised in the cultural and creative sectors, news media represents the most funded sector in the US and the third most funded in the EU27 (after visual arts and music), with an estimated 91 million dollars of venture capital and private equity investments between 2010 and 2021¹⁰⁰ (see Figure below).

FIGURE 18. ESTIMATED VENTURE CAPITAL AND PRIVATE EQUITY INVESTMENT IN AI TECH SPECIALISED IN CCS, 2010-2021



Note: Data is in millions of USD
 Source: Technopolis Group, 2022

Changes are rapidly affecting the traditional structures of the news media value chain, paving the way for a whole different process; the digital media supply chain¹⁰¹, meaning the process used to create, manage and deliver digital media, from the point of origin (content provider, creator, or content owner) to readers. It is presented in the next chapter.

2.2. Digitisation of the news media value chain

The digitisation of the news sector has a profound and lasting impact on every aspect of the value chain, disrupting the power dynamics of legacy actors. New formats of media are increasingly available across outlets while digital tools allow for the faster production of news and citizens are more and more able to access, react and sometimes participate in news. In this chapter, we showcase the crucial trends

⁹⁹ NESTA (2020). Mapping the news, Media and Journalism Landscape: Research Report

¹⁰⁰ European Commission, Directorate-General for Communications Networks, Content and Technology, Izsak, K., Terrier, A., Kreutzer, S., et al., Opportunities and challenges of artificial intelligence technologies for the cultural and creative sectors, 2022, <https://data.europa.eu/doi/10.2759/144212>

¹⁰¹ OpenText, White Paper: Digital Disruption & the Digital Media Supply Chain, 2014

brought by digitisation at the following stages of the value chain: content creation, distribution, and access.

2.2.1. Content creation: changing mode of journalistic work

At the stage of content creation, digitisation has mostly caused a change in work structure and editorial processes affecting how journalists create news and how newsrooms operate. In a complex world that requires transparent, high-quality and timely information to be passed onto citizens, news media actors are adopting new tools and new working habits. This section first presents the main technical impacts of social media on the newsrooms, how it leads to a new use of tools to understand and reach audiences (Big Data and AI) as well as the exploration of User-Generated Content. Second, the section explores the impacts of technology on the organisation of newsrooms, specifically the increase in remote work and the use of freelancers. Finally, the section discusses the changes in content creation in terms of type of content produced, and adoption of new formats.

2.2.1.1 The technical impacts of technology on the newsroom

Social Media

The growing relevance of third-party platforms for news distribution has deep-reaching implications for the values that guide the creation and curation of news. Editorial functions are increasingly being transferred to algorithms, which may embody a new set of values and biases (heavily tilted towards personal significance rather than societal significance) that differ significantly from conventional news values¹⁰², shifting from the journalistic ethics of concerns for novelty and social impact to purely business concerns. Professionals are modernizing their approach to news delivery and may adopt news curation operating on personalised algorithmic values. However, the risk of forming filter bubbles and feedback loops is not proven, as empirical evidence still needs to be collected¹⁰³⁻¹⁰⁴.

On a similar note, a representative of a professional association from Belgium noted that at least half of the public service media providers moved away from the traditional newsrooms and now 15% of them have moved to newsrooms based on different topics and 34% have a hybrid system, having retained traditional newsrooms as well. These teams are delivering news not only through traditional sources (e.g. TV and radio), but also using additional online platforms (e.g. website, podcasts, etc.) to better deliver content for distribution on social media.

¹⁰² DeVito, MA (2016) From editors to algorithms: A values-based approach to understanding story selection in the Facebook news feed. *Digital Journalism* 5(6): 753–773 and Gillespie, Tarleton. 2014. "The Relevance of Algorithms." In *Media Technologies: Essays on Communication, Materiality, and Society*, edited by Pablo Boczkowski and Kirsten Foot, 167-193. Cambridge, MA:MIT Press.

¹⁰³ DeVito, MA (2016) From editors to algorithms: A values-based approach to understanding story selection in the Facebook news feed. *Digital Journalism* 5(6): 753–773.

¹⁰⁴ Editorial Analytics: How News Media are Developing and Using Audience Data and Metrics. Reuters Digital News Project 2016

At the same time, social media are not only used to disseminate news to different audiences but are also becoming a newsgathering tool for journalists, especially Twitter. In theory, it represents a powerful way for professionals to circumvent established gatekeepers of information and empower non-elite voices in new information infrastructure¹⁰⁵. However, as visibility on Twitter remains highly unequal, with journalists more likely to view and trust information sourced from other journalists and verified accounts, evidence suggests it is mostly working as a complement rather than a disruptor of conventional newsgathering practices and may contribute to reinforcing established communication hierarchies. It has been argued that this process is reinforced by the algorithmic content-moderation or ranking policies implemented by Twitter, which contribute both to conformism in sourcing routines from trusted and familiar sources and to driving journalists towards online news echo chambers.¹⁰⁶

In this context, the modalities that have governed editorial processes and the role and function of journalists in societies are changing. Thanks to digitisation and social media, journalists are now closer than ever to their audiences and sources¹⁰⁷. While this has many advantages in terms of finding sources, it leads to journalists themselves having to build their own image to 'sell' their stories. According to Muck Rack's Annual Journalist Survey¹⁰⁸, more than 41% of journalists consider the potential "shareability" of a story when deciding what to write about and 68% of journalists worldwide track how many times their stories are shared on social media. But audience engagement doesn't come only in passive forms. "Journalists are also facing an era of active citizens and are overstrained. They not only need to understand the new public and their newly adopted behaviour as contributors, but they also need to understand the audiences' desire to collaborate with journalists" (Anja Kröll¹⁰⁹).

Editorial Metrics and Big Data

In a digital and highly personalised consumer world, news organisations need to effectively use consumer data to remain competitive. Leading digital born news outlets like the Huffington Post and BuzzFeed, are cultivating distinct and increasingly sophisticated forms of editorial analytics like Omniture, which provides different types of metrics, from traditional quantitative measures of page views and visits to more sophisticated ones like referrals, video data and the number of articles written by each journalist^{110;111}. US and UK news organisations are leading the market, developing tools tailored specifically for journalistic purposes that are aligned with specific editorial priorities, serve to inform both short-term decisions and long-term strategic development, and can be continually built up to keep pace with the changing media environment. Most European media organisations make some use of

¹⁰⁵ Twitter as a Newsgathering Tool: Challenges and Possibilities for Independent Media. Center for International Media Assistance 2021.

¹⁰⁶ Twitter as a Newsgathering Tool: Challenges and Possibilities for Independent Media. Center for International Media Assistance 2021.

¹⁰⁷ <https://muckrack.com/blog/2018/10/01/ways-the-role-of-a-journalist-has-evolved>

¹⁰⁸ <https://muckrack.com/blog/2018/05/22/2018-muck-rack-survey-results>

¹⁰⁹ <https://reutersinstitute.politics.ox.ac.uk/our-research/role-journalism-digital-age>

¹¹⁰ Editorial Analytics: How News Media are Developing and Using Audience Data and Metrics. Reuters Digital News Project 2016

¹¹¹ K. Lamot (2021). Metrics for news: the use and effects of analytics in journalism. Antwerp: University of Antwerp.

rudimentary analytics, employing off-the-shelf data tools, but lack a clear organisational structure that links such data to decision-making in a systematic way¹¹².

Artificial Intelligence

The effective exploitation of AI is an increasingly key element to competitiveness in the media sphere, leading to actors using them gaining new traction and to a deep structural transformation of the digital public sphere, with a potential for bridging the gap between social media platforms and the rest of the news ecosystem. At the same time, the misuse of AI could lead to deepened digital inequalities and hampered freedom of access to information, calling for new editorial processes and forms of governance¹¹³. Control over editorial decisions has traditionally been key to determining which actors qualify as news media, but the integration of AI into decision-making redefines the role of editors. As for editorial metrics, the use of AI in news media has yet to be extensively studied with a quantitative approach. Current research focuses on general, industry-wide trends, to formulate normative recommendations for future developments of technological innovations.

Among the most common uses of AI technologies in the media sector are automated content moderation and news personalisation, which illustrate both the benefits and risks of AI. It has been argued that:

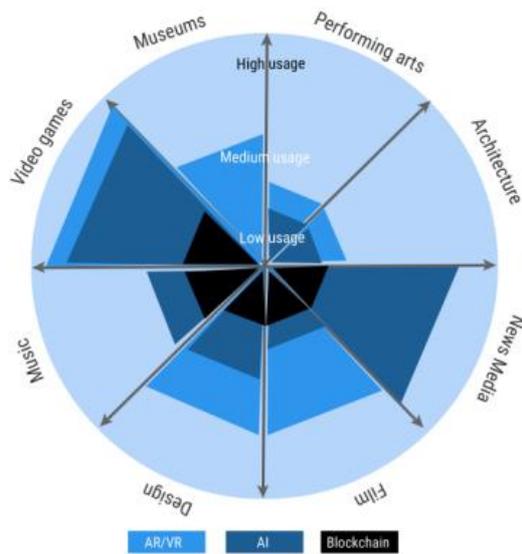
- Automated content moderation is key to matching the scale and speed at which content is uploaded, but runs the risk of mistakenly filtering out lawful content, affecting freedom of expression of individual users;
- Personalised news recommendations have the potential to create considerable gatekeeping power and risk narrowing the range of diverse content and quality journalism that audiences are exposed to¹¹⁴. AI also has the power to amplify different kinds of bias, for example by excluding the perspectives of minority groups from algorithmically selected content and information. On the other hand, public service algorithms exist (e.g. EBU PEACH), and depending on how it is developed and implemented, AI may lead to more engagement by allowing readers to find relevant information about a topic, by suggesting new topics and sources to support diversity and plurality, or by surfacing 'need to know' news and information.

FIGURE 19. ADOPTION OF AR/VR, AI AND BLOCKCHAIN IN CREATIVE INDUSTRIES, 2020

¹¹² Editorial Analytics: How News Media are Developing and Using Audience Data and Metrics. Reuters Digital News Project 2016

¹¹³ N. Hegelberger et al. (2020) 'A Freedom of Expression Perspective on AI in the Media - with a Special Focus on Editorial Decision-Making on Social Media Platforms and in the News Media.' European Journal of Law and Technology.

¹¹⁴ N. Hegelberger et al. (2020) 'A Freedom of Expression Perspective on AI in the Media - with a Special Focus on Editorial Decision-Making on Social Media Platforms and in the News Media.' European Journal of Law and Technology.



Source : Technopolis Group, 2020, based on assessment of use cases

As the scope of applications involving AI and Machine Learning is growing fast in the news media sector, journalists have found themselves unprepared to master the required technical and digital skills to successfully exploit AI tools and maintain a competitive edge. In 2020, 0.37% of professionals in the news media had skills in AI¹¹⁵. On the level of news creation and production, AI offers strong advantages to journalists and media institutions who embrace it, with applications ranging from natural language processing to text mining, visual analytics, cross-examination of heterogeneous data sources, data visualisation, and fact-checking.¹¹⁶

BOX 5. PUBLIC INTEREST NEWS – INFLUENCE OF TECHNOLOGY

‘Public interest media’ is defined as media that is free and independent, that exists to inform people on the issues that shape their lives, in ways which serve the public’s rather than any political, commercial or factional interest, to enable public debate and dialogue across society, and to hold those in power to account on behalf of the public interest. This implies a focus on ethical and credible media working in the interests of all people across a society, not just those who have the power or money to pay for – or influence – media¹¹⁷.

Public interest media are those that, irrespective of their size, structure and field, focus primarily on the provision of public interest news under transparent editorial standards, and are not only profit-oriented. A tentative categorisation of the public interest news sector into five components was proposed in 2020 (Nesta)¹¹⁸, namely:

1. Inclusive news – news relating to underserved or marginalised groups
2. Legal civic news – reporting on legal and civic matters such as courts and government
3. High-quality news – factual, unbiased and investigative journalism
4. News revenue – companies that provide advertising and subscription services to the industry
5. News engagement – news that uses social media and other community engagement

Together with the five sectors identified by NESTA; the Craincross Review¹¹⁹ also discusses the role of local news outlets as public interest news (the study refers to the UK), in particular regarding their shrinking revenues and the need to attract public support to maintain their freedom and independence from mergers and acquisitions by bigger news organisations where that could affect media plurality.

Public interest news media outlets combine various elements to provide inclusive content, report on legal and civic news, maintain high-quality standards of journalism, report on matters affecting people’s rights and

¹¹⁵ European Commission (2021) Technological trends in the creatives industries, p 21

¹¹⁶ Amato et al (2019). ‘AI in the Media and Creative Industries.’ New European Media.

¹¹⁷ KEA, News media and social impacts (2022)

¹¹⁸ NESTA (2020). Mapping the news, Media and Journalism Landscape: Research Report

¹¹⁹ The Cairncross Review (2019). A sustainable future for journalism.

everyday life, enable dialogue and debate, and serve citizens' interests independently. Public interest media is crucial to a healthy democracy, especially through its watchdog role, but it must adapt its offer to the preferences and expectations of consumers, notably in terms of content platform. Similarly, public interest media should thrive to keep up with the industry changes, notably the use of new platforms to disseminate information as well as new ways to engage consumers. Recent years have seen a crossover between technology and public interest news, with the AI sector and big data having a higher take-up in news revenue, legal and civic news, and high-quality news. New technologies are being used to identify bias and misinformation on any topic.

New technologies are used by companies like Logically (UK) to identify bias and misinformation on any topic thanks to Language Processing, machine learning, and human oversight as well¹²⁰.

Beyond the existence of and possible access to technology, public support for these actors is paramount. It can take many forms such as setting up an appropriate legislative framework, funding, support to develop technical solutions and infrastructures or support for data collection. Nonetheless, this support depends on the accepted definition of what is public interest news in a specific context.

User Generated Content

With the popularisation of mobile phones, consumers have access to news in a variety of formats and at all times, and have gained a chance to create and share their own content. This has led to a surge in the availability of user-generated content, sometimes providing unique accounts of an event.

UGC, such as live recordings of events shared by citizens, is becoming increasingly important in the journalistic workflow. It can save costs in news gathering and increase consumer access to eyewitness footage or testimonies, potentially multiplying the amount of available sources and increasing user trust by showing a citizen viewpoint. However, proper models and editorial standards must be developed to integrate UGC into news production without reducing its overall quality¹²¹.

UGC's horizontal model of value creation can encourage the free flow of information and increase consumer engagement, but it also runs the risk of spreading misinformation and hindering trust. Moreover, the traditional publisher model does not apply to UGC as creators can bypass traditional intermediaries and seek alternative ways to distribute their content¹²².

UGC is often incorporated in breaking news and live coverage pages, requiring significant verification efforts both in terms of finding and selecting stories, handling any supposition or speculation, and verifying sources¹²³. Automated AI-driven fact-checking can help integrate a wider range of UGC

¹²⁰ NESTA (2020). Mapping the news, Media and Journalism Landscape: Research Report

¹²¹ N. Jurrat (2011). 'Mapping Digital Media: Citizen Journalism and the Internet.' Open Society Foundations.

¹²² Ibid

¹²³ P. Tolmie et al. (2017). 'Supporting the Use of User Generated Content in Journalistic Practice.' CHI.

sources into news production without damaging journalistic probity, but it requires journalists with strong data skills and versatile tools.

The approach to UGC varies widely across news organisations, with some exerting strict editorial control on UGC before publication and others relying on production by the audiences. User comments are an increasingly common complement to journalistic output in online news environments and represent a beneficial opportunity to cultivate participation and open discussions that can build trust and community¹²⁴. At the same time, little is known about the effectiveness of moderation techniques, and most community managers rely on non-interactive strategies restricted to comment blocking and locking down discussions on specific topics.

2.2.1.2 The organisational impacts of technology on the newsroom

Remote newsrooms

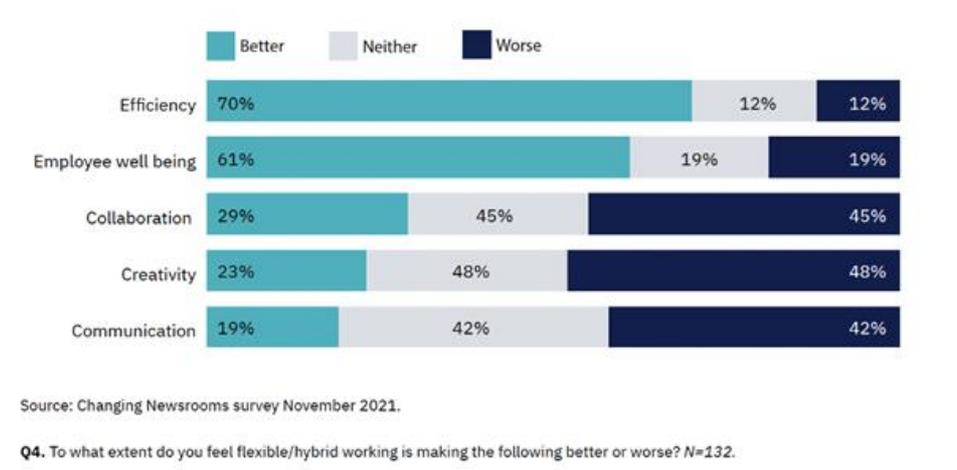
The impacts of social media, editorial metrics and big data, artificial intelligence and the surge of User Generated Content are not the only changes that are affecting editorial processes: remote working and increased attention to diversity and inclusion also bring about new dynamics.

While digitisation was already disrupting newsroom dynamics, the Covid-19 pandemic forced news organisations to face even greater challenges. The *Changing Newsrooms* Reuters report¹²⁵ highlighted how news organisations are pressing ahead with plans to redesign offices, upgrade technology, reduce desk space/office space, and renegotiate contracts with employees to accommodate the shift towards remote working. At the same time, the full implications of hybrid newsrooms have yet to be fully investigated, with increased efficiency and decreased collaboration, creativity and communication registered so far. Generally speaking, Covid-19 and the sudden advent of remote working in journalistic practices, led newsrooms to implement several changes starting from the appearance of fully virtual news organisations, the redesigning of offices as spaces for community events and increased corporate attention to employees' mental health.

FIGURE 20. IMPACT OF REMOTE WORKING

¹²⁴ S. Boberg et al. (2018). 'The Moral Gatekeeper? Moderation and Deletion of User-Generated Content in a Leading News Forum.' *Media and Communication*.

¹²⁵ *Changing Newsrooms 2020: Addressing Diversity and Nurturing Talent at a Time of Unprecedented Change*. Reuters Institute.



Source: Reuters Institute, 2022

In this context, new editorial standards and modes of governance are required to maintain the benefits of hybrid newsroom operations while minimising the drawbacks. At the same time, news organisations are increasingly sensitive to gaps in ethnic, political and other forms of diversity, and are increasingly likely to collect and share diversity data about staff and leadership. Many news organisations feel that significant progress has been made in addressing gaps in gender diversity, with attention now shifting towards ethnic diversity. However, dedicated resources to actively promote diversity remain rare¹²⁶.

As the news media sector has been hit by a severe economic and financial crisis with repercussions in terms of employment, newsroom leaders surveyed by Reuters¹²⁷ fear that the economic uncertainties and digital transformations unleashed by the pandemic have weakened the ability of the industry to stay ahead of the competition and attract the talent necessary for adapting to a digital environment¹²⁸.

Freelancers

While data on freelancing are not widely available, feedback from professionals indicates that freelancing is a very common practice in the news media sector (cfr. section 3.1.1. Trends in media market, where some additional information was provided). For example, in France in 2021 freelancers represented 20% of journalists and they represented 75% of first-time applicants for a press card that year¹²⁹. For journalists, data indicates that freelancing generally leads to poorer working conditions marked by lower remuneration and reduced career progress. In Italy, in 2020 41% of freelancers held a second job in order to make ends meet¹³⁰. For news media companies they are an important group that allows more flexibility in terms of resources but also diversity of content. In Sweden, freelancers are for example likely to cover softer topics such as entertainment and sports. Freelancers are also used for

¹²⁶ Ibid

¹²⁷ Ibid

¹²⁸ European Commission, Directorate-General for Communications Networks, Content and Technology, Izsak, K., Terrier, A., Kreutzer, S., et al., Opportunities and challenges of artificial intelligence technologies for the cultural and creative sectors, 2022, <https://data.europa.eu/doi/10.2759/144212>

¹²⁹ Commission de la Carte d'Identité des Journalistes Professionnels. *Cartes 2021 attribuées (données au 11 février 2022)*.L. <http://www.ccijp.net/article-192-statistiques.html>

¹³⁰ <https://it.ejo.ch/cultura-professionale/condizioni-lavoro-freelance-media-italia>

covering distant territories, in which newsrooms do not need permanent coverage. The widespread use of freelancers in certain markets can also indicate a lowered quality of journalism, with some news brands implementing a low-cost, click-bait revenues logic. In a country such as France, with a majority of young journalists starting their careers as freelancers and thus carrying the burden of decreasing revenues, there are legitimate questions about the quality of their career advancement.

As presented in section 2.1.1, freelancers have on average a lower income than employed journalists. However, according to interviews, this is especially true for young freelancers, while older journalists who chose to retain an activity as freelancers fare much better in terms of revenues. In Hungary, for instance, several of the interviewees noted that media enterprises would hardly exist without the use of freelance employment. For example, a Hungarian radio broadcaster shared that their business can only employ up to 40 workers, with some 60 additional people working pro-bono, contributing to various kinds of programmes.

2.2.1.3 The impacts of technology on news format

Content

One of the major implications of digitisation, recognised both by scholars and industry members, is media convergence. It implies different transformations at the technological, industrial, cultural, social, spatial and political levels. But it is the technological convergence rooted in the process of digitisation that enabled digital media formats to be found across different devices, leading to media becoming interchangeable. In this context, media content, genres and modalities have grown together, but at the same time distribution channels have multiplied and the cost-effective production of digital content has led to the emergence of numerous platforms. As a consequence, users have more and more options and “the convergence of media texts is thus likely to come along with greater individualisation, fragmentation and deconvergence on the side of the users”^{131, 132}.

In this scenario, new means of accessing news content are appearing. A recent study by Reuters¹³³ highlights that among the content used by the majority of publishers to attract new readers, the most common ones are podcasts (80%), newsletters (70%) and digital video formats (63%), with cutting-edge technology, like the metaverse or Artificial Intelligence, still having a marginal role in publishers’ strategies.

Podcasts

Although news podcasts represent only a small fraction of all audio content available, making up only 6% of the overall podcast market (some 770,000 titles in total) in 2019, the category enjoys an oversized

¹³¹ <https://mediaengagement.org/research/the-ethics-of-news-paywalls/>

¹³² Verena Telkmann (2021) Broadcasters’ content distribution and programming decisions in multi-channel environments: a literature review, *Journal of Media Business Studies*, 18:2, 106-131.

¹³³ Reuters. (2022). Journalism, Media, and Technology Trends and Predictions 2022. Reuters Digital News Project.

success with consumers.¹³⁴ According to data provided by Chartable, news podcasts form 32% of listened podcast in 2019 globally, representing a significant share of the most listened podcasts, 18% in Sweden and 34% in France. Although in the short term the opportunity to draw revenues from podcasts is unclear for non-English speaking programmes due to smaller markets and therefore lower interest from advertisers, they offer interesting long-term possibilities for increasing loyalty and transferring it into subscriptions and donations. At the same time, many radio stations have adapted to the surge in podcasts by providing consumers with apps where they can stream, download and rewind live news broadcasts, as well as some offering their own news-related podcasts¹³⁵.

The growth in podcasts has been a relevant trend for years, also thanks to technological improvements (such as better smartphones and wireless headphones) and investments in podcasts by platforms like Spotify, Google, and Amazon. As well as offering podcast aggregation services and/or investing in professional podcast content, such platforms are investing in tools to allow consumers to create and edit their own short audio stories, effectively delivering another layer of the creator economy. If on the one hand more audio content might prove to be useful in stimulating listening and enabling new environments for news consumption, it also creates more competition for attention and makes it harder for professional content to stand out. Many publishers believe that audio offers better opportunities for both engagement and monetisation. As an example, the New York Times alone made \$36m from podcast ads according to their 2020 results¹³⁶. In France, daily news represents almost 9% of overall podcast downloads, leading the French public service broadcasters to make significant new investments in that direction¹³⁷.

With the growing relevance of podcasts, the issue becomes a trade-off between tech platforms and publishers themselves to control the full customer experience. At the same time, it must be noted that independent platforms are creating alternatives, such as the EU-based Podimo which has more than 100,000 paying subscribers for high-quality local language content in countries like Denmark, Norway, Germany and Spain, and has secured funding for further expansion of a model where it shares membership fees with those creating the content. While this speaks encouragingly of the enduring appeal of serious, hard news content, discovery and awareness remain key issues for bolstering demand, with only a minority of European consumers listening to podcasts monthly (led by Ireland at 41% in 2021) and a whole 17% ignoring the existence of the format entirely – a significant disadvantage compared to the US market which boasts a knowledge gap affecting only 9% of all consumers¹³⁸.

Digital video content

¹³⁴ Nic Newman and Nathan Gallo (2019). 'News Podcasts and the Opportunities for Publishers.' Oxford: Reuters Institute for the Study of Journalism. <http://www.digitalnewsreport.org/publications/2019/news-podcasts-opportunities-publishers/>

¹³⁵ Ibid

¹³⁶ https://nytco-assets.nytimes.com/2021/02/Q42020Earnings_Openingremarks.pdf

¹³⁷ <https://reutersinstitute.politics.ox.ac.uk/daily-news-podcasts-building-new-habits-shadow-coronavirus>

¹³⁸ Nic Newman, Richard Fletcher, Anne Schulz, Simge Andi, Craig T. Robertson, and Rasmus Kleis Nielsen (2021) Reuters Institute Digital News Report 2021, 10th Edition. Oxford: Reuters Institute for the Study of Journalism. <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

The surge in the availability of digital video content was initially kicked-off by social media platforms like Facebook and the video sharing platform YouTube while subsequent launches like Snapchat and Instagram added to the trend. It received a further boost when Covid-19 led people to move their every lives online. In this context, publishers are stepping up investment in that direction (see Figure below). As an example, NBC added 200 new positions and several hours of programming to its NBC News NOW service. It has also invested heavily in short-form video, reaching tens of millions of Gen-Z viewers with its Stay Tuned programming on Snapchat¹³⁹. At the same time, a research paper found that also in Europe news organisations such as the German Spiegel, Die Welt and Süddeutsche Zeitung, are adopting a more entrepreneurial approach to digital video content, recognising them as a relevant opportunity for monetisation¹⁴⁰.

Digital video content is mostly used as a means to attract younger audiences. The Swedish public service broadcaster SVT is now the number one destination for a quarter (26%) of Swedes aged between 20 and 29 years old, growing from a mere 9% in 2017, mostly thanks to investments in a range of mobile-friendly online video formats that get to the point quickly or address non-traditional subjects. At the same time, other public service broadcasters like Germany's ARD have been experimenting with creating more bespoke video content for third-party platforms like TikTok and Instagram¹⁴¹.

However, the digital video content environment changes rapidly, requiring news organisations to continuously keep up with new platforms and technological trends. In 2022, as highlighted by a Reuters report¹⁴², some publishers are planning to shift towards newer platforms like Instagram (+54) and TikTok (+44) at the expense of more traditional ones like Twitter (-5) and Facebook (-8), although YouTube and other Google products remain a focus (see Figure below).

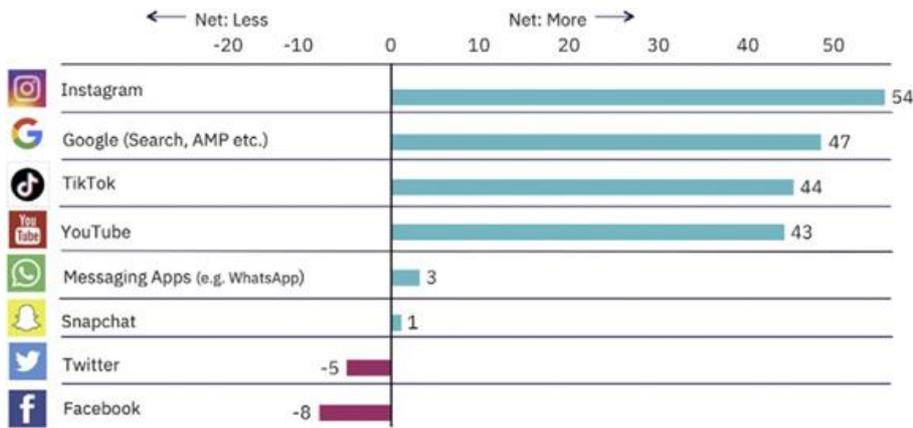
FIGURE 21. PLANNED EFFORT FROM PUBLISHERS BY PLATFORM, 2022

¹³⁹ <https://www.reuters.com/business/media-telecom/nbc-news-adds-200-jobs-streaming-digital-push-2021-07-27/>

¹⁴⁰ Antonis Kalogeropoulos & Rasmus Kleis Nielsen (2018) Investing in Online Video News, *Journalism Studies*, 19:15,2207-2224, DOI: 10.1080/1461670X.2017.1331709

¹⁴¹ EBU News Report: What's Next? Public Service Journalism in the Age of Distraction, Opinion and Information Abundance. <https://www.ebu.ch/publications/strategic/loginonly/report/news-report---whats-next-public-service-journalism-in-the-age-ofdistraction-opinion-and-information-abundance>

¹⁴² <https://reutersinstitute.politics.ox.ac.uk/journalism-media-and-technology-trends-and-predictions-2022>



Q9. When it comes to distribution and engagement via third-party platforms, will you be putting more or less effort into the following platforms in the coming year. N=231.

Source: Reuter Institute, 2022

Note: Values refer to the absolute number of respondents that gave a positive or negative answer

Digitisation has impacted the production of news in other ways. For example, the use of personal devices has substantially increased the amount of user data at hand, especially that held by platforms, leading to personalised news recommendations. This second aspect is covered in the section about the reliance on platforms in the next chapter. Production is also impacted by the possibility to automate content moderation, as seen in the previous section, which drastically speeds up content publication.

2.2.2. Distribution

The changes in the distribution of news reflects the changes in consumption habits of readers, which more and more prefer to consume news online and at the time of their choosing. This impacts the distribution of the broadcasters particularly.

The TV broadcasters are not facing much of a direct competition on their news segment; however their entertainment content is now competing with high-quality streaming services. Moreover, more and more Europeans are watching TV on the internet and smart TV have become a popular household item. IPTV offers the possibility for viewers to start over a programme or watch on demand, which is valuable to viewers but also to advertisers as IPTV can technically track users across programmes. This has prompted TV broadcasters to develop streaming services over the web, including their news programmes. TV broadcasters are also aiming to make their news content as widely available as possible and increasingly cover live news on social media or on websites with video and live updates during breaking news events.

The minor but increased popularity of the audio format to consume news is pushing more and more news brands to create an offer in complement to their print and sometimes video formats. This causes traditional radio broadcasters to revise their programme offer and distribution methods in order to maintain their market position. Many radio broadcasters now propose news programmes of varied length in order to retain different types of listeners but also to compete with short and long-form free podcasts which are readily available on podcast aggregators and audio streaming platforms and with other news brands' attempts at offering audio news on their websites. Radio broadcasters also now

distribute their programmes digitally to fit with the listeners appetite for delayed consumption, in a similar fashion as TV consumption.

The distribution of printed news is heavily impacted by the digitisation of the sector. Due to the important decrease of the number of printed copies sold, retailers but also the printing value chain are experiencing significant economic difficulties. In parallel, the increased costs of distribution have caused several newspapers to reduce and, in some cases, cancel the physical distribution of their products. Some actors are nonetheless attached to reaching their readers and have adopted innovative solutions such as developing a package delivery service, taking advantage of the logistics already deployed for newspaper distribution.

The increased digitisation of the media is characterised by digital platforms as a key channel of content and news distribution. Many traditional news media outlets are dependent on platforms for their reach to audiences, however these platforms retain a share of advertising revenues. This encourages traditional actors to seek out new revenue streams and to test out new business models. There are signs that digital subscriptions are starting to pay off, notably for some large outlets that developed offers (for example the New York Times, Bild in Germany, discussed below) while the success of other business models (used alone or in combination) such as crowdfunding is rather anecdotal. The main concerns with paywalls are that news organisations lose the benefits of the advertising channel and have to focus their efforts on how to attract visitors and turn them into customers.

Media organisation reliance on third-party platforms

Platforms are important access points to news. In 2022, 42% of users have used social media platforms as a news source¹⁴³. In 2020, 25% of pageviews of U.S media organisations came from a search engine (dominated by Google) and 15% came from social media¹⁴⁴.

Together with changes in the ad market, new players are emerging and becoming a key element of the value chain, namely content aggregators such as Google News, Yahoo News or AOL. Publishers have gradually come to rely on these aggregators and instead of finding other solutions to deliver their offer to the audience, they chose to offer free content to these platforms, receiving in return higher traffic but a lower share of remuneration than on their own sites¹⁴⁵.

Many experts express concerns about news aggregation and about clickbait practices. A recent experimental study found that, while aggregating practices have little effect on credibility and perceived quality, clickbait headlines may lower the perceived quality and credibility that users have of news outlets.¹⁴⁶ As illustrated by the results of the Standard Eurobarometer 96, trust in online media has remained consistently at a rather low level amongst European consumers, and research into

¹⁴³ Nic Newman (2022). *Journalism, media, and technology trends and predictions 2022*. Oxford: Reuters Institute for the Study of Journalism.

¹⁴⁴ Arendt, K. (2021) Parse.ly guide. How 2020 Changed the Content Landscape, and What It Means for Content Creators in 2021

¹⁴⁵ Logan Molyneux & Mark Coddington (2020) Aggregation, Clickbait and Their Effect on Perceptions of Journalistic Credibility and Quality, *Journalism Practice*, 14:4, 429-446, DOI: 10.1080/17512786.2019.1628658

¹⁴⁶ Ibid

clickbait use in the EU shows that it is employed to a minor but noticeable extent by major news outlets in most Member States¹⁴⁷ in order to attract readers to the content of their website.

News outlets have expressed concerns about news aggregators in terms of driving traffic to their own sites, remuneration, subscription and non-subscription news sites having equal weight, and the promotion of original content rather than rewrites of existing articles. In this context, alternative news aggregation platforms are emerging. One example is the news aggregation service called Knewz, which was developed by News Corp to draw content from News Corp properties as well as other outlets from across the political spectrum such as the New York Times, Washington Post and NBC, digital born players, magazine publishers and local newspapers, mostly in the U.S. but including other English language news outlets such as the Daily Mail from the UK. It was designed to 'recognise and reward the provenance of journalism, and to drive traffic and data to publishers - including subscription sites - so their original work is respected'¹⁴⁸. News Corp shut Knewz in July 2021 citing lack of profitability; it was acquired by Empire Media Group, which planned to develop the product and monetisation options¹⁴⁹.

Other projects aim to address the issue of news media reliance on third-party platforms. The EcoDaLo consortium (Ecosystem for Data management of Local publishers), located in Belgium with Adlogix, Pebble Media and Roularta Media Group as founding partners, aims to provide a knowledge platform for publishers, while guaranteeing data ownership and privacy, to create increase scale and improve their competitive position. Compared to global digital platforms such as Google and Facebook that can aggregate direct and contextual data from across third party content providers on their sites, news outlets may only access a smaller proportion of direct data on use of their own content on the platform. At EcoDaLo, the usage of Semantic Web technologies enables a decentralised approach where federated querying to a 'knowledge integration layer' on top of the companies' separate data management platforms allows local companies to combine their captured visitor traits, and better target visitors thanks to data that such companies would not have had access to otherwise, without aggregating all data. Meanwhile, projects like SpotX (part of RTL Group), a video ad serving platform for broadcasters and publishers that serves programmatic advertising videos across multiple devices, aim to address monetisation, digital advertising transparency and control for media owners. The European start-up BeaBee is trying to make news media organisations less reliant on third-party platforms in terms of running a community-first newsroom, by providing open-source software that allows companies to build strong community relationships and include users in their editorial processes thanks to tools for running a centralised community database and membership scheme.

At the same time, some countries are developing unified login systems across major news websites (from publishers and broadcasters) to be able to gather user data on their services instead of having to rely on third-party cookies. This can support content recommendations, product development, and

¹⁴⁷ Berta García Orosa, Santiago Gallur Santorun, and Xosé López García (2017). 'Use of clickbait in the online news media of the 28 EU member countries.' *Revista Latina de Comunicación Social* 72: 1261-1277. <http://hdl.handle.net/10347/17486>

¹⁴⁸ James Kennedy, spokesman for News Corp, apud Faisal Kalim (2019). 'Now Publishers Are Becoming News Aggregators. This is Why', in *What's New In Publishing*, 2019 URL: <https://whatsnewinpublishing.com/now-publishers-are-becoming-news-aggregators-this-is-why>

¹⁴⁹ Newswires, Empire Media Group, Inc. acquires Knewz from News Corp, 26 August 2021

advertising placement. This is the case of Switzerland with OneLog launching in 2021, a joint login service for the Swiss Digital Alliance (the federation of the largest Swiss media companies and publishing houses). In Czechia, Czech Ad ID is set to launch before 2023, created jointly by two competitors; the Czech Publisher Exchange (CPEx), a programmatic advertising vendor and Seznam, the Czech search engine and largest online publisher in terms of advertising and traffic¹⁵⁰. Other projects across Europe are working in the same direction. The European netID Foundation¹⁵¹ in Germany (Mediengruppe RTL Deutschland, ProSiebenSat.1, United Internet AG) provides a unique identifier to log in to a large number of Internet services and provides users with full and exclusive control over their personal data and data sharing. A similar project, PassMedia¹⁵², was launched in France by six news outlets (L'Equipe, 20 Minutes, le JDD, Paris-Match, Europe 1 et RTL) (since closed as further media outlets did not join) and in Portugal, Nonio¹⁵³, was created by approximately 70 of the major news sites in the country.

2.2.3. Access

This section presents an analysis and explanation of the trends that shape access to, consumption of, and interaction with the news today. It has a key focus on the digital sphere but with an eye to parallel and related developments of importance in the field of legacy media. More precisely, it explores:

- the participatory practices and UGC formats pertaining to improved reach and distribution of news content (e.g. comments, sharing)
- the strategies adopted by news organisations to harness these resources
- the emerging attention economy
- the changes digitalisation is introducing to day-to-day news consumption
- an analysis and illustration of the key developments relating to public trust in the media
- the threat that polarisation and disinformation pose to the news media sector

Participatory Practices

Opportunities for user engagement are increasing across the news sector as consumers have become more aware of existing participatory spaces and practices, particularly in the digital environment, and news providers have become more willing to integrate various types of UGC into not only news-making processes - as discussed above concerning citizen journalism -, but also as a tool and a resource for improving the reach and impact of the content produced. That is to say, as social media platforms have assumed a central position in the distribution of content online, media outlets have come to increasingly appreciate the role of user interactions such as commenting, liking, and sharing in driving up visibility and stickiness for their content.

¹⁵⁰ <https://thefix.media/2022/4/29/czechia-is-preparing-for-the-cookieless-future>

¹⁵¹ <https://enid.foundation/en/netid/>

¹⁵² <https://www.journaldunet.com/media/publishers/1488283-passmedia-6-sites-medias-francais-deploient-leur-login-commun/>

¹⁵³ <https://nonio.net>

Indeed, social media reactions have been shown to have a direct effect on the shelf-life of online news stories¹⁵⁴, and leading news providers nowadays commonly employ editorial strategies designed to generate and maximise user engagement on both platforms like Facebook and on proprietary news sites,¹⁵⁵ such as A/B headline testing (showing different portions of a site's audience different headlines for the same story, allowing an optimisation algorithm to collect data on differences in performance relating to metrics such as click-through rate).¹⁵⁶

However, the process of capitalising on this development has not been without issues. While evidence suggests that a majority of consumers view public participation as a distinct positive¹⁵⁷, **user preferences and motives for interaction are not always clear to media organisations**, and creating engaging content across multiple platforms is a time- and labour-intensive effort¹⁵⁸ that requires outlets to adapt existing stories to a more subjective, informal style characteristic of social media for optimal results - a fairly novel form of journalistic practice that still frequently involves a degree of guesswork and experimentation.¹⁵⁹ This situation is also affected by limited content provider access to data from digital platforms. Both direct data regarding consumers' use of news providers' content on the digital platform and contextual data - what devices are used to access said content, what users were looking at before, and where they went next - are available to digital platforms, but rarely shared to the same extent with outside parties, creating significant information asymmetry in the digital sphere.¹⁶⁰

This ability to not only collect and compare vast amounts of user data concerning news providers' content but also to relate this data to all other types of content and websites, leaves social media networks at a considerable advantage when it comes to optimising the personalisation and monetisation of user engagement, particularly through the use of targeted ads based on accurate predictions of consumer behaviour¹⁶¹. Seizing accurately on participatory preferences, therefore, represents a particularly salient challenge for the news sector, one that has become increasingly pressing in recent years as technology companies have taken over an ever-growing share of digital advertising revenues, in order to sustain and deepen audience ties, and to increase the reach and attraction of content tied to paid subscription models.

¹⁵⁴ Carlos Castillo, Mohammed El-Haddad, Jürgen Pfeffer, and Matt Stempeck (2014). 'Characterizing the Life Cycle of Online News Stories Using Social Media Reactions.' ACM CSCW. <https://doi.org/10.1145/2531602.2531623>

¹⁵⁵ Kunwoo Park, Haewoon Kwak, Jisun An, and Sanjay Chawla (2021). 'How-to Present News on Social Media: A Causal Analysis of Editing News Headlines for Boosting User Engagement.' ICSWM. <https://doi.org/10.48550/arXiv.2009.08100>

¹⁵⁶ Nick Hagar and Nicholas Diakopoulos (2019). 'Optimizing Content with A/B Headline Testing: Changing Newsroom Practices.' *Media Communication* 7 (1): 117-127. <https://doi.org/10.17645/mac.v7i1.1801>

¹⁵⁷ Susanne M. Almgren and Tobias Olsson (2016). 'Commenting, Sharing, and Tweeting News: Measuring Online News Participation.' *Nordicom Review* 37 (2): 67-81. <https://doi.org/10.1515/nor-2016-0018>

¹⁵⁸ K. K. Aldous, Jisun An, and Bernard J. Jansen (2019). 'The Challenges of Creating Engaging Content: Results from a Focus Group Study of a Popular News Media Organization.' CHI EA. <https://doi.org/10.1145/3290607.3312810>

¹⁵⁹ Kasper Welbers and Michael Opgenhaffen (2018). 'Presenting news on social media: Media logic in the communication style of newspapers on Facebook.' *Digital Journalism* 7 (1): 45-62. <https://doi.org/10.1080/21670811.2018.1493939>

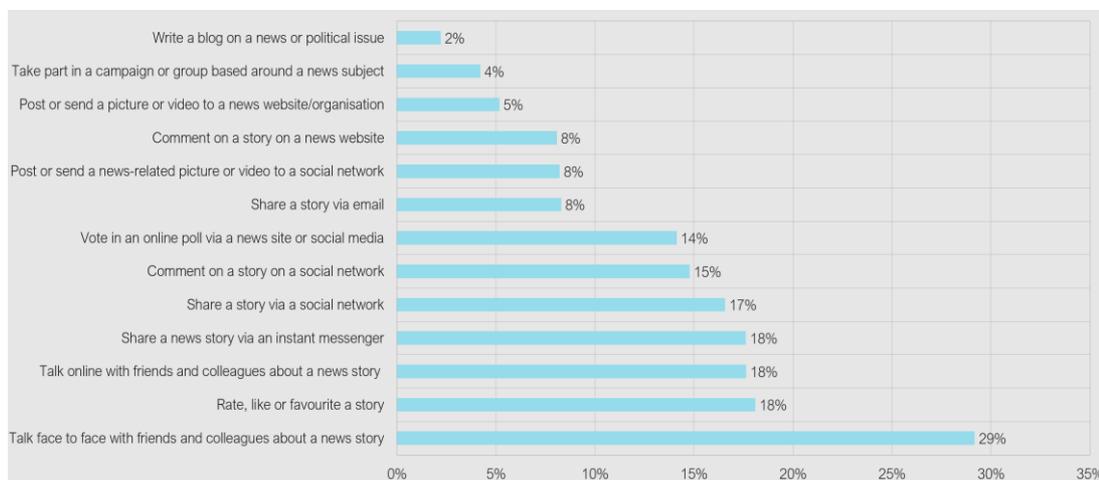
¹⁶⁰ Shosana Zuboff (2015). 'Big Other: Surveillance Capitalism and the Prospects of an Information Civilization.' *Journal of Information Technology* 30: 75-89. doi:10.1057/jit.2015.5

¹⁶¹ Shosana Zuboff. 'You are the Object of a Secret Extraction Operation,' *The New York Times*, 12 November 2021. <https://www.nytimes.com/2021/11/12/opinion/facebook-privacy.html>

As recent survey data collected by the Reuters Institute in the 2021 Digital News Report illustrates, engagement with news content has become more personal in the past year, with a growing number of EU-27 citizens preferring to share and discuss articles with friends and colleagues directly via instant messenger apps, the most popular of which, WhatsApp, is used by 16% of Europeans weekly for accessing news – with competitors such as Telegram and Instagram also enjoying gradual growth, especially amongst younger people (18-24)¹⁶². Meanwhile, the number of users sharing, rating, and commenting in a more public capacity has experienced a slight but noticeable decline on some social media platforms such as Facebook¹⁶³. While this suggests that the popularity of older social networks has suffered somewhat with the introduction of new, increasingly personal platforms, they nonetheless remain almost doubly more attractive to consumers as a forum for commenting on news stories than proprietary websites, and even more so if one considers the full range of engagement features (see figure below). If news organisations are to draw consumers back into a direct and mutual relationship, as a means of delivering content that audiences are more likely to see and engage with positively, the imperative to capture user attention cannot be disregarded.

While ideally, news outlets should adopt an approach centred on serving the informational needs of the public within a primarily ethical framework, to do so effectively in today’s attention economy requires a higher awareness and understanding of the patterns that drive user engagement. For quality news content to remain attractive to and within the reach of most consumers, better-designed opportunities for participation are necessary – ones that strike an adequate balance between encouraging interaction with and the sharing of stories, and maintaining the minimum necessary level of editorial control over the process to maintain journalistic standards and a civil tone.

FIGURE 22. EU-27 CITIZENS’ ENGAGEMENT WITH NEWS IN AN AVERAGE WEEK, 2021 (%*)



Question: During an average week in which, if any, of the following ways do you share or participate in news coverage? Please select all that apply.

¹⁶² Nic Newman, Richard Fletcher, Anne Schulz, Simge Andi, Craig T. Robertson, and Rasmus Kleis Nielsen (2021). *Reuters Institute Digital News Report 2021, 10th Edition*. Oxford: Reuters Institute for the Study of Journalism. <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

¹⁶³ Ibid.

Note: * Survey data weighted by population for 20 Member States of the European Union; data unavailable for Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta and Slovenia. The UK was excluded from all data.

Source: The Reuters Institute Digital New Report survey data, Oliver & Ohlbaum analysis and estimates

Patterns of User Engagement

Although the architecture of the online media landscape has come to rely more and more on a variety of user-generated content, marking a gradual power shift away from the journalist as producer and towards the so-called amateur ‘producer’,¹⁶⁴ the control over participatory practices remains mostly in the hands of the former. In particular, UGC corresponding to users’ interaction at the point of access – that is to say, content used to **generate further engagement** such as comments on news sites – is often closely supervised by news organisations concerned with maintaining civil conduct and journalistic integrity. Measures such as limiting comments and shares to specific news categories or requiring all users to register before posting are employed by many proprietary news sites¹⁶⁵, and exacting editorial and content moderation policies are a common feature of online forums maintained by quality outlets¹⁶⁶.

While the extent and strictness of individual policies varies greatly between media organisations, one academic study suggests that such a narrow approach, often erring on the side of caution, may have served to discourage active, public audience participation and brand loyalty by damaging the image of a participatory and truly democratic journalistic media. It finds that this risk is further heightened by a conspicuous lack within even some large, quality outlets of a transparent, systematic policy for community management - for example, research by communication scholars on *Spiegel Online*, Germany’s largest digital newspaper forum, found a **strikingly ad-hoc approach to moderation practices when it came to user comments**, leaving many users confused as to why some of their posts were deleted and leading to feelings of mistreatment, particularly amongst those already espousing viewpoints critical of the mainstream media.¹⁶⁷ A part of this development may also be explained by the limits of current automated recommendation systems and content moderation tools. Recent studies charting user attitudes towards AI have shown that public perception of the fairness and utility of automated decision-making is fairly mixed, not only regarding its implementation in the news-making

¹⁶⁴ Tai-Li Wang (2016). ‘From News Receiver to News Producer – The New Relationship between Journalists and Audience in Web 2.0.’ *Advances in Journalism and Communication* 4: 55-66. 10.4236/ajc.2016.42006

¹⁶⁵ Susanne M. Almgren and Tobias Olsson (2016). ‘Commenting, Sharing, and Tweeting News: Measuring Online News Participation.’ *Nordicom Review* 37 (2): 67-81. <https://doi.org/10.1515/nor-2016-0018>

¹⁶⁶ Susanne M. Almgren and Tobias Olsson (2015). ‘“Let’s Get Them Involved” ... to Some Extent: Analyzing Online News Participation.’ *Social Media + Society* 1 (2): 1-11. <https://doi.org/10.1177/2056305115621934>

¹⁶⁷ Svenja Boberg, Tim Schatto-Eckrodt, Lena Frischlich, and Thorsten Quandt (2018). ‘The Moral Gatekeeper? Moderation and Deletion of User-Generated Content in a Leading News Forum.’ *Media and Communication* 6 (4): 58-69. <https://doi.org/10.17645/mac.v6i4.1493>

process¹⁶⁸ but in a broader societal context too¹⁶⁹, and journalists are increasingly aware of the need for transparency and audience-centric usability as prerequisites for successful algorithmic design¹⁷⁰. However, without a better grasp of the patterns that drive audience interaction with the news, a technologically well-designed participatory architecture is not likely to be enough.

It is important to recognise that ease of access, a large amount of news coverage or participatory affordances, do not by themselves guarantee a high degree of consumer interest or interaction, and recent trends in user engagement suggest that consumers are increasingly likely to resist overt attempts at steering by outlets. Arguably, such a development could present an additional risk to media diversity if a growing share of daily consumption moved towards unmoderated private channels where disinformation and partisan content may spread unchecked. A very large share of user engagement already happens through digital means, and the importance of online information channels is likely to grow in the coming years as smartphone and mobile internet penetration reaches ever higher levels across Europe. This opens up the possibility that users will keep moving towards more restricted networks for discussing the news, and that the risk of political polarisation will grow accordingly. Certain factors do, however, emerge as ones that increase the likelihood of active and public engagement with news providers, key among which are:

- **Spatiality:** proximity appears as an important driver for direct engagement, with evidence from the Nordic market indicating that users are both more interested in local news and more likely to actively comment on and share stories involving the communities in which they live.¹⁷¹ This finding is also supported by evidence from several studies conducted in the U.S. which point towards a strong link between local news habits and civic engagement¹⁷². While this seems to offer great possibilities for local news sites to foster intimate community ties, it is currently not entirely clear how far the trend extends to markets without a strong regional press.

¹⁶⁸ Valentina Marinescu, Bianca Fox, Daniela Roventa-Frumusani, Silvia Branea, and Ramona Marinache (2022). 'News Audiences' Perceptions of and Attitudes Towards AI-Generated News.' In *Futures of Journalism: Technology-stimulated Evolution in the Audience-News Media Relationship*, edited by Ville J. E. Manninen, Mari K. Niemi, and Anthony Ridge-Newman, 295-312. London, Palgrave Macmillan.

¹⁶⁹ Theo Araujo, Natali Hegelberger, Sanne Kruikemeier, and Claes H. de Vreese (2020). 'In AI we trust? Perceptions about automated decision-making by artificial intelligence.' *AI & Society* 35: 611-623. <https://link.springer.com/article/10.1007/s00146-019-00931-w>; Christopher Starke and Marco Lünich (2020). 'Artificial intelligence for political decision-making in the European Union: Effects on citizens' perceptions of input, throughput, and output legitimacy.' *Data and Policy* 2. <https://doi.org/10.1017/dap.2020.19>

¹⁷⁰ Mariella Bastian, Natali Hegelberger, and Mykola Makhortykh (2019). 'Safeguarding the Journalistic DNA: Attitudes towards the Role of Professional Values in Algorithmic News Recommender Designs.' *Digital Journalism* 9 (6): 835-863. <https://doi.org/10.1080/21670811.2021.1912622>, Mark Hansen, Meritxell Roca-Sales, Jon Keegan, and George King (2017). *Artificial Intelligence: Practice and Implications for Journalism*. Tow Center for Digital Journalism.

¹⁷¹ Susanne M. Almgren and Tobias Olsson (2016). 'Commenting, Sharing, and Tweeting News: Measuring Online News Participation.' *Nordicom Review* 37 (2): 67-81. <https://doi.org/10.1515/nor-2016-0018>

¹⁷² Michael Barthel, Jesse Holcomb, Jessica Mahone and Amy Mitchell (2016). 'Civic Engagement is Strongly Tied to Local News Habits.' Pew Research Center; Danny Hayes and Jennifer L. Lawless (2015). 'As Local News Goes, So Goes Citizen Engagement: Media, Knowledge, and Participation in US House Elections.' *The Journal of Politics* 77 (2): 447-462. <https://doi.org/10.1086/679749>

- The **type of sociality** enabled by a given platform or channel: social interactions such as news sharing contribute strongly to habit formation, and networks whose technological features allow for a high degree of mutuality appear to be preferred by users compared to unidirectional or public ones. However, there seems to be some deviation in terms of the channel favoured depending on the type of news one wishes to engage with, with less mutual social settings such as Twitter attracting harder news content.
- The **type of content** available: although more lightweight news items (e.g. entertainment, sports) are often pushed by news outlets as favoured targets for user interaction, consumers are equally likely to engage with content encompassing harder, serious topics if it corresponds to certain parameters such as carrying a strong emotional charge or having explicit social significance (e.g. domestic politics, healthcare).¹⁷³ As mentioned above, however, the type of content shared and discussed varies to a noticeable degree according to the platform in question, although national case studies indicate softer news is still shared more often in overall numbers.¹⁷⁴
- **Demographic characteristics:** one's age, gender, level of education, political affiliation, and other individual traits all exert a decisive influence on one's level of engagement with the news, yet the impact of any particular factor is often difficult to pin down and likely varies between platforms and content formats. Nevertheless, data from cross-national studies of online users and social media interaction indicates that those who participate actively in sharing and discussing news content are on average more likely to be politically engaged, use multiple platforms, and possess a strong interest in public affairs – all of which are also strong indicators of a greater likelihood of engagement with news content outside of social media networks too (e.g. by sharing stories via email).¹⁷⁵ This trend suggests that increased online digital interaction can be beneficial to user engagement across the board in so far as it spurs a greater engagement in the news.

While all of the factors above will continue to be important in determining the extent of consumer engagement with the news, the increasingly personal level on which participatory practices take place and the limited amount of user data generated by proprietary news sites in comparison to social media networks pose a challenge for news outlets to collect datasets that are accurate and comprehensive enough for the creation of detailed predictive models and competitive opportunities for personalised news access and interaction¹⁷⁶.

The end-to-end encryption prioritised by instant messaging apps makes it difficult to measure and characterise the flow of news across such digital networks and may further complicate attempts to draw

¹⁷³ Susanne M. Almgren and Tobias Olsson (2015). '“Let's Get Them Involved” ... to Some Extent: Analyzing Online News Participation.' *Social Media + Society* 1 (2): 1-11. <https://doi.org/10.1177/2056305115621934>

¹⁷⁴ Bente Kalsnes and Anders Olof Larsson (2017). 'Understanding News Sharing Across Social Media Detailing distribution on Facebook and Twitter.' *Journalism Studies* 19 (11): 1669-1688. <https://doi.org/10.1080/1461670X.2017.1297686>

¹⁷⁵ Antonis Kalogeropoulos, Samuel Negredo, Ike Picone, and Rasmus Klein Nielsen (2017). 'Who Shares and Comments on News?: A Cross-National Comparative Analysis of Online and Social Media Participation.' *Social Media + Society*. <https://doi.org/10.1177/2056305117735754>

¹⁷⁶ Balázs Bodó (2019). 'Selling News to Audiences – A Qualitative Inquiry into the Emerging Logics of Algorithmic News Personalization in European Quality News Media.' *Digital Journalism* 7 (8): 1054-1075. <https://doi.org/10.1080/21670811.2019.1624185>

users back towards news sites and open social media networks alike. While there is a degree of interaction between the three – users can and frequently do share links to content originating on the pages of news outlets on closed messaging platforms -, the shape and architecture of interactions on apps such as Telegram is subject primarily to the direction of individual channel or group chat owners and moderators¹⁷⁷, and they are prized by many users precisely for providing a relatively private and controlled environment for the discussion of sensitive topics such as politics.¹⁷⁸ These features make it difficult for news outlets to effectively exploit such services in comparison to participatory practices carried out in an open environment and, although some attempts have been made to establish a presence on key platforms, the results remain rather modest: for example, the Telegram channel of *The Guardian*, a quality news outlet with international reach, only has a total of 14,822 subscribers¹⁷⁹. This makes effective monetisation doubly challenging, and it is, therefore, essential for news outlets to quickly redefine their approach to user engagement – particularly as the gradual democratisation of participatory practices is neither a negative development in itself nor one likely to be reversed soon.

It is worth noting that the factors discussed above suggest that local and regional media are in a remarkably strong position to capitalise on precisely this democratic potential contained in online user engagement and to respond effectively to the confluence of opportunities and challenges represented by digitalisation. Able to sound out consumer preferences with greater ease than national outlets, and answer with news products tailored to precise expectations, local news stands to reap significant rewards from fully embracing user engagement – with likely added benefits for media trust, local democracy and increased civic participation – as long as they are willing and able to invest in building a more sophisticated participatory architecture. **Building such an architecture represents a significant hurdle for smaller actors as they need to acquire the funds and technical expertise.** Thus, while well-placed to do so, many local media do not manage to take advantage of their position. Of course, there are other challenges involved, notably in regards to translating audience loyalty into active paying behaviour and turning user interactions into a resource for the development of new, subscription-based business models – not to mention the digital expertise and costs required to develop effective and easy-to-access mechanisms for involving users in public news discussions and thus generating engagement with the news. In a promising development, growing number of the interviewed European media outlets appear to be cognisant of this fact and eager to reconnect with local audiences.

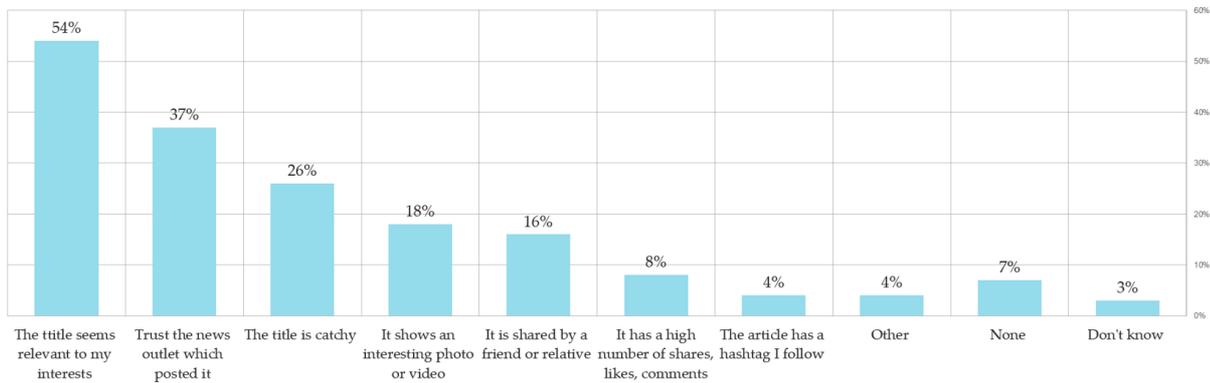
However, optimisation of the lower end of the news media value chain is not only a matter of implementing improved processes for user participation and encouraging an active dialogue between consumers and news providers. A better understanding of broader patterns of news consumption as they pertain to the circumstances particular to today's attention economy is also necessary. Consumers' engagement with a specific news article depends on multiple factors. To illustrate, the following reasons influence readers' decisions to read an online news article (see Figure below).

¹⁷⁷ Arash Dargahi Nobari, Negar Reshadatmand, and Mahmood Neshati (2017). 'Analysis of Telegram, An Instant Messaging Service.' CIKM. <https://doi.org/10.1145/3132847.3133132>.

¹⁷⁸ Augusto Valeriani and Cristian Vaccari (2018). 'Political Talk on Mobile Instant Messaging Services: A Comparative Analysis of Germany, Italy, and the UK.' *Information Communication and Society* 21 (11): 1715-31. 1715–31. doi:10.1080/1369118X.2017.1350730

¹⁷⁹ https://t.me/the_guardian_news (accessed 11.05.2022).

FIGURE 23. REASONS FOR SELECTING RELEVANT ONLINE NEWS ARTICLE, EU-27 (%)



Note: This data only includes the selection of online article stand alone, not a selection of TV and/or radio channels, printed media outlets.

Source: Flash Eurobarometer. News & Media survey 2022.

BOX 6 LOCAL MEDIA TRENDS

The news media market is a complex one, historically made up of a multitude of small¹⁸⁰ and local news providers. In some countries, local newsrooms increasingly compete with local branches of large conglomerate that want to provide audiences with news at the national but also at the regional level. Moreover, local news providers have been integrated into said large newsbrands in many European markets. Mergers are potentially a concern if they cause local markets to have a single content offer. Overall, the economic independence of local media is regarded as a key element, including for local public service media, as they contribute to a healthy democracy. Beyond democratic importance, local media have an important intrinsic value in that they offer news of particular interest to local residents. As such, consumers often feel them to be more trustworthy.

Embracing user engagement is an opportunity for local media as audiences tend to be more actively involved in local life. However they still face difficulties building the kind of participatory architecture that would allow them to take advantage of their position. Because they are scattered and tend to be smaller, local newsrooms do not employ the kind of advanced technology that is ubiquitous among tech giants and common among bigger publishers. The digital shift was slower and reliance on print was stronger in the regional and local press¹⁸¹. Therefore, some projects aim to support local partners to combine their data to reduce their reliance on third party platforms, for example to target visitors.

¹⁸⁰ In terms of company size (without geographic scale), small and micro companies (i.e. less than 10 employees) make up 98.2% of the publishing sector, 93.9% of the radio subsector and 94.3% of the television subsector. However, a large share of these are companies with one or less employees. From the total share of the enterprises, these make up 68.1, 50.9 and 55.9% across the publishing, radio and television sectors. Please see section 3.2.1.4 for more information.

¹⁸¹ Interviews

There is evidence that older audiences value local news and proximity more and are therefore more willing to pay for it¹⁸². However, to remain relevant and ensure long-term revenues local newsbrands also need to explore how to attract younger audiences, in terms of topics, formats and community-building.

Day-to-day News Consumption

News consumption is primarily a habit-driven activity. While individual patterns of consumption are determined by a wide range of factors (including, but not limited to age, gender, income, education, and political ideology), they are nonetheless for a large part made up of unconscious and non-deliberate repeat actions, triggered by contextual cues and enacted automatically. Moreover, recent studies have also shown that the family context¹⁸³ and generational effects¹⁸⁴ are of importance to the formation of these habits and that they tend to remain fairly stable and consistent over time and across demographics – many people are inclined to stick to the media formats and content that they grew up with (both news and otherwise) unless confronted with immediate and major disruptions to their daily routines¹⁸⁵.

However, while the average consumer is likely to keep consuming media in familiar formats throughout their life, this does not mean that they will not also pick up new formats to add to their news habits, especially when presented with new technological possibilities for doing so – as shown by the significant increase in digital media use (see Figure below). It is important to note here that this change is primarily of an additive rather than qualitative nature: while digitisation has introduced people (especially the young) to some novel modes of news use enabled by near-constant internet access and the 24/7 online news cycle – such as, for example, using a smartphone to browse news sites on the morning commute, or listening to a podcast while out on a run -, these consumption patterns are likely to coalesce into regular habits that occupy a position adjacent to older media activities in the lives of consumers instead of directly supplanting them, as will be explained in more detail below (see also Box 3).

Everyday news consumption habits, once established, tend to be remarkably consistent and unlikely to change substantially unless subjected to considerable disruption¹⁸⁶. This overall rigidity that defines daily news use may serve in part to explain the continuing demand for and high levels of support

¹⁸² Manuel Goyanes (2015). 'The Value of Proximity: Examining the Willingness to Pay for Online Local News.' *International Journal of Communication* 9: 1505-1522. <https://ijoc.org/index.php/ijoc/article/view/3388>

¹⁸³ Adam Shehata (2016). 'News Habits Among Adolescents: The Influence of Family Communication on Adolescents' News Media Use – Evidence from a Three-Wave Panel Study.' *Mass Communication and Society* 19 (6): 758-781.

<https://doi.org/10.1080/15205436.2016.1199705>; Grace S. Yang and L. Rowell Huesmann (2013). 'Correlations of Media Habits Across Time, Generations, and Media Modalities.' *Journal of Broadcasting & Electronic Media* 57 (3): 356-373.

<https://doi.org/10.1080/08838151.2013.816711>; Angela M. Lee and Michael X. Delle Carpini (2010). 'News Consumption Revisited: Examining the Power of Habits in the 21st Century.' 11th International Symposium on Online Journalism.

<https://isoj.org/wp-content/uploads/2018/01/LeeCarpini10-1.pdf>

¹⁸⁴ Marina Ghersetti and Oscar Westlund (2016). 'Habits and Generational Media Use.' *Journalism Studies* 19 (7): 1039-1058. <https://doi.org/10.1080/1461670X.2016.1254061>

¹⁸⁵ Lucas Carden and Wendy Wood. (2018). 'Habit formation and change.' *Current Opinion in Behavioural Sciences* 20: 117-122. <https://doi.org/10.1016/j.cobeha.2017.12.009>

¹⁸⁶ Marina Ghersetti and Oscar Westlund (2016). 'Habits and Generational Media Use.' *Journalism Studies* 19 (7): 1039-1058. <https://doi.org/10.1080/1461670X.2016.1254061>

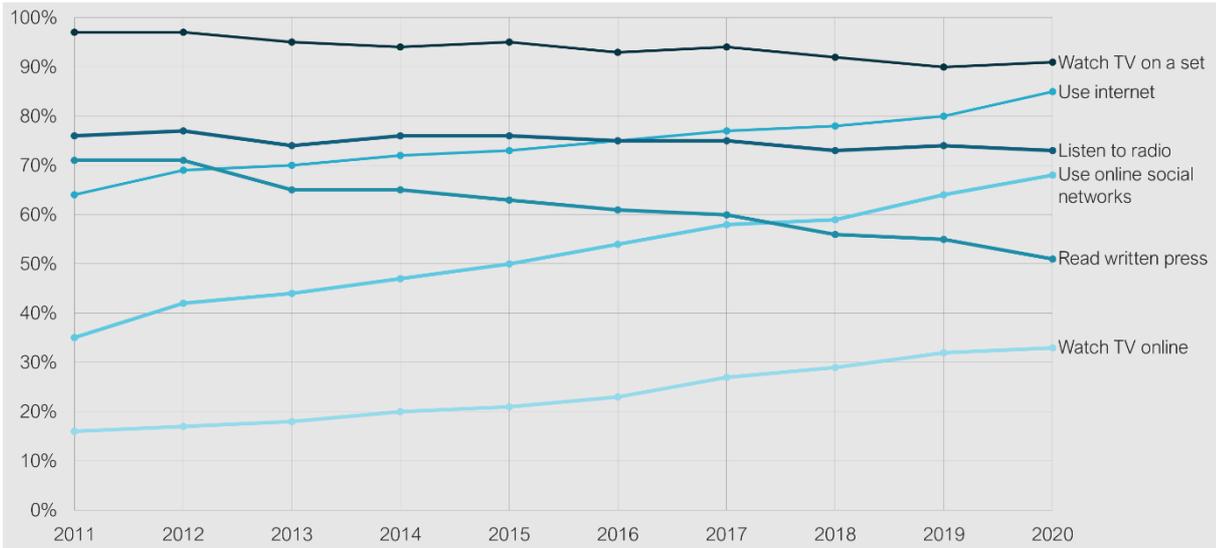
enjoyed by legacy media content across Europe, although a sharp increase in digitised consumption is beginning to make its influence felt. Indeed, as of 2020, television retains its position as the most widely consumed form of media content, with 91% of EU-27 citizens watching televised broadcasts on a traditional TV set every week. Levels of radio use have remained similarly stable, with 73% of consumers tuning in to listen weekly. Both broadcast mediums have, however, seen an overall drop in user reach and consumption over the last decade, suggesting that a slow shift is taking place in consumer preferences towards more and more online content. Meanwhile the written press (in print) has seen weekly use fall to only 51% of all consumers in 2020 – a decrease of 20% from 2011 (see Figure on media type use below).

In contrast to the decline – whether steep or negligible - experienced by legacy media, demand for online news content has grown considerably over the past ten years. As of 2020, the internet is used every week by the vast majority of Europeans - 85% of citizens, while social media networks have almost doubled their reach from 35% to 68% of all consumers. Watching television online, although still a relatively marginal practice, has also increased at a steady pace and now makes up part of the weekly media routine of 33% of media users. Indeed, the popularity of digital content both news and otherwise, has increased exponentially over the last ten years and, if looked at in terms of the role played by the former specifically in the everyday life of the average consumer, it appears in an even stronger position.

If we consider the reach of legacy and online media for news specifically, while television remains as noted above the most commonly used medium for media consumption per week, the proportion of EU-27 citizens who watch news via television weekly is somewhat lower and undergoing a noticeable fall, having declined from 77% in 2017 to 70% in 2021 (see Figure below). The reach of the written press and radio for consuming news has also decreased over the same period. Online sources and social media – including legacy media content and services-, on the other hand, have shown themselves to be remarkably more resilient, both having suffered a decline of only a few percentage points and retaining higher reach than radio or print, though TV remains the main access point to news in Europe¹⁸⁷.

FIGURE 24. PROPORTION OF EU-27 CITIZENS READING ONLINE NEWS SITES/NEWSPAPERS/NEWS MAGAZINES AT LEAST ONCE PER WEEK, BY AGE GROUP, 2013-2021 (%)

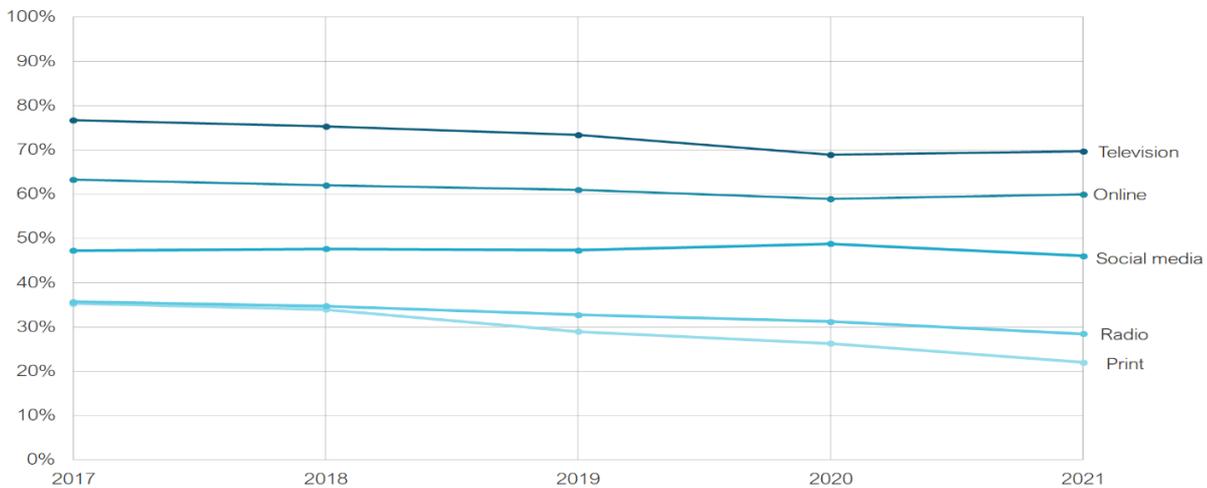
¹⁸⁷ Flash Eurobarometer, News and Media Survey 2022



Note: Weighted average for the Member States of the European Union, the UK excluded from data post 2019. Surveys were carried out during autumn each year, except in 2020 which was carried out during winter 2020-2021 due to pandemic disruption. Written press refers to printed press outlets

Source: Standard Eurobarometer 94: Media use in the European Union survey, Oliver & Ohlbaum analysis and estimates

FIGURE 25. EU-27 CITIZENS' SOURCES USED FOR NEWS IN THE LAST WEEK, 2017-2021 (%)



Question: Which, if any, of the following, have you used in the last week as a source of news? Please select all that apply.

Note: *Survey data weighted by population for 20 Member States of the European Union; data unavailable for Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta and Slovenia. Bulgaria data for 2017 is unavailable. The UK was excluded from all data.

Source: The Reuters Institute Digital News Report survey data, Oliver & Ohlbaum analysis and estimates

The shift towards an attention-based economy, increasingly reliant on more lightweight content formats, has not affected only the digital side of the news media sector. Part of the enduring popularity of television news, in particular, may be explained by aspects of broadcasting that arguably anticipated parts of this development. European broadcasting has seen news providers gravitate in increasing numbers towards the production of infotainment – an eclectic blending of political information with entertainment content – since the late 1980s, when most European countries opted to relax government regulations in a move that opened the doors for unprecedented competition between public and commercial broadcasters¹⁸⁸.

While a strong link is commonly held to exist between infotainment and media commercialisation, evidence from recent research indicates that elements of the infotainment format have become increasingly commonplace in public service broadcasts too. Notably, a comparative study of the narrative structure of television news in Spain, Ireland, and the Netherlands found that infotainment techniques - such as stylised transitions, extensive use of music, and elaborate camera movement techniques - are still overall more likely to be used in private broadcasting. Yet, the research suggests that the format has also become increasingly present in public service broadcasts, especially in countries with a highly competitive market between television channels¹⁸⁹. While the trend is therefore clearly subject to circumstances specific to individual national media markets, and commonly results from increased market pressure, it is not limited only to media organisations reliant on advertising revenues. For example, Spanish public service news broadcasts include on average greater traces of infotainment than their Dutch equivalents¹⁹⁰, even if the former is publicly funded and prohibited by the country's audiovisual law from carrying commercial communications (except for specific cultural or sports events of a public nature).

What this suggests is that infotainment is seen across the European broadcasting sector to hold an important role in the creation of attractive news products and that its strategic significance stretches beyond financial concerns to ensuring a greater general reach and relevance for televised content. This has resulted in some communications scholars expressing concern over a possible cognitive and societal devaluing of broadcast news, articulated mainly in the belief that the sensationalist qualities of infotainment are trivialising public affairs into a shallow and distracting entertainment spectacle, thus undermining the ability of consumers to acquire the factual political knowledge necessary for informed opinion forming and encouraging a general apathy towards active civic participation¹⁹¹. However, while research on whether infotainment exposure has either significant negative or beneficial learning effects remains inconclusive and largely anecdotal¹⁹², some research has sought to demonstrate that its ability to evoke highly emotional responses in viewers can have a minor positive impact on message

¹⁸⁸ Boukes, Mark (2019). 'Infotainment.' In *International Encyclopedia of Journalism Studies: Forms of Journalism* edited by T.P. Vos, F. Janusch, D. Dimitrakopoloulou, M. Geertsema-Sligh and A. Sehl. Hoboken: Wiley-Blackwell.

¹⁸⁹ Amanda Alencar and Sanne Kruike-meier (2018). 'Audiovisual infotainment in European news: A comparative content analysis of Dutch, Spanish, and Irish television news programs.' *Journalism* 19 (11): 1534-1551. DOI: 10.1177/146488491667133

¹⁹⁰ Ibid.

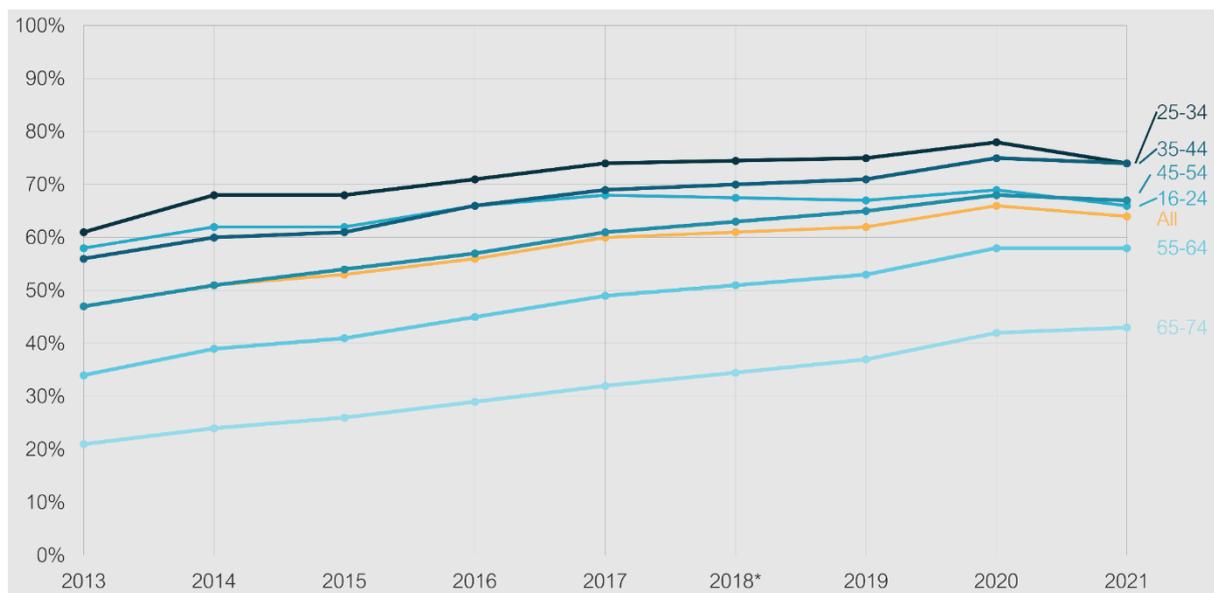
¹⁹¹ An Nguyen (2012). 'The effects of soft news on public attachment to the news: Is "infotainment" good for democracy?' *Journalism Studies* 13 (5-6): 706-717. <https://doi.org/10.1080/1461670X.2012.664318>

¹⁹² Michael X. Delli Carpini (2014). 'The political effects of entertainment media.' In *The Oxford Handbook of Political Communication*, edited by Kate Kenski and Kathleen Hall Jamieson. doi:10.1093/oxfordhb/9780199793471.013.30

comprehension and recall¹⁹³ and that the format may aid in encouraging a greater interest in public affairs amongst less informed audience segments¹⁹⁴. **Infotainment may therefore contribute somewhat positively to democracy and political engagement** while presenting legacy broadcasters with a format that allows them to compete with digital news by providing audiences with attractive news offers, although it remains difficult at present to assess to what extent this may hold in the long term.

Turning to the reach of online news sources, the average proportion of the EU-27 population reading online news increased from 47% in 2013 to 64% in 2021 (see Figure below). Citizens aged 25-44 are the most likely to read news from digital sources, whilst older generations aged 65 and over are the least likely. While younger age groups have been the greatest adopters of online news so far, the trend of strong growth in the proportion of people reading online news has been consistent among all age groups of EU-27 citizens. This is atypical for the online media landscape where growth in the uptake and consumption of new media sources is typically faster in the younger age groups. This indicates that online news is now well established and, if one looks at the situation in terms of the time and attention spent by the average consumer on each media format daily, it appears to be in an even stronger position.

FIGURE 26. PROPORTION OF EU-27 CITIZENS READING ONLINE NEWS SITES/NEWSPAPERS/NEWS MAGAZINES AT LEAST ONCE PER WEEK, BY AGE GROUP, 2013-2021 (%)



Note: *2018 data not available, value interpolated

Source: Eurostat, Oliver & Ohlbaum analysis and estimates

¹⁹³ Paul Hendriks Vettehen, Johannes Beentjes, Koos Nuijten, and Allerd Peeters (2011). 'Arousing News Characteristics in Dutch Television News 1990–2004: An Exploration of Competitive Strategies.' *Mass Communication and Society* 14 (1): 93-112. <https://doi.org/10.1080/15205431003615893>

¹⁹⁴ Robert Marinov (2019). 'Mapping the infotainment literature: Current trajectories and suggestions for future research.' *The Communication Review* 23 (1): 1-28. <https://doi.org/10.1080/10714421.2019.1682894>

BOX 7. NEWS CONSUMPTION ACROSS MEDIA PLATFORMS – YOUNG DUTCH USERS AS AN EXAMPLE

While people are generally prone to inherit the news habits of their parents, younger news users also spend more time on average consuming newer forms of news content and tend to possess a wider news media repertoire than older consumers, incorporating a wider range of online and offline formats in their daily news use. The exact degree to which family context influences individual consumption patterns is however difficult to quantify and the hybrid, high-choice character of the contemporary media environment makes it challenging to identify precise trends tied to demographic factors beyond generalisations that inevitably present a slightly simplified view of the reality of news use. A recent study of news use amongst Dutch adolescents (age 16-21) illustrates that even within such a restricted demographic group, individual consumption patterns vary to a great extent. Although 49% of those surveyed fall within the category of ‘minimalist’ users with low overall news consumption across platforms, the other half engages with the news actively and through multiple sources – and within this group, preferred formats differ between traditionalists (30%), online news users (12%), and news omnivores (9%)¹⁹⁵. Interestingly, the findings suggest that traits such as level of education or social background do not significantly affect the likelihood of belonging to any given user group, and that news repertoires are rather determined primarily by preferences for specific types of news content across platforms. On this study, the formation of a digital or democratic divide between more and less affluent or educated users does therefore not appear to represent a considerable risk for this age group in the Dutch news media ecosystem, which is in contrast to previously described concerns derived from studies of older consumers. However, in this study, young Dutch citizens who consume primarily online content do show a clear preference for more simplistic, entertainment-oriented formats compared to others who continue to use legacy platforms such as print media and television to follow the news – suggesting that possession of digital skills does not correlate with a high level of media literacy or interest in quality news content¹⁹⁶. Accordingly, this study might suggest that while the digitalisation of consumption patterns has the potential to greatly reduce information inequality amongst young consumers, conventional media literacy education will remain necessary in the future to ensure such an outcome.

While **television remains the most popular format in terms of daily consumption of both news and other types of media content**, with the average European citizen spending around three hours 40 minutes per day watching broadcast content in 2019, the amount of time allocated to radio stands at a lower level at around two hours 15 minutes – while 20 minutes of attention were assigned each day to newspapers, a 35% decrease on 2011 (see figure below). We refer to 2019 to exclude the impact of the Covid-19 pandemic.

It is important to note that the time spent on each legacy media remained fairly stable over the last decade, suggesting that while the generally inflexible and unchanging character of everyday news habits may work to protect traditional segments of the news sector to a certain degree, it is not in itself enough to encourage growth or guarantee economic viability inside the framework of the attention economy and the consumer appeal of the internet.

¹⁹⁵ Sabine Geers (2020). ‘News Consumption Across Media Platforms and Content: A Typology of Young Users.’ *Public Opinion Quarterly* 84: 332-354. <https://doi.org/10.1093/poq/nfaa010>

¹⁹⁶ Ibid.

Average daily internet consumption is increasing and reached 2 hours 50 in 2019, having increased by 88% compared to 2011. The growth in digital media use has disrupted traditional business models and forced legacy outlets to adapt or risk falling behind, in favour of digital media including digital news.

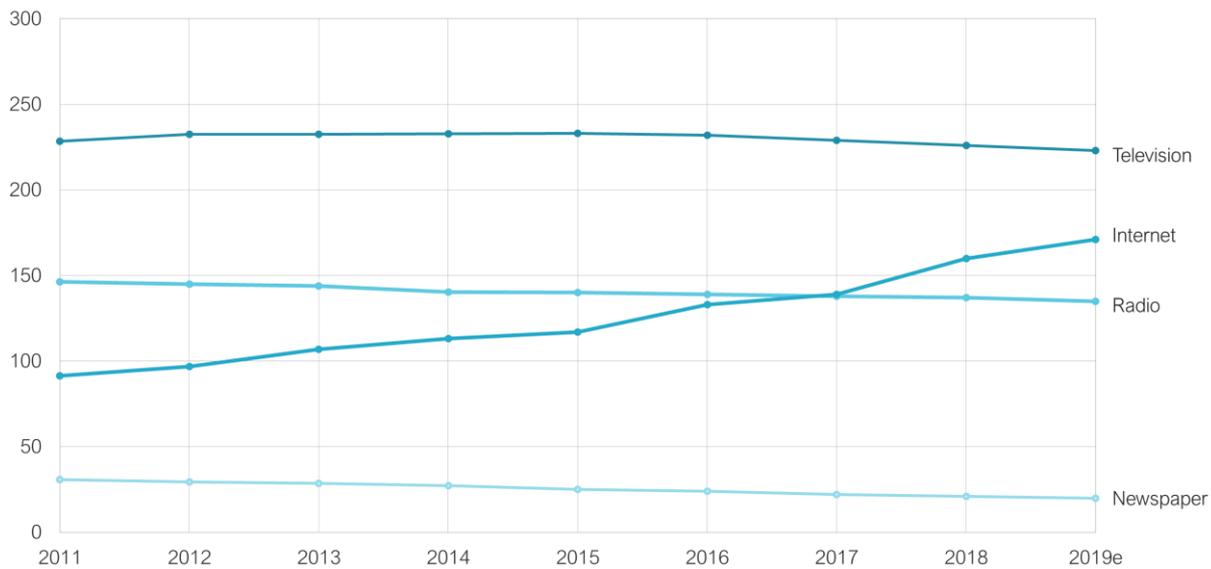
As already suggested, the persistence of old news habits does not preclude the inclusion of new ones, and the relative stability of daily legacy media consumption in parallel to the explosive growth experienced by online content may be explained in part by overall growth in the total amount of time spent on all media. Moreover, evidence suggests that a major part of this time and attention is divided between multiple media formats. As illustrated by a recent global study carried out by GlobalWebIndex, 87% of all digital consumers surveyed in 2018 reported engaging in so-called second-screening, or using a mobile device (in the case of 75% of the respondents a smartphone) to conduct secondary media activities such as using social media (63% of respondents) or browsing the news (37%) while watching television¹⁹⁷ - data from which we may infer that a significant share of European consumers' time too, is spent on simultaneous multimedia consumption, particularly if one considers the high level of smartphone and mobile internet penetration within the EU (While push notifications are an under-researched topic and data on many aspects (e.g. average time spent on news content accessed through a mobile alert) is still lacking, their popularity with users appears to be slowly growing (FIGURE 31 below), further reinforcing the role of the smartphone as a locus for news consumption. Indeed, mobile phones have already become the most common device for consuming online stories, used by 71% of all European consumers weekly to access news content specifically. As internet, connected device and digital service penetration continue to expand further in the coming years, patterns of consumption particular to a predominantly digital media environment organised around attention capture, are likely to intensify.

, FIGURE 29).

However, while the digital shift may not have outright superseded conventional media habits, falling rather into a state of tentative co-existence, the changes that it has brought to the ways in which we access and process information have had an important effect in terms of novel formats consumed and individual consumption patterns, both of which will be addressed in more detail in the following section.

FIGURE 27. EU-27 AVERAGE DAILY MINUTES OF MEDIA CONSUMPTION PER PERSON, BY TYPE, 2011-2019E

¹⁹⁷ GlobalWebIndex (2019). *Digital vs Traditional Media Consumption: Analyzing time devoted to online and traditional forms of media at a global level, as well as by age and across countries.*



Note: Zenith data unavailable post-2019. 2019 data is a Zenith estimate (e) based on data available at the time of writing in that year. Newspapers only include time spent reading printed editions of publications. TV and radio only include time spent with traditional broadcast channels and stations. Internet includes time spent with any media type including online platforms owned by news publishers and broadcasters

Source: Zenith Media Consumption Forecasts 2019, Oliver & Ohlbaum analysis and estimates

News Use in the Attention Economy

Technology is used by news providers to create habits among consumers

The digitisation of news production, convergence in distribution technologies and editorial formats and growing levels of smartphone and mobile internet penetration have served to reinforce the habitual character of daily news consumption by making news available virtually anywhere and at any time, as well as altering the character of individuals' news habits.

As smartphones offer consumers constant, easy access to an ever-growing variety of content, push notifications and algorithmic recommendations are employed by news providers and social media platforms to encourage and intensify habit formation.¹⁹⁸

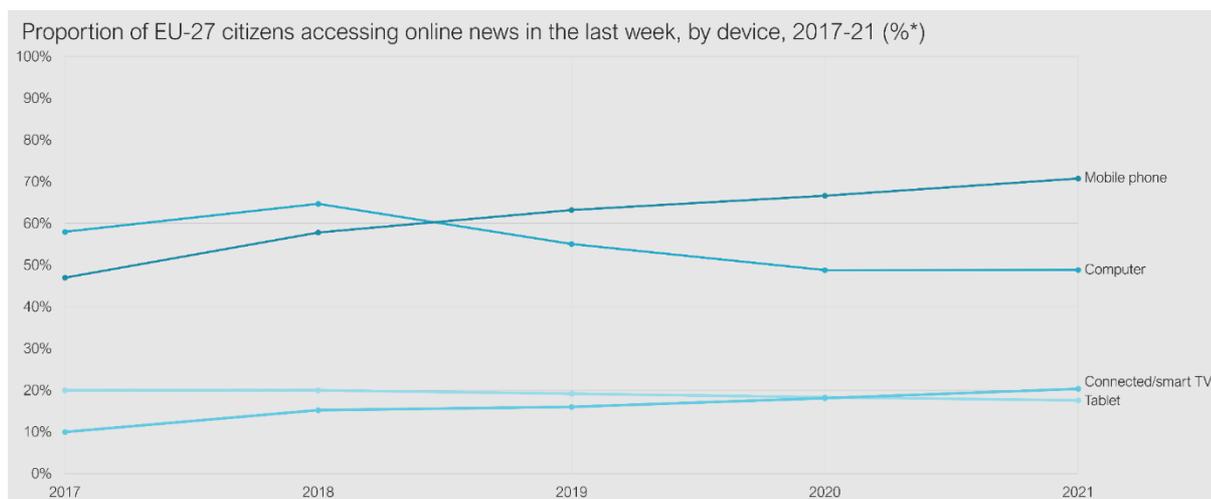
Push notifications are used by many European print outlets and broadcasters to bring audiences to their own proprietary news sites. Significantly, the temporal distribution of notifications usually corresponds with existing news consumption patterns, seeking to integrate and feed off established media habits¹⁹⁹ - although exact strategies vary between organisations, and some outlets also attempt to target users during what is conventionally understood as 'down time' such as during weekends.

¹⁹⁸ Joseph B. Bayer and Robert LaRose (2018). 'Technology Habits: Progress, Problems, and Prospects.' In *The Psychology of Habit: Theory, Mechanisms, Change, and Contexts*, edited by Bas Verplanken, 111-130. Cham: Springer.

¹⁹⁹ Dawn Wheatley and Raul Ferrer-Conill (2021). 'The Temporal Nature of Mobile Push Notification Alerts: A Study of European News Outlets' Dissemination Patterns.' *Digital Journalism* 9 (6): 694-714.

While push notifications are an under-researched topic and data on many aspects (e.g. average time spent on news content accessed through a mobile alert) is still lacking, their popularity with users appears to be slowly growing (FIGURE 31 below), further reinforcing the role of the smartphone as a locus for news consumption. Indeed, mobile phones have already become the most common device for consuming online stories, used by 71% of all European consumers weekly to access news content specifically. As internet, connected device and digital service penetration continue to expand further in the coming years, patterns of consumption particular to a predominantly digital media environment organised around attention capture, are likely to intensify.

FIGURE 28. PROPORTION OF EU-27 CITIZENS ACCESSING ONLINE NEWS IN THE LAST WEEK, BY DEVICE, 2017-2021 (%*)



Question: Which, if any, of the following devices have you used to access news in the last week? Please select all that apply.

Note: *Survey data weighted by population for 20 Member States of the European Union; data unavailable for Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta and Slovenia. Bulgaria data for 2017 is unavailable. The UK was excluded from all data.

Source: The Reuters Institute Digital News Report survey data, Oliver & Ohlbaum analysis and estimates

Research into media psychology supports the hypothesis that media habits may form more quickly and stick more persistently online than offline²⁰⁰, as technologies that may be used with greater ease and regularity such as a smartphone allow for more opportunities for repeat behavior, and thus increase the likelihood and speed of habit formation²⁰¹. Due to their constant presence at our side, and the 24/7 nature of the digital news cycle, mobile media devices create affordances for news content to be consumed at

²⁰⁰ Robert LaRose (2015). 'The Psychology of Interactive Media Habits.' In *The Handbook of the Psychology of Communication Technology*, edited by S. Syam Shundar, 365-383 Oxford: Wiley-Blackwell.

²⁰¹ Bayer and LaRose, 'Technology Habits: Progress, Problems, and Prospects.'

virtually any moment²⁰², and the combination of technical cues and social rewards that structure consumer behavior especially in social media settings – e.g. sharing a story with one’s Facebook friends, who then respond with reactions such as likes and comments – can result in users experiencing a greater sense of belonging and a desire to access timely information, which further encourages repeat behavior²⁰³.

Research into mobile media habits has also suggested that a similar dynamic exists in news app usage, particularly in the early stages of habit formation. As indicated by the results of a longitudinal study of consumers’ engagement with an official news application for the 2016 European football championship, users who perceive a novel experience of news consumption as rewarding generally have a stronger habit, although this tends to weaken fairly quickly over time.²⁰⁴

Habits may cause readers to be subjects rather than actors of their news consumption

In the digital media economy of today, as the high volume of choice available to users has made retaining the sustained attention of users a vital interest, habit encouragement has consequently become a key strategic component in ensuring audience loyalty, one that is further cultivated by the inclusion of participatory and ‘gamified’ elements into online news products such as interactive graphs, or special forum badges awarded to the most active commenters²⁰⁵. However, the push towards an increasingly mechanical and reflexive mode of news use also carries with it important pitfalls that may pose a threat to the quality of news content and the consumption process alike, such as encouraging more shallow and inattentive modes of news use and correspondingly also the production of increasingly superficial, clickbait-style stories. The likelihood of and factors contributing to the risk of digital news being ‘devalued’ in such a way are considered in more detail in the following section.

In theory, the attention-based, highly saturated market structure of the digital media economy has given the average consumer greater freedom to decide how, when, and what news content to consume, given that users may freely allocate their attention to whatever story they wish, as opposed to being limited to a restricted number of channels on TV or newspapers in print. It is however important to note that most consumers may not be in a position to fully exercise this agency due to the cognitive effort that it takes to look for relevant information considering the sheer volume of content available – a burden that increases the attentive cost of informed decision-making regarding what to consume and what habits to adopt, along with tools such as news recommenders and algorithmic personalisation.

However, this means that while **digitalisation has created strong conditions for increased and more diverse news use, user reliance on such curation mechanisms means that the power dynamics of the**

²⁰² A. R. Shrock (2015). ‘Communicative affordances of mobile media: Portability, availability, locatability, and multimediality.’ *International Journal of Communication* 9: 1229-1246. <https://ijoc.org/index.php/ijoc/article/view/3288>

²⁰³ Joseph B. Bayer, Ian A. Anderson, and Robert S. Tokunaga (2022). ‘Building and Breaking Social Media Habits.’ *Current Opinion in Psychology* 45: 279-288. <https://doi.org/10.1016/j.copsyc.2022.101303>

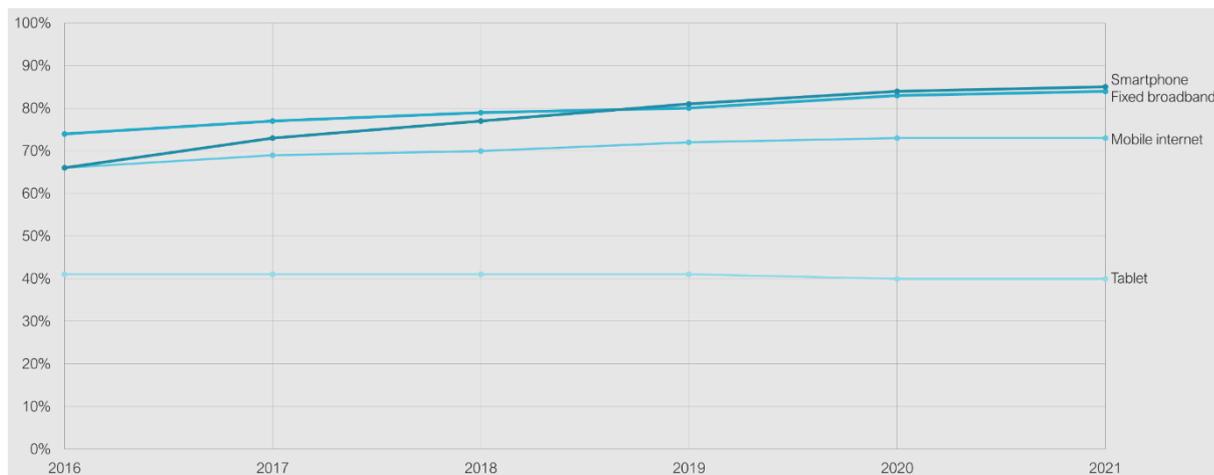
²⁰⁴ Anna Schnauber-Stockmann and Teresa K. Naab (2018). ‘The Process of Forming a Mobile Media Habit: Results of a Longitudinal Study in a Real-World Setting.’ *Media Psychology* 22 (5): 714-742. <https://doi.org/10.1080/15213269.2018.1513850>

²⁰⁵ Raul Ferrer Conill (2018). *Gamifying the news. Exploring the introduction of game elements into digital journalism*. Karlstad: Karlstad University Press.

attention economy are less in favour of the consumer than circumstances would seem to allow. Key steps in the process of active news-seeking are increasingly outsourced to AI-powered tools whose recommendations, as will be shown below, may be less indiscriminate or objectively chosen than they appear. Furthermore, it is suggested that digital media environments may encourage fatigue and news exhaustion in consumers²⁰⁶, - although longitudinal studies of news avoidance are rare, data from countries such as Norway where such investigations have been carried out show an incremental but statistically significant increase in the practice²⁰⁷. Information overload has become an ever-present risk in the online news environment, with digital news users frequently reporting feelings of stress, confusion and paralysis when confronted with an overwhelming abundance of content²⁰⁸, and increasingly gravitating towards patterns of use defined by an emphasis on maintaining a sustainable level of news consumption.

Therefore, as the news media sector becomes more and more digital, and the prospect of news overload is ingrained into daily news use, the demand for news recommenders and effective personalisation tools may grow at the point of access as users are likely to seek out effective ways to balance the need to stay updated with a wish to reduce the cost in time and attention that comes with actively searching for relevant information in a sea of content. This, in turn, may allow news providers and especially social media platforms to play a greater role in what news products or content consumers are exposed to, even in situations where exposure to a given story appears to take place incidentally.

FIGURE 29. EU-27 PENETRATION OF CONSUMER TECHNOLOGY, 2016-2021 (%*)



²⁰⁶ Mikko Villi, Tali Aharoni, Keren Tenenboim-Weinblatt, Pablo J. Boczkowski, Kaori Hayashi, and Eugenia Mitchelstein (2021). 'Taking a Break from News: A Five-nation Study of News Avoidance in the Digital Era.' *Digital Journalism* 10: 148-164. <https://doi.org/10.1080/21670811.2021.1904266>; Chang Sup Park (2019). 'Does Too Much News on Social Media Discourage News Seeking? Mediating Role of News Efficacy Between Perceived News Overload and News Avoidance on Social Media.' *Social Media + Society* 5 (3): 1-12. <https://doi.org/10.1177/2056305119872956>

²⁰⁷ Rune Karlsen, Audun Beyer, and Kari Steen-Johnsen (2020). 'Do High-Choice Media Environments Facilitate News Avoidance? A Longitudinal Study 1997–2016.' *Journal of Broadcasting & Electronic Media* 64 (5): 794-814. <https://doi.org/10.1080/08838151.2020.1835428>

²⁰⁸ Morten Skovsgaard and Kim Andersen (2019). 'Conceptualizing News Avoidance: Towards a Shared Understanding of Different Causes and Potential Solutions.' *Journalism Studies* 21: 459-476. <https://doi.org/10.1080/1461670X.2019.1686410>

Note: *Penetration of fixed broadband is measured against total households, penetration of mobile internet and tablets is measured against the total population, penetration of smartphones is measured against total phone universe

Source: PwC GEMO, Oliver & Ohlbaum analysis and estimates

Incidental news exposure is entering consumption patterns

A growing reliance on personalisation tools such as algorithmic news recommenders, designed to take pressure off the user, as well as general social media use, has resulted in a tendency towards passive, incidental exposure to news content entering consumption patterns. In contrast to offline content, digital news stories are relatively frequently encountered by consumers 'by accident,' that is to say without the express purpose of seeking out information and in the process of other media activities - for example, while browsing the newsfeed on a social media platform, or by way of a recommendation in middle of a group conversation on an instant messaging app - and thus accessed in a manner that demands less active commitment from the user.

For example, a comparative study of representative samples of Italian, British and German users carried out in 2014 found that a significant number of respondents claimed to often encounter political news social media without actively looking for it (IT 33%, UK 27.7%, GER 16.6%),²⁰⁹ and studies from other countries such as Spain also suggest that incidental news consumption is relatively common and increases the more one uses social media²¹⁰. However, research on the effects of such passive exposure to news content indicates that it only has a limited impact on established content preferences: 'suggested' content on social media platforms is often promoted based on previous user interests or actively targeted at specific audiences²¹¹, and people are more likely to follow recommendations from other users they already share similar attitudes with²¹². While incidental news consumption may, in theory, increase the likelihood of consumers breaking out of their established content preferences and coming across novel news formats and types, in practice it may however **serve to emphasise content bias or take audiences towards a more limited range of information channels without their realising.**

News consumption has evolved. Readers increasingly consume news requiring a short attention span. Readers increasingly alternate between continuous consumption and news avoidance.

BOX 8. COVID-19 AND THE IMPACT ON EVERYDAY NEWS CONSUMPTION

The influence of the pandemic on daily news use habits has been significant, yet it has mostly accentuated already existing trends of consumer behaviour. Of particular note is a heightened sensibility to the risk of

²⁰⁹ Augusto Valeriani and Cristian Vaccari (2015). Accidental exposure to politics on social media as online participation equalizer in Germany, Italy, and the United Kingdom.' *New Media & Society*. <https://doi.org/10.1177/1461444815616223>

²¹⁰ Manuel Goyanes and Marton Demeter (2020). 'Beyond positive or negative: Understanding the phenomenology, typologies and impact of incidental news exposure on citizens' daily lives.' *New Media & Society*. <https://doi.org/10.1177/1461444820967679>

²¹¹ Ibid.

²¹² Johannes Kaiser, Tobias R. Keller, and Katharina Kleinen-von Königslöw (2018). 'Incidental News Exposure on Facebook as a Social Experience: The Influence of Recommender and Media Cues on News Selection.' *Communication Research* 48 (1): 77-99. <https://doi.org/10.1177/0093650218803529>

information overload, already an important feature of the digital media attention economy. Although research into the long-term effects of the pandemic is naturally still limited, initial surveys carried out on a national level suggest that the dilemma between a need to stay informed and to avoid news exhaustion was cast in particularly stark relief in the early months of the crisis, as the introduction of long periods of partial or full lockdown saw a brief and intense period of substantially increased news consumption in countries such as the Netherlands²²³ and Norway²²⁴, followed by the increased levels of intermittent news avoidance that respondents attributed to the emotionally draining nature of being constantly exposed to dark and distressing information (i.e. the phenomenon of so-called 'doomscrolling'). However, it is important to note that, for example in the Netherlands, some 22% of respondents interviewed reported little long-term change in their news habits, suggesting that the power of the pandemic to act as a genuine disruptor of consumption patterns remains limited (although said results were based on a non-representative sample).²²⁵ Although it is too early to determine with any great exactitude the lasting impact, if any, of the pandemic on everyday news consumption, early forays into the subject appear to indicate that one of the chief effects of the pandemic may have been to accelerate a move towards a dynamic consisting of sporadic alternation between intense monitoring and strategic avoidance of the news - an existing trend native to the attention economy, which is discussed in more detail below in the section on media monitoring.

Built around the consumption of highly compact digital news products that contain only the key information for a given story (e.g. social media posts that contain only a headline, a picture, and a teaser, combined with social endorsement cues such as likes), **news snacking** represents a highly habitualised and largely passive way of encountering the news²²⁶. Ideally suited for the attention economy due to its light cognitive costs, such behaviour has been made increasingly easy - users may select and share separate text, video, and audio fragments on most news websites²²⁷, while mobile devices allow such content to be consumed virtually anywhere and anytime²²⁸. While evidence from research into snacking by US consumers indicates that news consumption on smartphones in particular appears to have a distinctly low-attention quality, taking place in shorter sessions spread out over the day²²⁹, the increase in such behaviour and in the availability of such products does not mean that users are moving uniformly towards a more simplistic, shallow way of consuming news media that could undermine the underpinnings of active citizenship and political participation. On the contrary, studies of online news use suggest that, for example for most users in Germany²²⁰ and the Netherlands²²¹, lighter forms of news

²²³ Marcel Broersma and Joëlle Swart (2021). 'Do Novel Routines Stick After the Pandemic? The Formation of News Habits During COVID-19.' *Journalism Studies* 23 (5-6): 551-568. <https://doi.org/10.1080/1461670X.2021.1932561>

²²⁴ Brita Ytre-Arne and Hallvard Moe, 'Doomscrolling, Monitoring and Avoiding: News Use in COVID-19 Pandemic Lockdown.' *Journalism Studies* 22 (13): 1739-1755. <https://doi.org/10.1080/1461670X.2021.1952475>

²²⁵ Broersma and Swart, 'Do Novel Routines Stick After the Pandemic?'

²²⁶ Svenja Schäfer, Michael Sülflow, and Philipp Müller. (2017). 'The special taste of snack news: An application of niche theory to understand the appeal of Facebook as a source for political news.' *First Monday* 22 (4). <https://doi.org/10.5210/fm.v22i4.7431>

²²⁷ Irene Costera Meijer and Tim Groot Kormelink (2014). 'Checking, Sharing, Clicking and Linking.' *Digital Journalism* 3 (5): 664-679. <https://doi.org/10.1080/21670811.2014.937149>

²²⁸ Logan Molyneux (2015). 'Mobile News Consumption : A habit of snacking.' *Digital Journalism* 6 (5): 634-650. <https://doi.org/10.1080/21670811.2017.1334567>

²²⁹ Ibid.

²²⁰ Schäfer et al. 'The special taste of snack news.'

²²¹ Costera Meijer and Groot Kormelink. 'Checking, Sharing, Clicking and Linking.'

use such as snacking serve a complementary purpose to more attention-intensive modes of daily news consumption involving established legacy media habits²²².

Media Monitoring – that is to say, a constant and active, but low-intensity scanning of the no-deadline, 24/7 news media environment for relevant information – has become a key overarching mode of news consumption for users struggling to manage the demands of the attention economy, one that frequently involves making use of a number of news practices of varying intensity. While such a pattern can integrate both lighter behaviour such as snacking and more attention-taxing modes of consumption – the key dynamic is a sustainable alternation between demanding and distracting forms of news use –, it is also increasingly marked by recurrent intervals of **news avoidance**. While conventionally understood as a problematic habit characteristic of some consumers, occasional avoidance of the news is becoming increasingly commonplace in the context of the heightened mental strain inflicted on users by pandemic conditions²²³. Consequently, the increase in monitoring consists of a set of habits adapted to circumstances specific to the attention economy and represents a change in the manner rather than the fundamental quality of everyday news consumption. Accordingly, **monitoring and avoidance are both likely to linger on** in the coming years as a key element of online consumption patterns and therefore need to be taken into account as key factors shaping demand for digital news content.

Media Diversity and Trust

Europeans benefit from diverse news sources however mechanics behind news consumption and perception require more research

The digital transition has made the formation of online filter bubbles a hotly debated concern in the context of ensuring consumer access to a diverse and balanced media diet. However, **proof of the widespread proliferation of digital echo chambers has remained so far largely inconclusive**²²⁴. Several recent studies of online media consumption habits have concluded that there is little empirical evidence of such echo chambers affecting the majority of internet users²²⁵ - even if the focus on such research has largely been on the US. However, when it has been carried out in European countries such as Spain²²⁶, the results indicate that the average user continues to have considerable cross-media exposure in the daily process of news consumption. While such results may not be extrapolated for the whole of Europe, they are however supported to a degree by other data such as a 2018 Pew Research Centre study, which found that only a minority of social media consumers in the eight Western

²²² Ibid.

²²³ Ytre-Arne and Moe, 'Doomscrolling, Monitoring and Avoiding: News Use in COVID-19 Pandemic Lockdown.'

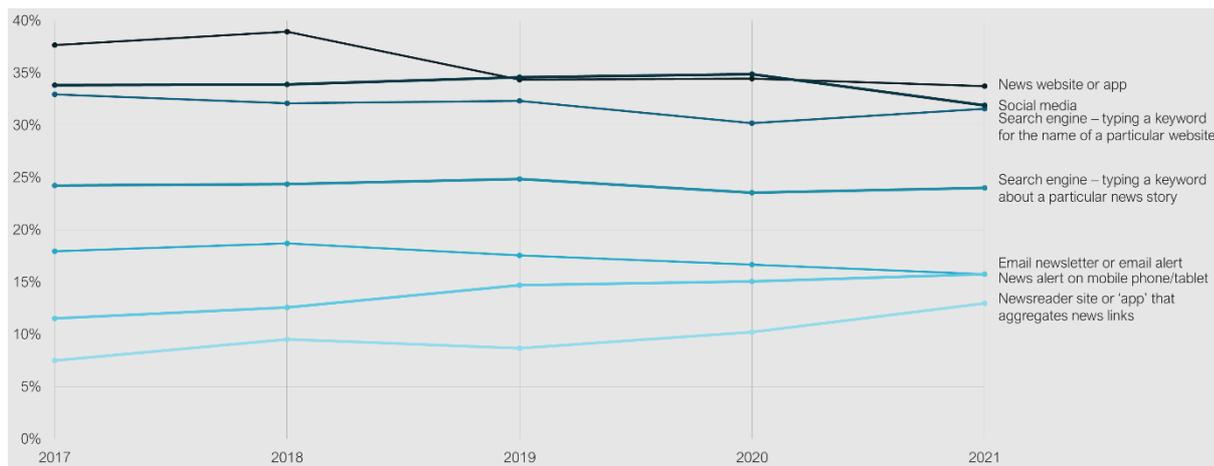
²²⁴ Natali Hegelberger, Max van Drunen, Sarah Eskens, Mariella Bastian, and Judith Moeller (2020). 'A freedom of expression perspective on AI in the media – with a special focus on editorial decision making on social media platforms and in the news media.' *European Journal of Law and Technology* 11 (3): <https://ejlt.org/index.php/ejlt/article/view/752>

²²⁵ Peter M. Dahlgren (2021). 'A critical review of filter bubbles and a comparison with selective exposure.' *Nordicom Review* 42 (1): 15-33. <https://doi.org/10.2478/nor-2021-0002>; Axel Bruns (2019). 'It's Not the Technology, Stupid: How the 'Echo Chamber' and 'Filter Bubble' Metaphors Have Failed Us.' *International Association for Media and Communication Research*. <https://snurb.info/files/2019/It%e2%80%99s%20Not%20the%20Technology,%20Stupid.pdf>

²²⁶ Ana S. Cardenal, Carlos Aguilar-Paredes, Camilo Cristancho, and Sílvia Majó-Vázquez (2019). 'Echo-chambers in online news consumption: Evidence from survey and navigation data in Spain.' *European Journal of Communication* 34 (4): 360-376. <https://doi.org/10.1177/0267323119844409>

European countries surveyed profess to often see news online that aligns with their own political views²²⁷. The Reuters 2021 Digital News report also shows that while the popularity of news websites and apps as a means of accessing online news has diminished slightly over the last few years, they remain the most popular means of news digital news discovery, used on a weekly basis by 35% of European consumers as of 2021 (see below FIGURE 30) and thus facilitating access to diverse quality news.

FIGURE 30. EU-27 CITIZENS' WAYS OF DISCOVERING ONLINE NEWS IN THE LAST WEEK, 2017-2021 (%*)



Question: Thinking about how you got news online (via computer, mobile or any device) in the last week, which were the ways in which you came across news stories? Please select all that apply.

Note: *Survey data weighted by population for 20 Member States of the European Union; data unavailable for Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta and Slovenia. Bulgaria data for 2017 is unavailable. The UK was excluded from all data.

Source: The Reuters Institute Digital News Report survey data, Oliver & Ohlbaum analysis and estimates

The digitalisation of consumption means that the role of **selective exposure** in daily news use is expanding gradually, if not quite as overtly as suggested by the concept of filter bubbles. Research into digital news consumption on a global level shows higher levels of activity and time spent on social media platforms correspond strongly with a user focus on a smaller selection of trusted information channels²²⁸. On the other hand, the dynamics of AI-guided news recommendations and their role in

²²⁷ 'A minority in all eight countries say the news they see on social media reflects their own political views,' Pew Research Centre, 26 October 2018, https://www.pewresearch.org/journalism/2018/10/30/younger-europeans-are-far-more-likely-to-get-news-from-social-media/pj_2018-10-30_europe-age_0-08/

²²⁸ Ana Lucía Schmidt, Fabiana Zollo, Michela Del Vicario, Alessandro Bessi, Antonio Scala, Guido Caldarelli, H. Eugene Stanley, and Walter Quattrociocchi (2017). 'Anatomy of news consumption of Facebook.' PNAS 114 (12): 3035-3039. <https://www.pnas.org/doi/10.1073/pnas.1617052114>

what content users may discover and select are unclear. This is further complicated by hard-to-predict aspects of the digital news ecosystem such as virality.

Although difficult to measure accurately, the **virality** of a news item largely defines its reach and stickiness in an online media environment. It is worth noting that the elements which determine **whether a given story has the ability to go viral differ somewhat from journalistic standards of newsworthiness**. More precisely, the presence of highly charged emotional content, rather than that of information with public significance, contributes most to the popularity and attention awarded to viral news items, although scholars do not yet agree as to whether negativity or positivity is more conducive to such an effect.²²⁹

Studies conducted so far suggest that the gap in popularity between positive and negative news varies significantly across platforms and different segments of the media ecosystem. In the right circumstances, both can contribute significantly to a high virality, and what matters most overall is the inclusion of a direct appeal to consumer emotions, regardless of the precise affective valence adopted by an individual story. Users may also favour recommendation algorithms that preserve an appearance of unexpectedness, as claimed for example by a recent case study of German audiences²³⁰, even if the content they consume has been carefully chosen based on a combination of behavioural data and editorial standards designed merely to mimic serendipity²³¹. These findings support the **continued existence of a gap in understanding between what audiences want out of the news** (emotional content, an unexpected or entertaining message) **and what journalists see as their mission to provide** (informational content, balanced and unbiased coverage), a feature of the online media environment that had been quite well established in the past²³².

Empirical evidence on the effects of clickbait on public trust in the media is disputed – US studies have reported findings indicating both damaging²³³ and null²³⁴ effects on user perceptions of credibility and quality -, and it remains scarce in the European context. It would be important to have further research into the potential impact of an increase in such content in Europe on the overall quality of news consumption, and/or on the public's trust in the different news sources as providers of reliable and objective information.

²²⁹ Ahmed Al-Rawi (2017). 'Viral News on Social Media.' *Digital Journalism* 7 (1): 63-79.

<https://doi.org/10.1080/21670811.2017.1387062>; Salud María Jiménez-Zafra, Antonio José Sáez-Castillo, Antonio Conde-Sánchez, and María Teresa Martín-Valdivia (2021). 'How do sentiments affect virality on Twitter?' *Royal Society Open Science* 8 (4). <https://doi.org/10.1098/rsos.201756>; Andrea K. Bellovary, Nathaniel A. Young, and Amit Goldberg. 'Left- and Right-Leaning News Organizations' Negative Tweets are More Likely to be Shared.' *PsyArXiv*, 24 February 2021. doi:10.31234/osf.io/2er67

²³⁰ Mareike Wieland, Gerret von Nordheim, and Katharina Kleinen-von Königslöw (2021). 'One Recommender Fits All? An Exploration of User Satisfaction with Text-Based News Recommender Systems.' *Media and Communication* 9 (4): 2183-2439. <https://doi.org/10.17645/mac.v9i4.4241>.

²³¹ Urbano Reviglio (2019). 'Serendipity as an emerging design principle of the infosphere: challenges and opportunities.' *Ethics and Information Technology* 21: 151-166. <https://link.springer.com/article/10.1007/s10676-018-9496-y>

²³² Pablo J. Boczkowski and Eugenia Mitchelstein (2013). *The News Gap: When the Information Preferences of the Media and the Public Diverge*. London, MIT Press.

²³³ Logan Molyneux and Mark Coddington (2019). 'Aggregation, Clickbait and Their Effect on Perceptions of Journalistic Credibility and Quality.' *Journalism Practice* 14 (4): 429-446. <https://doi.org/10.1080/17512786.2019.1628658>

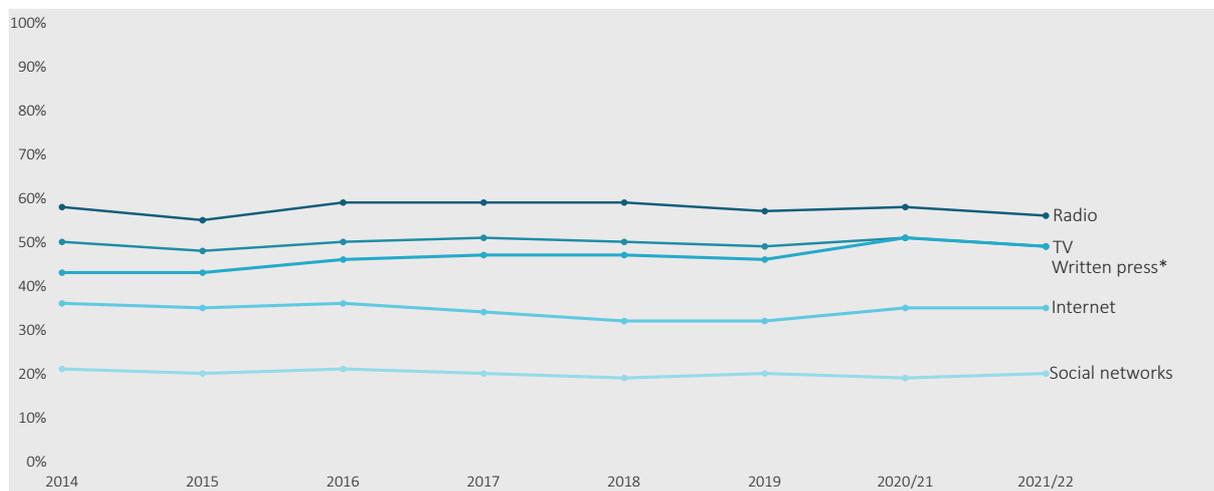
²³⁴ Kevin Munger, Mario Luca, Jonathan Nagler, and Joshua Tucker (2020). 'The (Null) Effects of Clickbait Headlines on Polarization, Trust, and Learning.' *Public Opinion Quarterly* 84 (1): 49-73. <https://doi.org/10.1093/poq/nfaa008>

Media Trust and Fragmentation

Europeans place higher trust in traditional media, accentuated by the COVID-19 crisis however research suggest citizens are not very well equipped to assess news quality.

User confidence in and satisfaction with the news has remained **fairly stable** and relatively high over the last seven years, with the majority of European consumers likely to perceive traditional media formats as more accurate and trustworthy while exercising greater caution towards newer, digital information sources (see figure below). According to Eurobarometer survey data, the media with the most public support is the radio, which enjoyed the trust of 56% of EU-27 consumers in 2021/22, followed closely by both television and print media at 49%. Interestingly, while tendency to trust the former two has remained fairly static and unchanged from 2014 to 2021/22, rising or falling by only a few percentage points, print media has seen a steady rise of 6% – a finding which suggests that while print revenues are decreasing, the format nonetheless continues to be associated with an image of trustworthiness. Tendency to trust the written press increased in 2019-2020/21, up to 51% one which may be related to a greater consumer concern with information reliability during the pandemic. Trust has returned to 49% in 2021/22. Significantly lower levels of **trust** were directed towards online media, with only 35% of consumers expressing a tendency to trust the internet more generally as an information source as of 2021/22, and a lower 20% professing a similar outlook towards social media networks. There are, however, some trends that suggest sharper differences are emerging in consumer outlook than is readily apparent.

FIGURE 31. PROPORTION OF EU-27 CITIZENS WHO 'TEND TO TRUST' A MEDIA TYPE, 2014-2022 (%)



Note: Weighted average for the Member States of the European Union, the UK excluded from data post 2019. Surveys were carried out during autumn each year, except in 2020 which was carried out during winter 2020-2021 due to pandemic disruption

Source: Standard Eurobarometer 94: Media use in the European Union survey, Oliver & Ohlbaum analysis and estimates

Survey data collected from Western Europe by the Pew Research Centre before the COVID-19 pandemic shows that European public service media (including both broadcast and radio) generally enjoy for the

most part greater levels of support and trust than private news outlets²³⁵, although Eastern European consumers are less likely to share such views and report more sceptical attitudes towards most media formats in general²³⁶. This trend of growing appreciation for PSM seems to have been further accentuated by the important role played by said outlets in conveying reliable, up-to-the-minute information to audiences during the COVID-19 crisis, with public service broadcasters, in particular, emerging in the early months as the most-used source for COVID-19 news and information, and the most-trusted overall (excluding official communications by national governments), according to data collected by the European Broadcasting Union²³⁷.

Other survey data collected by the European Broadcasting Union during the COVID-19 pandemic demonstrated that trust in media varies considerably across Europe. In 2021, more than half of the Spanish population did not trust the media. In France, less than 10% of the population expressed high levels of trust in media. Conversely, in the Nordic countries, less than 20% of the population felt low or no trust in media. Media levels of trust are highest in the Benelux countries, as well as Sweden and Finland. In general, more than half of the EU-27 population (63%) expressed moderate to high levels of trust. ²³⁸

In relation to trust in the media and other institutions in general, the 2021 Edelman Trust Barometer suggested there was a Spring 2020 'trust bubble' that saw a momentary increase in overall societal trust brought about by the pandemic, which fell back by January 2021²³⁹.

Studies on the relationship between media consumption and trust, based on cross-national survey data collected by the Reuters Digital News Project and the World Values Survey, show that **media scepticism** is positively associated with exposure to non-mainstream media sources such as social media, blogs, and digital-born providers: this means that users with an already low level of trust in the news are more likely to seek out social media, blogs, and digital-born providers²⁴⁰, and habitual exposure to alternative news may contribute to further increases in distrust.^{241, 242}

²³⁵ Katerina Eva Matsu (2018). 'Across Western Europe, public news media are widely used and trusted sources of news,' in Pew Research Center, 8 June 2018. <https://www.pewresearch.org/fact-tank/2018/06/08/western-europe-public-news-media-widely-used-and-trusted/>

²³⁶ Bulcsu Bognár (2018). 'A Culture of Resistance: Mass Media and Its Social Perception in Central and Eastern Europe.' *Polish Sociological Review* 202: 225-242. <https://www.jstor.org/stable/26531093>

²³⁷ 'Covid-19 Report. Public Service Media: Supporting Society Through Coronavirus.' European Broadcasting Union, September 2020. <https://www.ebu.ch/resources/covid-19-report>

²³⁸ Florence Hartmann and Dominik Speck (2021). 'Market Insights. Trust in Media 2021' Public version. European Broadcasting Union's Media Intelligence Service. <https://rm.coe.int/ebu-mis-trust-in-media-2021/1680a83792>

²³⁹ '2021 Edelman Trust Barometer.' <https://www.edelman.com/trust/2021-trust-barometer>

²⁴⁰ Richard Fletcher and Sora Park (2017). 'The impact of trust in the news media on online news consumption and participation.' *Digital Journalism* 5 (10): 1281-1299. <https://doi.org/10.1080/21670811.2017.1279979>

²⁴¹ Yariv Tsfati and Gal Ariely (2013). 'Individual and Contextual Correlates of Trust in Media Across 44 Countries.' *Communication Research XX (X)*: 1-23. <https://doi.org/10.1177/0093650213485972>

²⁴² Patrick Kennedy and Andrea Prat (2018). 'Where Do People Get Their News?.' Columbia School Business Research Paper 17-65. <http://dx.doi.org/10.2139/ssrn.2989719>

Although it has been suggested that increased levels of **media fragmentation** and polarisation can create fertile ground for an erosion of professional quality and public trust in the news media²⁴³, such claims have mostly focused on Anglo-American journalism and this aspect would require further research in a European context. While comparative research into user satisfaction in some European countries has shown that consumers in more highly fragmented information ecosystems possess a worse overall perception of journalistic independence and integrity,²⁴⁴ the results cannot be extrapolated for the entire Union, and other studies have contested the idea that online news audiences are more fragmented than legacy media users²⁴⁵. Moreover, survey-based evidence from Germany and Spain indicates that while the majority of users do not understand exactly how the news content they consume has been filtered by algorithms, they are aware of the fact and likely to question all forms of online selection fairly indiscriminately – including that carried out by editors and journalists, **which points to the absence of common markers for quality and an overall perceived transparency deficit**²⁴⁶. Moreover, as found by another recent study of the German market, most consumers are likely to overestimate the agency they hold inside media-audience relationships and, in particular, cannot easily distinguish standard mechanisms of automated news personalisation from explicit commercial targeting - a proclivity that may have a negative influence on their perception of the overall trustworthiness of digital news content²⁴⁷. Helping audiences develop better digital and media literacy skills therefore remains a vital step in **encouraging wider consumption of quality news and combatting information inequality** - along with maintaining public confidence in a fair and accurate press.

Consumer attitudes towards paying for news

Though it is increasing, willingness to pay for news remains quite low in most EU countries. Forecasted subscription revenues are unlikely to make up for decreased print revenues.

Understanding consumer spending and the dynamics that drive paying behaviour is of vital interest to the European news media sector today. Due to a sustained fall in total advertising and print revenues over the past decade, paid content strategies have assumed a key position in the business model of most news organisations in the EU and the US, with digital subscriptions standing out as a key priority for providers.

²⁴³ Jingrong Tong (2018). 'Journalistic Legitimacy Revisited Collapse or revival in the digital age?' *Digital Journalism* 6 (2): 256-273. <https://doi.org/10.1080/21670811.2017.1360785>

²⁴⁴ Desiree Steppat, Laia Castro Herrero, and Frank Esser (2020). 'News Media Performance Evaluated by National Audiences: How Media Environments and User Preferences Matter.' *Media and Communication* 8 (3): 321-334. <https://doi.org/10.17645/mac.v8i3.3091>

²⁴⁵ Richard Fletcher and Rasmus Klein Nielsen (2017). 'Are News Audiences Increasingly Fragmented? A Cross National Comparative Analysis of Cross-Platform News Audience Fragmentation and Duplication.' *Journal of Communication* 67 (4): 476-498. <https://doi.org/10.1111/jcom.12315>

²⁴⁶ Richard Fletcher and Rasmus Klein Nielsen (2019). 'Generalised scepticism: how people navigate news on social media.' *Information, Communication & Society* 22 (12): 1751-1769. <https://doi.org/10.1080/1369118X.2018.1450887>

²⁴⁷ Cristina Monzer, Judith Moeller, Natali Helberger, and Sarah Eskens (2020). 'User Perspectives on the News Personalisation Process: Agency, Trust and Utility as Building Blocks.' *Digital Journalism* 8 (9): 1142-1162. <https://doi.org/10.1080/21670811.2020.1773291>

According to a 2021 Reuters survey of news executives, 76% of respondents considered subscriptions to be a vitally important source of income for their organisations, having overtaken display and native advertising alike as a key revenue focus since the previous time the question was posed in 2018²⁴⁸. Despite this growing significance, the logic that shapes audience attitudes towards paying for the news remains only partially understood, especially when it comes to digital pay models that have only been launched recently. While overall spending on online news (whether written or broadcast) remains at a fairly low level in comparison to the amount of free digital content consumed by users, as well as to amounts spent on legacy media, as will be shown below this gap is getting narrower by the year.

Willingness to pay (WTP) for online content is experiencing steady growth across most of the EU-27, with the total proportion of citizens paying for digital news rising between 3 - 5% in 10 MS over the last year (and by 7% in Portugal) compared to a slight decline of 1% in only three markets (Denmark, Germany, Poland)²⁴⁹. While these increases may be attributed in part to the pandemic having favoured digital media consumption, in another promising development that contradicts widely expressed concerns, it appears that the overall prevalence of free digital content has not prejudiced consumers against the notion of paying for quality formats - on the contrary, paid and zero-priced content both have a place in the media ecosystem and can serve a complementary purpose. Despite this encouraging outlook, particularly for news outlets able to maintain strong and close audience ties, the sustainability of specific membership and subscription models is yet to be fully determined within the European market.

As observed above, paid content strategies have become an increasingly important and fast-growing source of revenue for private news media. However, while paid digital circulation in the EU has grown from 3.4 to 6.2 million between 2016 and 2021 (see figure below) and is forecast to grow by 4.9% per year to 2025²⁵⁰ -, understanding what drives behaviour and attitudes towards paying for online news remains limited. Only a minority of European consumers are currently paying for online news content (led by the Nordic markets with an average of 28%)²⁵¹, and while the number is **steadily growing**, subscription revenues alone are unlikely to make up for the losses incurred from the decline in individual print purchases²⁵². There are, however, some largely auspicious signs that have emerged in recent years regarding an overall willingness to pay more for news products.

FIGURE 32. EU-27 DAILY PAID NEWSPAPER CIRCULATION, 2016-2025F (MILLIONS)

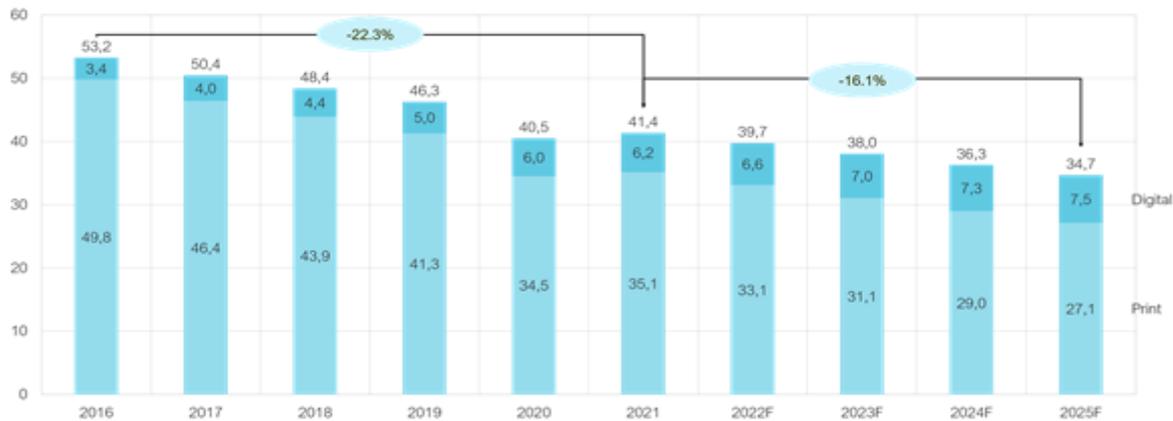
²⁴⁸ Nic Newman (2021). *Journalism, media, and technology trends and predictions 2021*. Oxford: Reuters Institute for the Study of Journalism.

²⁴⁹ Numbers based on a comparison of data reported in the 2021 and 2020 editions of the Reuters Institute Digital News Report.

²⁵⁰ PwC GEMO, Oliver & Ohlbaum analysis and estimates.

²⁵¹ Newman et al., *Reuters Institute Digital News Report 2021, 10th Edition*.

²⁵² Ragnhild Kr. Olsen, Bente Kalsnes, and Jens Barland (2021). 'Do Small Streams Make a Big River? Detailing the Diversification of Revenue Streams in Newspapers' Transition to Digital Journalism Businesses.' *Digital Journalism*. <https://doi.org/10.1080/21670811.2021.1973905>



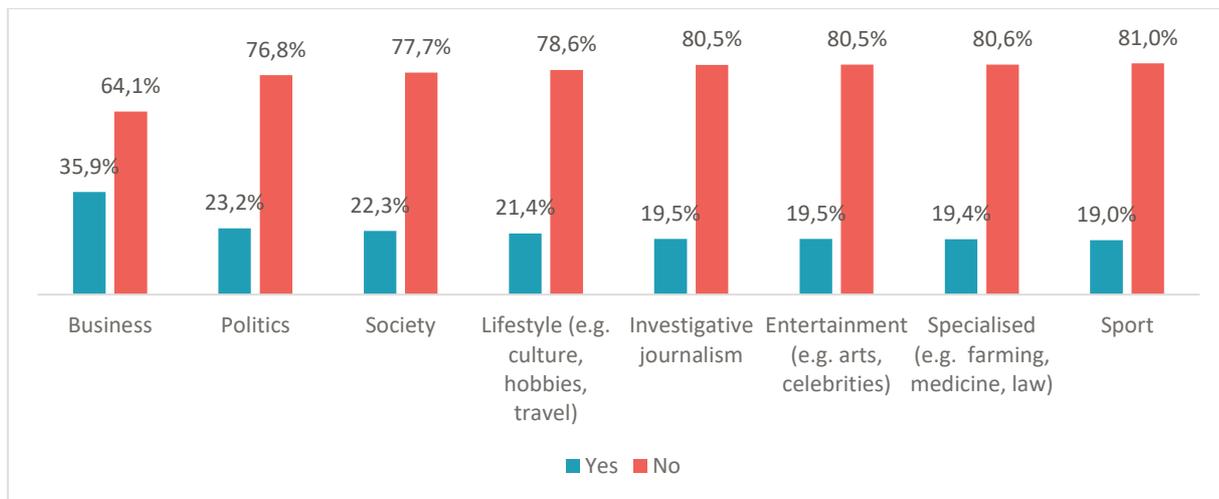
Note: Includes paid circulation only. Digital includes the average number of purchased digital newspapers, including via a paywalled section of a newspaper website or purchased digital edition of a newspaper. Print includes the average number of purchased daily copies of printed newspapers

Source: PwC GEMO, Oliver & Ohlbaum analysis and estimates

The legacy of an early belief in the steady growth of online advertising, the policy of providing access to most online content for free was quickly embraced by most news outlets hoping to make the transition to digital. However, in competition with more – from an advertiser’s perspective – cost-effective online services such as classified websites, search engines or social media platforms, this approach met its limits²⁵³. While consumers quickly becoming accustomed to freely accessible news content certainly made many media organisations hesitate about setting up full or even partial paywalls, digital paid subscriptions have been rising at a steady pace since the middle of the last decade. A recent study of consumer willingness to pay for online news in France, Germany and Spain (plus Japan, the UK and the US) found no significant negative association between consuming free public service media and paying for online news content. It found evidence of a positive association between public service news access and willingness to pay for online news, while consumers willing to pay for print or other digital content also had a markedly higher willingness to pay for online news content (or to do so in the future).²⁵⁴ This suggests that commonly held ideas about a cannibalistic relationship between digital and print content may represent an overly simplistic view of the situation. Indeed, despite concerns that the abundance of zero-priced news would undermine business models built on the back of paid subscriptions, consumers appear to distinguish quite extensively between different news sources, and trends in paying behaviour show a clear and increasing willingness to pay for formats and types of content that users perceive as worth the price. For example, according to the citizen survey (see figure below) the most monetizable new content is on business. However, the exact factors that determine decisions – and how best to monetise – remain still to be accurately mapped.

²⁵³ Richard Fletcher and Rasmus Klein Nielsen (2016). ‘Paying for online news: A comparative analysis of six countries.’ *Digital Journalism* 5 (9): 1173-1191. <https://doi.org/10.1080/21670811.2016.1246373>

²⁵⁴ Ibid.

FIGURE 33. DO YOU CURRENTLY PAY TO ACCESS NEWS CONTENT, BY TYPE OF NEWS CONTENT (%)

Trends in Paying Behaviour

Much like news consumption and user engagement, paying behaviour appears to be driven by a range of complex and interrelated factors such as demographic characteristics, the nature of the relationship between consumers and individual media outlets, perceptions of quality and commitment to public service or social values. However, what is key to understanding patterns in consumer spending, both on- and offline, is that these factors contribute to users having a range of different reference prices for different types of content. Indeed, while scholarly research on the subject is still in a preliminary phase, evidence suggests that the average consumer draws precise distinctions between online news, broadcast media, and content from print publishers when it comes to deciding whether and how much to pay for a given product. For example, some early empirical models suggest that older consumers are on average more inclined to pay for local news - both print and digital²⁵⁵. Younger consumers have an increased likelihood to spend money on general content and information²⁵⁶. Distinct content preferences and the specificities of individual pay models may also affect willingness to pay – for example, a recent study on Byline, an international crowdfunded journalism platform, found that news stories focused on non-public affairs were consistently more likely to reach more funding goals, attract more supporters, and receive larger donations per supporter compared to harder content²⁵⁷. Overall, what these examples suggest is that **willingness to pay is highly situational and its motivations are often challenging to pinpoint**. However, certain broader trends in paying behaviour can be discerned, which have both economic and political implications.

The willingness to pay for news depends on many factors, but local news publishers could benefit from geographical proximity and trustworthiness.

²⁵⁵ Manuel Goyanes (2015). 'The Value of Proximity: Examining the Willingness to Pay for Online Local News.' *International Journal of Communication* 9: 1505-1522. <https://ijoc.org/index.php/ijoc/article/view/3388>

²⁵⁶ Fletcher and Nielsen, 'Paying for online news.'

²⁵⁷ Nicole Ladson and Angela M. Lee (2017). 'Persuading to Pay: Exploring the What and Why in Crowdfunded Journalism.' *International Journal on Media Management* 19 (2): 144-163. <http://dx.doi.org/10.1080/14241277.2017.1298110>

Format, content, purpose, and even how news is experienced are all likely to have an impact on consumer willingness to pay. Users may for example expect to have free access to generalist news but accept having to pay for in-depth, investigative journalism or specialist products as reasonable. However, there appear to be quite significant variations between levels of willingness to pay between individual Member States, not to mention between different segments of the population in each. For example, evidence from a recent study carried out in the Nordic countries suggests that willingness to pay for news on- and offline varies across different social groups – free news being most valuable as a resource to less-privileged social groups such as people with a lower educational level²⁵⁸. Conversely, a recent survey by the Reuters News Institute reveals that an important minority of news executives (47%) fear that journalism is increasingly super-serving rich and educated consumers to the detriment of other audiences²⁵⁹. **Both paid and free content, therefore, have a distinct place in the media ecosystem. Upholding free access to general interest content can help build trust in and enhance the public image of individual news organisations,** which can in turn increase consumer willingness to invest in paid products, while also helping to address issues of information inequality and poverty.

While there exists limited evidence of the extent to which such factors influence individual consumer decision-making processes in European markets, general data on consumer spending in different EU Member States from as recently as 2021 suggest that willingness to pay is indeed highly variable, with the share of those paying for online news ranging from as low as 7% of all users (Croatia) to as high as 30% (Sweden) - although for most Member States the number is between 10% and 15%²⁶⁰. Local outlets with strong community ties appear on average more likely to be perceived by consumers as valued institutions and to be deserving of financial support. European consumers are also showing growing support for local, regional and city newspapers and sites.

This is particularly evident in markets with a strong local press and a long-standing history of print subscriptions, such as the Nordics - for example, 57% of digital subscribers in Norway pay for a subscription to a local or regional news outlet, followed by 37% in Sweden and 31% in Finland. There are signs that subscriptions are beginning to work for publishers in other Member States too as the overall proportion of paying subscribers is climbing at a steady pace²⁶¹. This presents a potentially promising outlook for local and regional newspapers across Europe, which a recent Reuters report finds have largely embraced the shift towards paid content strategies and are increasingly focusing on building lasting relationships with specific reader groups instead of striving for maximal reach²⁶², although the efficiency and success of individual pay models are still to be fully determined - or whether they will work for all outlets.

²⁵⁸ Hallvard Moe (2019). 'Why Free News Matters to Social Inequality: Comparing Willingness to Pay for News in the Nordic Region.' In *Digital Media Inequalities: Policies against divides, distrust and discrimination*, edited by Josef Trappel, 229-243. Göteborg: Nordicom.

²⁵⁹ Nic Newman (2022). *Journalism, Media, and Technology Trends and Predictions 2022*. Oxford: Reuters Institute for the Study of Journalism.

²⁶⁰ Newman et al., *Reuters Institute Digital News Report 2021*, 10th Edition.

²⁶¹ Newman et al., *Reuters Institute Digital News Report 2021*, 10th Edition.

²⁶² Joy Jenkins (2020). 'Publish less, but publish better: Pivoting to paid in local news.' Oxford: Reuters Institute for the Study of Journalism. <https://reutersinstitute.politics.ox.ac.uk/publish-less-publish-better-pivoting-paid-local-news>

BOX 9. ALTERNATIVE MODELS FOR USER MONETISATION: THE CASE OF WORDLE

The rapid growth and wide online reach of Wordle – a simple online puzzle game that prompts users to guess a single five-letter word each day – presents an interesting case study of the opportunities, challenges, and pitfalls of monetisation strategies built around the gamification of news consumption. Designed as a free-to-play application by software engineer Josh Wardle, Wordle had only 90 players at the time of its launch in November 2021, yet the game soon experienced an exponential growth in user numbers, supported by digital word-of-mouth, with its player base reaching 2 million users in January 2022.²⁶³ This was a success story remarkable enough to attract the attention of the New York Times, which acquired Wordle in February 2022 for an undisclosed seven-figure sum. However, despite the enormous popularity of the game, a move towards direct monetisation presents a remarkable challenge for the news outlet. As most users have grown accustomed to playing Wordle for free, shifting access to a premium model or introducing advertisements and paid-for digital products to the game risks alienating consumers and eroding the goodwill generated by its minimalist format and clean user experience – followed by the potential exodus of loyal and active user base towards competing puzzle games, a number of which have already emerged. Physical products such as board games, or other Wordle-based merchandise, also seem unlikely to reproduce the characteristics that make the digital version attractive to a large number of daily players. Therefore, the likeliest option for the NY Times and other news outlets to make effective use of a game such as Wordle is to keep them free and publicly accessible to maximise reach, using the lure of a popular complementary service to draw new customers towards paid news content and support ad revenues. While it is still too early to assess how effective Wordle has been in translating increased traffic into new digital subscriptions, the case nonetheless offers an insightful glimpse of one possible avenue for future monetisation of user engagement.

2.2.4. Societal impacts

This section looks at media pluralism across the EU, independence from political pressure and whether European media sufficiently address the diversity of the population. Those aspects are defined and measured in the Media Pluralism Monitor. Finally, we briefly cover the role of the State as regards media freedom and viability.

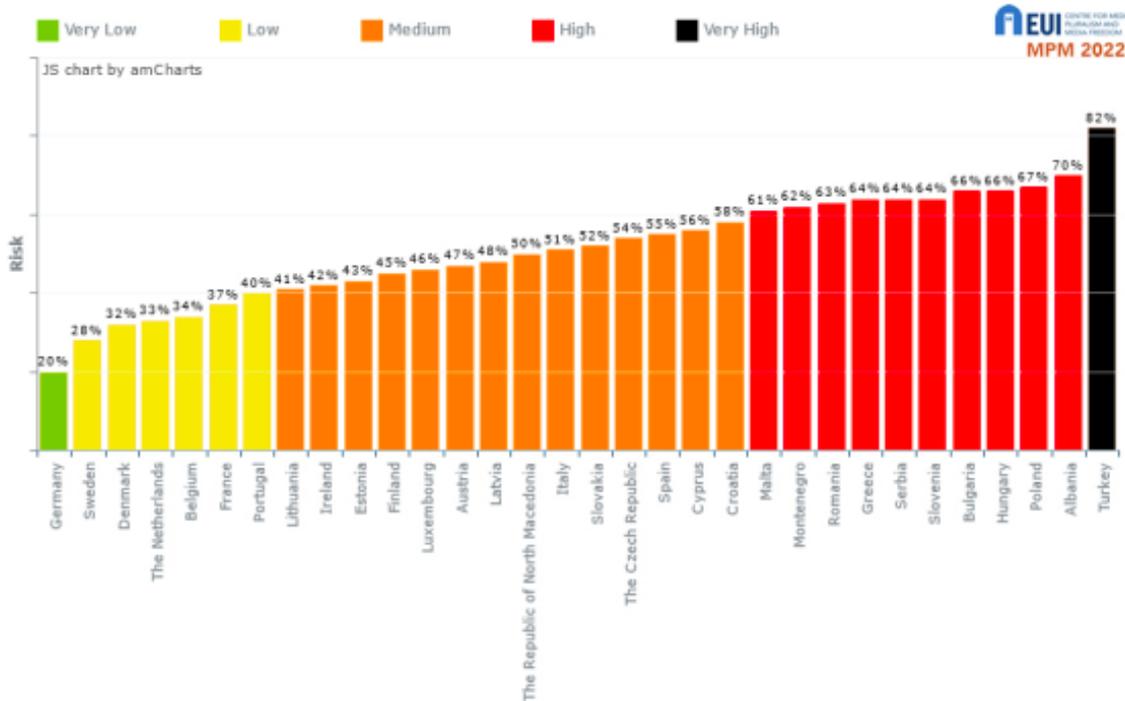
The 2022 Media Pluralism Monitor²⁶⁴ (MPM) gives a useful overview of how the governance trends discussed in this report are affecting editorial standards in European newsrooms. The MPM analyses media pluralism in the EU Member States through five main indicators, which in turn have a set of sub-indicators. A risk assessment procedure is carried out in each country for each sub-indicator through a structured questionnaire submitted to relevant stakeholders. Results are summarised in three macro risk areas; (Low (0 – 33%), Medium (34-66%) and High (67-100%)), where the percentages indicate the average of the binary/multiple answers (most questions being either yes or no) given by experts on the level of perceived risk for each sub-indicator.

²⁶³ Mark Brill, 'Wordle: how a simple game of letters became part of the New York Times' business plan,' 3 February 2022, The Conversation, <https://theconversation.com/wordle-how-a-simple-game-of-letters-became-part-of-the-new-york-times-business-plan-176299>

²⁶⁴ Media Pluralism Monitor 2022. EUI

Together with the MPM, the ECPMF (European Center for Press & Media Freedom) provides an interactive and updated map of all events threatening media freedom across different European countries²⁶⁵.

FIGURE 34. MEDIA PLURALISM MONITOR 2022 GENERAL RANKING



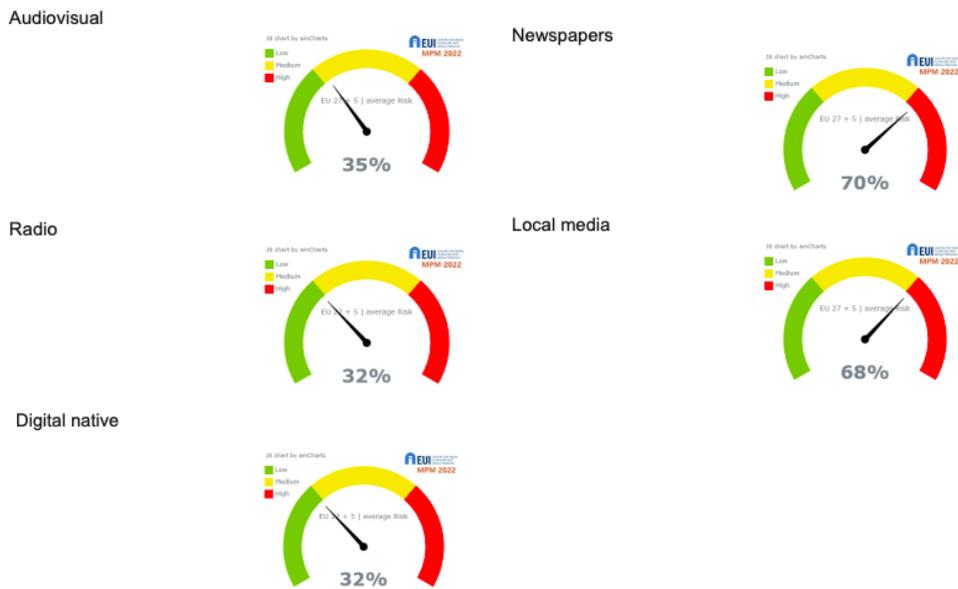
Source: Media Pluralism Monitor 2022. EUI

The main conclusion from the MPM is that conditions for media pluralism and freedom in the European news industry have deteriorated across all areas measured by the Monitor. This trend may be attributed to the effects of governmental regulatory responses to the pandemic, and the insecure working conditions of journalists. The overall risk level when it comes to Fundamental Protection - the existence of the necessary preconditions for media pluralism and freedom - remains reasonably low, with the majority of Member States at a low risk level, therefore the section will focus on the challenges identified.

Market Plurality

²⁶⁵ <https://www.ecpmf.eu/monitor/mapping-media-freedom/>

FIGURE 35. MEDIA VIABILITY. REVENUE TRENDS PER SECTOR



Source: Media Pluralism Monitor, 2022

Market Plurality considers the economic dimension of media pluralism, assessing the risks that are related to the context in which market players operate. In 2022 it returned to a medium risk, down from high risk in 2021 with a trend pointing towards market concentration accelerated by the shock of Covid-19. The decline of news media revenues has intensified despite an increase in audience engagement, driving conglomerates towards further mergers and acquisitions to maintain their economic sustainability. There was also a reduction in the effectiveness of national legal anti-concentration frameworks, however transparency has improved with the establishment of media ownership registers in some Member States. Conditions have worsened in terms of very high levels of concentration in the online advertising market, linked to the growth of digital intermediaries. The extraordinary Covid-19 public support measures implemented somewhat offset financial difficulties, but were not enough to counterbalance market losses and they remain hard to access for smaller media companies, accentuating market inequalities²⁶⁶.

Political Independence

²⁶⁶ Ibid.

FIGURE 36. POLITICAL CONTROL OVER DIFFERENT TYPES OF MEDIA



Source: Media Pluralism Monitor, 2022

Political Independence evaluates the risk of politicisation of the distribution of resources to the media; political interference with media organisations and news-making; and, especially, political interference with public service media. The overall dynamics have changed little compared to 2021, with an average risk level (of 49%). The acceleration of economic difficulties brought by the Covid-19 pandemic has seen an increase in demands for public support in media markets, and support has been maintained in 2022 by many Member States. Although one might argue that increased public support might lead to the possibility of political influence over the media industry, findings illustrate that such a causal link is not as clear as it might seem. The problem of challenges to independence remains nonetheless endemic, with legacy media found to be particularly vulnerable to political control and weak effective protection of editorial autonomy. As news consumption habits shift towards online platforms and sources, the MPM suggests that it is becoming urgent to ensure measures are in place to guarantee transparency and editorial integrity.

Social inclusiveness

Social inclusiveness covers the indicators related to access to media for local/regional communities and for community media, access to media for women, media literacy and protection against illegal and harmful speech. It is at a medium risk level (54%), with a slight decrease from 2021, and access to media for women and minorities remaining limited. The indicator for protection against illegal and harmful speech shows that most countries lack an adequate regulatory framework to counter disinformation and hate speech, particularly online, with most initiatives going in this direction planned by civil society organisations. Media literacy policies also remain significantly weak, with 12 Member States at a medium risk level and 7 at a high risk level.

BOX 10. TOWARDS NEW STANDARDS FOR THE ASSESSMENT OF MEDIA PLURALISM

To understand media pluralism today it is important to understand the roles played by intermediaries at different stages of the news process.²⁶⁷

Until recently, media pluralism has been assessed against traditional standards established in terms of theoretical principles and in international documents and conventions. Such standards, which are the ones used by the Media Pluralism Monitor, include protection of freedom of expression, access to information,

²⁶⁷ Nenadic, Iva. (2019). To Understand Media Pluralism Is to Understand Changes in News Media and Journalism Advanced by Digital Technologies.

transparency, plurality of media ownership, political independence of the media, gender and other inequalities in media, and media literacy. However, online intermediaries are generally not bound by the same requirements for transparency, accuracy and diversity as the legacy media are (depending on their legal categorisation), and they have specific characteristics that may require a different approach. The shift towards more intermediated and personalised news delivery, points towards identifying novel areas of relevance for the assessment of media pluralism, such as:

- De-institutionalisation of news making, meaning the increasing production of news-related content outside of traditional journalistic methods and norms (e.g. UGC news commentary),
- Intermediation of news access, mostly concerning the growth of online news aggregators;
- Personalised news recommenders, meaning the automation of news selection and gatekeeping processes brought about by digital intermediaries;
- Market relations between news media and intermediaries, including the bargaining power of intermediaries as gatekeepers between news media, advertisers and consumers.-

Such changes do not render the traditional standards less relevant or important, but they add new dimensions for consideration for the comprehensive assessment of media pluralism and freedom of expression, on which solid quantitative data is yet to be collected.

Media Pluralism and the role of the State

The role of the state in guaranteeing media pluralism is complex. On one hand, the state is responsible for guaranteeing media freedom, but there are cases in which the state constrains it too. The democratic functions of the media in maintaining a free and pluralistic communication environment need effective state action, implying willingness by the government in power to act in the wider public interest. In this context, Hungary and Poland have been under the spotlight in the last few years.

The Hungarian approach leans towards a system of media concentration or centralisation²⁶⁸. In 2018, the ownership rights of around 470 television channels, radio stations, print and online newspapers, and advertising companies were transferred to the Central European Press and Media Foundation, which is categorised as of “national strategic importance” and of “public interest” and is exempted from various competition controls. For the scholar, this does not imply that other types of media, which are typical of the Libertarian or Socially Responsible types of media system, do not exist. There is a segment that is critical of the government but, instead of openly repressive and totalitarian instruments, economic and administrative tools that undermine the financial stability of unsympathetic media have been put in place. Bartofy finds that these include the ‘particularistic’ application of media policy and regulation, the use of state funding, and communication campaigns.

Analysing the context in Poland²⁶⁹, the scholar Beata Klimkiewicz notes legal reforms of the judicial system from 2015, which limited independent judicial power to guarantee media freedom and

²⁶⁸ Bátorfy, Attila. (2019). Hungary: A country on the path toward an authoritarian media system.

²⁶⁹ Klimkiewicz, B. (2019). Reactivation: reconsidering the role of the state in media ownership policy in Poland. In A. Giannakopoulos (Ed.), *Media, freedom of speech, and democracy in the EU and beyond: research paper no. 10* (pp. 48–67). The

independence and resulted in a European Commission investigation into the rule of law in Poland²⁷⁰. She finds that, as a result, journalists and media professionals appear less certain about the legal consequences of covering controversial issues, with self-censorship seeming to have increased, while the independence of the Constitutional Court in preserving freedom of expression, including through public bodies like the National Broadcasting Council, has been weakened. Klimkiewicz also identifies legal reforms to the PSM system²⁷¹, increasing state intervention in PSM governance including appointments, while the share of funding by audiences (licence fee) has remained limited. Combined with the symbolic renaming of PSM as “national media”, and a proposal for reformulating the public service mission as promoting the national tradition and patriotic values, current regulatory changes signal a stronger connection between the state and PSM.

In the 2022 MPM, political independence of the media, editorial autonomy, state regulation of resources and support to the media sector and the independence of PSM governance and funding all scored a high risk level in the Political Independence Area in Hungary and in Poland ²⁷².

Media policy should not serve as a field for the reconfiguration of the power-dependency relationship between the state and media; rather it should offer a space for policy action where the needs of media users and democratic functions of the media take precedence (Beata Klimkiewicz).²⁷³

S. Daniel Abraham Center. <https://europeanjournalists.org/wp-content/uploads/2019/07/Media-Freedom-of-Speech-and-Democracy-min.pdf>

²⁷⁰ press.pl (2017). Mediainside.pl kończy działalność po publikacji tekstu o “Wiadomościach” (Mediainside.pl ends its activities after publication of the text about “Wiadomości”). http://www.press.pl/tresc/49586,mediainside_pl-konczy-dzialalnosc-po-publikacji-tekstu-o-_wiadomosciach_.

²⁷¹ Small Media Act 2015, National Media Council Act 2016

²⁷² Media Pluralism Monitor 2022, EUI

²⁷³ Ibid.

3. Comparative analysis of trends across EU Member States

3.1. Methodology

The assessment of competitiveness and economic viability of the news media sector in the EU is done by comparing nine selected countries. The methodology used for the case studies and, the analysis per country and the indicator of economic viability used for the cross-country comparison is presented in an annex.

The **comparative analysis is based on nine EU Member States**, selected based on criteria presented in section 4.1.1. It follows the logic of **indicators** (presented in section 4.1.2.) showing how different elements related to the economic viability of the news media sector interrelate and what challenges they might bring. The indicators are followed by a scoreboard in section 3.2.6.

3.1.1. Country selection

Countries were selected taking into account criteria of geography, real GDP per capita (EUR), market size (population as a percentage of the EU27), digitalisation (frequency of internet access and share of individuals reading and downloading online newspapers). The selected countries are Bulgaria, France, Germany, Hungary, Italy, Lithuania, Poland, Spain and Sweden. They represent thus 1/3 of the Member States in the Union, and over 2/3s of the citizens of the Union. A more detailed justification for country selection can be found in Annex 3.

3.1.2. Definition of economic viability (composite indicator)

The EU27 news media sector has undergone significant change in recent years, facing new challenges posed by digital disruption and changes in consumer behaviour. As a result, organisations have had to adapt their offerings and business models to meet these challenges, as well as to seize new opportunities.

In this context, the economic viability and resilience of the news media sector have become increasingly important to ensure that EU27 citizens' access to diverse, pluralistic, independent, and high-quality news content is not diminished and, if possible, is strengthened.

For this study, we define 'economic viability' as the extent to which quality news content can be sustainably delivered – considering both current market conditions and the expected future landscape. Of course, both 'quality' and 'sustainable' are open to interpretation, and so we have assembled a range of metrics which enable us to unpack these elements and measure the absolute and relative performance of different market segments and stakeholder groups across the EU27 news media sector. These metrics are across the following five groups:

1. **Market outlook:** the structure and composition of the market and the overall financial performance of the sector.
2. **Consumer demand:** the level of demand, willingness to pay and consumption of news media and the public perception of news media organisations and their differing roles.
3. **Financial stability:** the financial performance of individual news media organisations and the wider sector, including the sustainability of current levels of financial performance.
4. **Employment and costs:** the level of employment in the news media sector, costs of employment, and sector productivity.
5. **Media independence:** the independence and self-sustainability of news media organisations – and the news elements within organisations operating across multiple sectors/activities.

Each of these five groups consists of multiple indicators against which performance and viability can be measured. These indicators are applicable across the different stages of the value chain and different types of news. The most relevant indicators may differ between different activities in the news media sector, but the same indicators can be applied consistently across organisations and the EU27 markets, enabling comparison.

An overview of the indicators used is provided in the table below.

TABLE 3. OVERVIEW OF THE INDICATORS

<i>INDICATOR</i>	<i>SOURCE</i>	<i>EXPLANATION AND JUSTIFICATION</i>
<i>Overall market outlook of the EU27 news media sector</i>		
<i>Financial performance of the market: annual turnover</i>	PwC	This indicator focuses on trends in the annual turnover of the sector, an analysis of which provides insights into the stability and economic viability of the overall sector.
<i>Number of companies operating in news media</i>	Eurostat	This indicator tracks changes in the number of enterprises in the sector. It is supplemented with qualitative data covering the reasons for change. This analysis indicates the trajectory of the overall competitiveness of the sector. An expanding sector may indicate a greater opportunity for both incumbent businesses and new entrants.
<i>Segmentation of companies by activity</i>	Eurostat	This indicator displays trends in the structure of the news media sector by type of organisation and their respective activities along the news media value chain, as well as across different types of news content offered. It can indicate diversity in the market and the relative viability of different types of news media organisations.
<i>Segmentation of companies by size</i>	Eurostat	This indicator shows the makeup of the news media sector by the size of organisations. It provides an indication of diversity in the market and segment, both in terms of size and level of market power.

<i>Market fragmentation</i>	Eurostat	This indicator measures the share of small companies in the sector. The indicator is important because a low number of small companies could indicate that barriers to entering the market exist in the sector. Similarly, market fragmentation (vs concentration) has implications for media pluralism: how news is delivered and the quality and quantity of that news and how public opinion is shaped.
<i>Market diversification</i>	Orbis	This indicator focuses on the level of diversification in ownership in the news media sector by examining corporate subsidiaries inside and outside of organisations' local markets. It demonstrates the level of independence that news media sectors in different EU27 Member States have from each other, as well as the level of involvement news media organisations have across borders. Diversification is understood here as whether a company has a presence outside its local market.
Consumption of news media in the EU27		
<i>Evolution of trust in news</i>	Eurobarometer 96	This indicator looks at trends in trust in news and different types of news media. This is a key indicator for the viability of the sector as it underpins consumption and provides an indication of the quality and plurality of news.
<i>Overall levels of news media consumption</i>	Eurostat, primary research (citizen survey etc)	This indicator looks at trends in overall levels of consumption (time spent accessing) news media content. While rising levels of consumption point to a higher demand for news media content and indicate success, it forms only a part of understanding the economic viability of the sector as e.g. it does not necessarily correlate to sustainable monetisation, or indicate the quality of the news.
<i>Breakdown of levels of news media consumption by media type</i>	European Social Survey, Eurostat	This indicator demonstrates trends in time spent consuming media via different types of media (printed & online press, TV, radio), indicating the relative success of each media type as a provider of news.
<i>Comparison of traditional and platform news media usage</i>	Flash Eurobarometer: News and Media Survey 2022	This indicator compares the level of consumer preference for accessing news media content via traditional news media (printed & online press, TV, radio) and digital platform media (social media & messaging apps, video sharing platforms, etc). It provides an understanding of the changing dynamics of the news media sector and consumer preferences, for example in terms of news relevance (i.e. respondents used online social networks for the purpose 'to follow news and current events').
<i>Consumers' willingness to pay for news media</i>	Flash Eurobarometer: News and Media	This indicator demonstrates trends in the level of EU27 citizens willing to pay for news media. Willingness to pay

	Survey 2022, primary research (citizen survey)	for content is a key indicator of the economic viability of the news media sector.
Financial stability of the EU27 news media sector		
<i>Financial performance of news media enterprises</i>	Orbis	This indicator focuses on the mean net income result of news media enterprises (whether they make a profit or loss or break even). Furthermore, mean profit margins are also presented to capture the relative size of the profit or loss. This indicator provides a view of the overall economic viability of the news media sector.
<i>Average Revenue per Paying User (ARPU) of news media enterprises</i>	PwC	ARPU is a key indicator of successful revenue generation per user for an enterprise, however, to gain a clear indication of financial success, it must be reviewed alongside overall financial performance including both revenues and costs.
<i>Financial performance of news media subsectors</i>	Eurostat and PwC	This indicator displays trends in the revenues of the news media subsectors. It indicates the financial viability of each of the subsectors.
<i>Short and long-term financial stability</i>	Orbis	This indicator is measured via the solvency ratio and currency ratio. A company is sustainable if solvency and current ratios meet industry benchmarks. This is an important indicator of economic viability because it shows the companies' capability to pay off long-term and short-term debts.
<i>Diversification of revenue sources</i>	Primary research (stakeholder interviews), literature review	This indicator demonstrates the diversity of revenue sources in news media enterprises. Diversification of revenue sources is key to the financial sustainability of news media enterprises, so these enterprises are not dependent on a single revenue source and therefore subject to a greater level of risk exposure.
<i>Financial performance of the advertising sector (concerning news media)</i>	PwC	This indicator displays trends in advertising revenues of the news media sector, in particular how they have developed concerning the wider advertising sector. Traditionally advertising revenues are crucial to the overall viability of the news media sector, as a key source of revenues.
<i>Investment levels</i>	Eurostat	The indicator measures investment in tangible goods in the sector as a proxy for investment (as no general data is available). This indicates that a company has enough resources to make forward-looking decisions instead of just fighting for survival.
Employment and costs in the EU27 news media sector		
<i>Employment levels</i>	Eurostat	This indicator analyses trends in employment and measures the sector's performance against national levels of employment.

<i>Average number of employees per enterprise</i>	Eurostat	A view of trends in the average number of employees per news media enterprise. This provides an indication of the success and viability of news media organisations and can indicate whether the sector is able to attract and retain talent/employees (e.g. is not subject to a talent drain), typically through being able to pay sufficiently high wages (alongside other working conditions).
<i>Average cost of employees (in relation to the national level)</i>	Eurostat and Orbis	A focus on trends in the average cost of employees in the news media sector compared with the national average. It indicates whether news media organisations can retain talent/employees as well as an indication of whether organisations are cutting back on salary expenditure to remain financially viable.
<i>Employee costs compared to other costs</i>	Orbis	This indicator measures the importance of employment as a proportion of total costs. It displays the trend of whether employment has become an increasingly important cost line for news media organisations. ²⁷⁴
<i>Employee productivity</i>	Orbis	Average revenue and average profit per employee, indicating changes in the productivity of news media organisations.

Media independence in the EU27 news media sector		
<i>Media freedom</i>	Media Pluralism Monitor	The indicator measures the protection of freedom of expression; the protection of the right to information; the journalistic profession, standards and protection; the independence and the effectiveness of the media authority; and the universal reach of traditional media and access to the internet.
<i>Market plurality</i>	Media Pluralism Monitor	The indicator measures the transparency of media ownership; news media concentration; online platforms' concentration and competition enforcement; media viability; commercial and owner influence over editorial content.
<i>Perception of media independence</i>	Eurobarometer 96	The indicator measures citizens' perception of how independent the national news media is from political and commercial pressures. It is an important part of the assessment because the perception of independence is arguably related to levels of trust and consumption.
<i>State regulation of resources and support to the sector</i>	Media Pluralism Monitor	This indicator measures "the situation in relation to the distribution of state-managed resources for the media". It contains three sub-components: government subsidies, government advertising money, and spectrum allocation (of radio frequencies).

²⁷⁴ Although net income could serve to deduct the total costs, this indicator is less reliable as it also requires the estimation of other types of costs elements, aside from employment. This was not possible to do robustly, given the unreliability of how other cost elements are reported as well data availability, which differs from country to country.

<i>BvD independence indicator</i>	Orbis	This indicator measures the independence of organisations based on ownership and shareholder structures.
<i>Cross-subsidisation of enterprises</i>	Primary research (stakeholder interviews), literature review	This indicator analyses the level of cross-subsidisation at news media organisations and demonstrates the self-sustainability of news operations within wider media organisations.

Source: Own analysis.

3.1.3. Description of data sources, caveats and data gaps

The economic viability indicator makes use of several secondary data sources. In the following section we will describe the main datasets and discuss their limitations.

3.1.3.1 Eurostat

Eurostat data is used to assess the number of companies, size of companies, market fragmentation, market segmentation by media subsectors, consumption of news online, investment levels, aggregate employment number and average employees per enterprise.

The European statistical classification of economic activities (NACE Rev, 2) was used to define the relevant media subsectors. However, the definitions did not allow for a separate assessment of digital and print press. Accordingly, the segment definitions are as follows:

- Press: the segment includes multiple NACE Rev. 2 codes: news agency activities, printing of newspapers, publishing of newspapers, publishing of journals and periodicals.²⁷⁵ The publishing activity “can be done in print or electronic form, including on the Internet” according to the definition, thus, it includes both the print and the digital segment.
- Radio broadcasting
- Television programming and broadcasting

As such, the press subsector comprises only news-related activities, ranging from printing, publishing and news agency activities. Because of the NACE Rev. 2 definitions, radio and television broadcasting data do not capture solely news production activities, but the sector as a whole. Research has also indicated that it is hard to differentiate between activities related to news production and other content production activities in these sectors. Interviewees reported that companies do not keep track of news operations separately. What is more, it’s been reported that it is impossible to separate how human and financial resources are used for news-only and non-news content production. Generally speaking, for advertising funded providers, revenues from non-news content is often used to fund news content as part of providing a comprehensive and varied schedule to attract audiences and, often, meeting regulatory requirements for news provision, considering that advertisers generally prefer to advertise

²⁷⁵ Retail sale of newspapers and stationery in specialised stores was excluded from the press segment, Firstly, the activity also includes retail sale of office supplies such as pens, pencils, paper. Furthermore, retail of newspapers is viewed as an ancillary industry of print newspaper media, but not part of the print sector per se.

around non-news content but that large advertisers value mass reach generalist outlets. On news-only channels and stations, advertisers generally favour advertising around lighter programming such as travel features.

Data from Eurostat was available between 2008-2019 as of the time of writing. For the focus countries, data availability was generally satisfactory. In the case of Spain, data points are missing from the press sector until 2016 (with the exception of the printing sector, which is available for 2008-2019). France has a missing data point in 2008 for some activities in the press subsector (i.e. printing of newspapers, news agency activities and publishing of newspapers). When calculating EU-27 averages or totals, certain countries had multiple missing data points (Spain, Czechia, Ireland, Malta, Slovakia).²⁷⁶

3.1.3.2 PwC

PwC Global Entertainment and Media Outlook data was utilised to assess the overall financial performance of the market in terms of revenues, ARPU, and the advertising market. PwC provides differentiation of the relevant news media sectors as it has data segmented by print and digital newspapers, as well as television and radio broadcasting. The database covers 2016-2020 and includes forecasts to 2025.

The database provides a crucial source of comparable data for revenues, the advertising sector and a calculation of the average revenue per user indicator (by providing circulation numbers). Obtaining data from each country may have risked a greater difference between sector definitions and data collection methods, which could thwart a systemic comparative assessment. Nonetheless, PwC does not cover all EU countries or all of our focus countries, as Bulgaria and Lithuania are missing. To this end, estimates were made by O&O²⁷⁷ to allow an EU-9 level approximation of aggregate revenues.

The total revenues for each media subsector included the following components:

- Digital press includes total digital newspaper advertising²⁷⁸ and digital newspaper circulation²⁷⁹

²⁷⁶ For calculations, all available data points were used.

²⁷⁷ Estimates were made by using comparable countries as proxies, based on several factors (GDP per capita, internet penetration, geographical proximity, cultural similarity) and scaled according to population numbers.

²⁷⁸ "Revenue from advertising spend in digital newspapers, including all advertising on newspaper websites, tablet apps and smartphone apps. This segment considers all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available. This revenue is digital, and is from advertising spending" Accessed from <https://mediaoutlook.pwc.com/information/segment-definitions>.

²⁷⁹ "Consumer spend on digital editions of newspapers, including digital subscriptions and payments for newspapers delivered direct to connected devices such as a PC, tablet or smartphone, and including fees to access online content. This segment considers all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available. This revenue is digital, and is from consumer spending." Accessed from <https://mediaoutlook.pwc.com/information/segment-definitions>.

- Printed press includes print newspaper advertising²⁸⁰ and print newspaper circulation²⁸¹
- Television includes TV advertising,²⁸² licence fees,²⁸³ TV subscription²⁸⁴ and connected TV²⁸⁵ revenue
- Radio broadcasting includes advertising²⁸⁶ and license fees

3.1.3.3 Orbis

Bureau van Dijk's Orbis database was used for calculating market diversification, financial performance (in term of net income and profit margins), financial sustainability, employee cost and employee productivity. The database provides private company information in a comparable format, following the industry segmentation of NACE Rev.2, as presented earlier.

Due to the platform's restrictions on data exportation, we developed the approach of selecting a representative sample of companies to analyse. In order to do so, we opted for a selection based on company size and turnover, ensuring that all of the available company data is gathered above the selected threshold. Hence, the company database includes all companies from the relevant media sector that are small-sized or larger,²⁸⁷ covering 2015-2021.

²⁸⁰ "Revenue from advertising spend in printed newspapers. This segment considers all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available. This revenue is non-digital, and is from advertising spending." Accessed from <https://mediaoutlook.pwc.com/information/segment-definitions>.

²⁸¹ "Consumer spend on print newspapers, including newsstand purchases and subscriptions to the print edition. This sub-component considers all daily newspapers, including weekend editions. Weekly newspapers are included in markets where data is available. This revenue is non-digital, and is from consumer spending." Accessed from <https://mediaoutlook.pwc.com/information/segment-definitions>.

²⁸² "This comprises all TV advertising revenue, including broadcast and online. Broadcast television covers all advertising revenues generated by free-to-air networks (terrestrial) and pay-TV operators (multichannel). Online TV advertising consists of in-stream adverts and reflects revenues from pre-roll, mid-roll and post-roll ads around TV content distributed by broadcaster-owned websites and apps. This section includes revenues only from broadcast TV viewed online, and excludes advertising around video content on Internet-based sites such as YouTube. TV advertising revenue is net of agency commissions, production costs and discounts in all territories. This revenue is a combination of non-digital (TV) and digital (online), and from advertiser spending."

²⁸³ "This is consumer spending on public TV licence fees and equivalent broadcasting taxes and charges where these are required (in EMEA and APAC)."

²⁸⁴ "This is the revenue from consumer subscriptions to pay-TV services. It captures all instances where a TV service can only be legitimately received by paying a subscription fee, but does not include services that are provided solely over the open Internet, such as Netflix."

²⁸⁵ "Connected TV in-stream broadcaster video Internet advertising comprises revenue generated through the sale of in-stream video advertising (i.e., preroll, midroll, postroll, and in-player overlays) delivered over the Internet to smart TVs, media streamers, games consoles, and connected set-top boxes on broadcasters' online video properties, including websites and apps. This revenue is digital, and from advertiser spending."

²⁸⁶ "Revenue from traditional radio advertising, as well as revenue in the US and Canada only for both online radio advertising and satellite radio advertising. Advertising spend is tracked as net of agency commissions, production costs and discounts. This revenue is both digital (US and Canada only) and non-digital, and is from advertising spending"

²⁸⁷ Small companies for selection were defined following IMF, OECD and the SME definition user guide definitions (<https://ec.europa.eu/docsroom/documents/42921>) i.e. small companies have more than 10 employees or more than 2 million EUR threshold (as defined in the cited guideline). In order to include a wider population of companies, a secondary condition selected countries with more than EUR 1 million yearly revenue.

Data from Eurostat on company turnover by size shows that the dominant share of the economic weight, in terms of turnover generated by companies, would be captured by the selection. Importantly, a sizeable number of companies have only 0-1 person employed ((2,235 companies in the television sector, 2,543 companies in the radio sector and 42,210 within the publishing of books, periodicals and other publishing activities sector).²⁸⁸

TABLE 4. TURNOVER OR GROSS PREMIUMS WRITTEN EU27, 2019²⁸⁹

	NUMBER OF EMPLOYEES	TURNOVER MILLION (NUMBER AND PERCENTAGE)	IN EUR AND	NUMBER OF COMPANIES
TV broadcasting	Larger than 10	57243.3	97.5%	431
	Smaller than 10	1481.9	2.5%	3291
Radio broadcasting	Larger than 10	4357	89.6%	579
	Smaller than 10	506.6	10.4%	4232
Publishing of books, periodicals and other publishing activities	Larger than 10	75655.4	90.3%	4865
	Smaller than 10	8170.5	9.7%	62976

Source: Eurostat Structural Business Statistics

Regarding the focus countries, the following company population was obtained:

TABLE 5. ORBIS COMPANY DATABASE ACROSS COUNTRIES AND MEDIA SUBSECTORS

	BG	DE	ES	FR	HU	IT	LT	PL	SE	TOTAL
Press	67	957	312	476	69	359	51	123	186	2600
Radio	21	113	82	68	14	47	5	42	4	396
TV	39	104	91	83	41	100	11	43	9	521

²⁸⁸ From Eurostat: "Number of persons employed is defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams)".

²⁸⁹ Company size data is not published on a detailed enough level (e.g. 'Publishing of newspapers' category is not disclosed), therefore a larger category was used (J58.1), comprising the publishing of books, directories and mailing lists, newspapers, journals and periodicals and other publishing activities. This was used as a proxy for the Press sector.

Total	127	1174	485	627	124	506	67	208	199	3517
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In order to better assess trends and provide projections, year 2021 was included in the database. However, it was found that 2021 is considerably more underreported and with fewer data points than previous years, and so should be viewed with reservations. Furthermore, data availability differs on occasion on a country-by country basis. In general, German companies are not reported as well, although the larger number of companies in case of the press sector, counterbalances this deficiency. With regards to the German television and radio subsector, lack of data becomes more evident and thus trends are more susceptible to being affected by a few outlier companies. A similar issue was perceived in a few of the focus countries, notably Sweden and Lithuania. In case of Lithuania and Spain, cost variables (cost of employees or other cost elements) are not provided by Orbis. For the above reasons, some subsectors were excluded from the mean net income calculations. Lastly, the calculation of employee cost compared other costs is constrained by some more general caveats: data availability on costs differs from country to country (which may be a result of differences in national reporting practices or data collection methods) and the calculation methodology of the total costs was not provided to us either, making estimations harder. Therefore, in the above cases, trends and data should be interpreted more carefully.

3.1.3.4 Limitations

In summary, the research team aimed to obtain comparable quantitative data, an effort that has sometimes faced limitations in data quality and availability, as presented. Importantly, researching available data has also led to further conclusions.

Firstly, the survey of the field has also shown that robust and large-scale EU-27 data on some of the developments in the sector is missing. Such areas identified by us are: data on implemented monetisation and audience revenue models,²⁹⁰ data on freelancer journalists, working conditions of journalists, the share of journalist and non-journalist workforce, the extent of companies’ revenue diversification, aggregate data on content output and format, the relative size of news content output (in case of companies with mixed activities) or times series data on consumer willingness to pay for news content. Moreover, data on the geographic scope of media companies (national, regional or local media companies), the number of news companies or start-ups and the number or share of native digital enterprises in the sector was unavailable on a robust, international scale. The table below summarises these data gaps:

TABLE 6. DATA GAPS

CATEGORY	DATA
Employment	Number of freelancer journalists (aggregate numbers; in relation to contractually employed journalists)

²⁹⁰ Apart from a report by the Reuters Institute on pay models, published in 2017 and 2019, which was focusing on a select number of countries.: https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-05/Paymodels_for_Online_News_FINAL_1.pdf

	Working conditions
	Share of journalist and non-journalist workforce
Business models	Prevalence of different audience revenue models
	Extent of revenue diversification or share of revenue across different monetisation models
Enterprise data	Geographic scope of media companies (national, regional, local segmentation)
	Number of new companies or start-ups
	Data on content output (different formats, news vs. non-news content)
	Number or share of native digital media enterprises
	Cost data (e.g. on journalist employment, technical costs or on activities i.e. newsgathering, production, distribution)

While some data may be commercially confidential and some other information will become public in the near future,²⁹¹ limited data availability is, to a certain extent, telling of the industry's available resources to generate and synthesise such information. In turn, the limitations evidently put restrictions on the extent of our conclusions and observations.

Secondly, some aspects are, by definition, hard to measure and quantify: the dependency of companies on external platforms (a symbiosis with risks and benefits) and the issue of within-company cross-subsidisation of news production in the case of the television and radio broadcasting subsector, are the two relevant issues here.

To conclude, some of the data limitations are possible to be overcome in the future, should data availability increase as the result of further extensive research or the publication of new datasets. It follows that the current set of economic viability indicators may be further refined in order to better grasp the true picture of the industry.

3.2. Comparative analysis: assessment of economic viability

The process of digital transformation is affecting various sectors, the news media sector being one of the most obvious among them. This massive contextual change affected the market and the structure of the attention economy. In this section, we assess the current situation of the news media sector in the context of these changes, as well as how it has varied in time, between subsectors or between the selected countries. This section assesses the economic viability of the news media sector using the indicators of market value, diversity of the market, and market fragmentation and diversification.

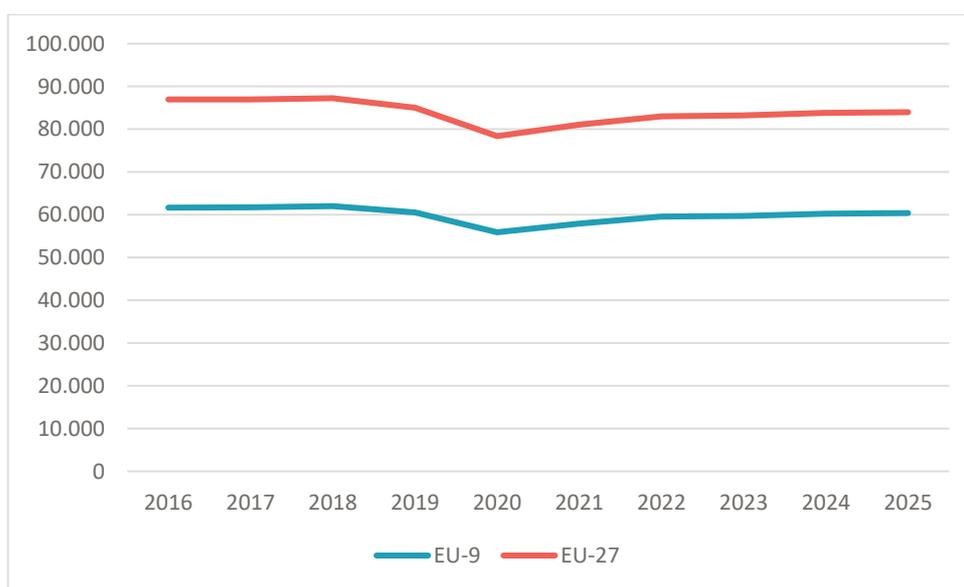
²⁹¹ At the time of writing, a survey report on freelancer journalists by the European Journalism Centre was not yet published, but is expected to become public: <https://journalismassembly.com/survey>

3.2.1. Overall outlook

3.2.1.1 Financial performance of the market: overall market value

The overall financial value of news media markets across the EU remained relatively steady until the COVID-19 pandemic. In 2020, most of the news media markets (in every selected country except for Bulgaria) experienced a decline. However, in most cases, the market value of the news media sector is expected to bounce back close to previous levels (Germany, France, Italy, Spain, Poland, and Sweden) or even surpass previous levels (Bulgaria, Hungary, and Lithuania). These trends for the nine selected countries, as well as for the EU-27, are presented in the figure below.

FIGURE 37. OVERALL FINANCIAL PERFORMANCE OF NEWS MEDIA MARKETS IN THE EU – REVENUES IN MILLIONS OF EUROS (EU-27 AND EU-9)



Source: PwC Global Entertainment and Media Outlook

Note: Includes estimations for Bulgaria and Lithuania.

In the EU-9 countries the overall financial performance of the three media subsectors demonstrates a negative trend (of around -3,300 million EUR). However, in the period 2016-2025, the financial performance of press subsector is expected to decline at a higher rate, as also discussed regarding the global trends. The financial performance of the radio and TV subsectors are forecasted to increase by more than 7% (+449 million Euros) and 5% (+2,201 million Euros), respectively (see table below).

TABLE 7. FINANCIAL PERFORMANCE BY MEDIA SUBSECTORS – REVENUES, EU-9, (M EUR)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>Press - digital</i>	1618	1812	1991	2171	2353	2502	2678	2832	2979	3110

Press - print	15027	14265	13609	12919	10899	11058	10695	10313	9948	9567
Radio	6298	6358	6428	6232	5560	6014	6425	6534	6593	6632
Television	38702	39280	39984	39233	37089	38344	39736	40027	40756	41086
Total	52786	52649	52744	51508	47792	49435	50627	50638	51014	51001

Source: PwC Global Entertainment and Media Outlook

Note: Includes estimations for Bulgaria and Lithuania.

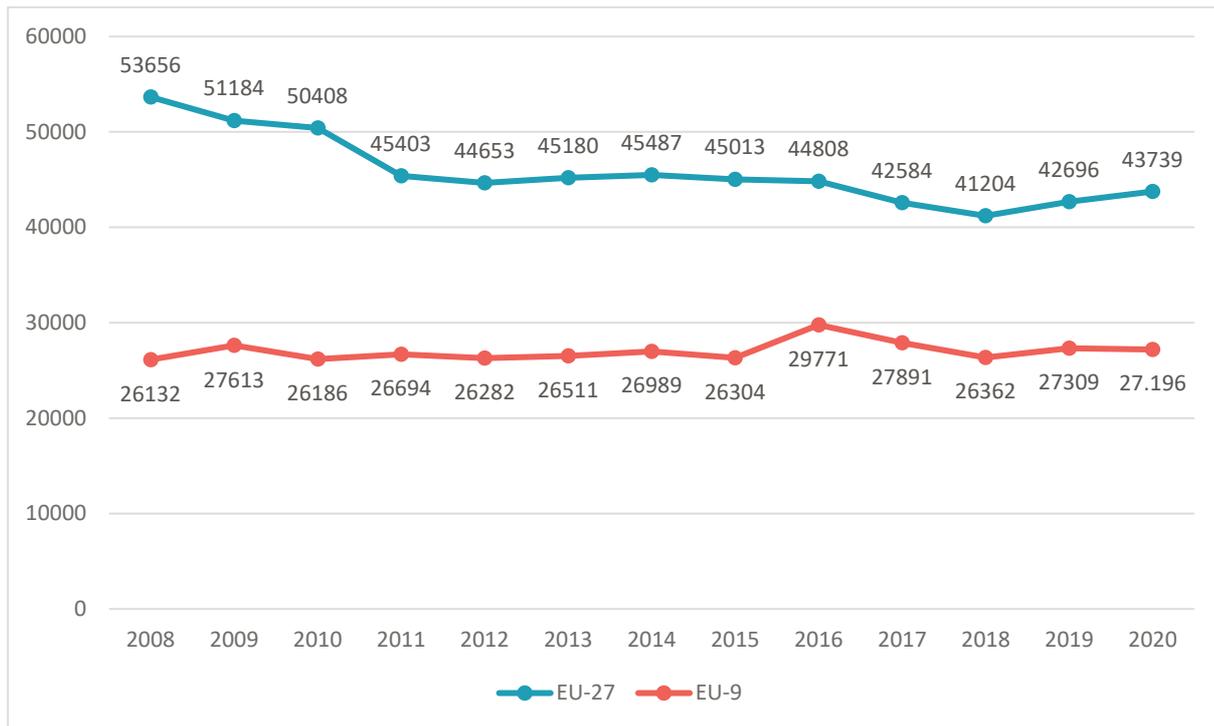
3.2.1.2 Overall number of companies

In most countries, the **overall number of companies operating in the market** has been decreasing between 2008 and 2020. However, Germany, Poland, and Lithuania retained a relatively steady level, while France was the only selected country where the number of news media companies increased²⁹². The overall trends for EU-27 and for the nine selected countries are shown in the graph below.

FIGURE 38. NUMBER OF ENTERPRISES²⁹³

²⁹² Eurostat

²⁹³ Eurostat. Own calculations. EU-27 data includes missing data-points for some countries (Czechia, Ireland, Malta) and missing total aggregates (in case of news agency activities). Estimations were used.



Source: Eurostat Structural Business Statistics

To be more precise, between 2008 and 2020, the number of enterprises within the press sector declined by 14 percent (or almost 6,000 enterprises), whereas the number of radio enterprises dropped by more than 28% (-2,000). The available statistics and our estimates suggest that the number of TV enterprises also decreased 2008-2019. Nonetheless, the number of TV enterprises was quite stable in the 2013-2020 period.

TABLE 8. NUMBER OF ENTERPRISES BY MEDIA SECTORS, EU-27²⁹⁴

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Press</i>	40656	38684	38408	34761	34689	35539	35811	35336	35233	33567	32388	33696	34772
<i>TV</i>	6000	5500	5000	4642	4309	4000	4155	4310	4258	4000	4000	4000	4000
<i>Radio</i>	7000	7000	7000	6000	5655	5641	5521	5367	5317	5017	4816	5000	4967

Source: Eurostat Structural Business Statistics with team estimations on missing data points

TABLE 9. NUMBER OF ENTERPRISES BY MEDIA SECTORS, EU-9

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

²⁹⁴ Ibid. EU-9 and EU-27 totals are based on the sum of available country-level data with estimations in case of missing data points

Press	18,823	20,686	19,762	20,321	20,249	20,641	21,230	20,431	23,831	22,301	21,171	22,167	22,247
Radio	3,815	3,512	3,409	3,499	3,266	3,249	3,064	3,017	3,048	2,821	2,603	2,566	2,458
TV	3,494	3,415	3,015	2,874	2,767	2,621	2,695	2,856	2,892	2,769	2,588	2,576	2,491

Source: Eurostat Structural Business Statistics

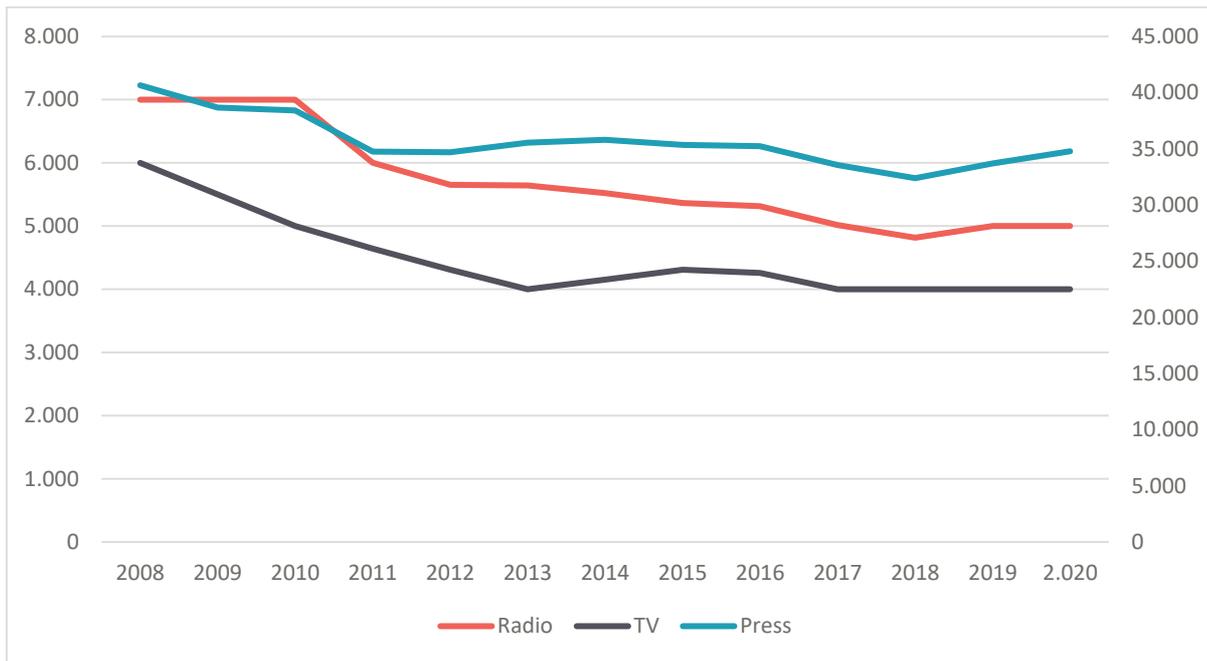
3.2.1.3 Segmentation of companies by activity

The combined data of the nine selected countries show that the overall number of companies in the radio and TV subsectors declined, while in the press subsector it increased (all countries except France registered a decrease between 2008 and 2020).²⁹⁵ However, looking at the country level, our research shows that the changes in the number of companies operating in the market highly depend on the subsector. Between 2008 and 2020, the press subsector was the most negatively affected, decreasing in seven selected countries (all except France and Poland), together with the radio subsector where the number of companies decreased in seven countries (all except France and Sweden). However, the number of companies in the TV subsector increased in four countries (Germany, Italy, Sweden, and Lithuania) and remained steady in one country (Bulgaria)²⁹⁶, favouring, potentially, market diversity in this subsector. The importance of keeping the number of companies high was also underlined by some of the experts consulted for this study. For example, a news media expert from academia stated that “there need to be enough media organisations in the markets to allow for diversity” for the market to remain competitive.

FIGURE 39. NUMBER OF ENTERPRISES BY MEDIA SUBSECTORS, EU-27, (PRESS DISPLAYED ON THE RIGHT, SECONDARY AXIS)

²⁹⁵ The growth in France in the press subsector is due to two components (from a total of four sub-sectors that make up the press sector i.e. publishing of newspapers, publishing of journals and periodicals, news agency activities, printing of newspapers): firstly, an increase in the “Publishing of journals and periodicals” industry was observed from 2009, registering almost threefold growth by 2019, of around 3,000 companies. Secondly, the ‘Publishing of newspapers’ segment decreased between 2009 and 2011. Continuous growth is observable from 2011 with a return to 2009 levels by 2019, i.e. to around 1,500 companies.

²⁹⁶ Eurostat



Source: Eurostat, Structural business statistics

3.2.1.4 Segmentation of companies by size

In terms of **company size**, most enterprises in the sector have 1-0 employees,²⁹⁷ the publishing sector being somewhat different in this regard.²⁹⁸ If we discount enterprises with just 1 or 0 employees, there are roughly equal proportions of micro-sized companies in the publishing (used as an approximation)²⁹⁹ and the television sectors, while the radio sector shows a more fragmented picture, with 35.2% of small companies in the selected countries. Overall, the publishing sector (our proxy for the press) seems to be the most fragmented, with fewer micro and small enterprises but the highest share of enterprises with 1-0 employees.

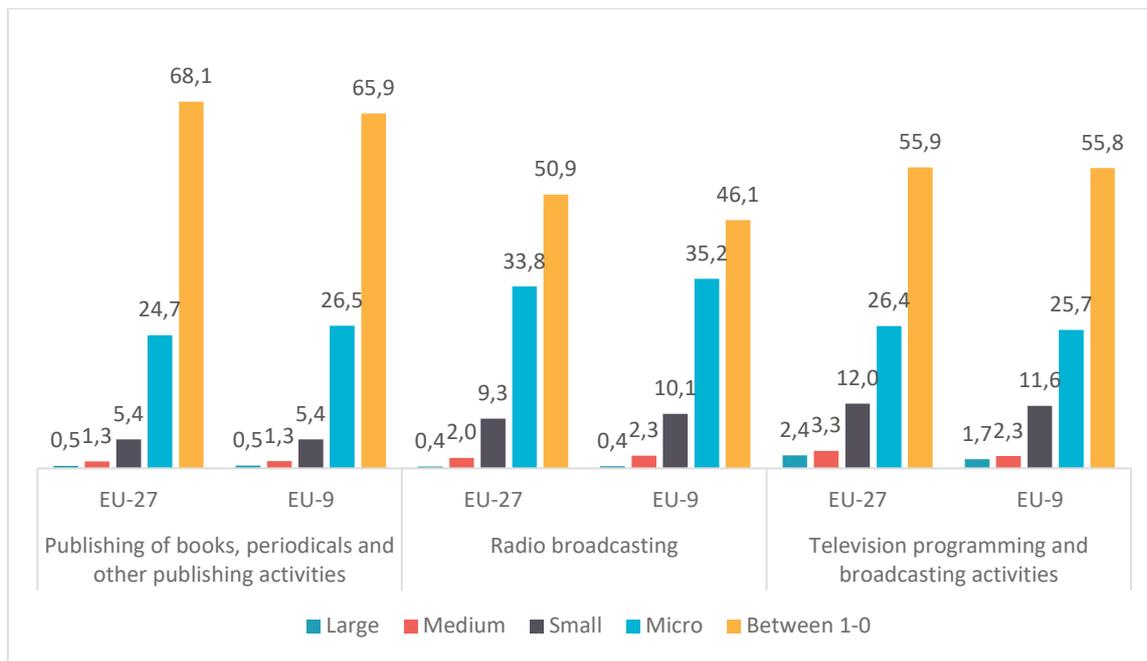
Furthermore, the television sector has a greater percentage of large companies (with more than 250 persons employed) than the other two industries, and is the most concentrated market in terms of size.

²⁹⁷ The unit of observation are legally existing enterprises that indicate to perform an activity in the given sector. As follows, 0-1 employees are imaginable if there are no persons contractually working at an enterprise, or, if there's a working proprietor, for example.

²⁹⁸ The segments used here are the most detailed categories made available by Eurostat. While there are corresponding NACE Rev.2 categories for the television and the radio sectors, our definition of the press sector is not accessible with regards to company size. Therefore, to approximate the size segmentation of the press sectors, we used the closest category available i.e. Publishing of books, periodicals and other publishing activities. This activity comprises 5 industries: publishing of books, publishing of directories and mailing lists, publishing of newspapers, publishing of journals and periodicals and other publishing activities, thus, it is a larger set of enterprises, having at around thrice the companies than the publishing of journals and periodicals and the publishing of newspapers sectors alone.

²⁹⁹ Company size definitions: large companies have more than 250 employees, medium-sized have 249-50, small 49-10, micro 9-2. Due to their relative size, companies with 1-0 employees have a separate category both here and in Eurostat published data. Furthermore, percentages may not add always up to 100%, as in some cases, size-segmented country data points are missing while the total was taken from the aggregate number of enterprises. EU-27 value for the number of enterprises with 19-10 enterprises in the television sector was estimated.

FIGURE 40. COMPANY SEGMENTATION BY SIZE, ACROSS MEDIA SECTORS, 2019 (%)



Source: Eurostat, Structural business statistics

The table below compares the distribution of company size categories over time. Compared to 2011,³⁰⁰ overall, there were no drastic changes. On average, company size has slightly decreased or stayed at a stable level. Within the period, the share of large, medium and to some extent the percentage of small companies have stayed the same. In contrast, enterprises with 1-0 employees have increased, while the percentage of micro-sized companies has seen the largest decrease.

TABLE 10. CHANGE IN ENTERPRISE SIZE DISTRIBUTION (%), 2011-2019

	PUBLISHING OF BOOKS, PERIODICALS AND OTHER PUBLISHING ACTIVITIES		RADIO BROADCASTING		TELEVISION PROGRAMMING AND BROADCASTING ACTIVITIES	
	EU-27	EU-9	EU-27	EU-9	EU-27	EU-9
Large	-0.2%	-0.1%		0.1%		0.5%
Medium	-1.0%	-1.0%	-0.4%	0.4%	-0.5%	-0.9%
Small	-2.2%	-1.8%	-0.6%	0.0%	-0.4%	-0.8%

³⁰⁰ 2011 was chosen as the reference point because of data availability. Still, EU-27 is missing in some cases. Moreover, data from France is missing as well as some country data points for Bulgaria, Italy, Hungary and Spain. Total enterprise numbers were used for calculating size distributions, thus, percentages may not add up to 100% in all cases, because of missing country data points across enterprise size categories.

Micro	-4.0%	-3.0%		-9.3%		-2.7%
Between 1-0	7.4%	7.1%		3.7%		6.1%

Source: Eurostat, Structural business statistics

3.2.1.5 Market fragmentation: share of small companies

We measure **market fragmentation** in terms of the percentage of small, micro enterprises, as well as those with just 1 or 0 employees.

The table below summarizes values across the EU, showing that 44.7% of companies are small- or micro-sized in the radio sector, having the largest share. The television sector has a somewhat lower percentage (38.2%), while the publishing sector (30.1%) had the lowest share of small and micro companies.

TABLE 11. THE SHARE (%) OF SMALL AND MICRO COMPANIES IN THE NEWS MEDIA SECTOR (BY SUBSECTOR IN EU-27 AND EU-9), 2019

		SMALL AND MICRO	BETWEEN 1-0	SUM
EU-27	Publishing of books, periodicals and other publishing activities	30.1	68.1	98.2
	Radio broadcasting	44.7	52.9	97.6
	Television programming and broadcasting activities	38.2	56.3	94.5
EU-9	Publishing of books, periodicals and other publishing activities	32.0	66.1	98.1
	Radio broadcasting	48.1	49.0	97.1
	Television programming and broadcasting activities	38.4	56.1	94.5

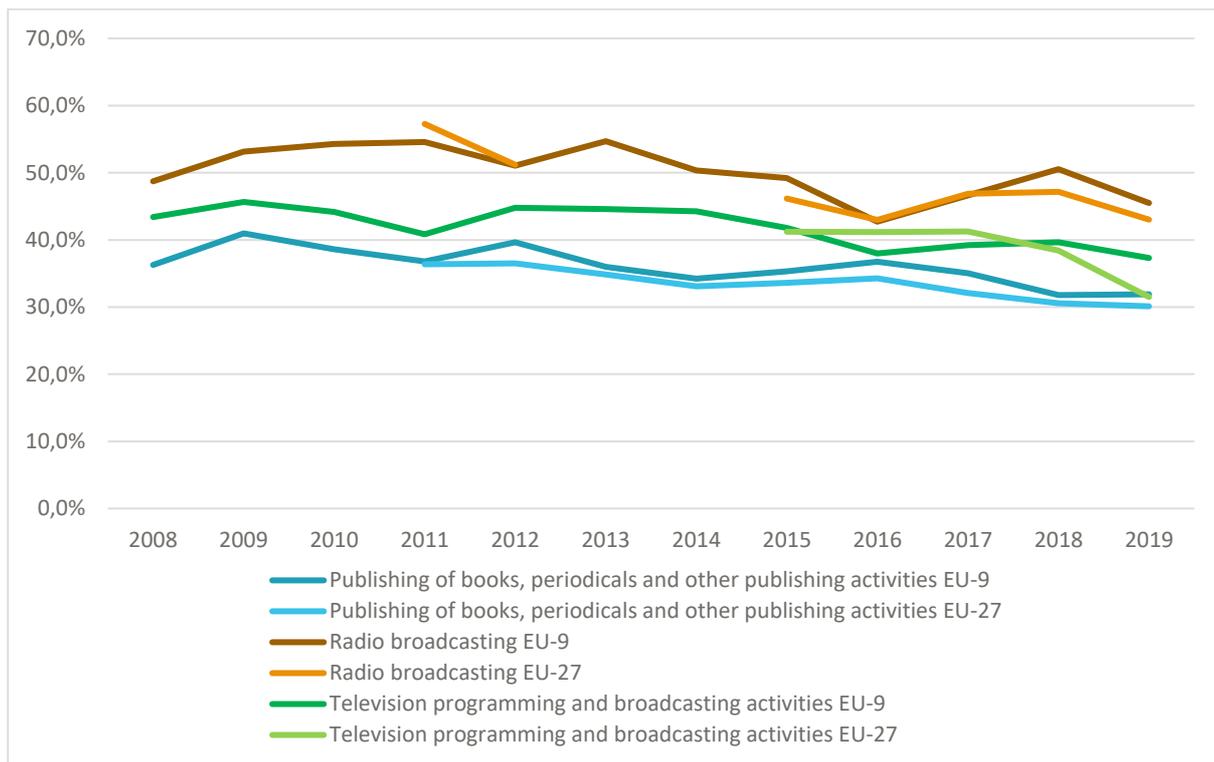
Source: Eurostat, Structural business statistics

Of the selected countries, Bulgaria Germany and Poland stand out as having a lower number smaller enterprises and hence less fragmentation. Yet, Bulgaria and Poland both have a larger share of companies with 1-0 employees (with the exception of the polish radio sector, the share of these range from 47 to 62%) in contrast to Germany (ranging from 13 to 24% across the sectors). Thus, the latter country can be considered even less fragmented. Furthermore, the Polish radio sector contains a more sizeable share of larger companies. To a lesser extent, the Italy stands out with respect to the publishing and television sectors as being less fragmented.

If we exclude enterprises with 1 or less employees, the trend in small and micro companies shows that the overall share is decreasing in time both across the EU and in the selected country cases. In case of the selected countries, the numbers of small and micro enterprises decreased by around 3000 between

2009 and 2019 within the publishing sector.³⁰¹ The decrease amounted to almost 700 enterprises in case of the radio sector and almost 600 enterprises in the TV sector, measured between 2008 and 2019. In relative terms, this amounts to a decrease of 3-6% across the media subsectors.

FIGURE 41. THE SHARE (%) OF SMALL AND MICRO COMPANIES IN THE NEWS MEDIA SECTOR (EU-27, EU-9)³⁰²



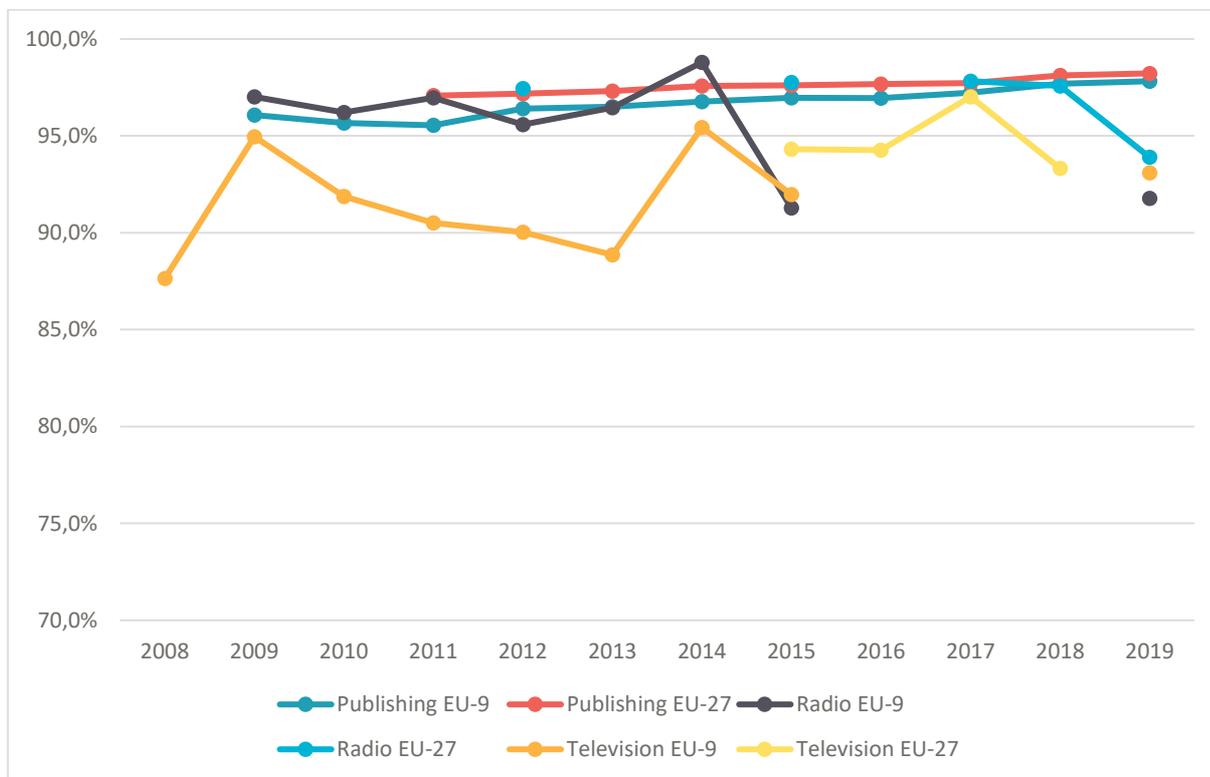
Source: Eurostat, Structural Business Statistics

The picture shows that the sectors are overall stable with regards to the share of large and medium companies. Small and especially micro companies are decreasing both in number and in percentages, coupled with an increase of enterprises with 1 or fewer employees. As a result, we can see that the publishing sector is marginally more fragmented (see figure below). The trend of growth in enterprises with 1-0 employees is less pronounced in the case of the television sector, with some growth in large companies as well.

³⁰¹ Data for France in 2008 was not available.

³⁰² Excludes companies with 0-1 employees.

FIGURE 42. THE SHARE (%) OF SMALL, MICRO AND ENTERPRISES WITH 1-9 EMPLOYEES IN THE NEWS MEDIA SECTOR (EU-27, EU-9)³⁰³



Source: Eurostat, Structural Business Statistics

3.2.1.6 Source: Eurostat, Structural Business Statistics Market diversification: share of companies with branches or subsidiaries

The **market diversification** indicator³⁰⁴ measures the percentage of companies that have a presence outside their national market in case of small, medium and large companies. Around a third of companies from the news media sector in the EU have at least one branch or one subsidiary in another country: 29.6% of companies in the press subsector, 34.8% of companies in the radio subsector, and 28.4% of companies in the TV subsector. We can assume that these percentage would be lower if micro-sized enterprises were included. Further, market diversification greatly varies by country. The clear trend that was seen across the selected countries was that the larger the country’s population, the more likely its news media companies are to have branches or subsidiaries in other countries.

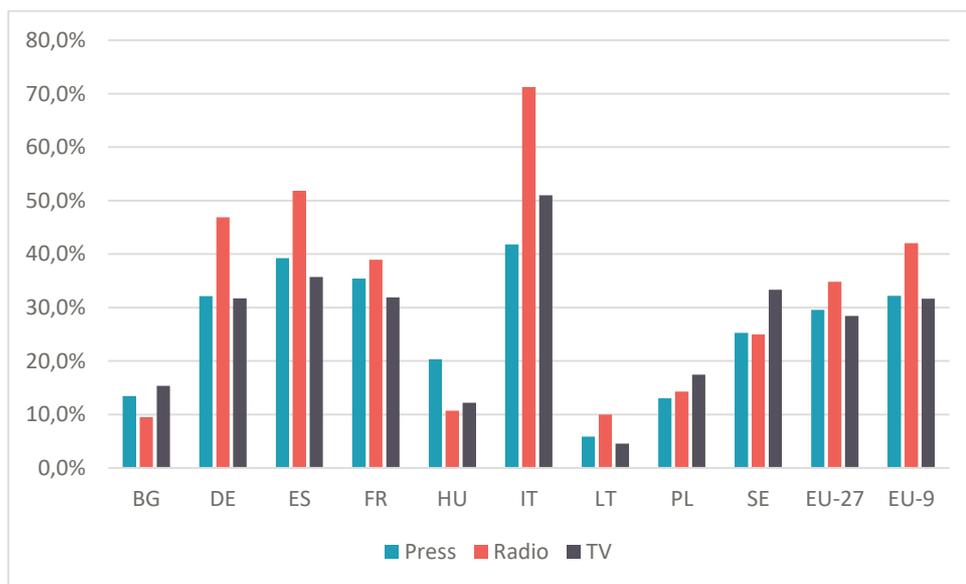
Among the large countries, between 41.8% and 71.3% (depending on the subsector) of Italian news media companies and between 31.7% and 51.8% of news media companies from Germany, France, or Spain have a presence outside their country. Thus, even larger countries show considerable variation.

³⁰³ For reasons of data availability, some data points are not displayed. While there are many data points missing from the EU-27 trendline, the figure was kept and presented together with EU-9 trends. This can allow for a more apt representation of the trend.

³⁰⁴ Based on the sample of companies from Orbis, as detailed in section 3.1.3.3.

On the other hand, a look at the small countries reveals that only between 9.5% and 15.4% of Bulgarian news media companies and between 4.5% and 10% of Lithuanian news media companies have a presence outside their country. Companies from the radio subsector most often have branches or subsidiaries in other countries when compared with the other two subsectors (in five out of nine selected countries the radio subsector was the most likely to have a presence outside their country). The press and TV subsectors varied by country, but overall the press subsector has a slightly greater percentage of companies with branches or subsidiaries in other countries than the TV subsector.

FIGURE 43. THE SHARE (%) OF COMPANIES THAT HAVE A BRANCH OR SUBSIDIARY IN OTHER COUNTRIES (BY COUNTRY AND NEWS MEDIA SUBSECTOR), 2021



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented.

In the past couple of decades, there was a decrease in foreign companies in Eastern and Central Eastern Europe. Some of this decrease was to some extent prompted by changes in government and their positions (i.e. the cases of Poland and Hungary), while others, as suggested by an expert interviewee from academia, simply “started to lose money” (i.e. German investors in Czech Republic, Slovakia, Romania, and Bulgaria or Scandinavian investors in the Baltic States). Additional research would be needed to confirm whether this loss in diversification in some cases might have contributed to negative outcomes, such as increasing political influence (see above for example studies on Hungary and Poland from the literature review).

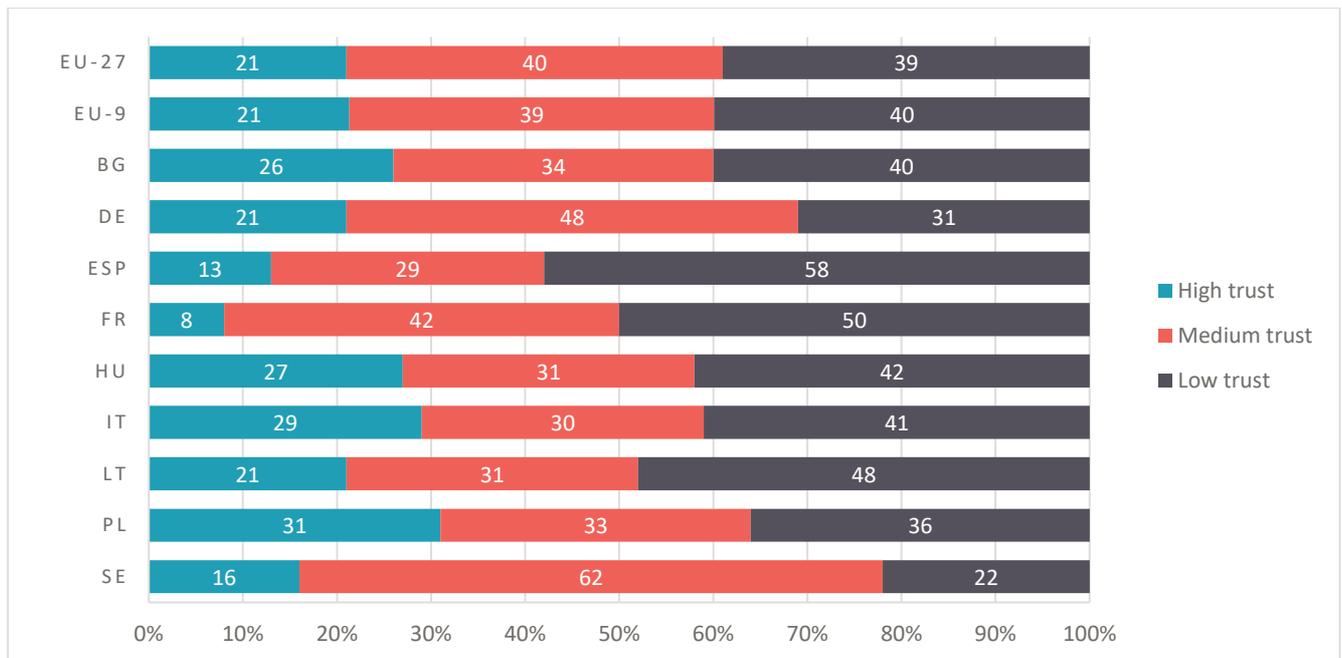
3.2.2. Media consumption

3.2.2.1 Trust in news

The overall level of trust in news across selected countries can be characterised as medium with more people having rather a low level of confidence in national media even in the countries with the most

trusting population (Poland and Italy).³⁰⁵ France and Spain show the highest level of distrust with a very small proportion of the population trusting media highly and at least half of the population being sceptical about the credibility of national media. Sweden stands out as an example of a society with the highest combined level of high and medium trust in its news sources. This is further illustrated in the figure below.

FIGURE 44. MEDIA TRUST INDEX³⁰⁶



Source: Eurobarometer 96 (2022)

The fact that a high proportion of the population has low trust in the available media sources might be partially explained by another opinion expressed by respondents of the Eurobarometer survey. In the EU on average, and in selected countries in particular, respondents tend to consider their news sources as being affected by political pressure³⁰⁷. Germany and Sweden stand out from this trend with the majority of the population confident in media independence. However, even in those countries the proportion of those who do not share this opinion is relatively high at more than 40% of the population.

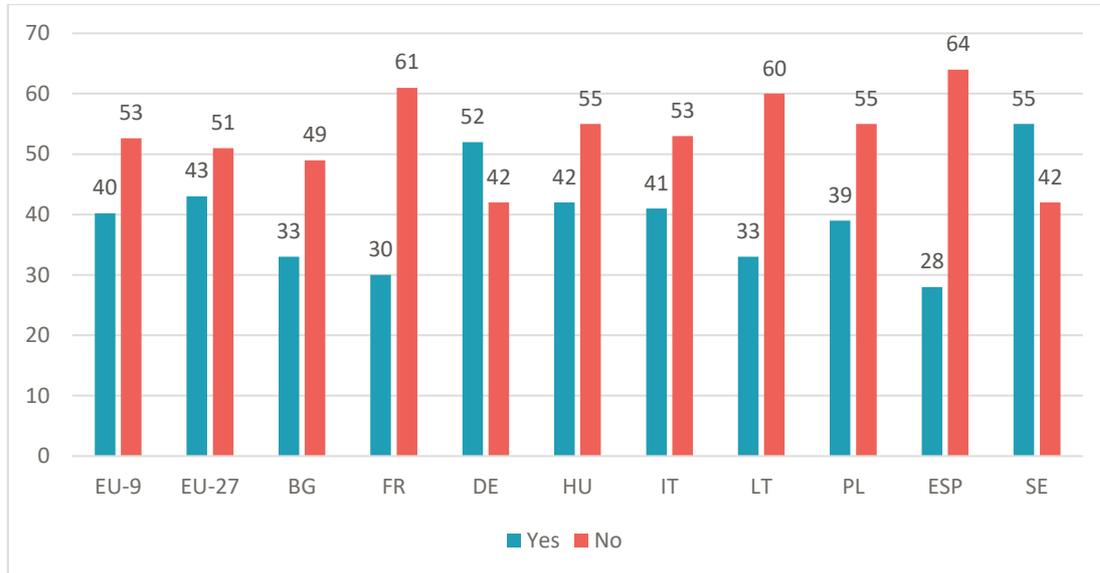
³⁰⁵ Standard Eurobarometer 96. Winter 2021 – 2022. URL: https://data.europa.eu/data/datasets/s2553_96_3_std96_eng?locale=en

³⁰⁶ EU-9 unweighted country averages

³⁰⁷ Standard Eurobarometer 96. Winter 2021 – 2022. URL: https://data.europa.eu/data/datasets/s2553_96_3_std96_eng?locale=en

FIGURE 45. TRUST IN FREEDOM OF MEDIA FROM POLITICAL OR COMMERCIAL PRESSURE³⁰⁸

For the following statement, please tell to what extent it corresponds or not to the situation of the [nationality] media: [nationality] media is free from political or commercial pressure.



Source: Eurobarometer 96 (2022)

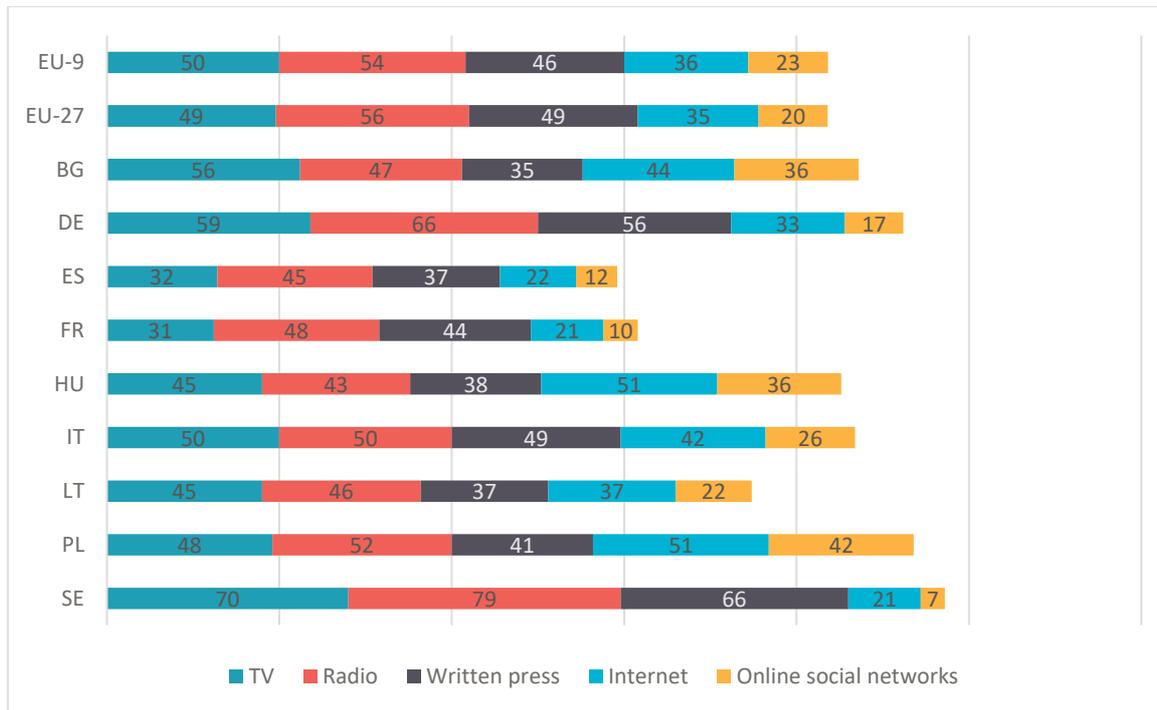
According to Eurobarometer 96 data on trust in the different media sources for media content in general³⁰⁹, the most trusted source is radio, although TV is consumed by the highest proportion of the population regularly. Around half of Europeans on average trust the radio, with Hungary (43%) demonstrating slightly lower level of trust among the selected countries. In the countries with the highest trust in media in general (Germany and Sweden), traditional media sources such as TV, radio and the printed press are trusted more than the Internet in general. Despite the lower level of trust in the Internet, online social networks remain highly trusted among German and Swedish news consumers. Respondents from Spain have the highest level of distrust in the media. They also do not consider the Internet as a reliable source.

The highest level of trust in the Internet is found in Hungary and Poland where half of the population sees it as a reliable source and uses it the most frequently in a regular week. In Bulgaria, only 44% consider the Internet a trusted source, which is still much higher than the average in Europe and it is significantly more trusted than the printed press in the country. Social networks are most trusted in Poland (42%), Hungary (36%) and Bulgaria (36%), countries where the internet is comparatively more trusted.

³⁰⁸ EU-9 unweighted country averages

³⁰⁹ Standard Eurobarometer 96. Winter 2021 – 2022. URL: https://data.europa.eu/data/datasets/s2553_96_3_std96_eng?locale=en

FIGURE 46. TRUST IN MEDIA PER SOURCE³¹⁰

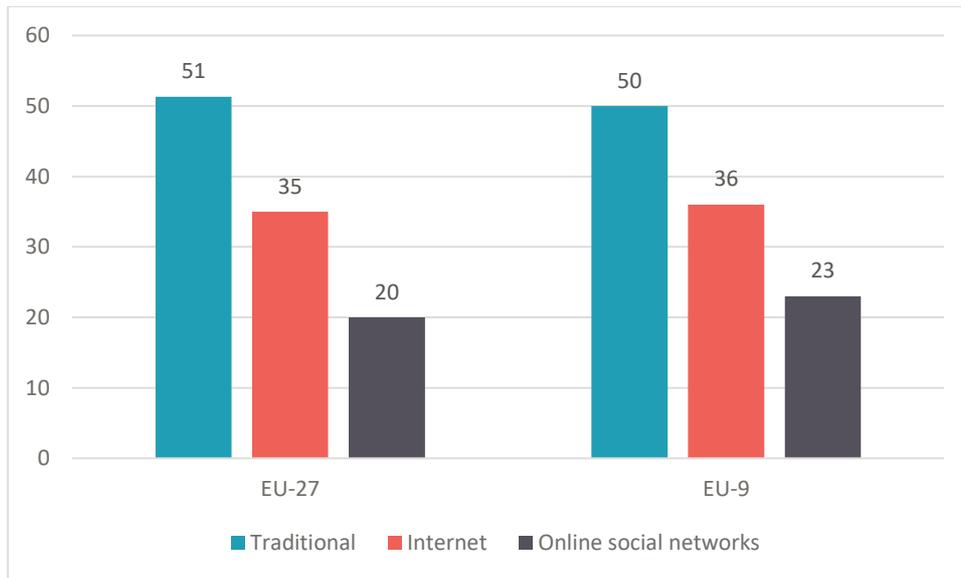


Source: Eurobarometer 96 (2022)

Comparing trust levels between traditional sources (TV, Radio, written press), the Internet and social networks shows that traditional media is overall more trusted than other sources. However, the difference is somewhat smaller in the EU overall than in the 9 selected countries. Poland, Hungary and Bulgaria, also stand out at EU27 level as more trusting towards social media.

³¹⁰ EU-9 unweighted country averages

FIGURE 47. TRUST IN TRADITIONAL MEDIA IN COMPARISON TO INTERNET AND SOCIAL NETWORKS³¹¹



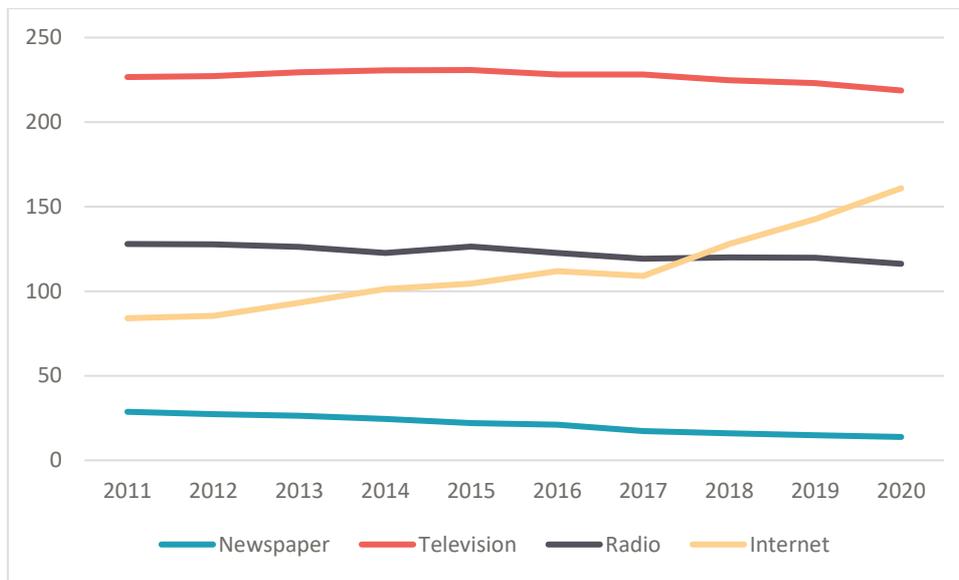
Source: Eurobarometer 96 (2022)

3.2.2.2 Overall levels of news media consumption

As the figure below shows, broadcast television consumption has consistently stayed on a high level, with more than 3.5 hours of daily consumption. Broadcast radio has seen a slight decrease, while time spent reading printed editions of newspapers has halved. In contrast, consuming media on the Internet (including services from broadcasters and news publishers) is on a strong growth trajectory, taking over radio consumption in 2018.

³¹¹ EU-9 unweighted country averages

FIGURE 48. AVERAGE DAILY MINUTES OF MEDIA CONSUMPTION PER PERSON, BY TYPE (EU-9)³¹²



Source: Zenith Media Consumption Forecasts 2019, Oliver & Ohlbaum analysis and estimates

Note: Newspapers only include time spent reading printed editions of publications. TV and radio only include time spent with traditional broadcast channels and stations. Internet includes time spent with any media type including online platforms owned by news publishers and broadcasters

According to European Social Survey data, the overall time spent consuming politics and current affairs news on a typical day by respondents from the selected countries fluctuated between 2016 and 2020 with a tendency to decrease from 2018 to 2020, based on the available data (see table below).³¹³

TABLE 12. CONSUMPTION OF NEWS ABOUT POLITICS AND CURRENT AFFAIRS, WATCHING, READING OR LISTENING (MINUTES)

	2016	2018	2020
Bulgaria		106.6	88.78
Germany	67.18	62.98	
Spain	76.66	80.66	
France	72.77	104.41	84.29
Hungary	118.84	125.03	109.47
Italy	214.79	173.9	
Lithuania	82.33	79.21	74.84
Poland		75.51	88.27

³¹² EU-9 unweighted averages

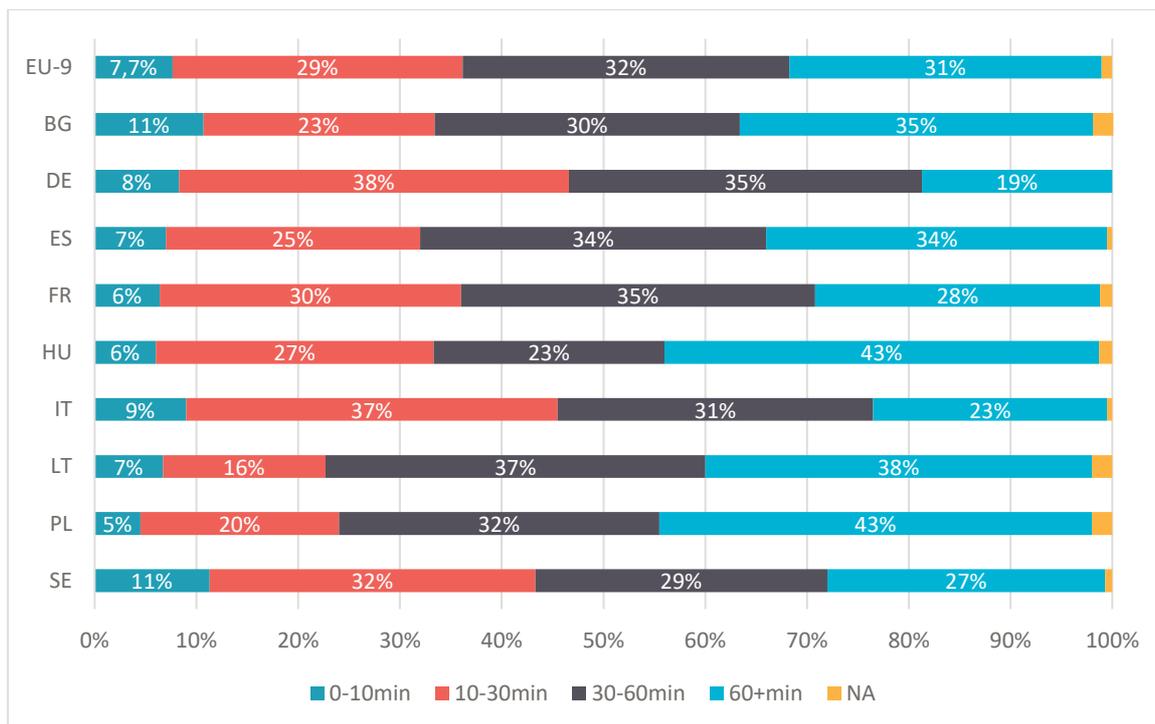
³¹³ ESS 2020, 2018 and 2016 data.

Sweden	71.18	80.01
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Source: European Social Survey

However, citizen survey data³¹⁴ shows that despite these changes, news consumption still occupies a significant amount of European citizens’ time with more than half of the respondents spending at least 30 minutes daily, and around one-third spending above one hour. In Germany and Italy, time spent is a bit lower – closer to one-fifth of the population. On the other hand, in Hungary, Poland, and Lithuania around 40% of the population invest over an hour in news media consumption per day.

FIGURE 49. TIME SPENT ON NEWS CONSUMPTION (MINUTES/DAY)



Source: Citizen survey (2022)

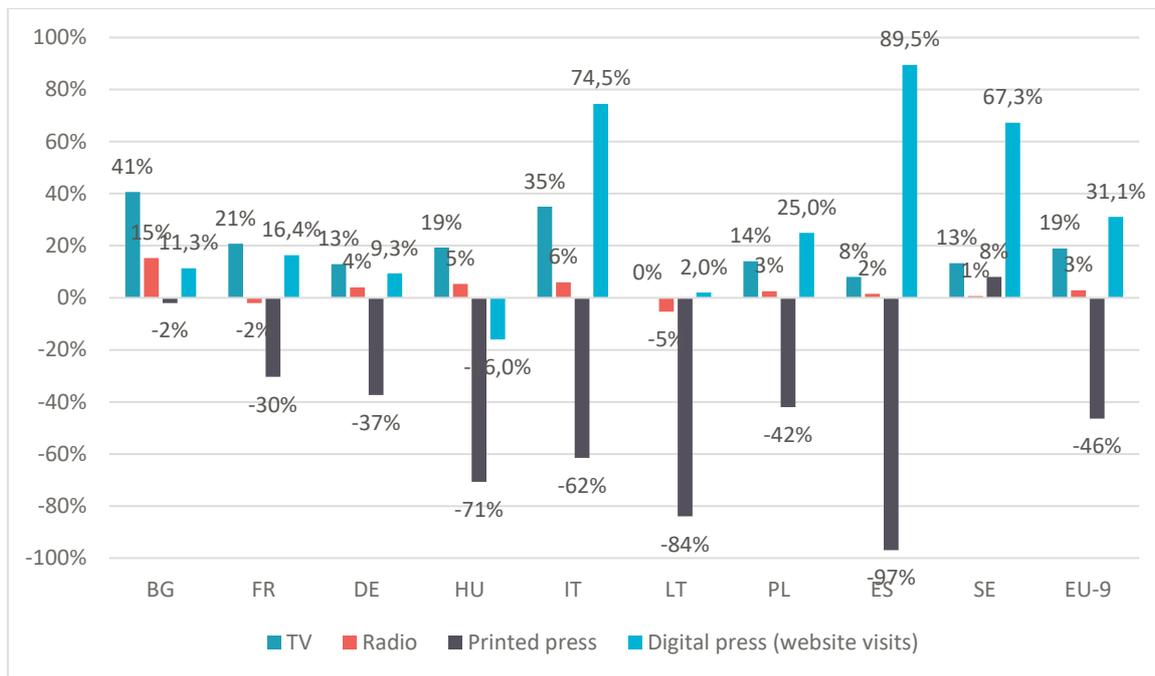
3.2.2.3 News media consumption by media type

Television remains not only the most used segment based on respondents’ responses, but also the one with growing popularity. According to the citizen survey³¹⁵, Lithuania was the only selected country where claimed consumption did not grow in recent years. The opposite trend can be seen for the printed press, where claimed consumption increased slightly in only one of the countries observed while decreasing in the rest. Radio is seen as the most stable source of news consumption, with claimed consumption only changing by more than 10% in Bulgaria (where it grew by 15%).

³¹⁴ Citizen survey (2022)

³¹⁵ Citizen survey (2022)

FIGURE 50. PAST CHANGE IN NEWS CONSUMPTION PER SOURCE³¹⁶



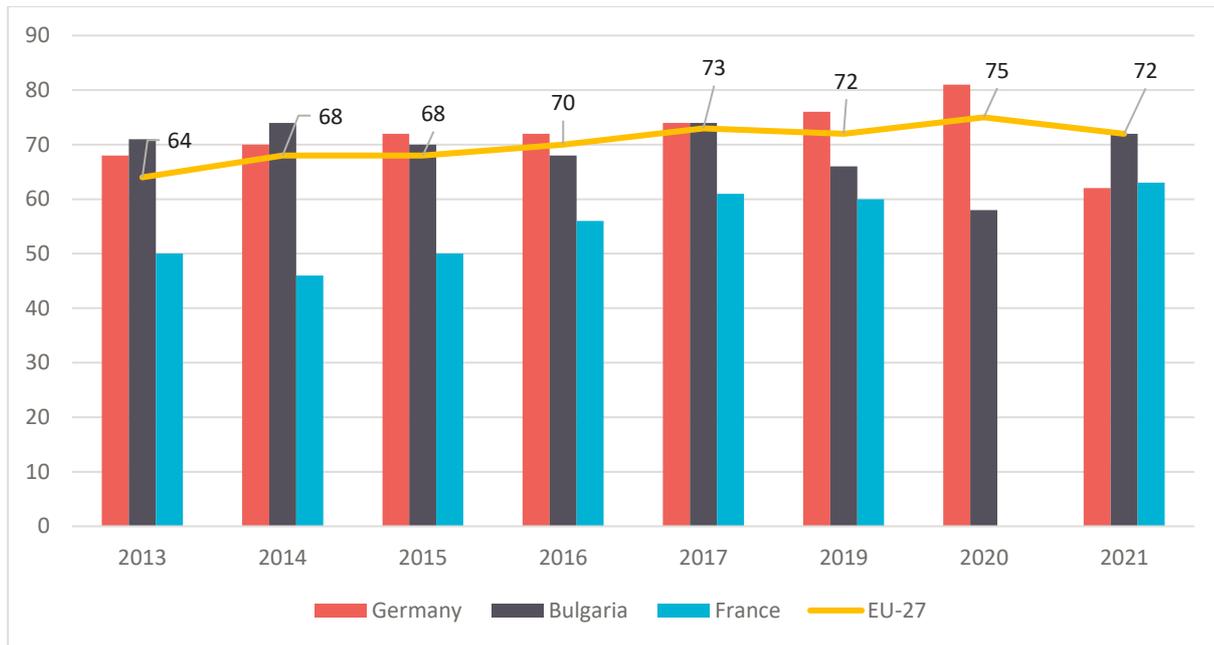
Source: Citizen survey (2022)

Based on Eurostat data, the proportion of the population reading online news has been stable and high across all selected countries, with the lowest rates in France, Germany and Italy with 62-64% in 2021³¹⁷. While Italy and France had lower use of online news consistently over the last seven years, there was a dramatic decrease in use in Germany in 2021 (see the Figure below).

³¹⁶ The citizen survey's question asked respondents about whether their consumption has changed in the past. The table below presents the difference between those who reported to use a source more and those who reported a decrease. Thus, negative values correspond to decreases and positive values to increases.

³¹⁷ Eurostat ICT usage in households and by individuals (2021)

FIGURE 51. INTERNET USE: READING ONLINE NEWS SITES/NEWSPAPERS/NEWS MAGAZINES

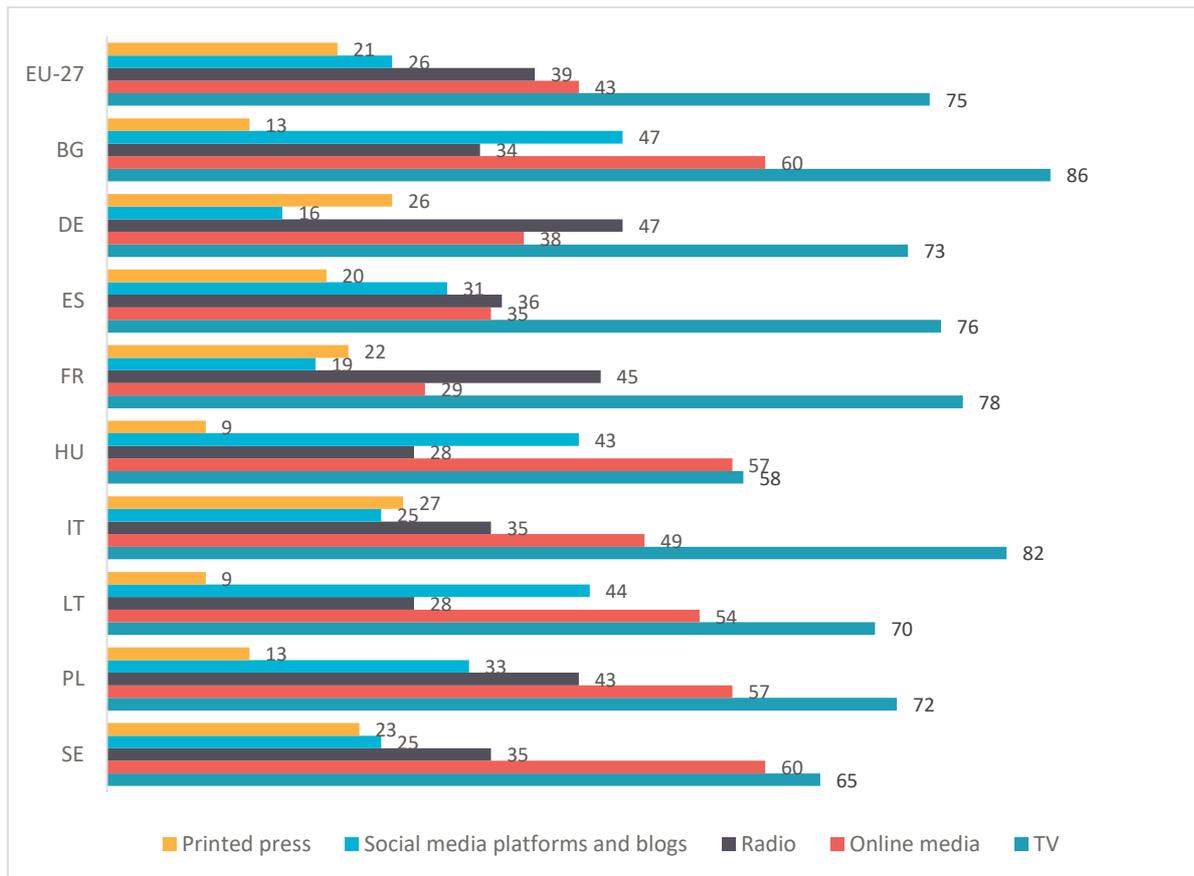


Source: Eurostat, Structural Business Statistics

Despite a high level of engagement with online media, television remains the media used the most to access the news in the past seven days.³¹⁸ It is followed by digital media, in some cases very closely (e.g. 1-5% differences in Hungary and Sweden). In most selected countries (all except Italy and Germany), the printed press is the least frequently used type of media to access the news. Please see the figure below for detailed visualisation.

FIGURE 52. MEDIA USED THE MOST TO ACCESS NEWS IN THE PAST 7 DAYS (% OF POPULATION, MULTIPLE CHOICES)

³¹⁸ Flash Eurobarometer: News and media survey 2022. URL: <https://europa.eu/eurobarometer/surveys/detail/2832>



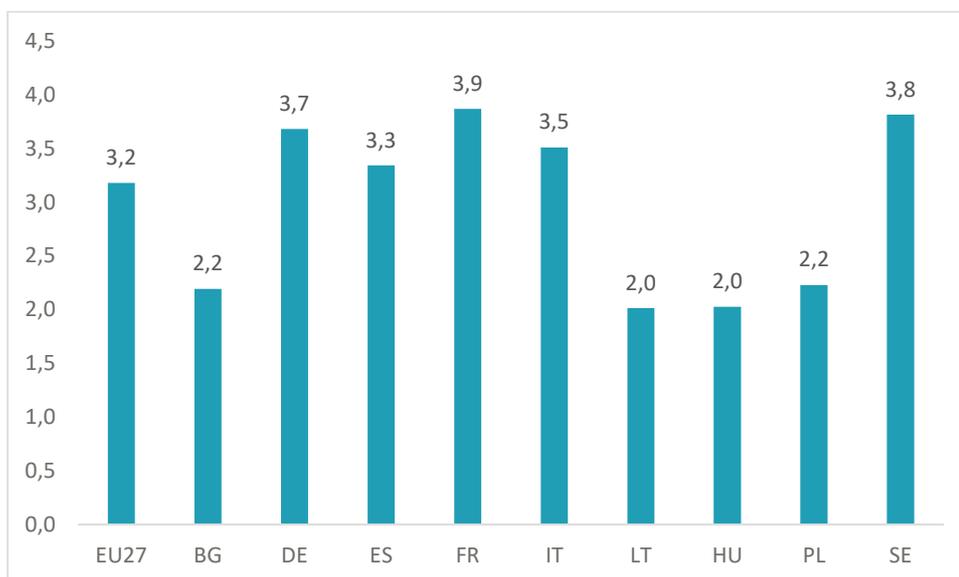
Source: Flash Eurobarometer: News and media survey (2022)

3.2.2.4 Comparison of traditional vs other forms of news media usage

Online platforms, including social media platforms and blogs, YouTube or other video platforms, messaging apps or podcasts, remain a less popular choice to access news compared with normative channels, like TV, radio, online news websites, or the written press.

The figure below summarises the multiple-choice question’s result as a ratio of traditional to platform media consumption. A ratio of 1 would indicate that both kinds of sources are consumed equally, while higher values than 1 indicate that normative sources are consumed more. Accordingly, the EU wide ratio is 3.2, that is, around three times more citizens are consuming news from traditional sources. Bulgaria, Lithuania, Hungary and Poland have values below the EU average, being countries where platforms are a more popular way of accessing news.

FIGURE 53. COMPARISON OF TRADITIONAL AND PLATFORM MEDIA (RATIO OF SUMS OF TRADITIONAL AND PLATFORM SOURCES)³²⁹



Source: Flash Eurobarometer: News and media survey (2022)

Note: Ratios calculated as a division of traditional sources by platform sources.

Analysis by demographic criteria indicates that age is an important predictor of platform use for accessing news media. The older the respondent, the more likely they are to use TV and the printed press, while the younger the respondent, the more likely they are to use social media platforms and blogs, YouTube or other video platforms, and podcasts for accessing news content. While 15-24 year olds are the least likely to consume news through TV (58%), radio (26%) and the printed press (11%), they are the most likely to consume news through social media platforms/blogs (46%), YouTube or other video platforms (34%), messaging apps (13%) and podcasts (10%). See more detailed information in the table below.

TABLE 13. NEWS MEDIA USAGE BY AGE (%)

	15-24	25-39	40-54	55+
TV	58	64	75	85
Online news platforms	40	47	46	40

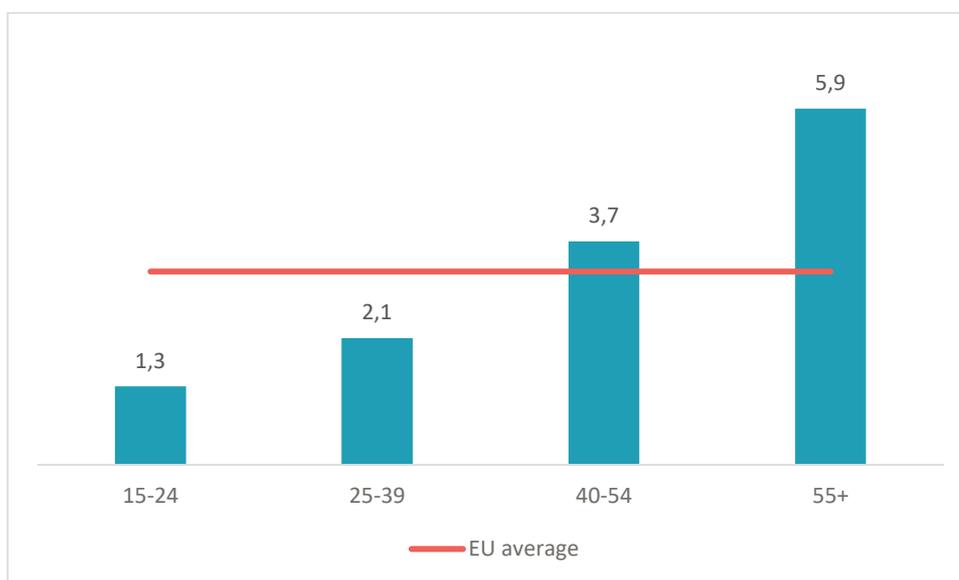
³²⁹ Eurostat Flash Eurobarometer: News and media survey 2022: Among the following, what media have you used the most to access news in the past 7 days? Traditional sources include: TV, radio, online news websites and the written press. Platform media include: social media platforms and blogs, YouTube or other video platforms, messaging apps, podcasts

The radio	26	37	43	42
Social media platforms and blogs	46	36	24	15
The written (printed) press	11	16	19	28
YouTube or other video platforms	34	23	12	8
Messaging apps	13	12	9	8
Podcasts	10	9	4	2
You haven't accessed news in the last 7 days	7	7	7	7
Don't know	4	4	4	3

Source: Flash Eurobarometer: News and media survey (2022)

The same observation is confirmed when media sources are categorised as traditional or platform media. The figure below captures the magnitude of the difference between the youngest (15-24) and the most elderly (55+) age groups. In case of the latter, 5.9 times more people are using traditional media sources to access news, compared to the more novel, platform media.

FIGURE 54. COMPARISON OF TRADITIONAL AND PLATFORM MEDIA ACROSS AGE GROUPS (RATIO OF SUMS OF TRADITIONAL AND PLATFORM SOURCES)



Source: Flash Eurobarometer: News and media survey (2022)

Note: Ratios calculated as a division of traditional sources by platform sources.

Data from the citizen survey also supports the observation of age differences across the different types of media. While the list of media sources is not identical to the Flash Eurobarometer survey's, it is clear that traditional media (TV, radio, print news) is consumed more by the older age groups. Conversely,

younger respondents are consuming more news via social platforms and other novel formats (social media, influencers, news aggregators).

According to the result of the citizen survey, 52.9% of the 18-24 category use TV daily, and the percentage increases by age group reaching to 87.7% in case of respondents above 65 years, which represents a 34.8 points difference. The same type of tendency is detectable in case of print media as well, be it international, national or regional or local. The largest difference was detected in case of regional or local print newspapers, where 13.5% of the 18-24 age group are daily readers, compared to 28.2% of the 65 plus cohort. Thus, results indicate that the older respondents prefer to read print media more, and prefer somewhat more the regional or local newspapers, compared to international or national ones.

Furthermore, the older categories also tend to consume news in more direct ways, such as going directly to news websites, especially those of national, regional or local news outlets. Conversely, younger respondents tend to consume news in more indirect ways.. Thus, obtaining news from influencers or by watching newsbrands' official YouTube channels is more popular among younger respondents. The same trend applies in case of other digital methods, namely: consuming news on social media, being redirected through search engines or reading news on news aggregators.

TABLE 14. DAILY MEDIA CONSUMPTION BY AGE GROUPS (%)

	Less than 24	25 to 34	35 to 44	45 to 54	55 to 64	65 plus
TV	54.6%	66.1%	69.8%	77.5%	85.2%	87.7%
Radio	26.4%	40.3%	50.6%	57.0%	51.9%	49.9%
Print newspaper - international	10.4%	14.2%	12.6%	15.4%	11.7%	11.7%
Print newspaper - national	14.1%	15.8%	12.9%	16.7%	15.5%	20.5%
Print newspaper - regional or local	14.7%	16.1%	15.4%	14.0%	19.2%	28.2%
Going directly to the news website - international	28.2%	37.3%	39.0%	33.4%	27.5%	24.8%
Going directly to the news website - national	25.8%	43.3%	43.1%	43.0%	47.1%	43.3%
Going directly to the news website - regional or local	29.4%	34.8%	37.1%	33.8%	40.9%	34.8%
Being directed to a news website by clicking on an article on social media	52.1%	57.3%	52.2%	36.5%	35.4%	24.8%
Reading an article discovered on an official news provider's social media profile or channel	49.7%	57.9%	45.0%	40.3%	33.0%	23.4%
Reading an article shared by personal contacts (e.g. friends and family) on social media while staying within the social media app	44.8%	48.2%	41.5%	34.5%	28.5%	22.8%
Being directed to a news website through a search engine	42.9%	42.4%	35.2%	33.4%	32.6%	21.9%
Reading news discovered via a news aggregator while staying within the news aggregator app	31.3%	35.8%	30.2%	27.0%	23.7%	18.2%
Reading news discovered via a news aggregator and being directed to the news provider's website	30.1%	29.4%	32.7%	24.9%	19.2%	14.2%

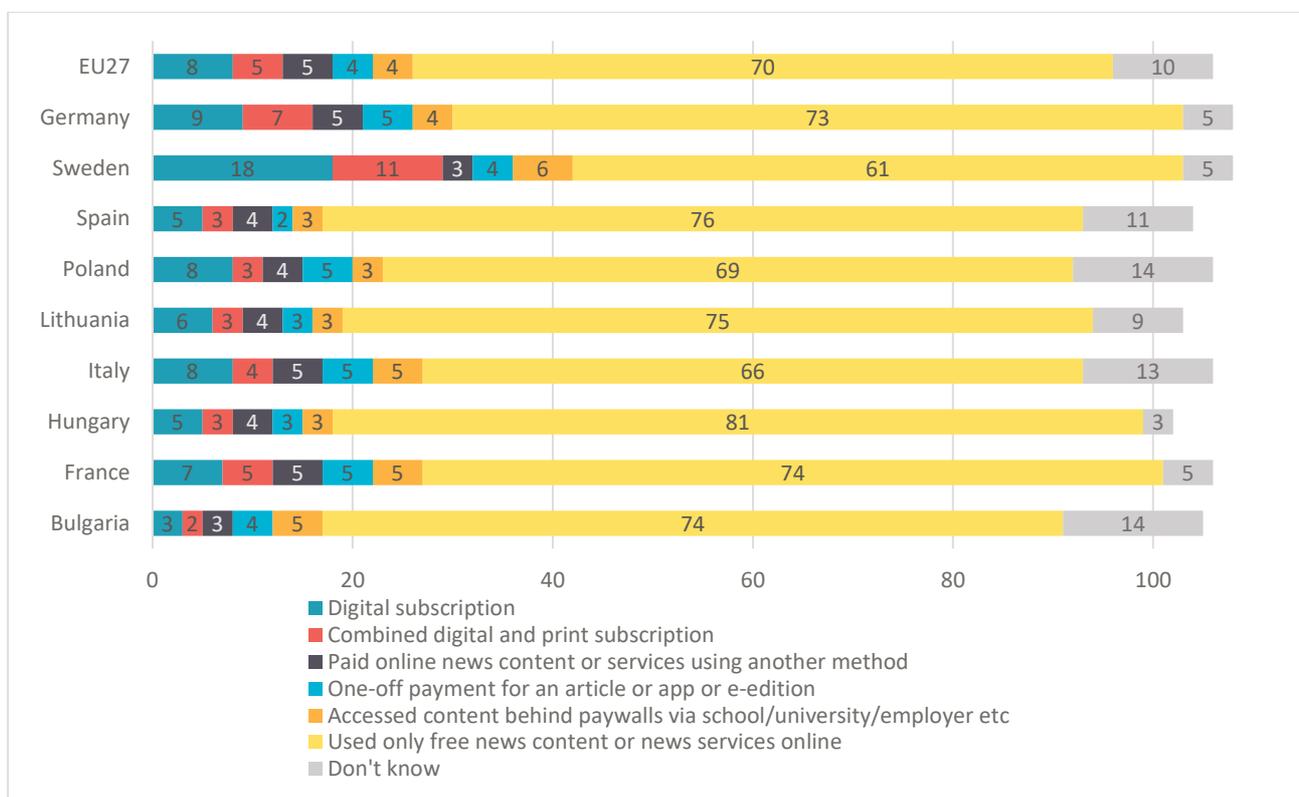
Watching news content on a newsbrand's official YouTube channel	32.5%	30.3%	23.6%	20.5%	18.9%	12.3%
News from influencers	40.5%	32.4%	23.3%	15.7%	12.7%	6.3%

Source: Citizen survey (2022)

3.2.2.5 Consumer willingness to pay for news

A large majority of consumers still prefer to use free news content or news services online (see figure below). Digital subscriptions are the most popular method of paying for access of news content. Across the EU, a combined digital and print subscription or paying for online news content or services using another, non-listed method were the next two most popular solution. Nonetheless, one-off payments and accessing content through an organisation (be it schools, universities, an employer) are similarly popular. Of the case study countries, Swedish population is the most likely to pay for online news.

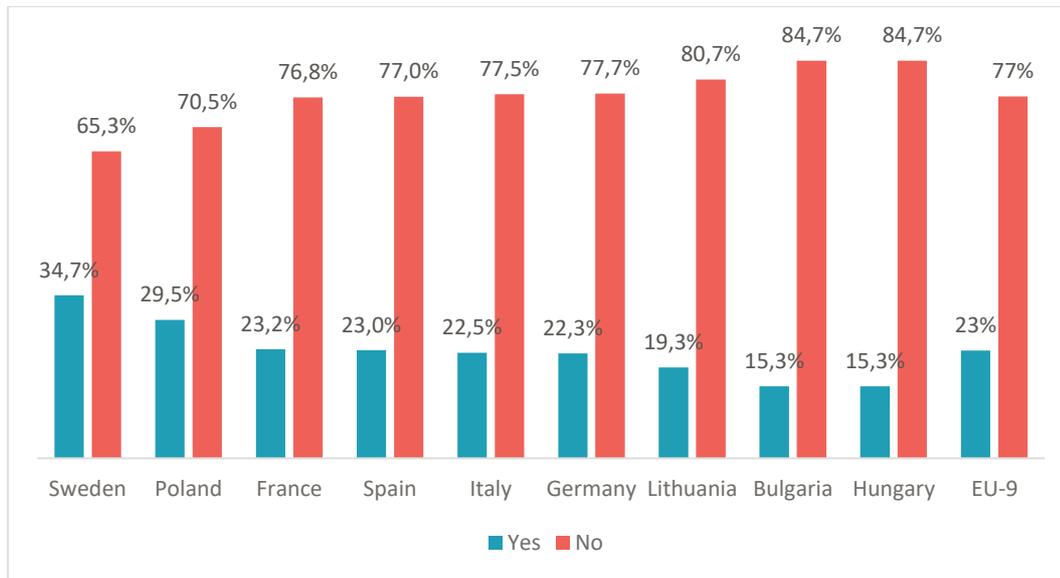
FIGURE 55. ACCESSED PAID ONLINE NEWS CONTENT OR SERVICES USING THE FOLLOWING METHODS, OVER THE LAST 12 MONTHS (MULTIPLE ANSWERS POSSIBLE, %)



Source: Flash Eurobarometer, News & Media Survey (2022)

This is corroborated by the citizens' survey. 77% of respondents in the selected countries said that they do not pay for news, although the number varied (between 65.3% and 84.7%) in different countries (see the Figure below).

FIGURE 56. DO YOU CURRENTLY PAY TO ACCESS NEWS CONTENT? (%)



Source: Citizen survey conducted by PPMI (2022)

The table below assesses the time trend of willingness to pay for online news in the focus countries. Accordingly, most countries have registered an increase in willingness to pay over 2019-2022 (i.e. France, Germany, Hungary, Italy and Sweden). Willingness to pay in Bulgaria and Spain only grew marginally, by 1-2 percentage points, while it decreased by 2 points in Poland.

TABLE 15. CONSUMER WILLINGNESS TO PAY FOR ONLINE NEWS (%)

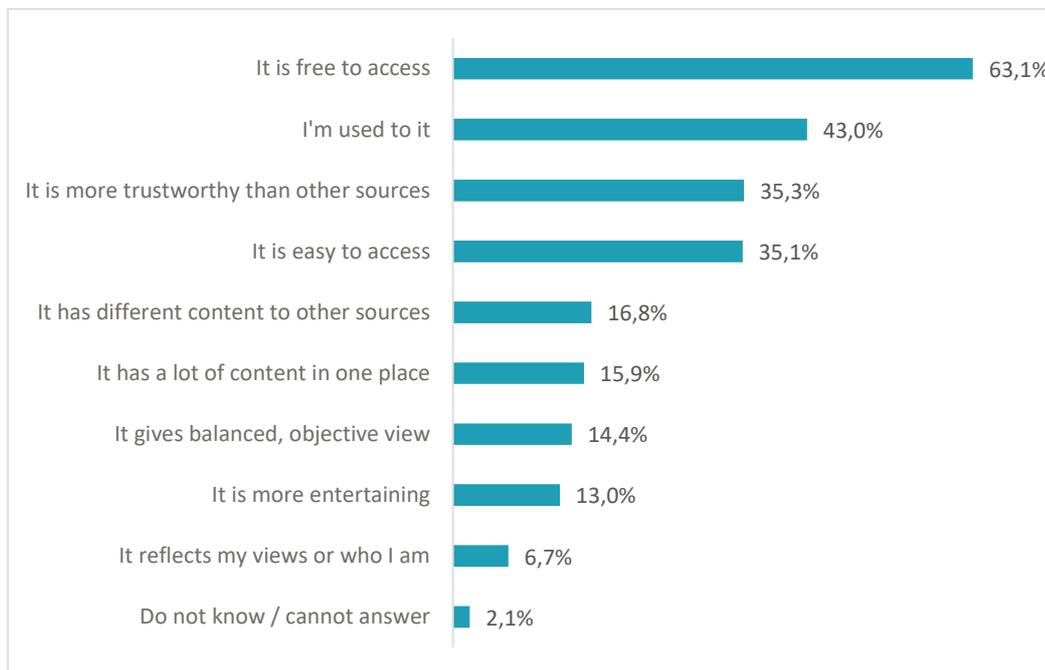
	2019	2020	2021	2022
Bulgaria	7	10	15	8
France	9	10	11	11
Germany	8	10	9	14
Hungary	7	10	14	11
Italy	9	10	13	12
Lithuania	N/A	N/A	N/A	N/A
Poland	16	20	18	14
Spain	10	12	12	12
Sweden	27	27	30	33

Source: Reuters Digital News Report 2019-2022

According to the citizen survey, willingness to pay seems to apply differently not only in terms of country, but also of type of content and types of format. In this respect, business news performs the best, 35.9% of those who consume business news are paying for access³²⁰. Regarding the format of news, 34% of those who selected long-read are paying for access, which makes this category the top one.³²¹

Results also show that the most important reason for citizens when selecting their preferred source is whether a source is free to access (see figure below), while considering the news source to be more trustworthy than other sources was third.

FIGURE 57. MAIN REASONS FOR CHOOSING TO ACCESS PREFERRED NEWS SOURCE OVER OTHER SOURCES, 2022 EU-9



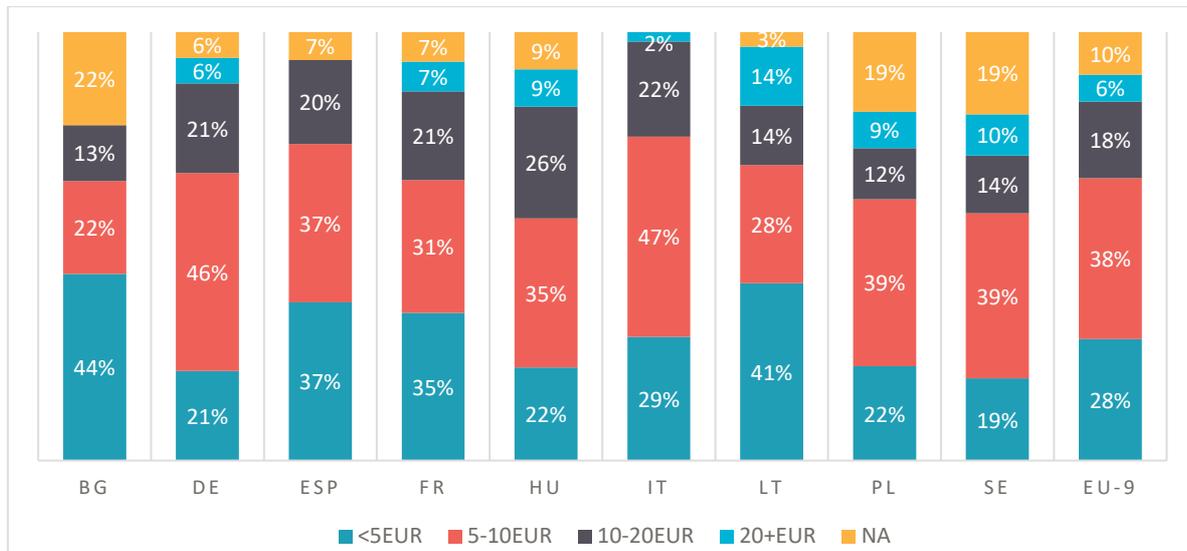
Source: Citizen survey (2022)

However, out of those who pay, a significant proportion pays 5-10 EUR (37.6%) or even up to 10-20 EUR (17.9%). See more detailed information in the table below.

³²⁰ Other surveyed topics were: politics, society, lifestyle, investigative journalism, entertainment, specialised topics (e.g. farming, medicine, law), sports.

³²¹ Other format categories surveyed were: live reporting, long-reads, headlines, video, audio, other.

FIGURE 58. EXPENDITURES ON NEWS PER WEEK (% OF PAYING RESPONDENTS)



Source: Citizen survey (2022)

Running a correlation between the willingness to pay for news and the trust in media score (percentage of high trust in media) across the selected countries returns a slight negative correlation.³²² Nonetheless, correlations in themselves do not carry explanatory value and are not an indication of causal relationships.

Past and future trends of consumption

Respondents of the citizen survey were asked to estimate how their consumption habits changed, which were summarised as the difference between the percentage of those who reported to use the source more and the percentage of those who reported to use a source less than in the past. Print media has seen the largest decrease in recent years (-16.9% in case of international, -15.6% in case of national and -13.9% in case of regional or local news). In other cases of the surveyed news media channels, there were more respondents who have reported an increased use compared to the past, than those who reported a decrease, thus obtaining net positive values.³²³ This phenomenon may be partially explained by the COVID-19 pandemic, when demand for information increased.

TV and reading articles on news providers' social media profile or channel while staying within the social media app were the two sources that have seen the highest amounts of increase in past years (18%, 18.5%), alongside reading an article shared by personal contacts on social media while staying within the app (15.9%) or being directed to a news website by clicking on an article on social media (15.8%).

Respondents were also asked how they see their future consumption habits changing. Results indicate that respondents expect their print news media use to decline further,

³²² Correlation value -0.23

³²³ Citizen survey

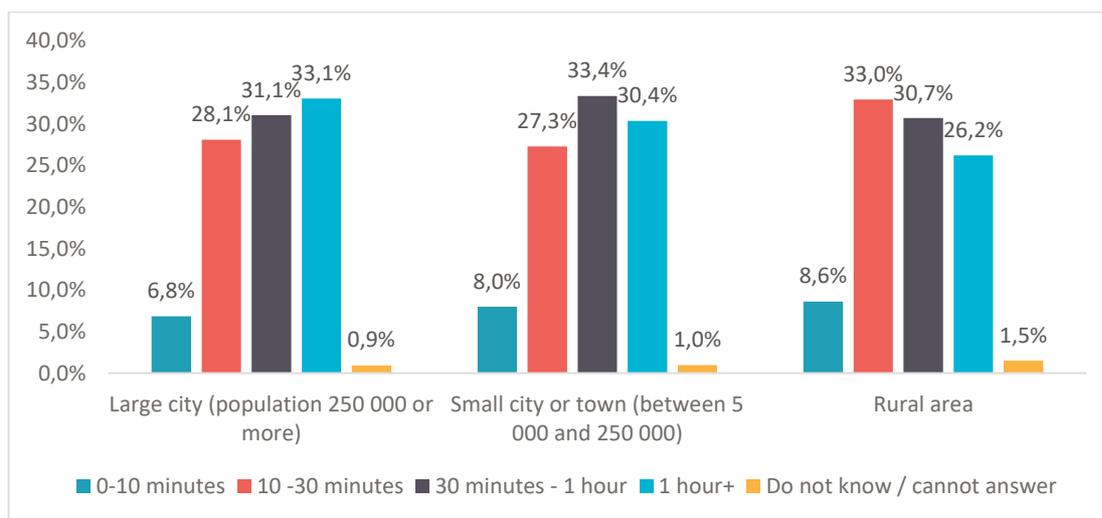
including national (-14.2%), international (13.3%) and regional/local news (11.9%). Radio, TV, news from influencers and watching the news on official YouTube channels are not expected to vary significantly from the current levels of usage, while other digital ways of consuming news are all foreseen to grow.

Indirect methods of accessing news are expected to see increased consumption in the future as well (e.g. reading news articles shared by a personal contact). Respondents think that reading an article from news providers’ social media profile while staying within the app will grow the most (16.8%).

Local and regional news

Data shows that those who live in large cities tend to consume somewhat more news on a daily basis. 33.1% of them consume news for more than an hour in a day, while less, 30.4% of those living in small cities and towns and 26.2% of the respondents living in rural areas consume the same amount of news. Furthermore, our citizen survey showed that 18-24 group thinks that accessing regional or local news websites will increase the most in their case, 20.7% said so.

FIGURE 59. TIME SPENT CONSUMING NEWS BY TYPE OF RESIDENCE (%)



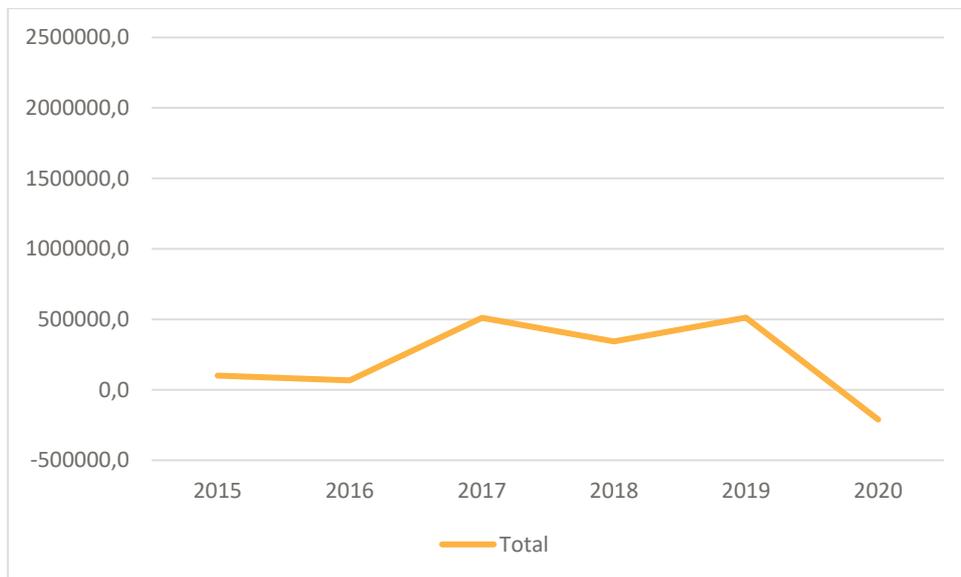
Source; Citizen survey (2022)

3.2.3. Financial stability

3.2.3.1 Financial performance of news media enterprises: net profits

The **combined profits of the three news media subsectors** in selected countries were increasing, despite the pandemic-related dip in 2020. As previously discussed, here we measure the selection of companies discussed in section **Error! Reference source not found.**, that is, small, medium and large enterprises.

FIGURE 6o. NEWS MEDIA MEAN NET INCOME , 2015-2020 (EUR)



Source: Bureau van Dijk, Orbis database.

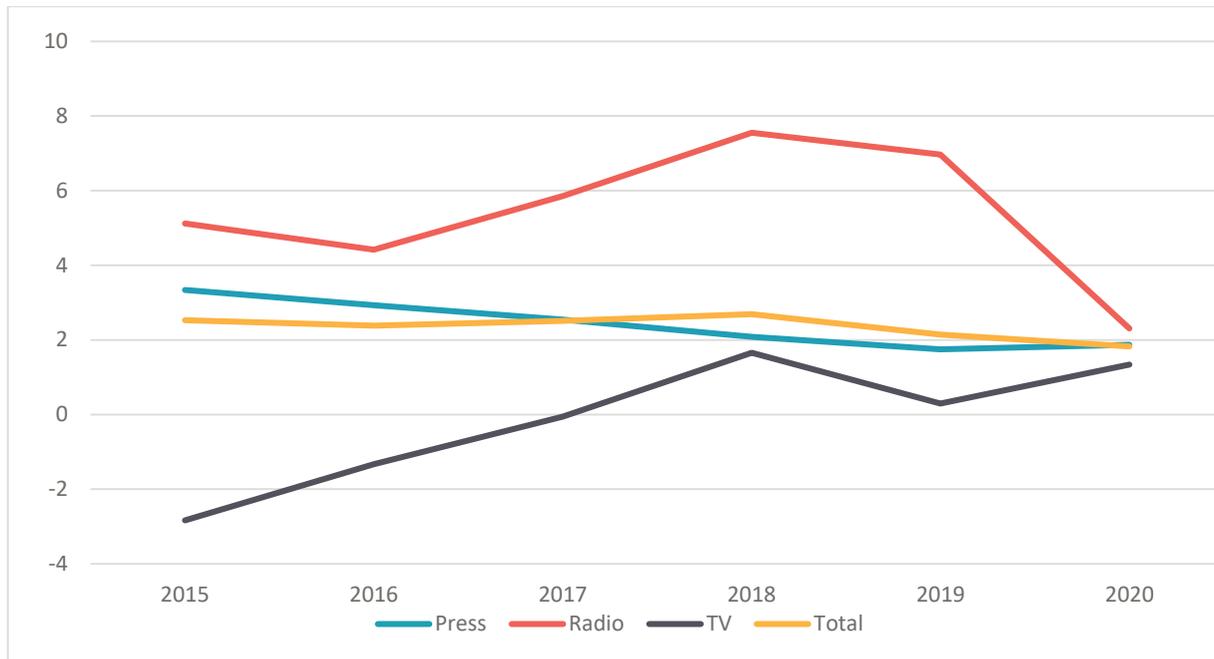
Note: Figure excludes German TV and radio sectors, Swedish radio and TV sector and the Italian radio sector. 2021 was removed due to underreporting in that year. The sample contains small, medium and large companies as previously presented.

Overall, the average net income of the press sector is the lowest of the subsectors. Furthermore, while the press sector showed a slow but steady decrease, the television and radio sector have reported increases between 2016 and 2019, until the pandemic (all subsectors registered increases between 2020 and 2021).³²⁴

Alongside mean net income, average profit margins were also calculated, to provide a relative, instead of nominal, estimation of the industry's profitability (see figure below). Accordingly, profit margins varied between around -3% and 7.5% over time and across the subsectors. The press sector shows a slowly diminishing profit margin, while the other sectors fared somewhat better. The radio sector has reported a steep fall during the Covid-19 pandemic, while the television and press subsectors remained on a more neutral course.

³²⁴ Data in 2021 was not shown because some of the data points were not robust.

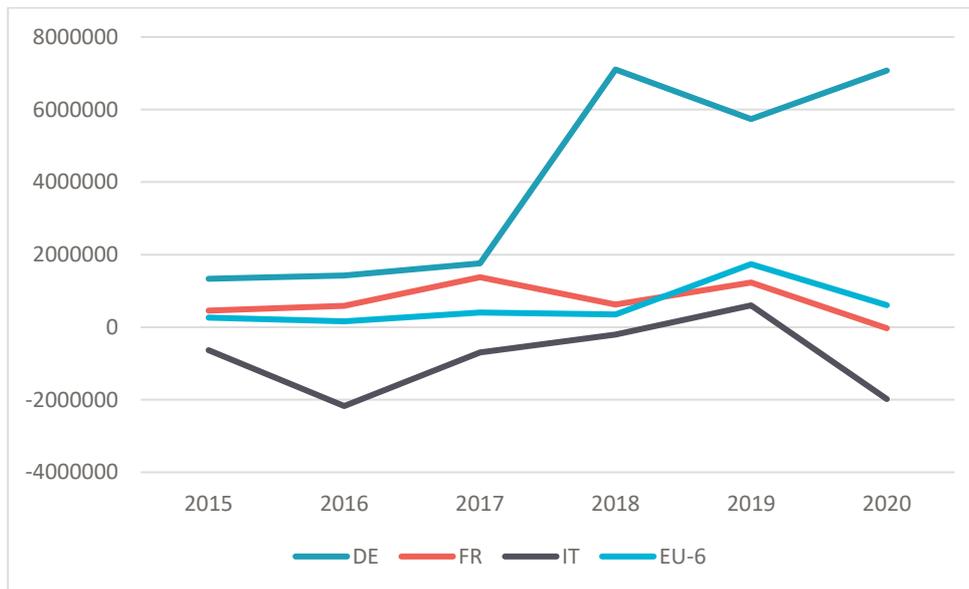
FIGURE 61. MEAN PROFIT MARGINS BY MEDIA SUBSECTORS AND IN TOTAL , 2015-2020 (%)



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented.

FIGURE 62. NEWS MEDIA MEAN NET INCOME IN SELECTED COUNTRIES, 2015-2021 (EUR, ALL SUBSECTORS)³²⁵



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented.

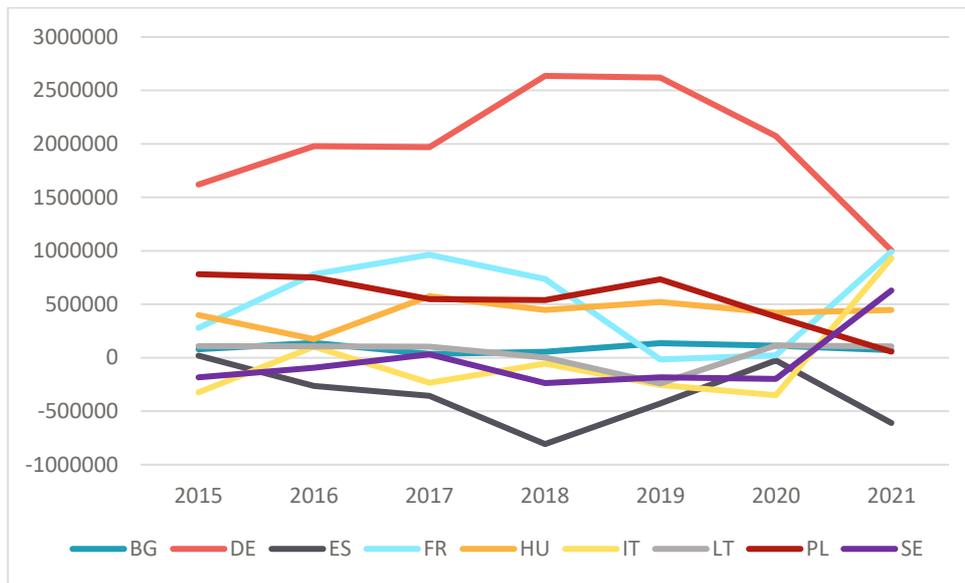
Overall, the share of countries with profitable news media sectors increased over the last few years. In 2016, the news media sector was operating at a loss in four out of nine selected countries (Hungary, Italy, Spain, and Sweden). In 2020, the sector was operating at a loss in three out of nine selected countries (France, Italy, and Spain). In 2021, the sector was operating at a loss in two out of nine selected countries (Bulgaria and Spain). Company averages in two countries – Italy and Spain – were at a loss in five out of the seven years analysed (2015-2021). Companies in two other countries – Germany and Poland – were profitable every year in the same period. See the table below for more detailed information.

Analysing the trends across different subsectors, we found that the TV subsector recorded the highest profits in nominal terms during the period in all countries except for Bulgaria, Hungary and Italy, while the radio and press subsectors were less profitable and more often operated at a loss.

More detailed information about the average profits and losses of the **press** subsector in the selected countries is provided in the figure below. The trend line for Germany is distinctively different; this may be due to the fact that profit/loss values for many German companies are absent from the dataset; the results for Germany are therefore likely to be less robust.

³²⁵ EU-6 average is calculated at country-level (i.e. all countries are equally weighted)

FIGURE 63. NEWS MEDIA MEAN NET INCOME OF THE COMPANIES IN THE PRESS SUBSECTOR IN SELECTED COUNTRIES, 2015-2021 (EUR)

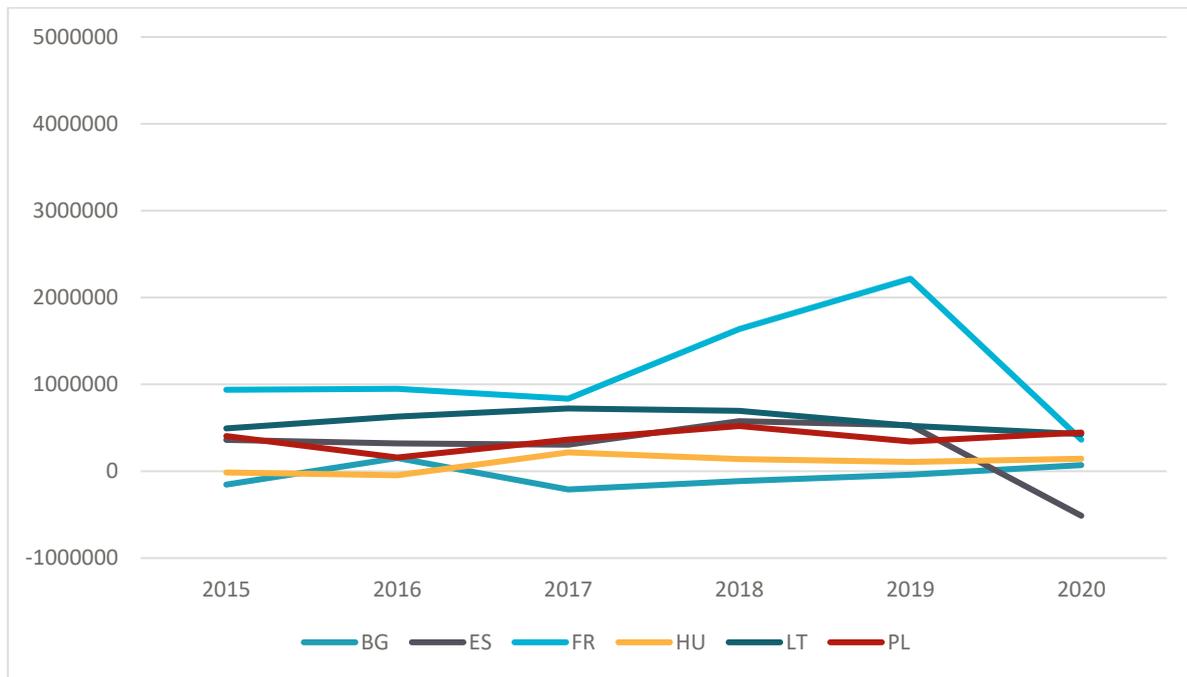


Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

More detailed information about the average profits and losses of the **radio** subsector in the selected countries is provided in the figure below.

FIGURE 64. NEWS MEDIA MEAN NET INCOME OF THE COMPANIES IN THE RADIO SUBSECTOR IN SELECTED COUNTRIES, 2015-2020 (EUR)³²⁶



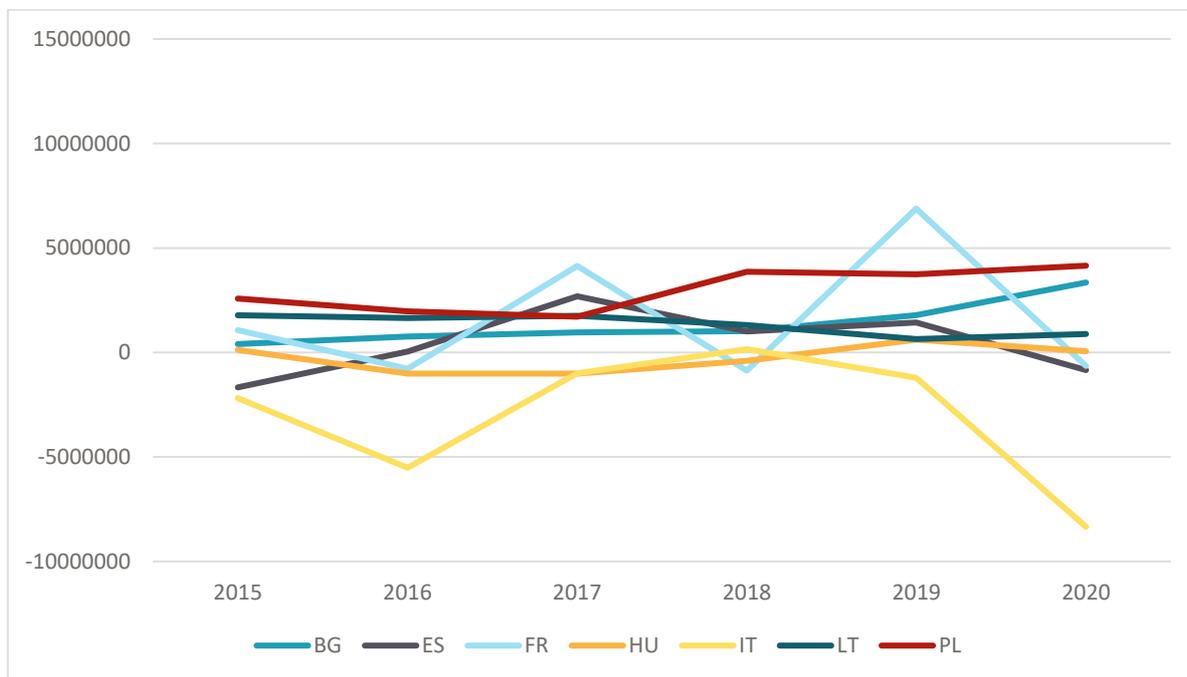
Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented. Italy, Sweden and Germany removed because of data scarcity.

More detailed information about the average profits and losses of the **TV** subsector in the selected countries is provided in the figure below.

³²⁶ The fluctuation in case of the Italian radio sector is caused by major players' change in profit/loss values that affected average scores as well.

FIGURE 65. NEWS MEDIA MEAN NET INCOME OF THE COMPANIES IN THE TV SUBSECTOR IN SELECTED COUNTRIES, 2015-2020 (EUR)³²⁷



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented. Sweden and Germany removed because of data scarcity.

3.2.3.2 Average Revenue Per Paying User (ARPU) of the press

The average revenue per paying user (ARPU)³²⁸ -referred to paying consumers- in the digital press went up in only a handful of the analysed countries in recent years - Italy, Bulgaria, and Sweden, while elsewhere it remained stable or decreased. Given that revenue per user has stayed relatively stable, this suggests that the recent revenue growth in the digital press market has been largely due to a growing user base, rather than better monetisation per user. This indicates that the growth in digital revenues for the news media sector has been precarious and there are uncertainties looking forward.

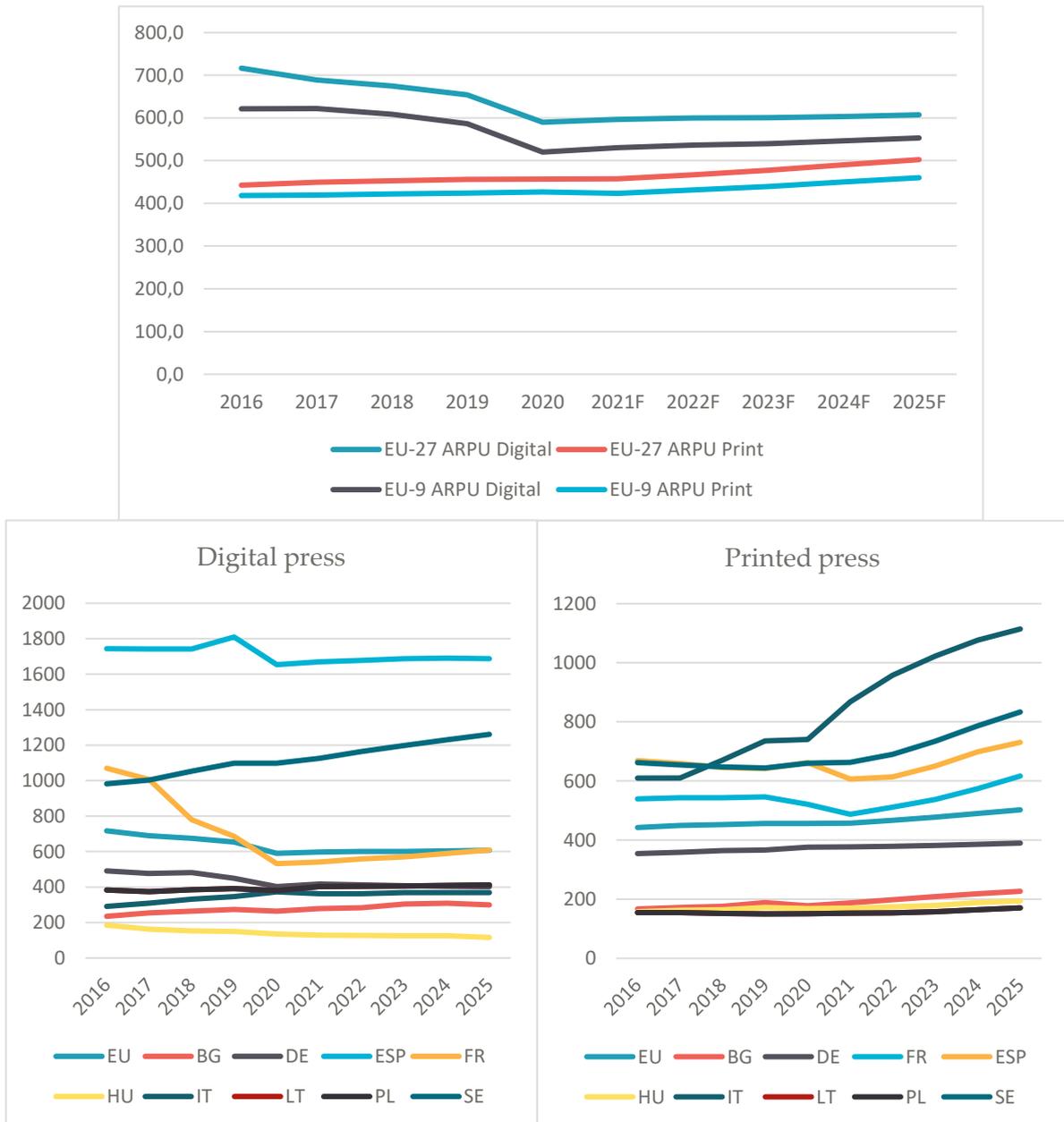
The printed press managed to maintain a relatively stable ARPU or even to grow it, which suggests that the decline of the user base in many cases was even faster than that of revenue.

³²⁷ Two outliers with high values were detected in case of the Radio sector in Sweden in year 2019, which made exceptionally high profits and exposed the mean to a spike. Further, as noted in section 3.1.3 on data sources, many German companies lack data in Orbis. As a result, the mean values are to be treated with precautions, due to lack of data.

³²⁸ Calculated as a ratio of yearly circulation number and revenues. Circulation comprises: “print (newstand purchases and subscriptions to the print edition) and digital (digital subscriptions and payments for newspapers delivered direct to connected devices such as a PC, tablet or smartphone, including fees to access online content)”.

More detailed information is presented in the figures below (the figures contain an estimate of future ARPU, based on PwC’s own calculations and the number of paying consumers; forecasts are sensitive to unforeseen changes).

FIGURE 66. AVERAGE REVENUE PER PAYING USER, 2016-2025F (DIGITAL AND PRINT, EU-9, EU-27, AND FOR EACH MEMBER STATE)



Source: PwC Global Entertainment & Media Outlook 2016-2025

Note: Includes forecasts by PwC and country estimations.

Yet, this ARPU does not fully capture the entire audience, as it only captures paying consumers. In order to estimate the entire potential audience, we use the Eurobarometer News & Media survey, which

asks about the use of various media sources to access news in the past 7 days. Thus, this allows us to better contextualise average return, based on the declared use of the printed and the digital press.

Granted, the audience is not measured nominally. Also, PwC GEMO press revenues includes paid circulation (e.g. purchased papers, digital subscriptions etc) and advertising revenue for all news outlets (digital and print). It does not capture any unpaid readership of paid newspapers (e.g. paid titles available for free at airports, on trains, in hotels etc and secondary readership where copies are shared with other consumers (e.g. directly between family or friends or left on the train etc)). Thus, the obtained value will not be a true per user estimation of revenue.

According to the table below, around half as many (0.49 times less) people are reading printed press than those who declared that they use online news platforms. What is more, the estimated revenues for the printed press were almost 4 times more than that of the digital press segment. As follows, the printed press, based on these estimations, earns around 8 times more revenue, based on the percentages of users.

TABLE 16. AVERAGE RETURN ESTIMATION WITH % DECLARED AUDIENCE (EU-27, 2022)

Flash EB News & Media survey 2022	
% who have used online news platforms to access news in the past 7 days	43%
% who have used written (printed) press to access news in the past 7 days	21%
Estimated revenue by PwC in 2022 (EUR m)	
Press - digital	3964
Press - print	15455
Ratio of print/online press audience and revenue	
Ratio of print/digital revenue	3.90
Ratio of print/digital audience	0.49
Ratio of printed press over the digital press revenues based on declared use	
	7.98

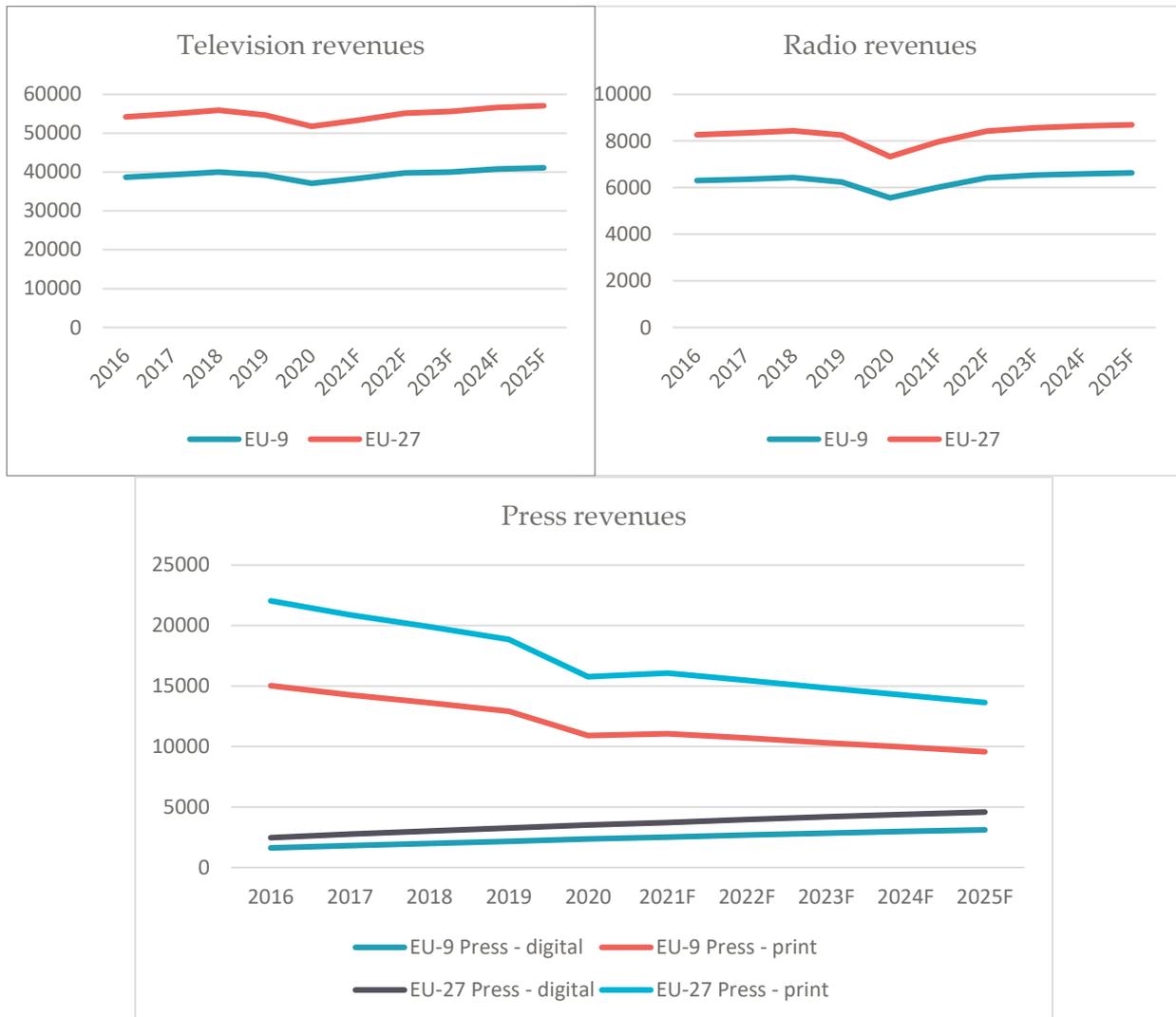
Source: PwC Global Entertainment & Media Outlook 2016-2025, Flash Eurobarometer News & Media Survey 2022

Note: 2022 revenues are estimated by PwC. EU-27 countries include country estimations.

3.2.3.1 Financial performance of news media subsectors

National level data for the nine countries selected shows that, for television and radio, revenues have remained stable or increased since 2016. The dynamics in press revenues were more marked. Across all of the selected countries and at EU level, there was a clear trend of increasing digital press revenues, alongside decreasing printed media revenues. Increased digital press revenues have not yet offset the declines in print. The figure below provides a general idea of this trend (with a forecast to 2025).

FIGURE 67. REVENUES FOR RADIO, TELEVISION AND PRESS 2016-2025F (M EUR)



Source: PwC Global Entertainment & Media Outlook 2016-2025.

Note: Includes forecasts by PwC and country estimations.

Despite this shift, the data shows that the print media remained significantly larger in terms of revenue than the digital press. The interviewed senior managers of press outlets across the nine selected countries explained that while there is a clear perception that the digital shift in the press is inevitable, in most cases paper versions still dominate in terms of revenue share. There are reported cases of cross-subsidisation of digital outlets by their paper counterparts,³²⁹ which remain larger in revenue terms and in many cases more profitable. While until recently digital press revenues were dominated by

³²⁹ Such is the case of local or regional newspapers in Germany, according to the account of the representative of a German press association.

advertising, paper press revenues were more diversified and included sales and subscriptions as well as classified advertising in addition to commercial advertising.

We also heard that the digital shift was slower and reliance on print was stronger in the regional and local press, as reported by interviewed experts both from industry and academia. Nevertheless, the available revenue data is not granular enough to illustrate this quantitatively.

3.2.3.1 Short- and long-term financial stability

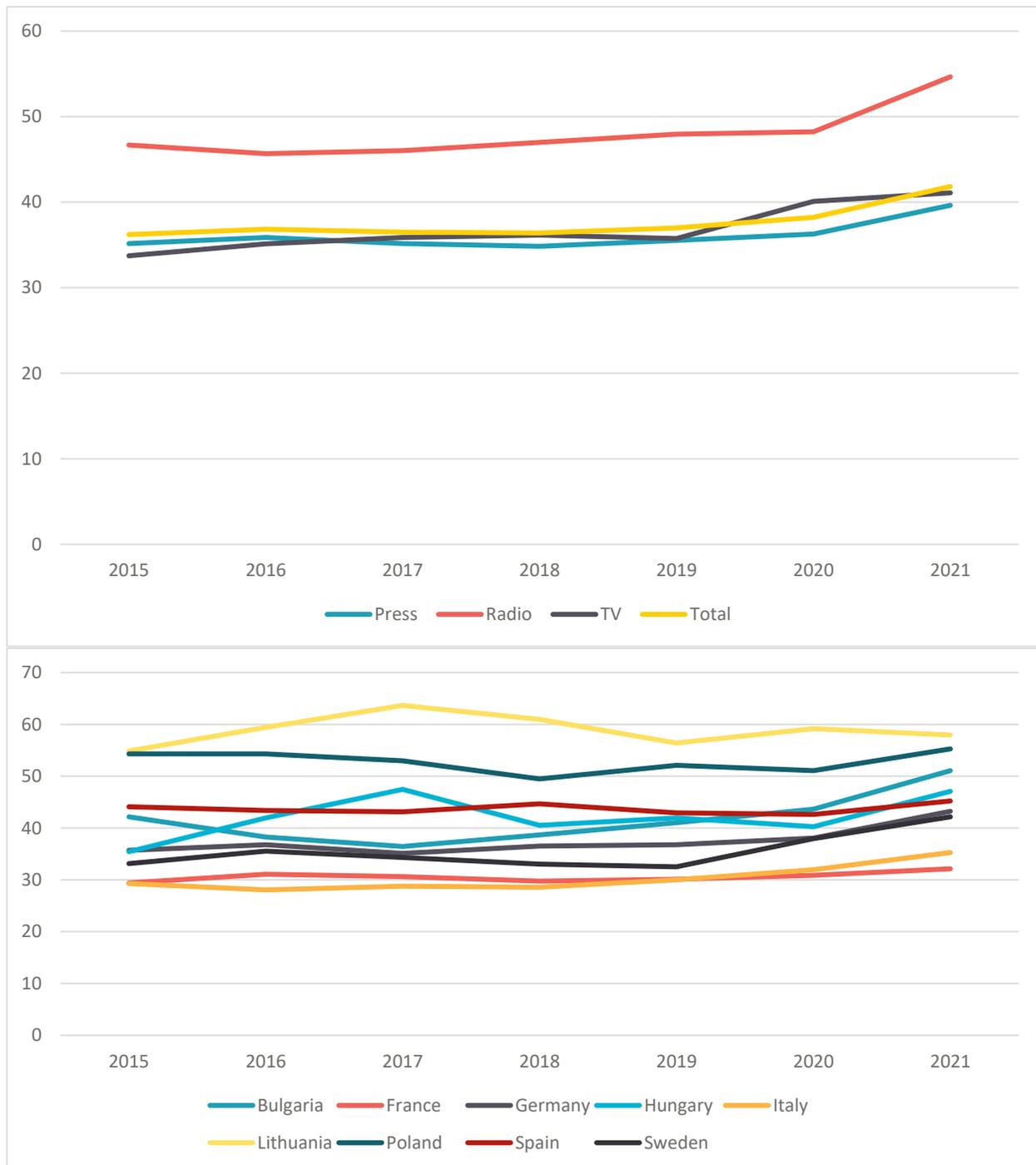
To understand the long-term and short-term **financial sustainability** of companies in the EU news media sector, we assessed their solvency ratios (measuring long-term financial sustainability) and current ratios (measuring their short-term financial sustainability). The solvency ratio is used to evaluate a company's ability to repay its long-term debts while the current ratio is used to evaluate a company's ability to repay its short-term debts.

The **solvency ratios**³³⁰ of news media companies in the selected countries remained relatively steady but differed by country (see the figure below). Lithuania and Poland had the most solvent companies in the news media sector, with a solvency ratio exceeding 60% in some years (2017-2018 for Lithuania) and never dropping below 50 except for one year (2018 for Poland). Two countries with the least solvent companies in the news media sector were France and Italy, with solvency ratios around 30% (although this increased in 2021)³³¹.

³³⁰ Solvency ratio is a metric used to calculate businesses' potential to meet their long-term obligations. A solvency ratio of 30% or more is considered sustainable. In this study, we used the asset-based solvency ratio calculated by Orbis (using the formula of dividing Shareholders funds by Total assets and multiplying by 100 to obtain percentages).

³³¹ Orbis

FIGURE 68. SOLVENCY RATIOS OF THE NEWS MEDIA COMPANIES IN DIFFERENT SUBSECTORS AND SELECTED COUNTRIES, 2015-2021, EU-9, (%)

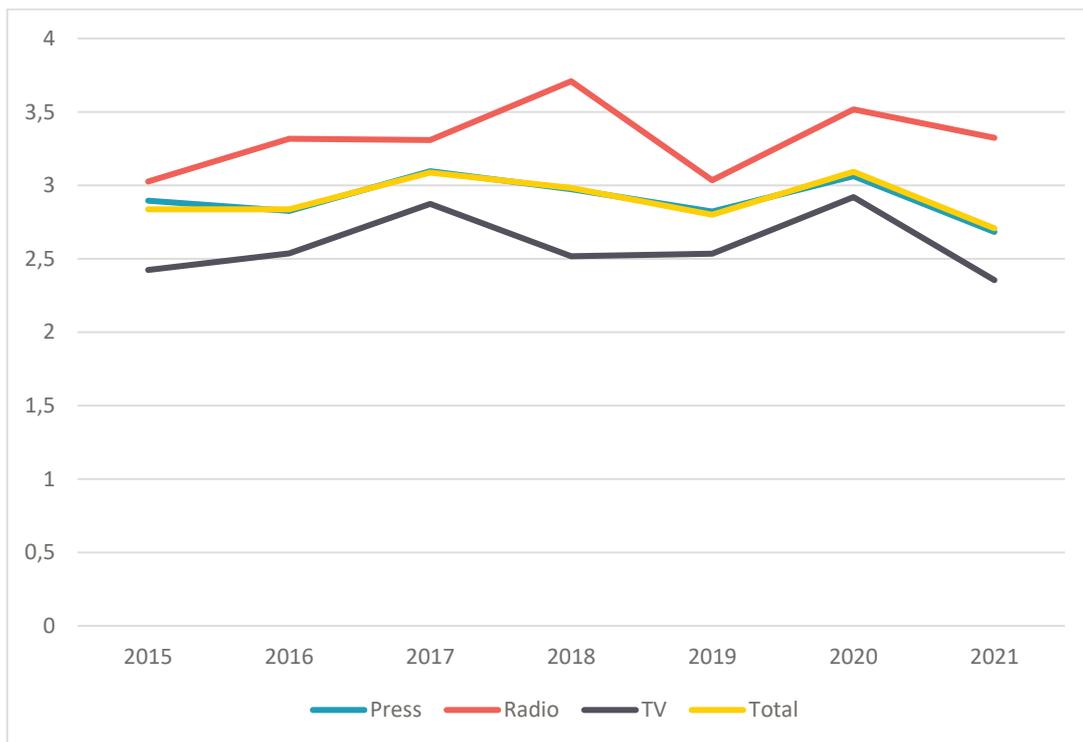


Source: Bureau van Dijk, Orbis database. The sample contains small, medium and large companies as previously presented

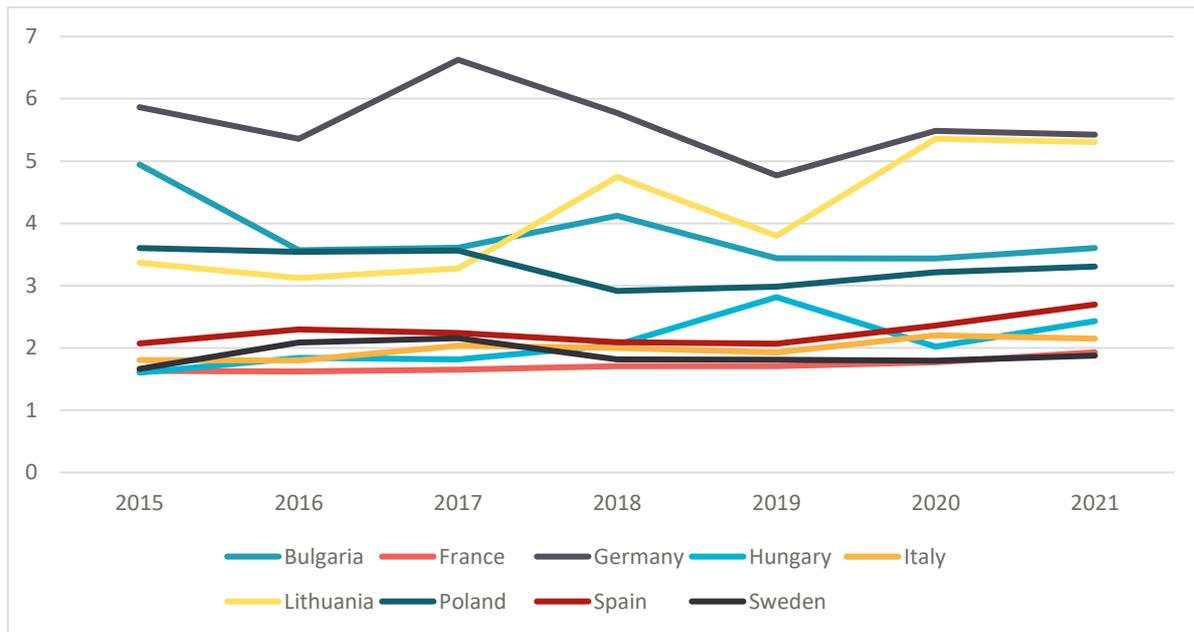
The **current ratios** of news media companies in selected countries fluctuated but no clear overall trends could be identified: while in some countries the ratio decreased, in others, it increased. In six of the nine selected countries, the TV subsector had the lowest current ratio for the years assessed. Interestingly, this means that while the TV subsector is the most financially sustainable in the long term, it is the least

financially sustainable in the short term. This means that the companies in the subsector have enough assets to meet their long-term obligations but are more vulnerable in the short-term (one year or less). Despite this trend, the TV subsector, just like the other subsectors, generally have positive long- and short-term sustainability.

FIGURE 69. CURRENT RATIOS OF THE NEWS MEDIA COMPANIES IN SELECTED COUNTRIES, BY MEDIA TYPE AND BY COUNTRY, 2015-2021³³²



³³² Current ratio is a comparison of a company's current assets (including cash, receivable accounts, inventory and other current assets) to its liabilities (payable accounts, wages, taxes, debts). Therefore, 1 on the Y axis scale means that current assets are equivalent to current liabilities, 2 that assets are twice bigger than liabilities, etc.



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

3.2.3.2 Diversification of revenue sources

Qualitative data, based on interviews with publishers, shows that publishers see a clear utility in diversifying revenues by implementing new audience monetisation methods. While revenue diversification does not shelter companies from changes in the overall economic context, often noted in relation to the current inflation and economic crisis, the relationship between audiences and a publisher may prove to be more constant than advertiser spend during economic downturns or other crises. According to one interviewee, new business models were developed across EU following the Covid-19 outbreak. For example, a Spanish publisher was able to successfully raise prices for their subscriptions. Or a Czech company, Dennik N, raised additional funds to continue operating via crowdfunding³³³. Laisvės TV, a Lithuanian YouTube-based media platform managed to increase its revenue by attracting new patrons on Patreon.com.

Industry stakeholders interviewed in the nine selected countries commented that the last few years since the beginning of the Covid-19 pandemic have indeed marked a major paradigm shift in online news media revenue sources. While advertising remained a very important source of revenue, the consumers contributions became significant as well. While there is no industry-wide data available yet, some of the outlets interviewed estimated that 50-70% of their digital revenue was already attributable to user contributions.

The methods used to collect user contributions employed in the selected countries differed. In general, these were the main models used:

³³³ Source: <https://ipi.media/a-model-for-survival-online-subscriptions-help-dennik-n-weather-pandemic-in-czech-republic/>

- Donations and crowdfunding – essentially keeping free access to all content, but collecting financial support via a continuous appeal for donations, specific fundraising campaigns several times a year, or collecting monthly payments either directly or via crowdfunding platforms.
- Memberships and subscriptions connected to paywalls. The paywalls were usually soft e.g. providing parts of articles, videos or other news items for free, providing a limited range of free items per period. The news outlets avoided hard paywalls, as they have an impact on advertising – according to interviewees, advertisers tend to avoid paywalled content and only want to advertise on free content.
- In some cases, specific strategies to increase news media memberships involved bundling with other services such as telephone or internet plans, e.g. in Bulgaria. This was particularly the case where the owners of the news media outlets were telecom conglomerates. Other strategies employed to increase subscriptions included bulk sales to companies purchasing access for their staff as an employee benefit or for a business reason.
- Micropayments, which were identified as one of the potential models in Chapter 3, were rarely applied in the selected countries.

While advertising and user subscriptions were the key drivers of revenue in recent years in the sector, outlets managed to find other sources of revenue. Some reported that less prominent revenue sources included:

- Events and conferences, both online during pandemic restrictions and live events afterwards;
- E-commerce of branded and other goods;
- Sales of data gathered by in-house data scientists (which had a primary use in news production).

The role of online platforms was another trend that influenced revenues. As described in Chapter 3, online platforms compete for attention and have a notable impact on the digital advertising market. However, the interviews with industry representatives revealed that some platforms provide certain opportunities to increase revenue, and the ways in which the news media is able to interact with the platforms differ:

- Some social media platforms like Facebook are relatively easy to exploit for an increase in revenue as they allow linking to news providers' own content and services therefore may have a positive impact on traffic.
- Other platforms like YouTube are enabling in terms of monetisation directly within the platform, e.g. paying uploaders according to the number of views, and allowing sponsorships and advertising messages within videos.
- Newer like Snapchat and TikTok are also being used, although some interviewees commented that they are harder for news media to use to increase their revenue or to lead users to their own services. As a rule, these social media platforms are more used by younger audiences, creating concerns for some news media outlets about the dominating content consumption patterns in the next 5-10 years.

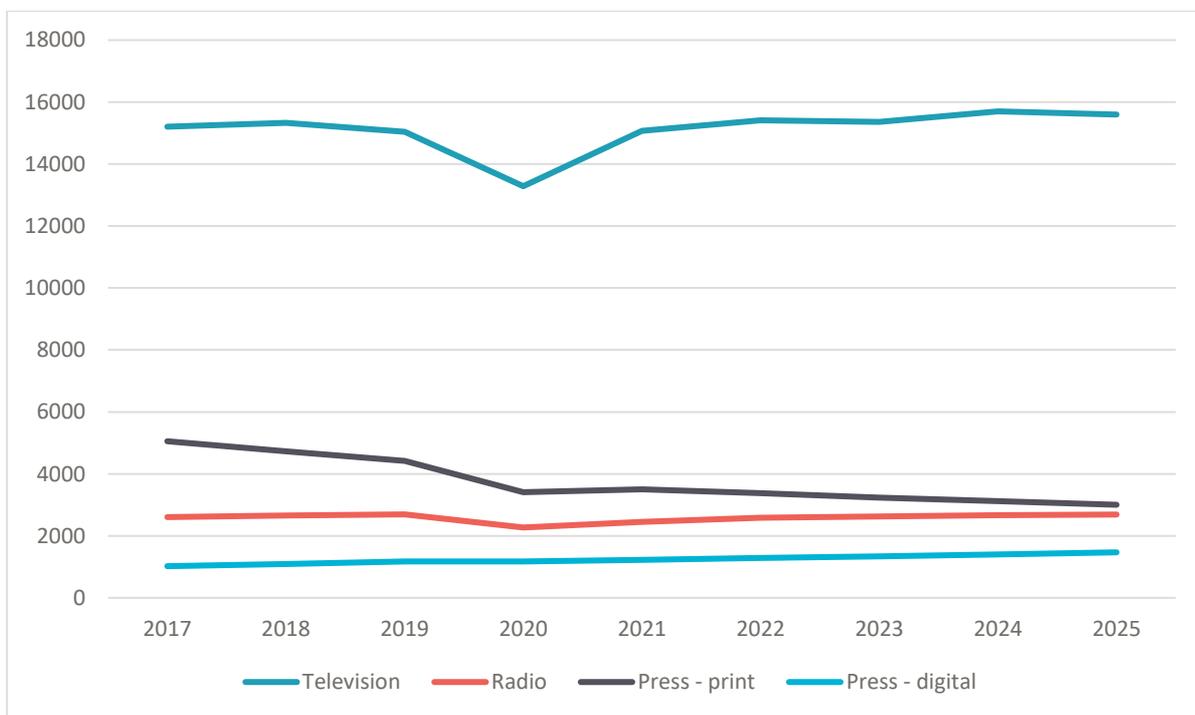
Finally, platformisation has also increased the competition for news media from a diversity of independent content creators, who often use the same monetisation methods – crowdfunding, sponsorships, and payments from platforms. There are virtually no entry costs in utilising those tools

and no professional requirements, as online platforms have significantly lowered barriers to entry compared to the traditional media model.

3.2.3.3 Financial performance of the advertising sector

For over a decade before the COVID-19 pandemic, advertising was dominant as the main revenue stream for digital news outlets. According to the industry stakeholders interviewed, there was real concern about a lack of revenue diversification in this segment and a perception that willingness to pay for news did not translate well from the physical to the digital world – e.g. consumers would buy newspapers and print subscriptions but not online articles and digital subscriptions. However, the pandemic seems to have seen a quite sudden growth in alternative revenue streams. The data below illustrate this trend; until 2019 the revenue growth of the digital press was similar to the growth of its advertising revenue. Ad revenue dipped with the start of the pandemic in 2020 across all segments; nevertheless, digital news media remained the single segment which did not see any dip in overall revenue.

FIGURE 70. ADVERTISING REVENUES BY MEDIA TYPE (M EUR), EU-9



Source: PwC Global Entertainment & Media Outlook 2016-2025

Note: Includes forecasts by PwC and country estimations.

3.2.3.1 Investment levels

To estimate investments, we are using **gross investments in tangible goods**, given the lack of aggregate time series data on the investment at large in news media.

The news media sector's gross investment in tangible goods³³⁴ across sectors, including all assets of the printed press, TV and radio producers, remained stable between 2008 and 2019. However, this stable trend was not reflected in the changes in the structure of the investments per segment. For example, the shift from print towards digital distribution, and technological changes in broadcasting. The following trends were noticeable at the subsector level:

- investments by the press subsector decreased in six out of nine of the selected countries;
- investments by the TV subsector increased or remained stable in five out of eight of the selected countries (no data for Sweden);
- investments by the radio subsector remained stable in five out of eight of the selected countries (no data for Sweden) and decreased in the remaining three³³⁵.

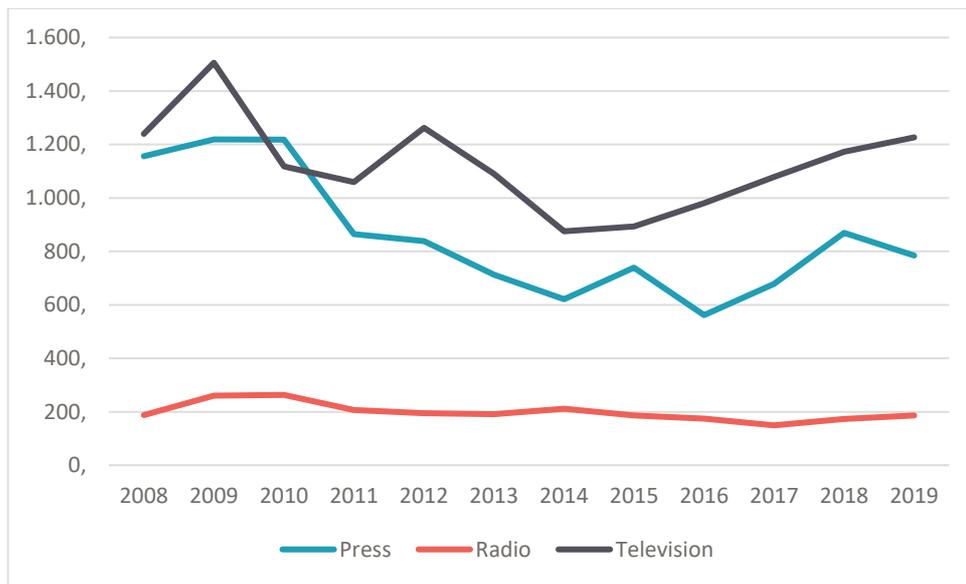
In comparison to the quantitative data, which found a decreasing or stable trend in the various sectors, qualitative evidence from interviews with experts and publishers suggests that local media has often struggled to make the necessary investments for the digital transition. Further, based on our interviews, smaller outlets reported that it is hard for them to implement novel digital solutions as they do not have sufficient financial resources. In comparison, interviews also show that where resources are available, investment in digital newsrooms, novel monetisation models, digital and data skills were all strategies to pursue. Still, these investments have a higher return for larger companies as a benefit of economies of scale.

When discussing novel platforms, investment into reach on new digital platforms (e.g. TikTok, Snapchat) was usually referred to (by experts or representatives of professional associations) as a means of potential monetisation and of staying relevant, especially among younger audiences. However, news outlets that we interviewed indicated that these newer platforms are harder to monetise or to use to divert audiences back to their proprietary services, and most are paying less attention to these platforms as a result, although they have a higher reach among younger audiences, which news outlets often want to engage.

³³⁴ Defined as: "as investment during the reference period in all tangible goods. Included are new and existing tangible capital goods, whether bought from third parties or produced for own use (i.e. capitalised production of tangible capital goods)". Thus, the value does not cover investment into intangible goods that may also be a vehicle of digitalisation, such as contracts with external experts for delivering know-how, software purchases, intellectual rights etc. Nonetheless, investment in tangible goods may be a good proxy for assessing trends in the sector's capacity to develop.

³³⁵ Eurostat

FIGURE 71. GROSS INVESTMENT IN TANGIBLE GOODS, 2008-2019, EU-8



Source: Eurostat, Structural Business Statistics

Note: no data for Sweden.

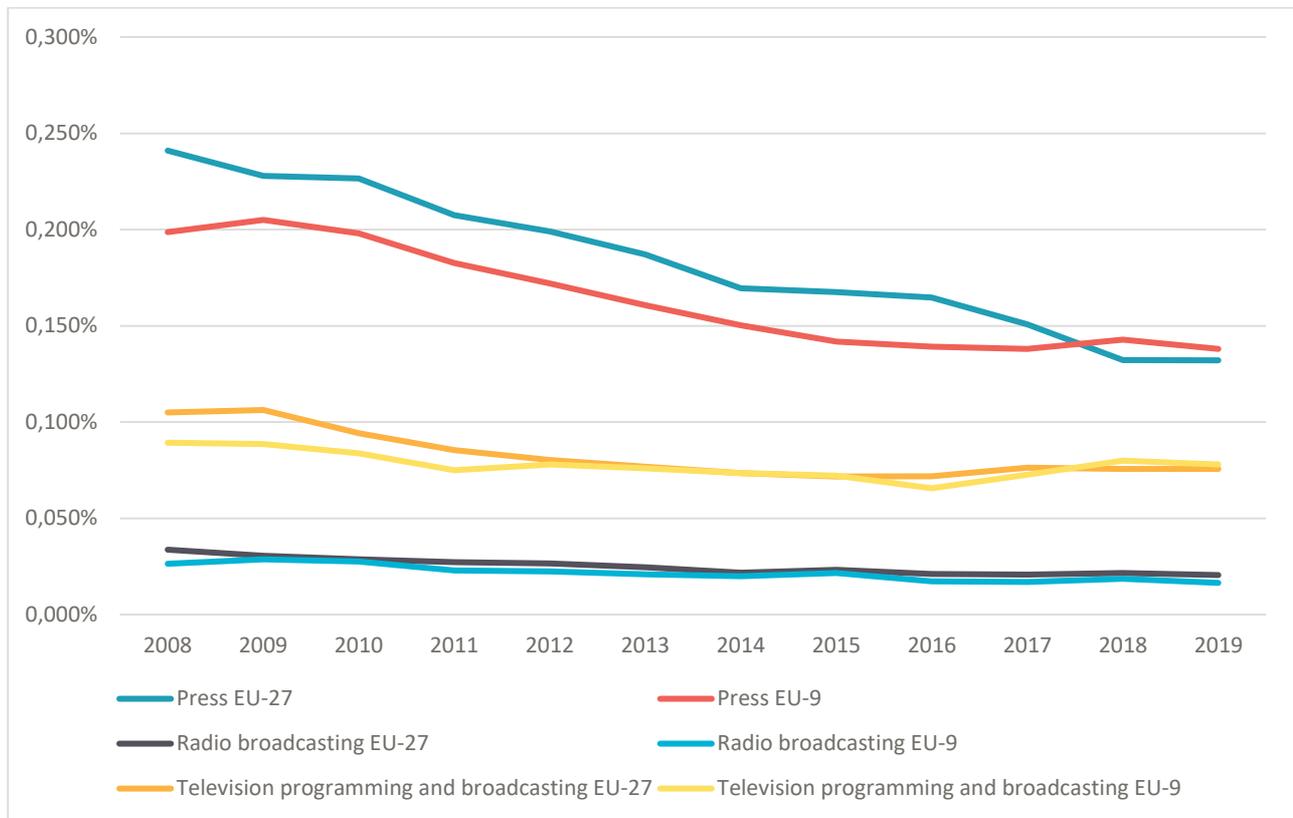
3.2.4. Employment and cost

3.2.4.1 Employment levels

The overall share of media employees when compared to the rest of national employment has been decreasing between 2008 and 2019. This trend is extremely notable in the press subsector. See the figure below for more detailed trends. Some expressed the view in the interview programme that demand for journalists is likely to decline, off-set by an increase in demand for more IT-related specialists and employees with other digital or multimedia skills. Although some other respondents did not think that the journalism profession is likely to experience a decline, they still confirmed that digital competences have become a significant consideration for employment.

The way that European media and especially the press sector are currently organised requires new employees to have a more diverse skillset. This can create a new challenge because employees with diverse skillsets might choose to work in more profitable industries for more competitive salaries than news media companies can offer.

FIGURE 72. PERCENTAGE OF EMPLOYMENT IN MEDIA COMPARED TO NATIONAL LEVEL (EU-9 AVERAGES)³³⁶



Source: Eurostat, Structural Business Statistics

3.2.4.2 Average number of employees per enterprise

In order to allow for cross-country comparison, full-time equivalent units of employees were used for the indicator.³³⁷ FTE numbers are lower than the total number of persons employed at an enterprise because the latter counts a part-time employee as one unit; for this reason, FTE numbers are a better metric of the available workforce.

³³⁶ FTE (full-time equivalent) employee numbers were used. In case of EU-9, Eurostat does not provide enough data points for Sweden's radio broadcasting and television programming and broadcasting sector, subsequently, the country was left out of the averages. In case of EU-27, all available data points were used for average calculations, however, some country-data is more absent, specifically: Czechia, Ireland, Malta, Slovenia.

³³⁷ "The unit is obtained by comparing an employee's or student's average number of hours worked to the average number of hours of a full-time worker or student. A full-time person is therefore counted as one FTE, while a part-time worker / student gets a score in proportion to the hours he or she works or studies." Accessed from: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Full-time_equivalent_\(FTE\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Full-time_equivalent_(FTE))

As seen in the figure below, both on a EU-27 and an EU-9 level the average number of FTE per enterprise decreases sharply until 2015, after which the decline has halted.

Considering the TV sector first, it should be noted that the apparently strong increase in average FTE employees after 2016 in both the EU-27 and the EU-9 is due to a reporting methodology change in France, between 2017-2018, so these results should be treated with due caution.³³⁸

Nonetheless, between 2008-2016, France and Germany - the two largest countries within our selection - had the largest average number of full-time equivalent employees in the television broadcasting sector, and the largest companies. In the rest of the countries (except for Sweden where data was not available) TV broadcasters remain below 50 FTE employees on average, which is in line with the EU average (55.8 in 2019), despite some small variations (minor growth in Spain, Italy, and Poland or minor decline in Bulgaria and Lithuania).

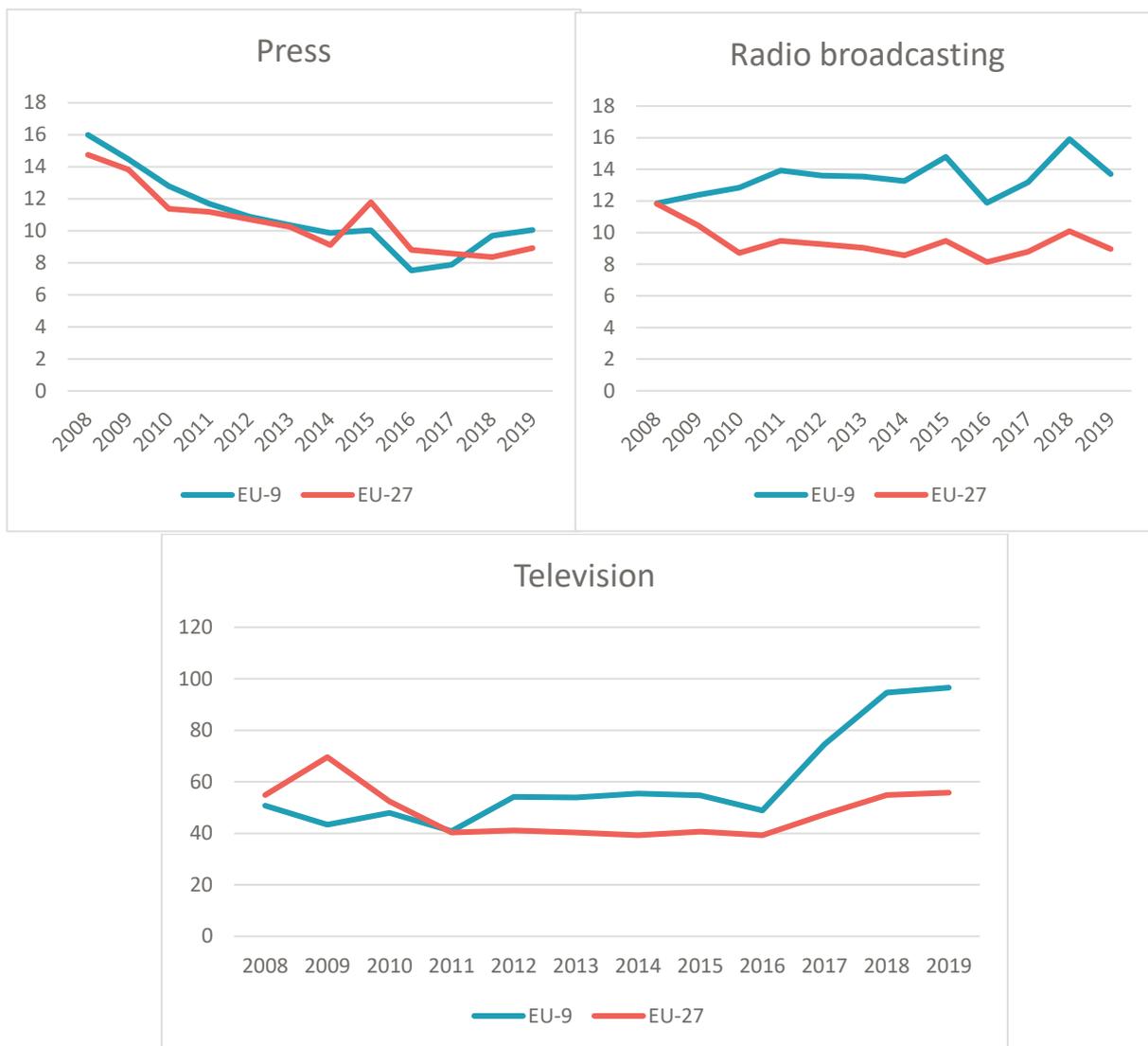
Overall, radio broadcasting numbers have stayed on a more stable level for both the EU-27 and the EU-9. The biggest radio broadcasting companies in terms of the number of FTE employees can be found in Germany, France and Poland. The peak in 2018 (an average of 15.9 FTEs in focus countries) was caused by a break in time series in case of Poland. The average number of FTE employees fell back to its previous level in 2019.³³⁹ France has a similar trajectory of growth and decline in TV and radio broadcasting, due to a methodological change. The rest of the selected countries did not show any significant change in the course of 2015 to 2019.

For the press sector, we can see a decline in the average number of FTE per enterprise for both the EU-27 and the EU-9. At country level, most evidently, the average number of FTE employees in the Spanish press sector continuously declined. In general, most selected countries saw a decrease, which stabilised between 2017-2019. In contrast, the German press grew from an average of 28.4 FTE per company in 2008 to 38 in 2019. Sweden, to a much lesser extent, also registered some growth. If average press sector FTE employment per enterprise is shrinking, this may be affecting the size of newsrooms, however we cannot distinguish journalist roles from other roles in these statistics.

³³⁸ In this period, both the total number of persons and the FTE have dramatically increased.

³³⁹ The sudden uptick in the Polish case is due to a data break in Eurostat reporting.

FIGURE 73. AVERAGE NUMBER OF EMPLOYEES (FTE) PER ENTERPRISE, 2008-2019 ³⁴⁰



Source: Eurostat, Structural Business Statistics, PPMI calculations ³⁴¹

³⁴⁰ FTE (full-time equivalent) employee numbers were used. In case of EU-9, Eurostat does not provide enough data points for Sweden’s radio broadcasting and television programming and broadcasting sector, subsequently, the country was left out of the averages. In case of EU-27, all available data points were used for average calculations, however, some country-data is more absent, specifically: Czechia, Ireland, Malta, Slovenia.

³⁴¹ Instead of the average number of person employed, we used FTE (full-time equivalent) numbers, that provides better comparability across countries. In case of EU-9, Sweden was left out of the calculations in case of the television and radio sectors, for reasons of data availability provided by Eurostat. Similar issues of data availability is present in case of EU-27, especially with regard to Ireland, Slovenia, Malta and Czechia. Whenever data is not provided by Eurostat, the missing country data points were left out of the average.

When correlated with the overall number of enterprises (for EU-9), results show that FTEs are negatively related to the number of companies.³⁴² In the case of the press sector, we observe more enterprises in the selected countries with lower than average FTEs than in the other sectors. In contrast, the television sector has showed a fairly stable³⁴³ number of FTEs and a decreasing number of companies, resulting in a weaker but still negative correlation.³⁴⁴ Similarly, the radio sector shows a somewhat stable trend in FTEs with decreasing numbers of enterprises.³⁴⁵

The figures below present the country-level variations. As a result of data availability on FTE numbers, some caveats are in order. Regarding press, Spain is missing FTE data from the publishing of newspapers component of the sector (between 2008-2015), which inflated the values. Germany has registered an increase in FTEs in the publishing of newspapers (from 47.246 in 2017 to 76.102 in 2018) To clarify, up until 2018, a different definition of the basic unit of observation was used.³⁴⁶ This was also the case in Germany, a larger market where the change in the number of FTEs is more evident.

Regarding radio in Poland, Eurostat indicated a break in time series in 2018, returning to similar values in 2019 as in 2017. A similar break in time series data was noted by Eurostat in the case of the number of companies in France in 2017, thus, these fluctuate as a result of changes in reporting methodology. Major fluctuations in the television sector were due to similar breaks in time series data: in the case of France, a break occurred in 2017, with a decrease in the number of enterprises.

TABLE 17. NUMBER OF ENTERPRISES AND AVERAGE FTES, EU-9 2008-2019

		2008	2019
Press	FTEs (avg.)	16.0	10.1
	Enterprises	18.823	22.167
Radio	FTEs (avg.)	11.9	13.7
	Enterprises	3.815	2.566
TV	FTEs (avg.)	50.7	96.6
	Enterprises	3.494	2.576

³⁴² Correlation value: -0.81

³⁴³ The increase being caused by a change of reporting methodology in France

³⁴⁴ Correlation value: -0.58

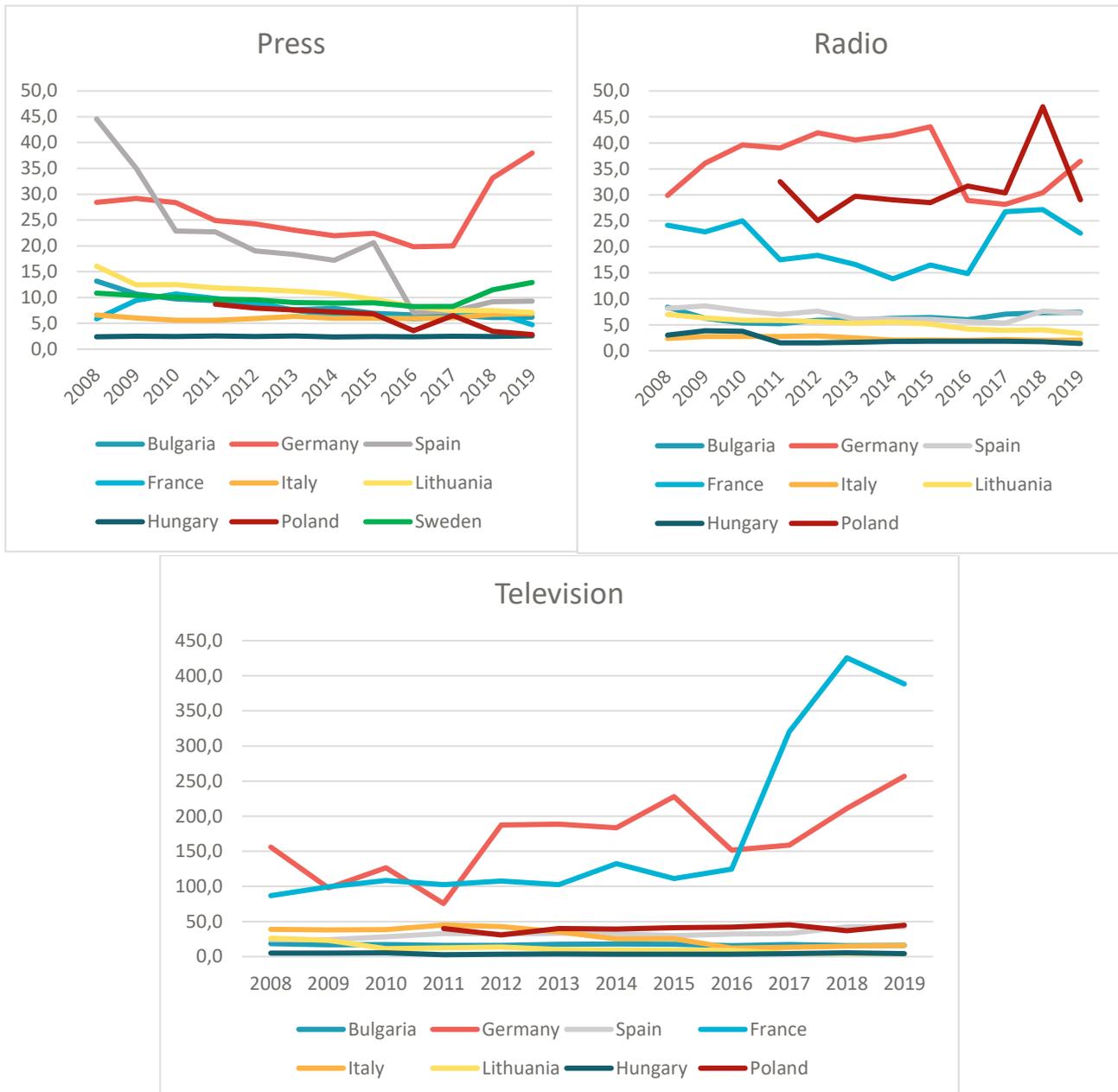
³⁴⁵ Correlation value: -0.59

³⁴⁶ "Up until reference year 2018, many Member States used the 'legal unit' as a proxy for the 'enterprise'. With the transmission of data for reference year 2018, most Member States have fully implemented the statistical unit 'enterprise' in the SBS domain in accordance with Regulation 696/93"

For more information see the Metadata of Structural Business Statistics, at: https://ec.europa.eu/eurostat/cache/metadata/en/sbs_esms.htm.

Source: Eurostat, Structural Business Statistics; PPMI calculations

FIGURE 74. AVERAGE NUMBER OF EMPLOYEES (FTE) ACROSS COUNTRIES AND SUBSECTORS, 2008-2019



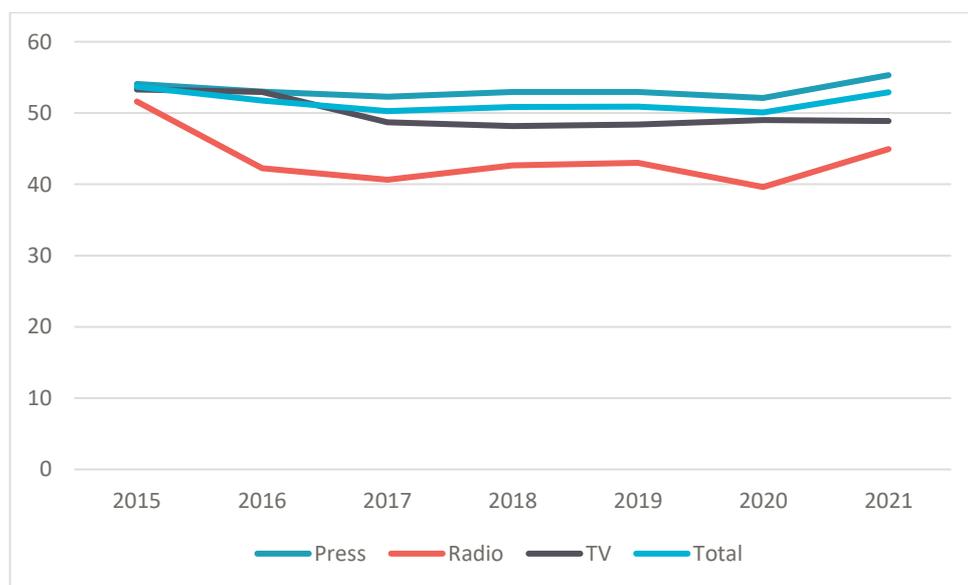
Source: Eurostat, Structural Business Statistics; PPMI calculations³⁴⁷

3.2.4.3 Average cost of employees

The average cost of an employee in the media sector has been relatively stable from 2015 to 2021 with the tendency to grow across all selected countries (no available data for Lithuania), except for Bulgaria where there has been a minor decline. As shown in the figure below, the radio broadcasting subsector is the main exception; since a drop in 2016, it has largely stayed on a stable trend.

Interviewees observed that changes within the workforce are caused by two factors. On the one hand, there is a higher demand for people with a high level of digital skills which requires enterprises to hire new employees, capable of fulfilling various advanced tasks (e.g. data analysis, multimedia content production) or to invest in the retraining or upskilling of those who are already employed. On the other hand, due to economic crises or other market fluctuations, some journalists are forced or decide to leave the profession. However, as interviewees reported that the need for good journalists had not decreased, the industry employs professionals from adjacent sectors, thus restructuring the workforce further. This professional restructuring of the journalist workforce can affect the cost of an employee.

FIGURE 75. AVERAGE COST OF EMPLOYEES PER SECTOR, EU-8, (THOUSAND EUR PER EMPLOYEE)³⁴⁸



³⁴⁷ Instead of the average number of persons employed, we used FTE (full-time equivalent) numbers, which provides better comparability across countries. In the case of the EU-9, Sweden was left out of the calculations for the television and radio sectors, for reasons of data availability from Eurostat. Similar issues of data availability are present in the case of the EU-27, especially with regard to Ireland, Slovenia, Malta and Czechia. Whenever data was not provided by Eurostat, the missing country data points were left out of the average.

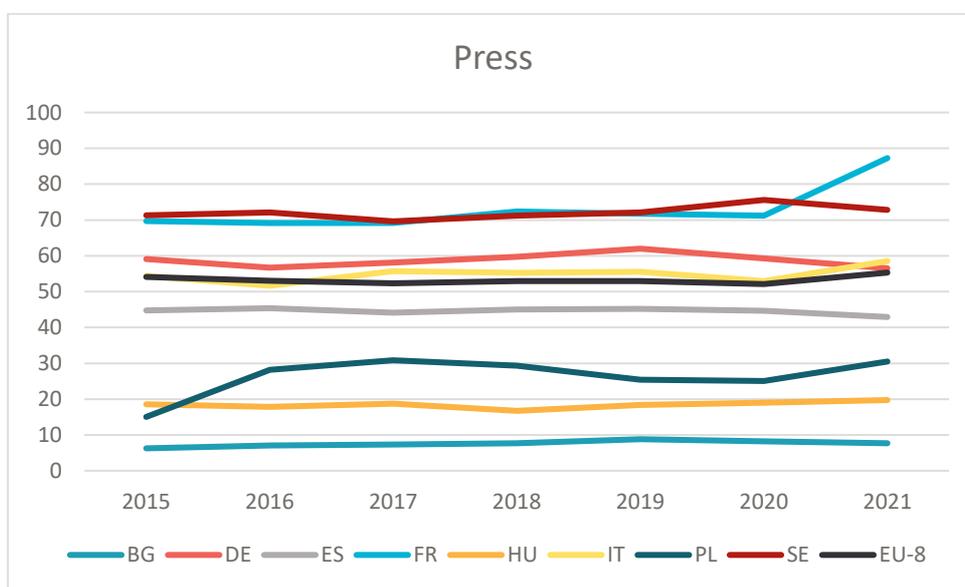
³⁴⁸ Lithuania is missing from the focus country average, as data was not available. Data scarcity applies in the case of Germany and to a lesser extent for France,, as presented in the caveats section, These countries were left in for the calculations..Sweden has a low number of company in case of the television and radio sectors.

Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

For the press sector, it can be concluded that even with the fluctuation in employment numbers, the cost of employees remained stable, with a slight increase in 2021. Both in the cases of the press and the television sector, Poland saw an increase in average cost, due to an increase between 2015 and 2016 (with a dip in 2019 and 2020). France reported an increase between 2020 and 2021. Nonetheless, given that these are 1 year changes, we cannot firmly deduce future trends.

FIGURE 76. AVERAGE COST OF EMPLOYEES: PRESS SECTOR, EU-8, (THOUSAND EUR PER EMPLOYEE)³⁴⁹



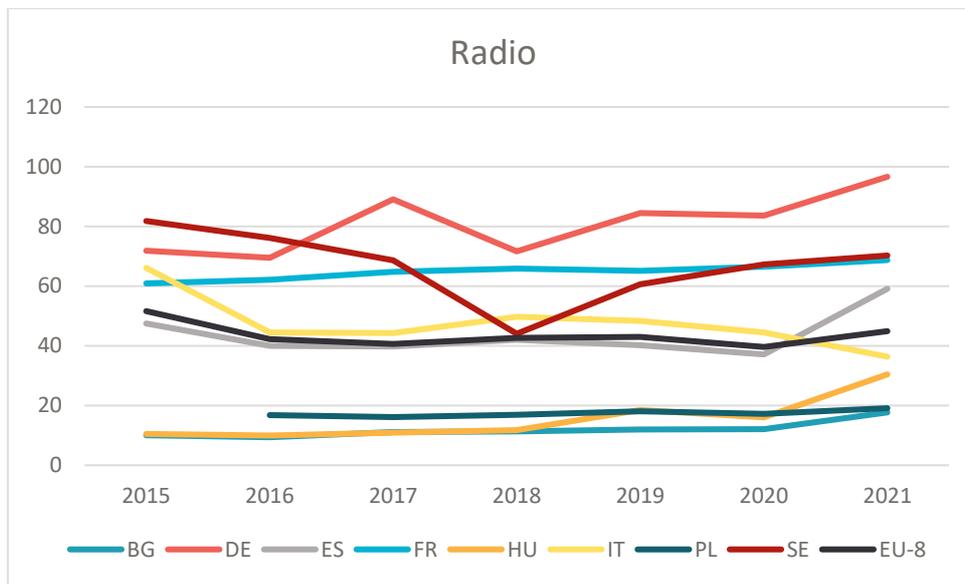
Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

The sectors with the highest fluctuations on a country level, across the years, are television and radio broadcasting. Due to the limited availability of data on average cost of employment in radio broadcasting in Sweden, the fluctuation in that trend should be approached with caveats, akin to the German radio sector's uptick in 2021, whereby fewer data points were reported.

³⁴⁹ Idem

FIGURE 77. AVERAGE COST OF EMPLOYEES: RADIO SECTOR, EU-8, (THOUSAND EUR PER EMPLOYEE)

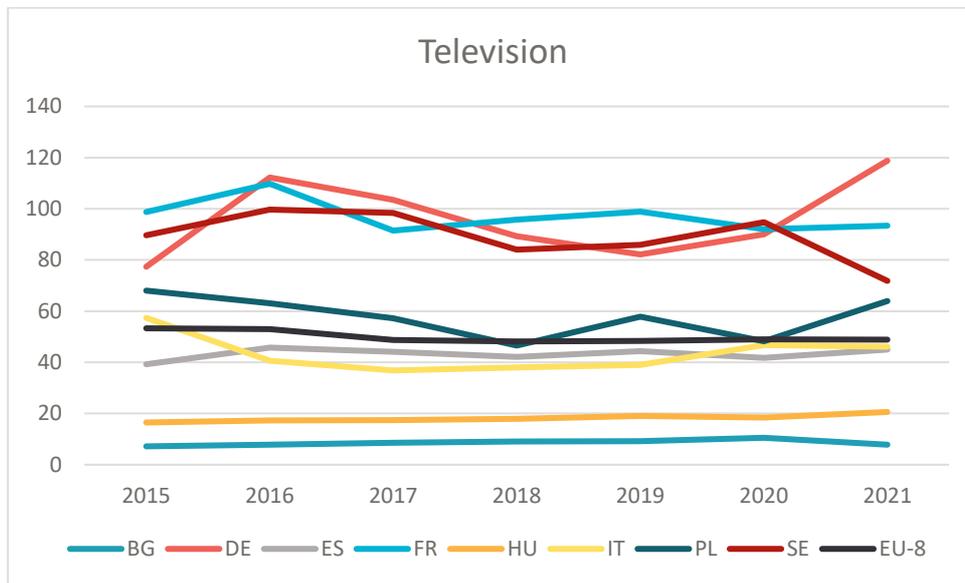


Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

The data sample shows that Sweden, Germany and France have higher costs of employees in both the radio and TV sectors on average (although the radio data for Sweden and Germany varies year on year due to the data caveats mentioned above). Smaller countries, on the other hand, seem to have a lower average cost of employees for both sectors, which remains quite stable over time.

FIGURE 78. AVERAGE COST OF EMPLOYEES: TELEVISION SECTOR, EU-8, (THOUSAND EUR PER EMPLOYEE)³⁵⁰



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

3.2.4.4 Employee cost compared to other costs

To compare the relative spend on other cost categories with spending on employment, we estimated other operating costs based on available Orbis data and calculated the share of costs accounted for by employees.³⁵¹

The share of employees' cost has seen minor growth in case of the press sector and more pronounced increase in television and radio broadcasting (see figure below) in the focus countries. The stagnant trend in case of the press subsectors, compared to other media subsectors, points towards a possible cost-saving measure, in response to the falling revenues of print media. Alternatively, the more subdued growth of the employee cost relative to other costs in case of the press might mean that the sector might have already implemented cost-saving measures with no further scope of increasing efficiency. Thus, the trend does not necessarily entail that cost saving pressures are higher in case of the press.

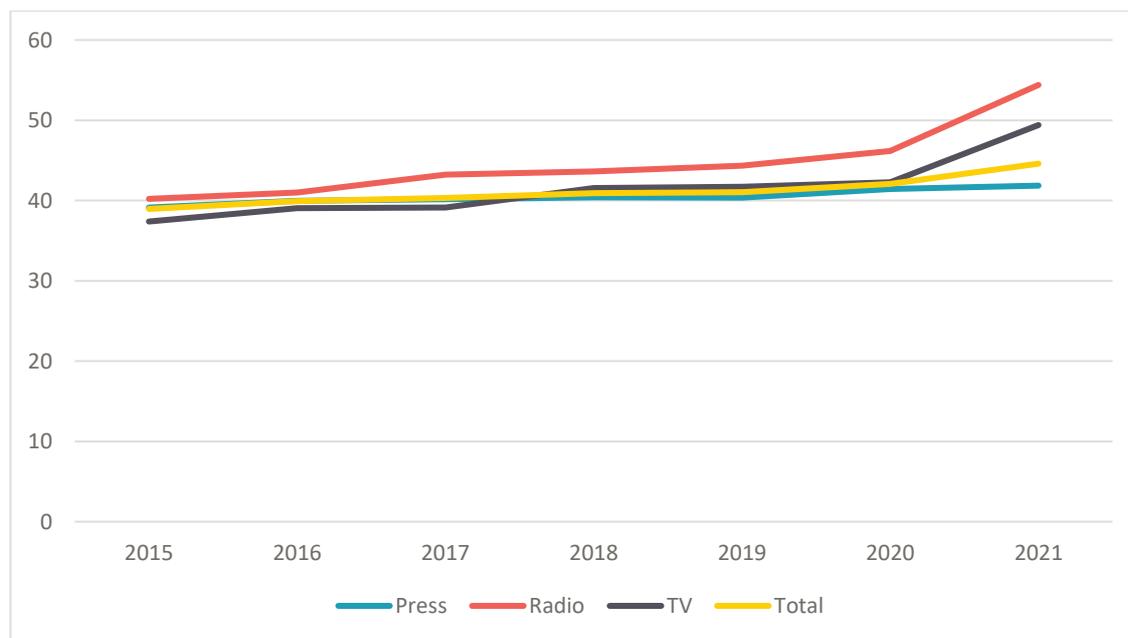
³⁵⁰ Lithuania is missing from the focus country average, as data was not available. Data scarcity in the case of Germany and to a lesser extent for France, while, as presented in the caveats section, Sweden has a low number of company cases.

³⁵¹ This included a sum of the following cost items: material cost, depreciation and amortisation, other operating cost items, interests paid, research and development. Orbis did not confirm whether this is a realistic approximation of all other cost elements or not. We found that data availability differs from country to country, therefore, the results must be caveated in terms of comparability and may not accurately capture the true share of salaries from the total costs. However, we consider that the trends presented are useful in estimating how the share of employee cost is changing over time for each country and overall at the EU-9 level.

The growth seen, in press, TV and radio sectors, in the share of costs accounted for by employees is driven by Hungary, Poland and Bulgaria, thus, countries of various levels of sizes and economic development, while other countries showed a neutral trend. There is a subtle growth in the share of employee costs in broadcasting, with the exception of France and Germany.

One of the factors that were mentioned in the interview programme that might have a minor effect on the share of employee cost is the diversity of the media sources by size and specialisation. For example, larger media companies may be forced to reorganise their workforce in response to major economic turbulence and waves of changes in consumption patterns. This re-organisation leaves aside a number of journalists who can self-organise and start new media or work as freelancers for diverse media sources, potentially in more precarious conditions. Meanwhile, smaller media outlets often reported that it is necessary for employees to do multiple jobs at once as a matter of course; journalists also being their own video or other media producers, PR experts and so on. While this might not be apparent in the cost figures, qualitative evidence suggests that journalists at smaller digital outlets fulfill several other roles, thus either increasing their overall workload or decreasing the time available for journalistic work.

FIGURE 79. SHARE OF EMPLOYEE COST COMPARED TO OTHER COST ELEMENTS, EU-7, (%)³⁵²



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

³⁵² Spain and Lithuania were excluded from the calculations due to lack of data.

TABLE 18. SHARE OF EMPLOYEE COST COMPARED TO OTHER COST ELEMENTS ACROSS COUNTRY SELECTION, EU-7, (%)

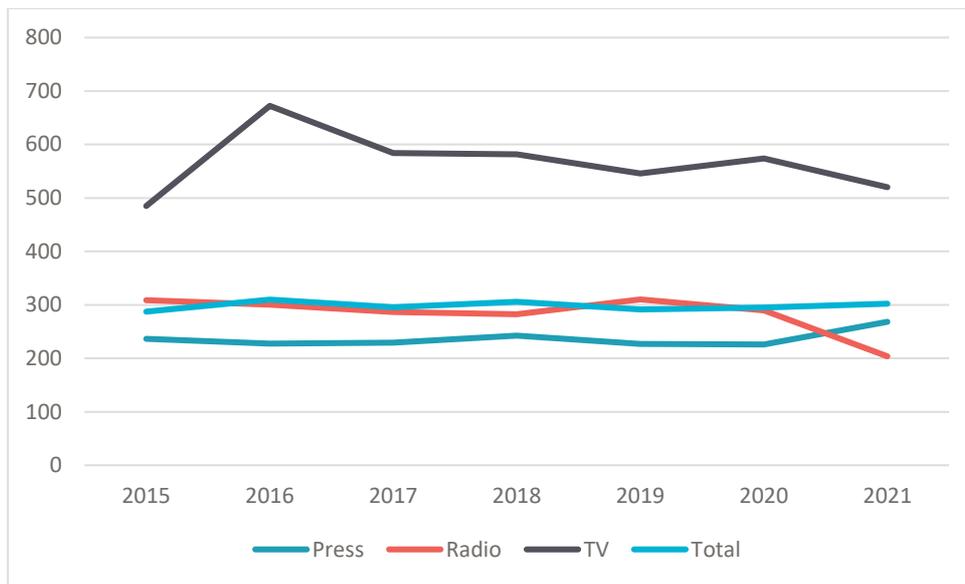
	2015	2016	2017	2018	2019	2020	2021
Bulgaria	31.9	34.1	35.1	34.5	36.4	38.2	40.5
Germany	42.0	43.4	44.2	43.2	43.1	44.5	39.6
France	34.3	34.0	33.2	33.3	33.5	34.0	34.2
Hungary	79.2	80.2	80.4	82.2	83.7	84.4	85.6
Italy	28.5	29.6	29.8	30.2	30.5	31.0	30.3
Poland	67.0	68.1	70.2	73.1	69.9	70.2	74.9
Sweden	36.7	36.5	36.1	37.0	36.9	38.4	38.1

Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

3.2.4.5 Employee productivity: average revenue and profit per employee

In terms of operational revenue (i.e. income generated from the enterprises' business activities) per employee, no major trends could be identified across the nine selected countries. As the figure below shows, the operational revenue per employee was trending slightly down in the television and radio sectors, which are also on a higher level than that of the press. With regards to the television broadcasting subsector, France and to a more limited extent Germany i.e. larger countries, have registered an increase. Most countries showed a neutral trend between 2018-2021, while Sweden, Italy and Poland have shown more sustained decreases in the past 2-3 years. Turning to radio, French data shows a trend of slightly increasing average revenues per employee, while other countries are relatively stable or showing a decrease. The press sector, in contrast, shows a neutral trend. This was driven by a couple of countries, rather than reflecting a trend across all markets; average operating revenues per employee stayed stable across most countries, with the exception of a continuous increase in Italy and high fluctuations in Poland. Thus, amidst falling total revenues, the press sector was not able to increase its employees' performance in terms of revenues either.

FIGURE 8o. OPERATIONAL REVENUE PER EMPLOYEE PER SECTOR, EU-9,(THOUSAND EUR)

Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

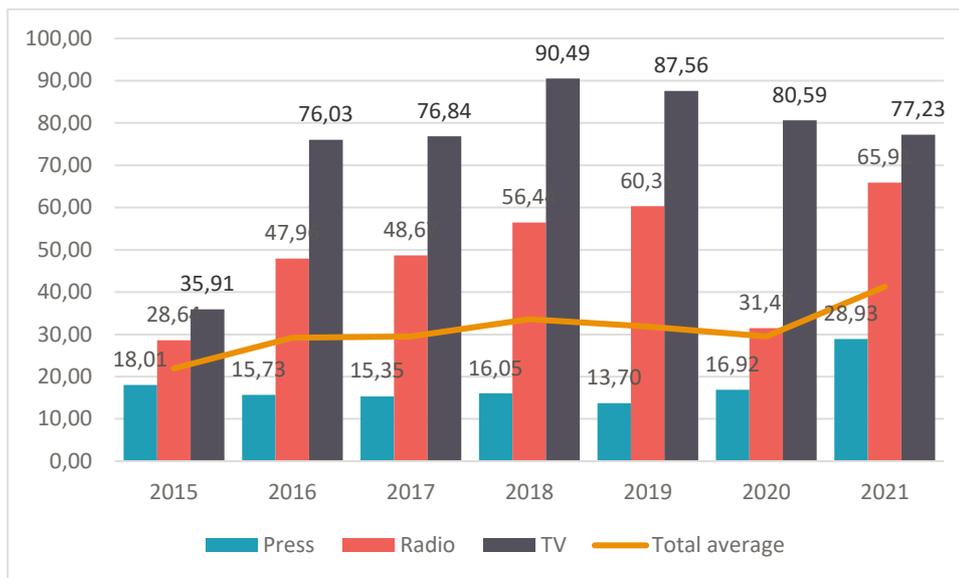
Low profits in the industry (or even sometimes losses) can have an impact **on the functioning of companies, their newsrooms, and content**. As discussed above and agreed with by most of the interviewees, employment in the press sector is declining and journalists need to have additional skills that were not needed before (“to take pictures or to make videos, because of the lack of financial resources, we could not send three or four people to a field trip”). On the other hand, technological developments have allowed the downsizing of field reporting journalism crews.

The most often requested new skills include working with visuals (“to take pictures if the photographer is not there”, “for some of the articles, people crop their pictures themselves, select them, and put them in”) or audio materials (“be capable of telling the same news through a podcast”, “we sent them a microphone and they started doing the podcasts at home”). Besides the new skills, journalists are now required to work more (“the workload increased dramatically”, “the workload is enormous compared to previous days”). While declining journalist employment in the press subsector, requirements for new skills, and the need to work longer hours are negatively affecting journalists, they are likely increasing **productivity**. The **average profit per employee** in news media sectors of selected countries increased steadily between 2015 and 2021, with some fluctuations in specific countries but not in the overall trend (see figure below). The biggest increase in the press sector happened between the years 2020 and 2021 when journalists had to adapt to the new requirements even more because of the pandemic. This growth in profit per employee is particularly driven by a set of countries (Sweden, Poland, Hungary, Italy and Lithuania).

The Covid-19 related fall in revenues and increased desire for information mixed with developments of digitalisation also affected the way in which content is produced (“the workflow in the newsroom requires to produce more fast and dynamic content”). It has also affected the type of content that is produced because digitalisation provided digital tools to monitor what types of content people read,

watch, or listen to most. Many of the interviewed publishers agreed that they take this new information into account when making decisions on what type of content to produce (“we are monitoring very closely which are the topics that people read and which are the topics people subscribe for, and we try very logically to produce more of those”, “once you are digital, you can measure things, relevance can be measured as high traffic impact or high conversion impact or high engagement impact”).

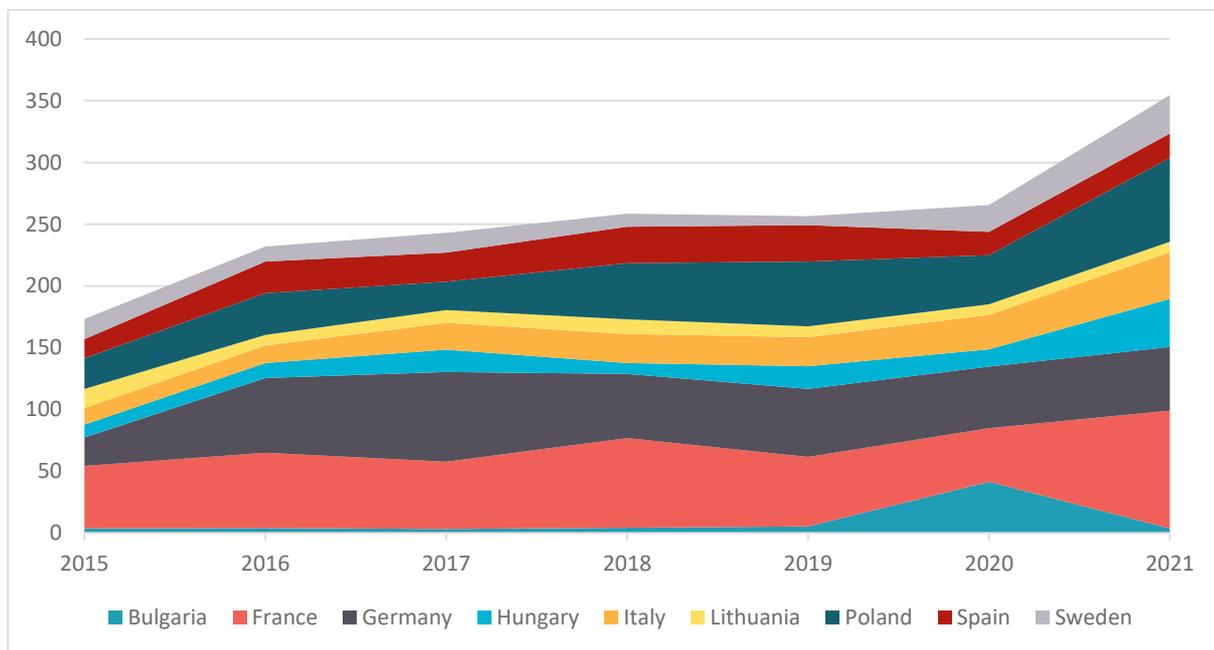
FIGURE 81. AVERAGE PROFIT PER EMPLOYEE OF THE NEWS MEDIA COMPANIES, EU-9, (THOUSAND EUR)



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

FIGURE 82. AVERAGE PROFITS PER EMPLOYEE OF THE NEWS MEDIA COMPANIES IN SELECTED COUNTRIES (THOUSAND EUR)



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

3.2.5. Media independence

Media independence underpins two main objectives – media freedom and media plurality, including external plurality of ownership and internal plurality of voices. According to the methodology of the Media Pluralism Monitor, both of these dimensions have various regulatory and economic preconditions for media pluralism and freedom.³⁵³ The existing tension between the need to adapt to economic conditions and maintain the highest journalistic and editorial standards free from commercial and political pressure is of special interest here. As described by an interviewee from one of the news agencies, economic independence is key if the independence of judgements is to be maintained.

Furthermore, how citizens evaluate media independence is crucial in light of the appearance of audience monetisation models but also regarding the general credibility of news.

We rely on the results of the Media Pluralism Monitor, which categorises media risks based on four main areas: fundamental protection, market plurality, political independence and social inclusiveness.

³⁵³ “The existence of effective regulatory safeguards to protect the freedom of expression and the right to seek, receive and impart information; favourable conditions for the free and independent conduct of journalistic work; independent and effective media authorities; and the universal reach of both traditional media and access to the Internet.” Cited from the Media Pluralism Monitor (2022), p.1.

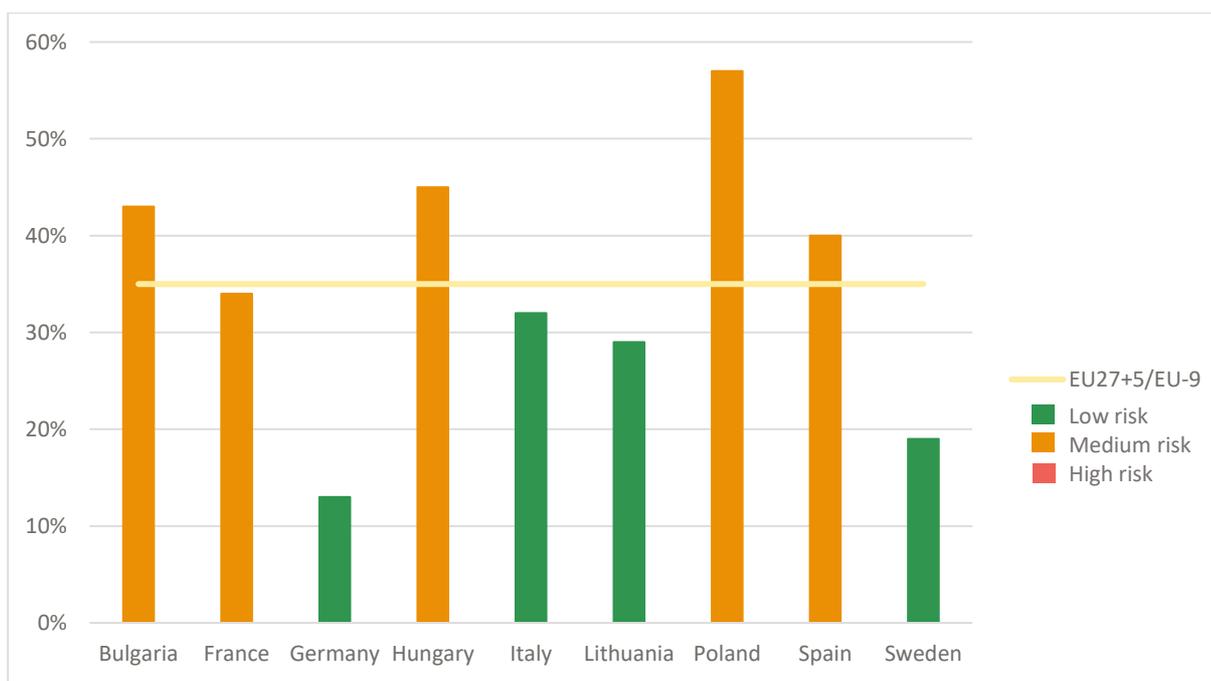
Results are obtained via a survey of national experts in media pluralism and media freedom, scoring a total of 20 indicators and 200 variables.³⁵⁴ Scores closer to 0% indicate low risk and those closer to 100% indicate a higher risk.

3.2.5.1 Media freedom

The fundamental protections put in place are crucial for media freedom and plurality. Fundamental protection consists of several indicators representing the conditions that must be in place to ensure media freedom. These include protection of freedom of expression and right to information, journalistic profession standards and protection, independence and effectiveness of media authority, and universal reach of traditional media and access to the internet.

Based on the Media Pluralism Monitor, the fundamental protection overall risk was at a medium level in the EU27 (extended with Albania, Montenegro, the Republic of North Macedonia, Serbia and Turkey), which was also identical to the EU9 average level. The countries analysed for the case studies had overall low or medium risk levels in this area.

FIGURE 83. FUNDAMENTAL PROTECTION OVERALL RISK



Source: Media Pluralism Monitor (2022)

Note: green represents low risk, orange represents medium risk, red stands for high risk.

³⁵⁴ Obtained scores and normalized on a 0-1 scale. Scores close to 0 indicate a low risk assessment while those close to 1 indicate a high risk. For further information, see Annex 1 of the Media Pluralism Monitor (MPM) 2022.

There are varying risk levels observed in the countries assessed for the case studies (see table below), with Germany and Sweden standing out with low risk levels across the board. At the same time, the risk levels are higher in Bulgaria, Hungary, and Poland. Averaging the result of the focus countries shows that there are three areas of medium risk, protection of freedom of expression being the dimension with a more increased risk, compared to the European levels.

Of the indicators, the protection of the right to information and journalistic profession standards and protection are the most challenging across the countries. There are multiple contributing factors to higher risk levels. Concerning the protection of the right to information, there seem to be several factors contributing to an increased risk, including the framework for accessing the information, yet its implementation falls short due to resistance from institutions in providing the information (e.g., Bulgaria, France, Hungary, Italy, Lithuania, Spain). Gaps in the protection of whistleblowers also contribute to an increased risk in countries where the EU Directive 2019/1937 has not been fully transposed or is not yet fully in force in 2021 (e.g., Bulgaria, Hungary, Italy, Lithuania, Spain).³⁵⁵

Journalistic profession standards and protection are affected by the lack of (effective) anti-SLAPP legal framework (e.g. Bulgaria, Hungary, Lithuania, Poland), poor working conditions, including due to excessive workloads and poor economic conditions (e.g. Bulgaria, France, Italy, Lithuania, Poland, Spain), online and sometimes physical threats to journalists (e.g. Bulgaria, France, Germany, Hungary, Italy, Lithuania, Poland, Spain, Sweden). The Covid-19 pandemic created very specific challenges for fundamental protection, especially in terms of worsening working conditions and increased difficulties accessing information.³⁵⁶ An interviewed academic also highlighted the precarity of journalists' work and economic pressures that directly affect how they perform their journalistic work, noting that journalists would not want to risk their economic situation and thus would opt for 'safe' ad revenue-generating topics.

³⁵⁵ Orlin Spassov, Nelly Ognyanova, Nikoleta Daskalova (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Bulgaria; Franck Rebillard, Jedediah Sklower (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: France; Attila Bátorfy, Konrad Bleyer-simon, Krisztián Szabó, Eszter Galambosi (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Hungary; Roberta Carlini, Matteo Trevisan, Elda Brogi (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Italy; Aukse Balcytiene, Deimantas Jastramskis, Kristina Juraite, Ignas Kalpokas (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Lithuania; Jaume Suau Martínez, Carlos Ruiz Caballero, Pablo Capilla García, Elena Yeste Piquer, David Puertas Graell, Lidia Cordero Triay, Judit Agràs Masdeu (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Spain; Beata Klimkiewicz (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Poland; Bernd Holznapel, Jan Christopher Kalbhenn (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Germany; Mathias A. Färdigh (2022). Monitoring media pluralism in the digital era application of the media pluralism. Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia & Turkey in the year 2021. Country report: Sweden.

³⁵⁶ Ibid.

TABLE 19. FUNDAMENTAL PROTECTION, SPECIFIC AREAS RISKS

	Protection of freedom of expression	Protection of the right to information	Journalistic profession standards and protection	Independence and effectiveness of media authority	Universal reach of traditional media and access to the internet
EU27	31%	39%	40%	21%	27%
EU9	36%	40%	43%	23%	32%
Bulgaria	49%	46%	53%	25%	40%
France	26%	40%	49%	5%	49%
Germany	19%	13%	21%	5%	8%
Hungary	41%	44%	48%	53%	40%
Italy	29%	42%	47%	18%	25%
Lithuania	17%	29%	36%	13%	52%
Poland	73%	63%	55%	60%	33%
Spain	46%	67%	46%	22%	21%
Sweden	24%	13%	33%	3%	21%

Source: Media Pluralism Monitor (2022)

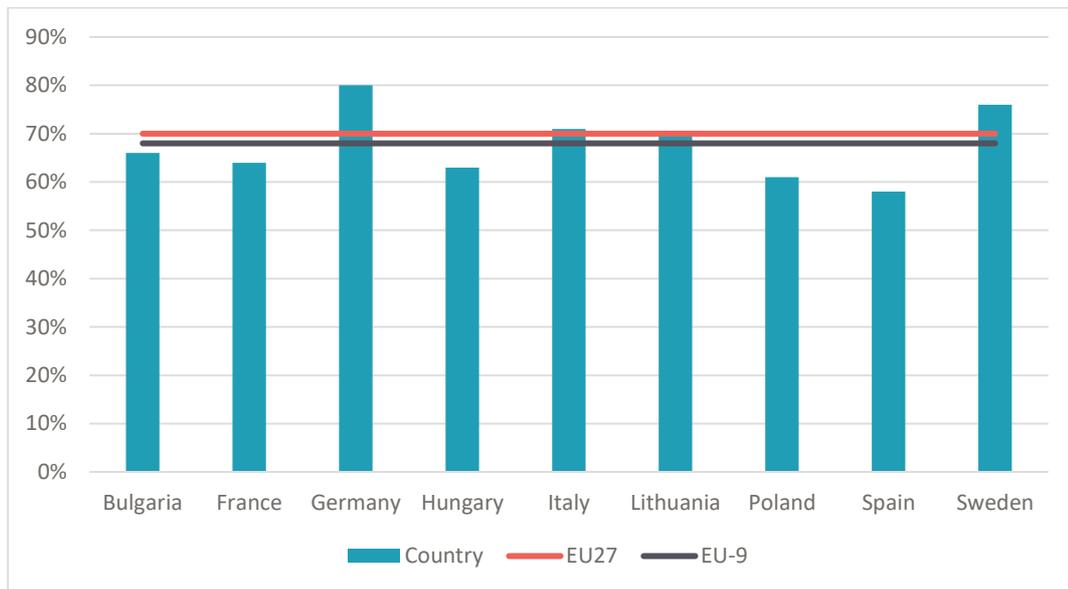
Note: green represents low risk, orange represents medium risk, red represents high risk

3.2.5.2 Market pluralism

Next to the framework enabling media independence, the capacity to navigate the economic conditions by ensuring adequate funding is crucial for maintaining a diversity of news media providers and a plurality of opinions. MPM concentrates more on the economic conditions, such as concentration, ownership transparency, media viability and online platforms concentration, while including a dimension regarding commercial and owner influence over content as well.

As seen in the figure below, in all the analysed countries, more than half of citizens agree that media provide diverse views and opinions (even in those below the EU average).

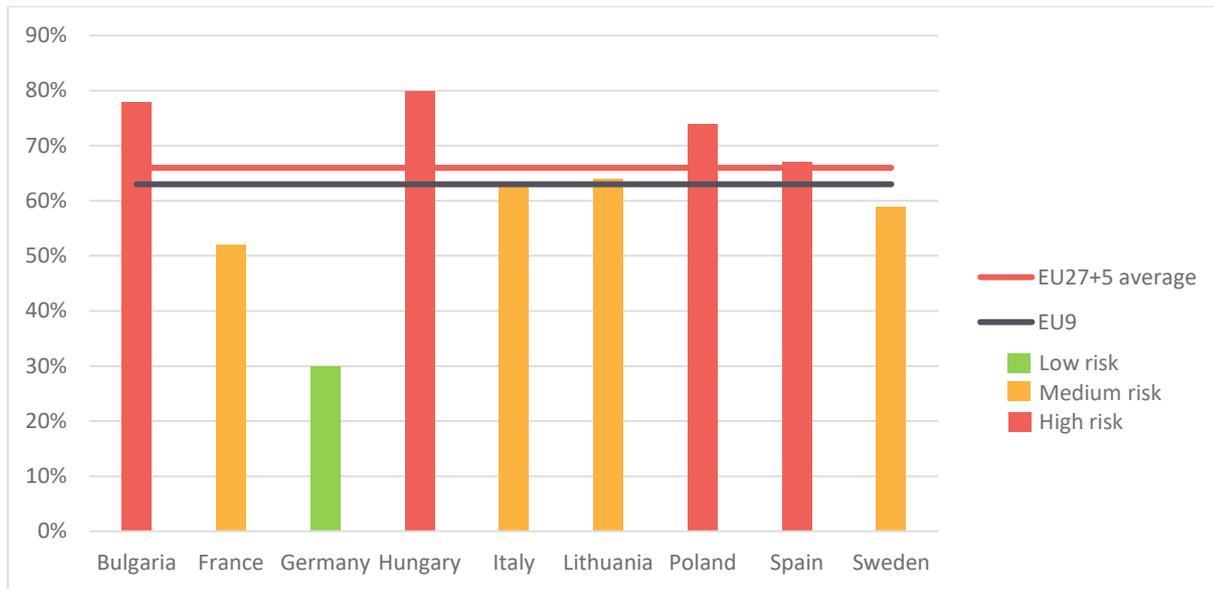
FIGURE 84. SHARE OF RESPONDENTS AGREEING THAT MEDIA PROVIDE DIVERSITY OF VIEWS AND OPINIONS



Source: Eurobarometer 96 (2022)

Overall, media market pluralism underpins regulatory and economic conditions where the news media outlets operate. Based on the Media Pluralism Monitor, the market plurality overall risk was at a medium level in the EU27, Albania, Montenegro, the Republic of North Macedonia, Serbia and Turkey. The countries analysed for the case studies had overall medium or high-risk levels in this area, except for Germany, which had low risk. Still, the selected country average is marginally lower than the observed EU27+5 level.

FIGURE 85. MARKET PLURALITY OVERALL RISK³⁵⁷



Source: Media Pluralism Monitor (2022)

Note: green represents low risk, orange represents medium risk, red represents high risk

The high risks across the market plurality indicators reveal specific challenges that news media face in the countries assessed. News media concentration, online platform concentration and competition enforcement are of particular concern.

High news media ownership concentration results from a lack of rules (e.g., Bulgaria, Germany, Lithuania), too complex rules (e.g., France), or ineffective rules (e.g., Italy, Poland, Spain³⁵⁸, Sweden) preventing a high degree of horizontal concentration, or cross-media concentration of ownership (e.g., Bulgaria). The lack of competition laws specific to the media sector (e.g., Bulgaria, Germany, Lithuania, Poland, Spain³⁵⁹) contributes to a high concentration of news media. Another contributing factor to the concentration of news media is the lack of data that would help determine the actual level of concentration (e.g., Bulgaria, Poland), including in the digital media (e.g., Italy). Poland and Hungary also represent an interesting example of political horizontal concentration, where owners may be different but are associated with the government policy direction. These two countries also have high risks associated with commercial and owner influence over editorial content.³⁶⁰ MPM noted that

³⁵⁷ Colors correspond to risk categories: green – low ; orange – medium; red – high risk.

³⁵⁸ For audiovisual sector.

³⁵⁹ In Spain there is specific regulation for the audiovisual sector, but not for press and digital.

³⁶⁰ Orlin Spassov, Nelly Ognyanova, Nikoleta Daskalova (2022); Bernd Holznagel, Jan Christopher Kalbhenn (2022); Aukse Balcytiene, Deimantas Jastramskis, Kristina Juraite, Ignas Kalpokas (2022); Franck Rebillard, Jedediah Sklower (2022); Roberta Carlini, Matteo Trevisan, Elda Brogi (2022); Beata Klimkiewicz (2022); Jaume Suau Martínez et al (2022); Attila Bátorfy, Konrad Bleyer-simon, Krisztián Szabó, Eszter Galambosi (2022).

ownership concentration has increased compared to the previous report, mostly because of consolidation in the traditional media segments.

The high online platforms concentration and competition enforcement risk are associated with a lack of, or ineffective regulation adapted to the digital transformation in the news media (e.g., Bulgaria, Hungary, Lithuania, Poland, Spain, and Sweden). A significant role of digital intermediaries (e.g. search engines, social platforms) in reaching news also contributes to the high risk in this area.³⁶¹

Increasing media concentration does not automatically compute as a negative trend in itself because it can work under certain conditions.³⁶², (especially relating to ownership transparency and safeguards for editorial independence). In some cases media concentration can provide benefits such as economies of scale and technology transfers that can contribute to an overall increase in viability and a better competitive position vis-à-vis the digital platforms. Yet, there are risks leading to a concentration of news brands or a decreased diversity of opinions.

Media viability also was affected by several issues, including Covid-19, which contributed to a deteriorating economic situation and working conditions across all countries. Pluralism was found to have been affected by ad revenue streams more dominantly going to online media, including the international intermediaries, while total ad revenues declined at print media (e.g., France, Germany, Hungary, Lithuania, Poland, and Sweden).³⁶³ Yet, since traditional media have an online presence and there are also digital-only news outlets that follow professional journalistic standards, it is hard to estimate to what extent the shift in user habits towards online affected the overall quality and plurality of news consumed.

TABLE 20. MARKET PLURALITY, SPECIFIC AREAS RISKS

	Transparency of media ownership	News media concentration	Online platforms concentration and competition enforcement	Media viability	Commercial & owner influence over editorial content
EU27	55%	82%	76%	56%	63%
Bulgaria	31%	96%	97%	77%	90%
France	41%	80%	48%	63%	30%
Germany	3%	56%	50%	37%	3%
Hungary	81%	72%	79%	75%	95%
Italy	47%	83%	71%	64%	50%
Lithuania	25%	94%	75%	55%	73%
Poland	63%	88%	79%	48%	90%

³⁶¹ Ibid, Mathias A. Färdigh (2022).

³⁶² Concentrated markets (e.g. the Netherlands) with high rankings on media freedom indices also exist, thus concentration is not necessarily a driver for commercial or political influence over editorial content.

³⁶³ Ibid. Mathias A. Färdigh (2022).

Spain	72%	85%	71%	45%	60%
Sweden	50%	96%	50%	32%	68%

Source: Media Pluralism Monitor (2022)

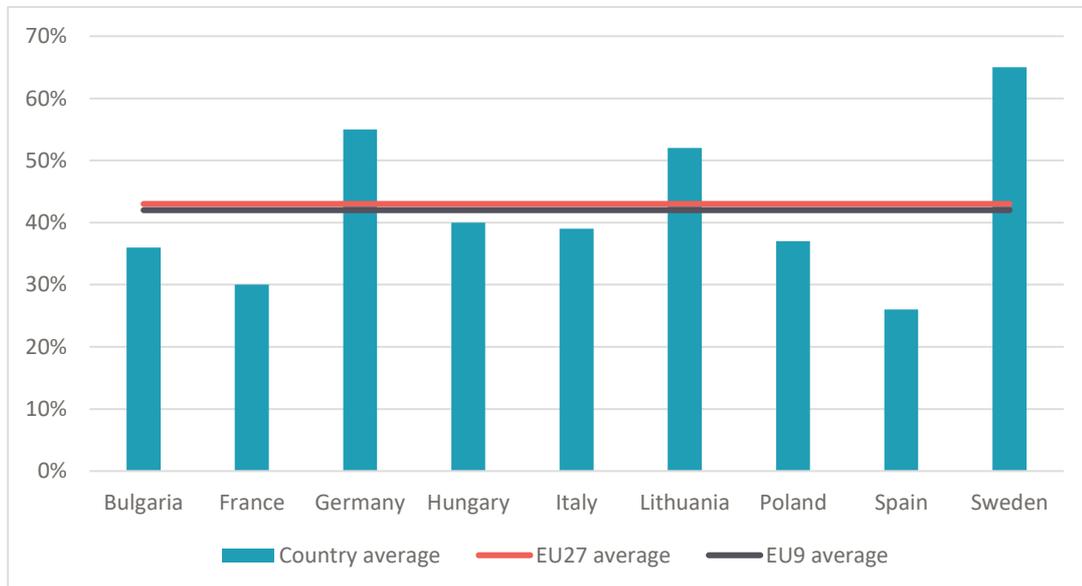
Note: green represents low risk, orange represents medium risk, red represents high risk

Commercial and owner influence over editorial content is also found to be troubling in almost all countries analysed except France and Germany (see table above). The critical issues in this area related to the lack of safeguards regarding appointments and dismissals of editors-in-chief (e.g., Bulgaria, Poland), lack of safeguards for editors-in-chief (e.g., Hungary), lack of protections for journalists (e.g., Bulgaria, Poland, Spain), the precarity of working conditions (e.g., Italy), economic reasons (e.g., Lithuania, Poland, Spain), indirect exploitation of news media for political purposes (e.g., Bulgaria, Hungary), lack of clear separation of editorial content and advertising (e.g., Italy, Sweden).³⁶⁴

3.2.5.3 Perception of media independence

The issues related to influence over editorial content are also reflected in the opinions of citizens consulted through Eurobarometer. German, Lithuanian, and Swedish citizens have a more positive (above EU average) assessment of media being free from political and commercial pressure. At the same time, those in Bulgaria, France, Hungary, Italy, Poland, and Spain all fall below the EU average.

FIGURE 86. SHARE OF RESPONDENTS AGREEING THAT MEDIA IS FREE FROM POLITICAL AND COMMERCIAL PRESSURE



³⁶⁴ Orlin Spassov, Nelly Ognyanova, Nikoleta Daskalova (2022); Bernd Holznagel, Jan Christopher Kalbhenn (2022); Aukse Balcytiene, Deimantas Jastramskis, Kristina Juraite, Ignas Kalpokas (2022); Franck Rebillard, Jedediah Sklower (2022); Roberta Carlini, Matteo Trevisan, Elda Brogi (2022); Beata Klimkiewicz (2022); Jaume Suau Martínez et al (2022); Attila Bátorfy, Konrad Bleyer-simon, Krisztián Szabó, Eszter Galambosi (2022).

Source: Standard Eurobarometer 94

The source highlighted low to high risks in the area of transparency of media ownership across the case study countries (see table above). The transparency issues arise from lack of compliance with regulation (e.g., Bulgaria), exploitation of complex shareholding schemes / not revealing final owners (e.g., France, Spain), ineffective implementation (e.g., Hungary), lack of specific regulation (e.g., Sweden), lack or limited access to this information for the public (e.g., Italy, Lithuania, Poland). Germany has specific transparency rules that providers comply with, thus minimising the risk in this area. Lithuania also minimised the risk by requiring the disclosure of ultimate media owners; similar regulation was also planned in Hungary.³⁶⁵

3.2.5.4 State regulation of resources and support to the sector

The indicator assesses the fairness of state resources and support distributed across the media, capturing both subsidies and other regulatory powers of the state. The indicator comprises three sub-indicators: rules on spectrum allocation (relevant for broadcasting), government subsidies (direct and indirect) and rules on state advertising. Such an aspect is especially relevant in the context of the press sector's loss in revenues and the increased dependency on state subsidies or state advertising in some countries (e.g. Hungary in the latter case).

The risk associated with state regulation of resources and support to media sector risk levels remain low in most countries analysed for the case studies, except for Bulgaria, Hungary and Poland. In other words, most countries have effective regulation and institutions that protect from a biased distribution of state resources (advertising, subsidies) and have transparent and fair rules on spectrum allocation³⁶⁶. In general, most countries attain a low score on whether spectrum allocation is governed by a clear regulatory framework, with major exceptions being Bulgaria, Hungary and Poland. Conversely, the allocation of state advertising is the most problematic sub-indicator, scoring a 75% level in the EU.

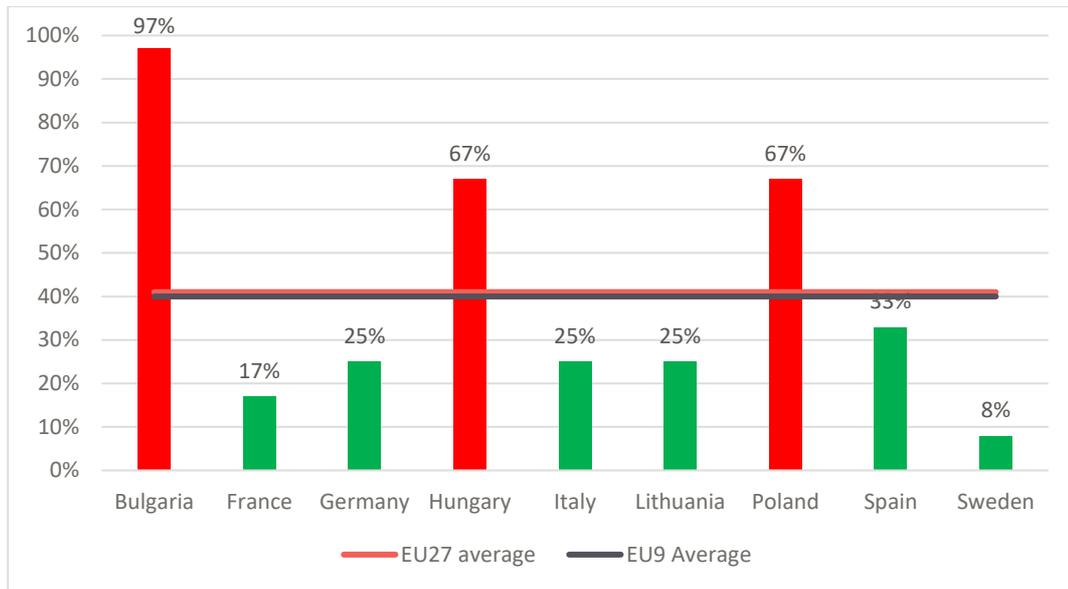
The key challenges in the selected countries arise from a lack of framework and transparency in distributing state advertising (e.g., Bulgaria, Hungary, Poland). Lack of direct and indirect subsidies to media other than public service media (e.g., Bulgaria), favouring government-aligned news outlets when distributing advertising and using it for propaganda purposes (e.g., Hungary, Poland).³⁶⁷ An academic interviewed for this study highlighted that while government spending is an important funding source for the news media, it is often difficult to ensure that it doesn't translate to editorial control. Notably, covert state subsidy, in the form of state advertising, often benefits outlets that are positive of the government, further permeating a dependency on the goodwill of the governing power.

³⁶⁵ Ibid

³⁶⁶ Although this is not part of the report's scope, the Media Pluralism Monitor includes it as a sub-indicator of the state regulation of resources and support to the sector.

³⁶⁷ Orlin Spassov, Nelly Ognyanova, Nikoleta Daskalova (2022); Attila Bátorfy, Konrad Bleyer-simon, Krisztián Szabó, Eszter Galambosi (2022); Beata Klimkiewicz (2022)

FIGURE 87. STATE REGULATION OF RESOURCES AND SUPPORT TO MEDIA SECTOR RISK LEVEL



Source: Media Pluralism Monitor (2022)

Note: green represents low risk, orange represents medium risk, red represents high risk

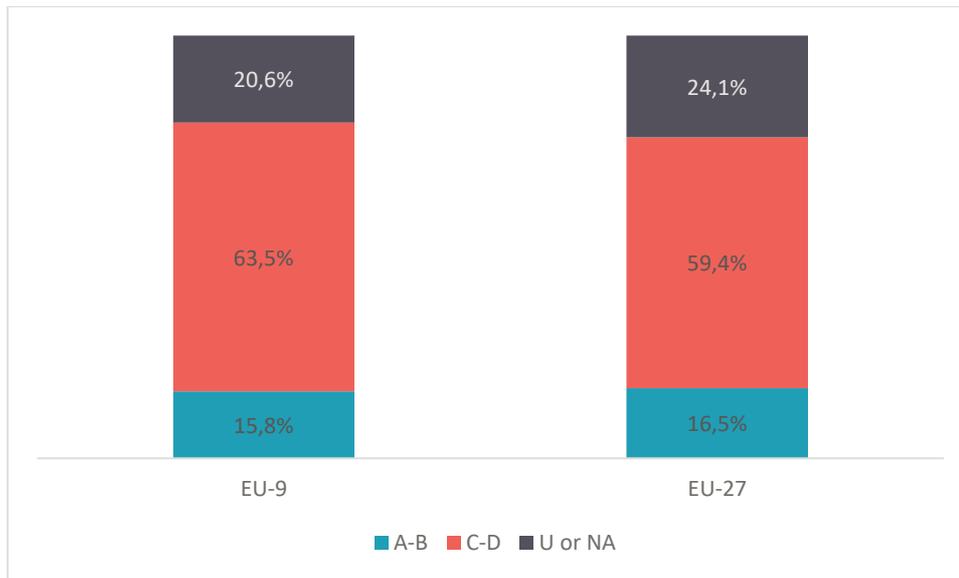
3.2.5.5 BvD Independence indicator

The analysis of the BvD independence indicator³⁶⁸ available through the Orbis database assesses the ownership structure of companies'. While this indicator does not capture directly market plurality, it is another estimate of the possibility of owners' influence over editorial content. Data shows that ownership concentration among small, medium and large companies is mostly high (category D), meaning that more than 50% of ownership is directly concentrated in one shareholder's hands.

Based on this indicator, news media ownership independence is low and needs significant improvements. However, as discussed earlier, ownership structure does not directly entail an effect on media freedom. The overall existence of rules, their effective enforcement and the provision of information to the public (including on final beneficiaries) are key for minimising risks associated with media ownership transparency.

³⁶⁸ This indicators measures ownership concentration (A,B,C,D from most to least independent, grading developed by Bureau van Dijk, U for unknown cases). According to SABI, independent indicator "A" denotes that a company is said to be independent if the shareholder must be independent by itself (i.e., no shareholder with more than 25% of ownership of ultimate voting rights), whereas independent indicator "B" is when no shareholders with more than 50% exist but one shareholder with voting rights between 25.1% to 50%. For a company to be classified with independent indicator "C", the company must have a recorded shareholder with a total or calculated ownership of 50.1% or higher, whereas a company is classified as "D" when a recorded shareholder demonstrates direct ownership of over 50% with branches and foreign companies.

TABLE 21. RANKING OF COMPANIES BY THE BVD INDEPENDENCE INDICATOR (2022)



Source: Bureau van Dijk, Orbis database.

Note: The sample contains small, medium and large companies as previously presented

3.2.5.6 Cross-subsidisation

In general, cross-subsidisation refers to the practice of supporting one part of a business via the commercial performance of another. This could be for several reasons, and we identified three types of cross-subsidisation from our interviews:

- Cross-company cross-subsidisation: refers to subsidisation between various companies within a company group. This can take the forms of subsidisation across different industry sectors (e.g. the case of Dassault group and Le Figaro) or subsidisation within the media industry (e.g. within a multimedia group).
- Within-company cross-subsidisation: entails the subsidisation of a company segment. Most notably, this can include the cross-subsidisation of print and digital segments, or the cross-subsidisation of news with other activities such as book publishing, organisation of conferences, selling merch.
- Content cross-subsidisation: refers to the utilisation of more profitable non-news content to sustain news activities, or utilisation of non-news as a gateway of securing sources (e.g. via attracting subscribers with specialised, unique content or gaining more traffic with lifestyle or entertainment content).³⁶⁹

³⁶⁹ OECD 2010. "News in the Internet Age: New Trends in News Publishing" Chapter 2: The value chain and economics of the traditional newspaper industry

Generally, in case of cross-content subsidisation, subsidisation is seen as an investment to sustain or create brand recognition. Thus, it not necessarily comes with the expectation of a long or short-term return on investment or more stable forms of cross-subsidisation. This has been recorded in an interview with a representative of a European-level association of broadcasters, suggesting that news operations are often cross-subsidised by other content, according to the associations’ members, usually through entertainment content. While non-news content is more effective in driving revenues, news is seen as a form of investment, which contributes to the overall value of the brand, informs the audience, or simply fulfills legal obligations regarding the broadcasting of news. Importantly, this highlights how the radio and television broadcasting sector is able to finance news operations. Furthermore, generalist channels are also compelled to maintain a diverse program offering across the day, part of which are news programs, which also serve as anchor points between different programming periods (e.g. day time, peak, late night), thus serving as valuable content, though not necessarily in purely financial terms. In contrast, the press sector has less such opportunities, given that its content is much more news-reliant.

In other cases of cross-subsidisation, for example, across companies or within a company, we can argue that subsidisation of a media segment (e.g. digital press) is more conditional on the operation eventually returning the invested resources or becoming financially independent. Although the evidence is of anecdotal nature, but this was confirmed by many interviewees as well.

Other forms of cross-content subsidisation include the usage of non-news content to secure online subscriptions (or other forms of audience revenues). Many interviewees also reported to engage in ancillary activities to obtain further financial resources (e.g. selling merch or other products, organising conferences) but these revenues are currently negligible. Importantly, with the digital transition and the convergence of different media sectors, we can expect content subsidisation to become more apparent, as a larger number of content type and format will be produced under one enterprise.

3.2.6. Summary table of economic viability indicators

Below we present the summary table for the economic viability indicators. Dark green illustrates an evident increase or growth in trend values, dark red a decrease. Lighter green and red colours are used for cases when the trend is less decisive, while grey is used for neutral trends.

TABLE 22. SUMMARY ASSESSMENT OF ECONOMIC VIABILITY INDICATORS

Indicator	Press		Radio	Television
	Digital	Print		
Overall market outlook of the news media sector				
Overall number of companies operating in news media	Decreasing			
(Segmentation, per type companies by activity)	Decreasing		Decreasing	Decreasing

Segmentation of companies by size	Smallest share of large- and medium-sized companies ³⁷⁰		Less large and medium companies (compared to television sector)	More large- and medium-sized companies (compared to other sectors)
Market fragmentation: share of small companies³⁷¹	Higher (compared to other segments)		Medium (compared to other segments)	Lower (compared to other segments)
Market diversification	Neutral (compared to other sectors)		More subsidiaries or branches (compared to other sectors)	Neutral (compared to other sectors)
Financial performance of the market	Neutral			
Consumption of news media				
Overall levels of news media consumption	Decrease ³⁷²			
Breakdown of levels of news media consumption by media type	Increase ³⁷³	Decreasing ³⁷⁴	Decreasing ³⁷⁵	Neutral/slight decrease ³⁷⁶
Traditional media usage compared to platform news media usage	Decrease			
Evolution of trust in news	Neutral (internet in general)	Increasing	Neutral	Neutral
Consumers' willingness to pay for news media³⁷⁷	Increasing	N/A	N/A	N/A
Financial stability of the news media sector				

³⁷¹ Compared to each other. Press is approximated via the wider publishing sector. As discussed regarding concentration and consolidation, under certain market conditions, concentration may be a legitimate solution of ensuring economic viability.

³⁷² EU-9

³⁷³ EU-27 based on Eurostat data on reading online news sites, newspapers and news magazines, corroborated with citizen survey and age-segmented data of the EB Media & News Survey

³⁷⁴ Corroborated evaluation of EU-9 data from citizen survey and media consumption in general

³⁷⁵ Corroborated evaluation of EU-9 data from citizen survey and media consumption in general

³⁷⁶ Corroborated evaluation of EU-9 data from citizen survey and media consumption in general³⁷⁷ EU-9. 2021 data points were limited because of data availability.

³⁷⁷ EU-9. 2021 data points were limited because of data availability.

Financial performance of news media enterprises: mean net income ³⁷⁸	Neutral/decreasing		Neutral	Neutral
Average Revenue Per User (ARPU) of news media enterprises ³⁷⁹	Increasing	Increasing	N/A	N/A
Financial performance of news media subsectors: revenues	Increasing	Decreasing	Increasing	Increasing
Short and long-term financial stability ³⁸⁰	Neutral		Increasing	Increasing/Neutral
Diversification of revenue sources	N/A		N/A	N/A
Financial performance of the advertising sector (concerning news media) ³⁸¹	Increasing	Decreasing	Neutral	Neutral
Investment levels	Decreasing		Neutral	Increasing
Employment and costs in the news media sector				
Employment levels	Decreasing		Neutral	Neutral
Average number of full-time equivalent employees per enterprise	Decreasing/Neutral		Neutral/decreasing	Neutral/Increasing
Average cost of employees ³⁸²	Neutral/Increasing		Neutral	Neutral
Employee costs compared to other costs ³⁸³	Neutral/increasing		Increasing	Increasing
Employee productivity:	Increasing		Decreasing	Decreasing

³⁷⁸ EU-9

³⁷⁹ EU-9. Caveats apply as explained in the relevant section, as time series ARPU calculates with paying users. ARPU of printed press is found to be higher than that of digital.

³⁸⁰ EU-9

³⁸¹ EU-9

³⁸² EU-8

³⁸³ EU-7

operational revenue per employee ³⁸⁴			
Employee productivity: profit per employee ³⁸⁵	Increasing	Increasing	Increasing
Media independence in the news media sector			
Media freedom risk	Medium risk/ Neutral		
Market pluralism risk	High risk/ Increasing		
Perception of media independence	Neutral		
State regulation of resources and support to the sector – risk level	Medium risk/Increasing		
BvD independence indicator	Slightly more direct ownership than EU-27 average		
Cross-subsidisation	N/A		

³⁸⁴ EU-9

³⁸⁵ EU-9

4. Key takeaways

This chapter presents the key takeaways of the study, building on the insights gathered during the analysis of the trends at the European Union level and the comparative analysis of trends across EU Member States. The chapter begins with the cross-sector takeaways, followed by key takeaways about value, employment, demand, and threats and opportunities for the sector, as well as the conclusion.

Cross-sector takeaways

In the following table, we present the key takeaways from different news media subsectors. The descriptions are based on the composite indicator, as defined in the previous chapter.

SUBSECTOR	TAKEAWAYS PER SUBSECTOR
Press (digital)	<p>The overall market outlook for the digital press subsector can only be assessed together with the printed press because of data limitations and the interwoven relationship of the digital and printed press. Hence, when taken together with the printed press, it shows increasing financial performance, and remains stable in terms of market diversification, or segmentation of companies by size or activity. Besides, the number of companies operating in the entirety of the press subsector is decreasing in the European Union.</p> <p>The consumption of news media present varying trends: the overall levels of online news media consumption has slightly decreased in the EU, the level of trust in the internet as a media source in general remains stable but lower than that of the written press. On the other hand, consumers' willingness to pay for digital news media is increasing in the selected countries.</p> <p>Regarding the financial stability of the subsector, financial performance and financial stability remained stable for the digital and printed press combined, while investment levels were decreasing (also combined data). The more precise subsector data shows that total revenues, advertising revenues, and the average revenue per user in the digital press subsector are increasing.³⁸⁶</p> <p>The data on employment and costs are only available for the digital and printed press subsectors combined. The employment levels in the subsector, as well as the average number of employees, is decreasing in Europe, while the average cost of employees (including when compared with other costs) remains stable. Besides, the employee productivity is increasing, both in terms of operational revenue and profit per employee.</p>
Press (print)	<p>For the printed press, the overall market outlook can only be described as identical to the digital press (because the data is only available for both subsectors combined – see the text above in the digital press cell).</p> <p>However, the difference in the consumption of digital and printed news media is that printed press consumption has decreased overall both at the EU and the selected countries' levels. This has reached a level where print media has become the least used source to</p>

³⁸⁶ EU-9

	<p>access news (when compared to TV, online media, radio and social media). Still, print is the only subsector that has increased its trust from citizens.</p> <p>The financial stability data shows that while the average revenue per user in the printed press subsector is increasing, advertising revenues are decreasing.³⁸⁷ Furthermore, the average revenue per user was found to be much higher in case of the printed press, compared to its digital counterpart.</p> <p>The data on employment and costs is only available for the digital and printed press subsectors combined – please see the cell above for the description of combined performance.</p>
<p>Radio</p>	<p>The overall market outlook shows that the number of companies in the radio subsector is decreasing in the European Union, and the financial performance of the market is stable. Besides, the radio subsector has more subsidiaries or branches when compared with other subsectors and is less concentrated in terms of size when compared to the television subsector, thus being more fragmented.</p> <p>The consumption of radio media in general is decreasing both on the EU and the focus country level, while trust in radio news remains stable.</p> <p>The financial stability of the radio subsector: the financial performance (profits) is increasing, as well as the revenues and financial stability. The investment levels and the financial performance of the advertising sector remains stable.³⁸⁸</p> <p>The employment and costs data for the radio subsector varies based on the topic: the employment levels, average number of employees per enterprise remains stable in Europe, while the employee cost is increasing when compared with other costs. The average cost of employees also stayed stable. Interestingly, employee productivity is relative: while operational revenue per employee is decreasing, profit per employee is increasing.</p>
<p>TV</p>	<p>The overall market outlook of the TV subsector: the number of companies is decreasing in the EU. Furthermore, there are more large companies in the TV subsector when compared with the radio sector. In terms of market fragmentation, the television sector has the largest share of large and medium companies in the EU, while it is on par with the press in terms of market diversification.</p> <p>The consumption of news media aspect: television is the number one source for accessing news for European citizens, while the consumption of TV and the evolution of trust in TV news remains stable across the EU.</p> <p>The financial stability aspect is strong in the TV subsector: its profits, revenues, both long- and short-term stability, and investment levels are increasing. The financial performance of the advertising sector remains stable.³⁸⁹</p> <p>In terms of employment and costs, the average number of employees per enterprise in the TV subsector is increasing in the EU and employee costs compared to other costs are increasing. The EU employment levels and the average cost of employees remain stable. Interestingly, employee productivity is relative (same as in the radio subsector): while operational revenue per employee is decreasing, profit per employee is increasing.</p>

³⁸⁷ EU-9 except investment levels

³⁸⁸ EU-9 except investment levels

³⁸⁹ EU-9 except investment levels

Value

The overall market value (in terms of revenues) in the analyzed countries is stable with the decline in printed press compensated to a limited extent a positive trend digital media, while the television sector also registered increases (between 2017-2021). Despite the growing revenue, the number of media companies (in all sectors together) is declining³⁹⁰, which can support sustainability but might become a possible issue for the diversity of the market in the future, especially in the press subsector where this decrease is the steepest. The changes in the number of companies operating in the market highly depend on the subsector. Across the EU-27, in most countries the printed press subsector was the most negatively affected in terms of number of companies, followed by radio. TV saw more positive trends and there was an increase of companies across the nine selected countries.

The total EU-27 news media sector revenues (excluding broadcast radio and TV news revenues which is not available on news-only content) were estimated at €19.8bn in 2021, down 19.3% from 2016, despite strong growth in revenues generated by digital news activities over the same period. The television and radio revenue remained stable across the nine countries selected for in-depth analysis. The decrease in print revenues was both due to decreasing sales and advertising revenues. The digital news revenues, while fast growing and resilient during the pandemic, were so far significantly smaller in size and thus unable to compensate the losses of the print news media.

In all selected countries, the majority of the enterprises in the sector are micro-sized or have just one or zero employees. The percentage of small and micro companies varies by country, but Germany, Poland and Spain have a larger presence of larger and medium-sized companies. Even though most companies are micro-sized i.e. having less than 10 employees, the overwhelming majority of revenues are taken by larger companies. In general, large companies may benefit from economies of scale and diversified revenue streams, supporting risk management and profit consistency. The presence of smaller companies and new entrants may indicate that market entry is feasible and available margins are sufficiently attractive. Smaller companies in the sector may be specialised, e.g. in data journalism.

Across the nine countries selected in the case studies, combined profits of the news media sector were increasing, especially in 2021 – a bounce back after the profits decreased during the pandemic, although pre-pandemic 2019 levels had not yet fully been recovered for TV and radio. In general, the dynamics of profits correlated with dynamics of revenues, indicating stable profit margins. In all countries, the combined sector is above the benchmark for financial stability (solvency, current ratios), but companies from some countries (e.g. Lithuania) do a lot better than others (e.g. France) in this regard.

Employment

Along with revenues, total EU-27 media sector employment has fallen, from almost 863,000 employees to almost 637,000, amounting to a 26% decrease. If we count in the associated retail sector, the decrease is even more pronounced, dropping by 29.9% between 2008 and 2019, for a net decline of more than 307,000 employees.³⁹¹ All sectors (press, radio and TV) witnessed a significant decrease, particularly in the case of publishing journals and periodicals and retail of newspaper journals and periodicals. At the same time, publishing newspapers and TV programming & broadcasting witnessed a rapid decline in employment in the aftermath of the 2008-2012 financial crisis. There has been some slow but steady

³⁹⁰ Observing EU-27 trends, while EU-9 increased slightly, possibly to do a change in reporting methodology.

³⁹¹ Comprising the retail sector as well. Discounting retail gives a net decline of around 225,800

recoup from 2013 onward, but the permanent, in-house employment figures never returned to pre-crisis levels. Explanations from industry insiders show that instead there has been a significant increase in temporary hiring of freelancers to carry out journalistic tasks. As a rule, freelancers receive lower pay and have precarious working conditions (no stable job, limited social guarantees etc.). Within news specifically, there is a potential future risk that this trend towards lower paid and more precarious working conditions in employment could result in less high-quality news.

The interviewed industry stakeholders point to new skills requirements for the workforce in the sector (journalists need to know how to take photos, crop photos and insert them into articles, film videos, record podcasts, etc.), longer hours for journalists, etc. All this helps maximise average profit per employee (average profit per employee in news media sectors of selected countries increased steadily between 2015 and 2021). At the same time, digital transformation provides companies with tools to monitor what people like/dislike (e.g. web analytics) and create content accordingly, also in an effort to maximise profits. However, all this leads to changing skills requirements for employees.

On the one hand, there is a higher demand for people with a high level of digital competences which requires hiring new employees that would work with data or pushing the development of those who are already employed. On the other hand, due to economic crises or other market fluctuations, some journalists leave the profession. The way how European media is organised at the moment pushes new employees to have a more extended skillset, which sometimes can create a new challenge of a more competent workforce shifting towards more profitable industries than media. The demand for workforce in the news media remained stable. The overall share of media employees when compared to the rest of national employment has been relatively stable in the course of 2015-2019, but the average press newsroom has reduced (i.e. the average of FTEs per press enterprise dropped from 16 to 10.1 between 2008 and 2019).

The average cost of an employee in the media sector has been relatively stable from 2015 to 2021 with the tendency to grow across all selected countries (excluding Lithuania for which there is no available data on this matter) except for Bulgaria where there has been a minor decline. When compared to other costs of employment (material cost, depreciation and amortisation, other operating cost items, interests paid, research and development) the share of media employees' cost has been relatively stable.

Demand

The demand for news is still very significant across the European population. When it comes to specific segments of media, television keeps being not just the most prominent segment based on respondents' assessment. The opposite trend can be seen for the printed press, the use of which did increase slightly only in one of the countries observed, while seeing a decrease in the rest of them. Radio is the medium carrying news that did not see its overall demand change much. Based on Eurostat data, the proportion of the population reading online news has been stable and high across all selected countries with the lowest indicators in France, Germany, and Italy with 62-64% of digital media coverage in 2021³⁹². The consumption of news on online platforms remains lower than traditional channels, but for younger audiences, social media has become a key source of news.

³⁹² Eurostat (2021)

The overall trust in news across selected countries can be characterised as medium (following levels defined by the MPM) with more countries having a lower level of confidence in national media compared to the EU average (with the exception of Germany, Sweden and Poland). This can be partially due to the fact that on average, both at EU-27 and EU-9 levels respondents tend to consider their news sources being affected by political pressure.

According to Eurobarometer 96 data on trust in different types of media (for any media consumption)³⁹³, even though TV is consumed by the highest proportion of the population regularly, the most trusted media source is radio. Around half of Europeans on average trust the radio, which is reflected in selected country cases with a relatively lower level of trust towards radio in Hungary (43%). In both the countries with the highest trust of media in general (Germany and Sweden) and lowest trust (Spain) traditional media sources, such as TV, radio, and printed press are trusted significantly more strongly than 'the Internet' and 'Social Media'.

Most consumers do not pay for news and only a fraction of consumers would be willing to pay for online news. In some countries (e.g. Bulgaria, France, Hungary) only as little as 8-11% of consumers would agree to pay for online news.³⁹⁴ This tendency supports the notion that digital press is struggling to replace printed press in generating comparable revenues for news organisations. Where willingness to pay is lower, the importance of digital advertising revenues becomes even higher.

Threats and opportunities

In the following paragraphs, we focus on the key threats and opportunities identifiable based on the industry data, as well as those outlined by the industry professionals in the interview programme and validation seminar.

The current perceived **major threats** for the economic viability of the sector include:

a) Consumers' engagement

- The platforms and intermediaries will continue to play a very significant role in consumers accessing news. It is likely that the relationship with different platforms will further evolve and different scenarios may emerge – e.g. cooperation at par, operation within the boundaries of the platforms, competition against platforms, or increasing competition within the sector while platforms take over more of the attention of the consumers.
- There is a possibility that the habit of directly paying for online news, which formed first and foremost during the pandemic, may deteriorate due to external factors, such as economic conditions (e.g. inflation and lowering purchasing power of consumers). As consumers review their spendings in a difficult economic situation, news media subscriptions or donations could be considered as non-essential expenses, even compared to more entertainment-oriented video, music, or gaming subscriptions.

b) Monetisation

³⁹³ Standard Eurobarometer 96. Winter 2021 – 2022. URL: https://data.europa.eu/data/datasets/s2553_96_3_std96_eng?locale=en

³⁹⁴ Reuters Institute Digital News Report 2019-2022

- News media are adapting to the ‘older’ platforms/intermediaries such as Google (including YouTube), Facebook, or Twitter, and have found ways to develop revenue streams using them (and may use them for the preparation of news), although the impact of large gatekeepers has been raised. However, the attention of the younger audiences is heavily turning towards different platforms such as Snapchat and TikTok. We heard in interviews that, due to their established formats, they are much more difficult for news media to monetise or to convert the traffic to their own websites. It is also unclear how those platforms’ monetisation policies will develop.

c) Value/product

- The recent worldwide issues related to supply of raw materials (as a result of both the pandemic and the war in Ukraine) have impacted the price of paper pulp, thus increasing the costs of paper copies of magazines and newspapers. In late 2022, when this report is drafted, it is still uncertain whether the inflation across the EU and the prices of raw materials have peaked and the threat of revenues not being able to keep up with the costs for paper media remained.
- With the continuing trend of smaller newsrooms and changing working conditions of journalists, as well as competition from non-journalist content creators, there is a risk of lower quality standards in the news, more reliance on click-bait and sensationalism, and more potential for fake news. The increasing role of freelancers offers an opportunity for more flexibility and potentially wider diversity in the offer, but it also entails worsened working conditions, less accountability in media (as sometimes controls over editorial standards and oversights are more indirect).
- In a potential future news media environment dominated by paywalls and subscriptions, the interviewed industry stakeholders fear it is likely that the most vulnerable and least financially stable consumer groups would continue to only consume free news. Such news may become increasingly basic (while “quality journalism” would be paid), and the overall online environment seems likely to still include clickbait, low quality and sensationalist content to drive traffic and ad revenue. This would increase news inequality. Reuters³⁹⁵ indicates that many news media industry stakeholders (47%) worry that subscription models may be pushing journalism towards super-serving richer and more educated audiences and leaving others behind. In turn, public service media, as well as commercial broadcasters, have a role of counteracting such trends.
- Furthermore, it is possible that the different subscriptions of politically leaning news outlets may become ‘walled gardens’ where only the like-minded consumers would obtain news. This could further increase political and cultural polarisation in societies.

d) Media independence and plurality

³⁹⁵ <https://reutersinstitute.politics.ox.ac.uk/news/public-service-media-are-struggling-reach-younger-less-educated-audiences-and-risk-decline-and>

- The media independence situation is challenging across Europe. The overall media pluralism monitor shows that, of the selected EU countries, only Germany has a very low risk to media pluralism (as a result of legal provisions on ownership transparency and, more generally, safeguards to democratic discourse), whereas in the majority of EU Member States the risk is medium or high.
- The regulatory frameworks for supporting media independence usually exist, but sometimes fall short in the implementation.³⁹⁶
- Economic conditions have significant impact on market pluralism by catalysing consolidation and by affecting working conditions of journalists (precarious working environment). Covid-19 also had a negative impact on this in the newsrooms.
- The role of international online platforms is important across analysed countries, but how they should be regulated is still under discussions in many democracies.
- Under certain market conditions, media consolidation might be a legitimate way to address issues, of investment, scale and creating synergies. Yet, determined patterns of consolidation can reduce the plurality in the offer and/or in the ownership of media – an example of this as a problem can be local markets in which there is a single offer of content.
- Commercial and political influence on editorial content is also a concerning issue. Such influence is enabled by a) economic models of news media (reliance on government ads or state support such as grants, consumer subsidies or tax reductions), linked with b) precarity of journalist/editor in chief working conditions / lack of safeguards in their work; and c) autocratic tendencies in some countries.

The main identifiable **opportunities** for the news media sector in the next 2-5 years include:

a) Consumer engagement

- The pandemic, while bringing significant challenges to the sector and a decline in revenues across television, radio, and print, also brought important growth to the digital news segment. The willingness to pay for news increased quite suddenly during the Covid-19 pandemic. The pandemic brought disruption to consumers' daily habits, more significant influence of news on daily lives, a need for explanation and expertise on the pandemic, and fewer opportunities to spend elsewhere. As the impact of the pandemic on daily lives has diminished by late 2022, there is so far little evidence whether this trend of more willingness to pay may be reversing or not.
- The mindset transformation of paying for online content is underway also outside the news media sector. This points that such mindset change might be a continuing trend rather than a one-off development.
- Proximity could be an important driver for direct engagement, as users are becoming more interested in local news and more engaged on content involving their local communities. This trend could present great opportunities for local news media and, possibly, national news media to engage their audiences.

b) Monetisation

³⁹⁶ Media Pluralism Monitor 2022

- The pandemic has led to audience payments being significantly more prominent in the revenues of the news outlets. Different methods of collecting these payments have been employed, including donations and crowdfunding, subscriptions and memberships sold separately or together with other services.
- There is additional potential for expanding digital subscriptions. Non-news content is already used and may continue to be used as a gateway to secure subscription which includes news. Examples include hobby-oriented or more practical content, entertainment content, sport broadcasts etc. With the trend of all different sectors of news media (print, TV, radio) converging and moving online (as well as apps on smart television sets supporting subscriptions), this could become highly significant for the sector overall.

c) Product/value

- The subscriptions or other user-funded models enable news media companies to better formulate their value propositions to customers, define to themselves their standards of quality and specialisation.
- There is evidence from countries experiencing significant media freedom disruptions that the user-driven funding models are helping them maintain economic viability in a situation where news outlets opposing the government are cut off from government funding and potential advertisers are discouraged from advertising.
- Increasing reliance on direct payments from consumers has the potential to create lasting, more trust-based and meaningful relationships between the news media and its users. Simply put, paying for news media puts the power over content back to the hands of the consumer. Paying for a subscription signifies a certain level of trust in that outlet; in a situation where news media is thinking more how to please a paying customer rather than how to make them consume as much advertising as possible, the quality of the content comes to the forefront (reducing the risk of click-bait or sensationalism).
- In terms of transparency and accountability, the main differentiator is the brand that separates the content published on a news site from other content on the internet, even if the material is not qualitatively different.
- Despite many news providers offering news for free with the rise of the internet, people are willing to pay for good quality information. However, in very small countries with small populations, it is difficult for media enterprises to offer high quality media due to large costs associated with it. This also leads to a lack of diversity of content, because small enterprises might focus on producing content that is driving revenues rather than report on more pressing issues that are not as profitable.³⁹⁷
- In countries with weaker traditions of critical independent journalism, or countries where there are politicians pressure the media, it is more difficult for journalists to carry out journalism that serves the public interest. To conclude, at the European level, it is clear that high-quality and trustworthy news come with added costs, that are not always bearable for

³⁹⁷ A professional association from Belgium noted that for smaller media companies that lack resources the editorial changes did have an impact on their competitiveness and pushed them to use tactics like clickbait to keep their business. Another representative claimed that there is a lack of trust for media and journalism that is not only linked to quality but to the commercialization of media and the lack of time and resources to do decent work. The interviewee also noted that at local level, there are a lot of cases of news recycling with people not willing to pay for news. The representative also claimed that smaller news agencies resort to click bait to make money, therefore journalists are led to practice self-censorship when it comes to real, big stories which are important for the public but not necessarily helping the economic side of the media.

local, smaller enterprises, therefore it is difficult for some media enterprises to provide news at the level at which readers would be willing to pay for it.

- Infotainment may also contribute somewhat positively to democracy and political engagement while presenting legacy broadcasters with a format that allows them to compete with digital news (and other media content) by providing audiences with attractive news offers. On the other hand, it remains difficult at present to assess to what extent this may hold in the long term. The European broadcasting sector aims for the creation of attractive news products to ensure a greater general reach and relevance for televised content.
- There are projects aiming to address the issue of news media reliance on third-party platforms (e.g. by combining local publishers' data, distributing programmatic videos across multiple devices or engaging with user communities). Also, some countries are developing unified login systems across the majority of big news websites to be able to track users and replace third-party cookies.³⁹⁸
- Choosing the right distribution strategy for different types of content remains key for news media outlets: both lightweight and in-depth content is likely to attract engagement if it corresponds to specific emotional charge or social significance, and if it is shared on the right platform for the type of content.³⁹⁹

Conclusion

As a general trend, it can be concluded that the viability of journalism *“will increasingly depend on consumers paying for the news directly, as content distributors like Facebook and Google take up the lion’s share of digital advertising”*⁴⁰⁰. The steps taken by the news media outlets in this direction include improving their value proposition towards the consumers, by offering highly specialised and tailored content according to their diverging needs, providing brand-safe ad environments and exploring forms of cooperation within the industry. As a result, the industry may carve out a larger ad share in the future. However, a possible key impact of this change is the differentiation in the quality of content accessible for consumers that may not be able to pay for news. In this light, public service media are important as they offer high-quality content for all. It is important for PSM to receive stable, adequate and independent public funding to enable them to help counter the effects of potential further fragmentation of content consumed behind different paywalls. Sustainable free to air commercial broadcasting also has an important role to play.

Overall, the near future of the news media in Europe moves further towards more consumption of online news and lower consumption of traditional printed media; with radio and television remaining stable as sources of news. In this context, a major question is whether the printed press and digital news media companies can utilise the initial momentum of more revenue gained from direct payments from consumers such as subscriptions and crowdfunding. Certainly, we are seeing media providers experimenting with subscription services for different types of content, from gaming to podcasts to fitness to cooking. Subscription services are also becoming available across more connected devices, including smart TVs and smart speakers. If the overall momentum towards subscription and willingness to pay can be maintained and grown, and news providers successfully innovate with multi-

³⁹⁸ For more information, please, check the section 3.2.2.

⁴⁰⁰ <https://www.americanpressinstitute.org/publications/reports/survey-research/paying-for-news/>

media products (podcasts, clips), this may lead to multiple positive trends (while noting other questions raised above like the role of large gatekeepers or the availability of plural local news).

Finally, in a context in which media organisations are offering their content via a multi-platform approach and traditional media companies are suffering from the pressure to re-allocate resources from their legacy business model, new opportunities for market disruption are arising. New business areas often imply partnerships with competitors, fellow legacy media organisations or new players like news aggregation platforms (e.g. Facebook Instant Articles). As discussed before, the relationships with these intermediaries are still evolving (these may lead to cooperation, operations within larger ecosystems, competition, collision) and might lead to new opportunities or threats to the overall viability of the sector.

Annex 1. News media definitions and value chains

News media definitions (1/2)

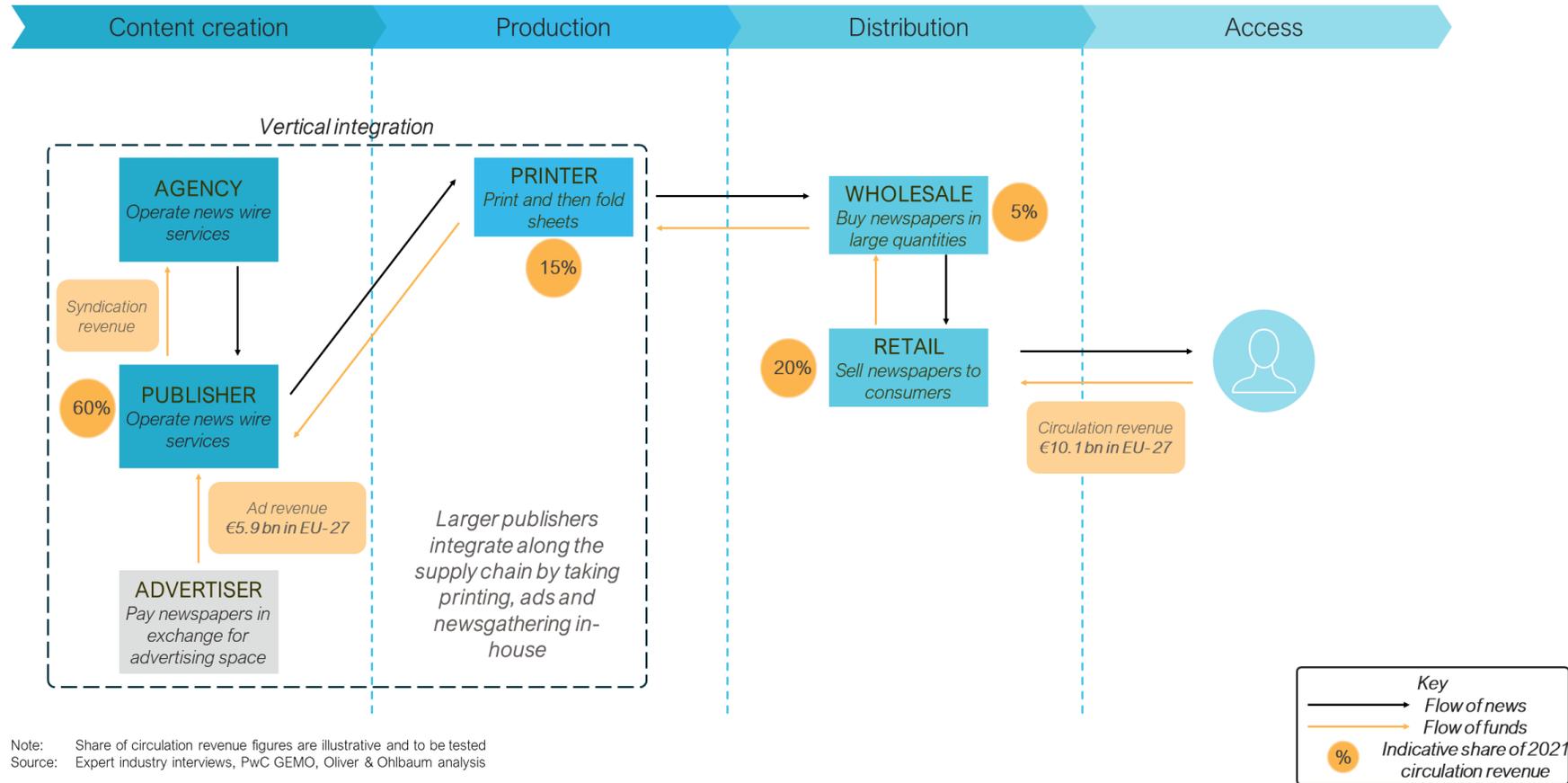
Segment		Main activities	Included in study	Not included in study
News gathering		<ul style="list-style-type: none"> In-house news gathering facilities, external news and photo agencies 	-	-
Journalism		<ul style="list-style-type: none"> Content creation, curation and editorial services, including activities such as content and information gathering, article, bulleting and report development, editing and curating 	<ul style="list-style-type: none"> Entertainment content , e.g. if a service is included, all editorial is included as part of the business model supporting news 	<ul style="list-style-type: none"> User-generated content (UGC) published on third party websites (including clips, comments, blogs etc, whether by citizens or professional journalists in a personal capacity)
Distribution	News publishers and outlets	<ul style="list-style-type: none"> Traditional printed press, and online editions Online-only digital newspapers (professional) 	<ul style="list-style-type: none"> Major local news services (local newspapers, TV or radio stations with meaningful coverage and consumption as part of the national/EU news landscape) Official social media pages under the editorial control of a news provider within scope, e.g. franceinfo Facebook page 	<ul style="list-style-type: none"> Hyperlocal news services Instant-messaging apps and other digital platforms in which news provider has no editorial control over flow of content and data
	Platforms and aggregators	<ul style="list-style-type: none"> International services with relevant coverage and consumption News programmes on generalist broadcast TV and radio services, and online editions 		
	Wholesale and retail distributors	<ul style="list-style-type: none"> News-only broadcast TV and radio services, and online editions Online-only video news services that are on-demand AVMS Podcasts News aggregator apps and websites e.g. Google Showcase 		
Monetisation and financing		<ul style="list-style-type: none"> Subscription Individual purchases Advertising Micro-payments Donations Membership Sponsorship Public funding Cross-subsidy from other group commercial activities e.g. events, programme sales 	<ul style="list-style-type: none"> Monetisation of user data by third party websites and social media platforms Merchandise Product endorsements 	<ul style="list-style-type: none"> Crowdfunding

News media definitions (2/2)

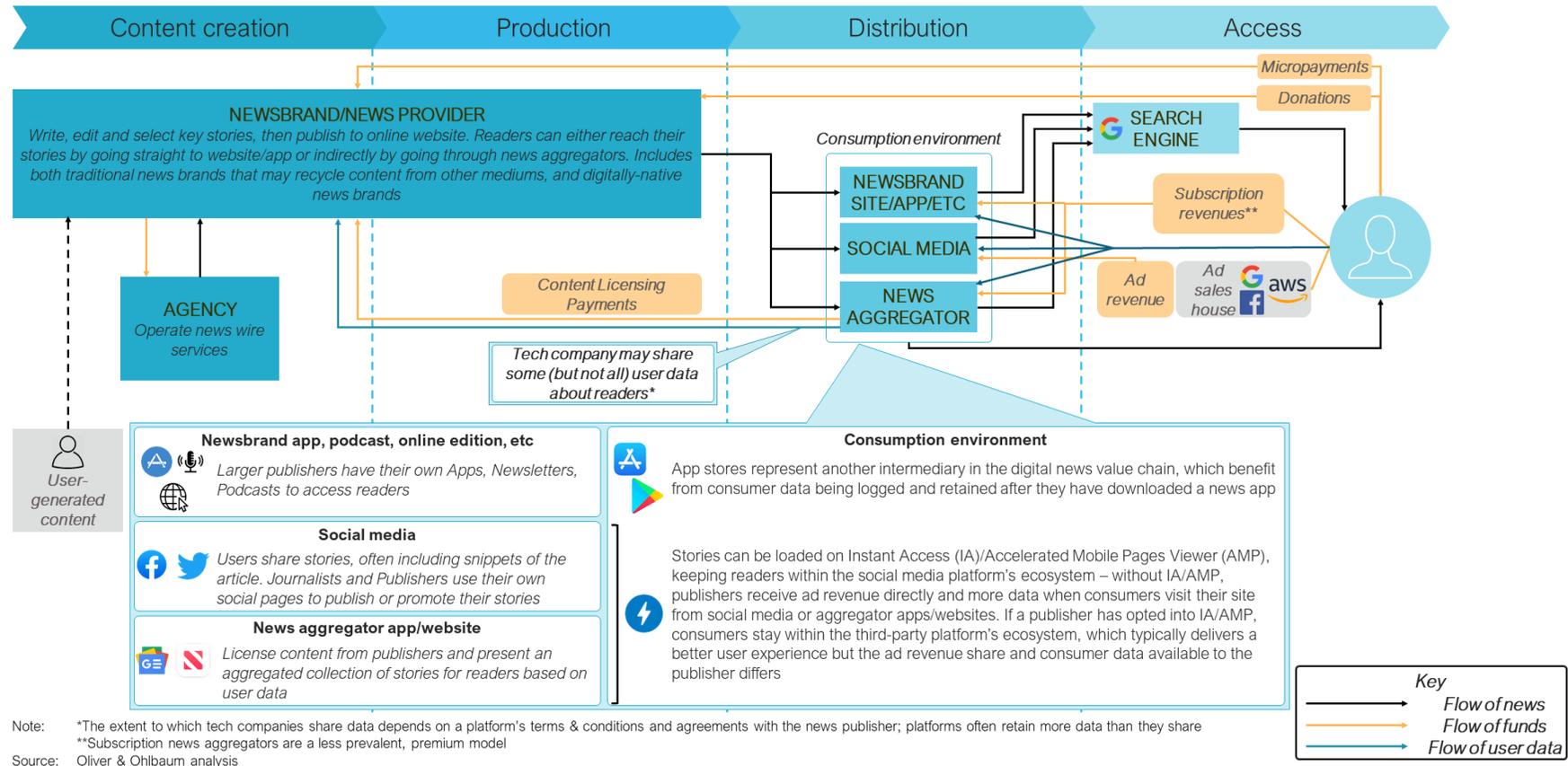
	Content creation		Production		Distribution		Access/Monetisation		
	Journalism	Editorial	Printing	Recording	Website	App	Subscription	Micro-payments	Advertising
	Newsgathering	Curation	Filming	Digital publishing	Transmission	Physical	Donations	Individual purchases	Public funding*
Agencies	Journalism	Editorial	Printing	Recording	Website	App	Subscription	Micro-payments	Advertising
	Newsgathering	Curation	Filming	Digital publishing	Transmission	Physical	Donations	Individual purchases	Public funding*
Traditional newsbrands	Journalism	Editorial	Printing	Recording	Website	App	Subscription	Micro-payments	Advertising
	Newsgathering	Curation	Filming	Digital publishing	Transmission	Physical	Donations	Individual purchases	Public funding*
Broadcasters	Journalism	Editorial	Printing	Recording	Website	App	Subscription	Micro-payments	Advertising
	Newsgathering	Curation	Filming	Digital publishing	Transmission	Physical	Donations	Individual purchases	Public funding*
Online only brands	Journalism	Editorial	Printing	Recording	Website	App	Subscription	Micro-payments	Advertising
	Newsgathering	Curation	Filming	Digital publishing	Transmission	Physical	Donations	Individual purchases	Public funding*
Aggregators & social media	Journalism	Editorial	Printing	Recording	Website	App	Subscription	Micro-payments	Advertising
	Newsgathering	Curation	Filming	Digital publishing	Transmission	Physical	Donations	Individual purchases	Public funding*

Note: *Public funding may refer to a household fee, hypothecated tax, grants, subsidies, or allocation from a state's budget

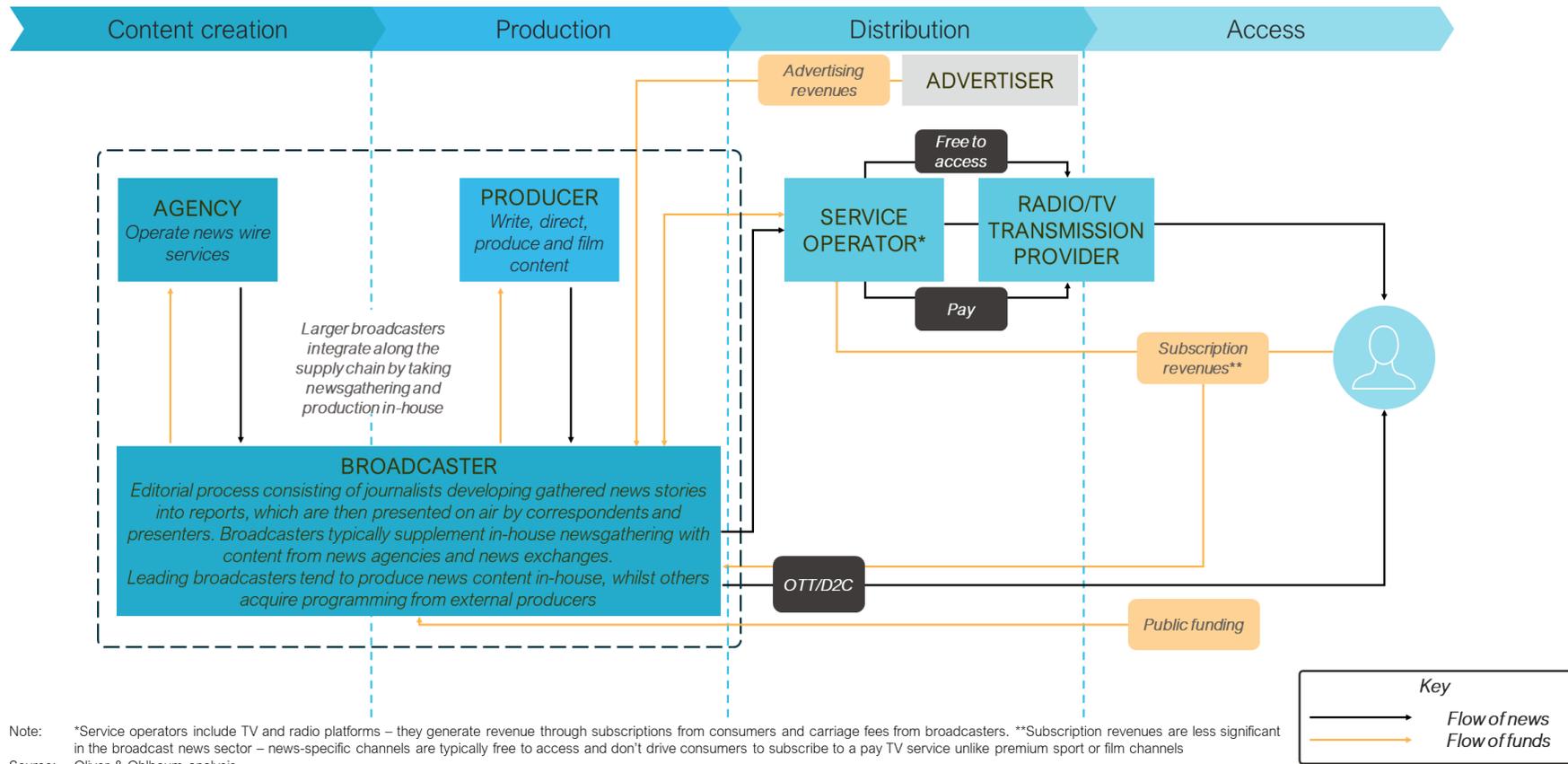
Overview of the news sector value chains: Print



Overview of news sector value chains: Digital



Overview of news sector value chains: Broadcast



Annex 2. Methodology

Desk research

The aim of the desk research was to uncover key market trends on the supply and demands side of the news media value chain.

The research team has mapped and analysed various secondary literature, including reports, studies and other sources of information were reviewed.

Furthermore, the information request sheets prepared for industry stakeholders were met with very low rate of response. Desk research replaced this information gap by identifying third-party databases, some of which were used during the primary desk research as well.

The table below summarises the main databases used during the research:

DATA SOURCES	TYPE OF DATA
PWC Global Entertainment and Media Outlook 2016-2025	Financial performance of the media sector (e.g. revenues, segmentation by media subsectors, ARPU)
Eurostat Structural Business Statistics	Number of enterprises, employee statistics (average persons employed, full-time equivalent employees)
Zenith Advertising Expenditure Forecasts	Spending, content consumption
Eurobarometer 84-96 on Media Use in Europe	Survey data on consumption habits, trust levels
The Reuters Institute Digital News Report 2022	Sources of news, top media brands, share of those paying for news
European Social Survey	Time spent consuming news content
Flash Eurobarometer: Media & News Survey	Media usage patterns

Orbis private company database	Company-level financial data (average revenue per employee, average cost of employees, financial stability)
European Broadcasting Union	Data on Public Service Media (e.g. expenditures, programming)

Country selection

The selection criteria for the countries include multiple indicators, both qualitative and quantitative. We selected countries that would cover all selection criteria (at least two countries for each indicator from the “high”, “medium” and “low” sections were chosen) to ensure that no potential bias or under-representation can occur. The selection criteria are presented below:

- **Geography:** geographic position of the country can provide information not only about its location but also about the political context that the countries are in. There are many similarities between countries from the same region in GDP, the use of the internet and digital media over physical media, etc. Thus, countries are separated by regions into Western, North-Western, West-Central, South-Western, Eastern, South-Eastern, North-Eastern, Central, Northern and Southern. Countries covering various regions were selected.
- **Real GDP per capita (EUR):** real GDP per capita gives insight into the economic position of a country as well as allows for a better understanding of the share of the media market that each country may have (assuming that the larger economies have better opportunities for bigger media markets). Thus, countries are separated into low (up to 10 thousand EUR per capita), medium (10-25 thousand EUR per capita) and high (more than 25 thousand EUR per capita) GDP countries. Countries from all three categories were selected. There were only two countries belonging to the “low” category, therefore one of them got selected.
- **Market size:** market size is determined by:
 - **The population as a percentage of EU27:** this indicator is used to determine the size of the market that could potentially consume media. Countries with less than 2% are considered low in population, 2-10% are considered “medium”, while countries with more than 10% of the total EU population are considered major (“high” in population), therefore all 4 major countries were selected to allow a maximum representation of the sample in terms of the population.
- **Digitalisation:** understanding the level of digitalisation in each country is important because it also shows the preferred media types – traditional or online. To measure the digitalisation of a country, two indicators are used:
 - **Frequency of internet access – daily:** this indicator presents a clear idea of what part of the population in each country uses the internet every day, therefore also giving insight into what share of the population could be using online media. The countries are separated into three groups – low (below EU average, less than 75%), medium (around EU average, 75-85%) and high (over 85%).
 - **Share of individuals reading/downloading online newspapers/news magazines:** together with the frequency of internet access, this indicator provides insight into the consumption of online news media and allows country separation into three groups – low, (below EU average, less than 65%), medium (similar to EU average,

65-75%), and high (above EU average, more than 75%) online news media consumption. All groups are represented, however, the “high” and “low” groups provide the most insight into society and people’s habits.

The table below presents the countries selected (highlighted in blue) and comparative data for all EU-27 countries.

TABLE 23. SELECTION TABLE FOR EU MEMBER STATES BASED ON THE SELECTION CRITERIA

COUNTRY	DESCRIPTIVE CHARACTERISTICS		DIGITALISATION		MARKET SIZE
	Geography	Real GDP per capita (EUR), 2021 ⁴⁰¹	Frequency of internet access: daily, 2021 ⁴⁰²	Share of individuals reading/downloading online newspapers/news magazines, 2021 ⁴⁰³	Population as a percentage of EU27 (from 2020) population, 2021 ⁴⁰⁴
EU27 average		27,810	80%	64,3%	
Austria	Central	36,820 (High)	81% (Medium)	64,3% (Medium)	2,0% (Medium)
Belgium	Western	35,850 (High)	86% (High)	61,9% (Low)	2,6% (Medium)
Bulgaria	Eastern	6,690 (Low)	67% (Low)	54,4% (Low)	1,5% (Low)
Croatia	Eastern	24,920 (Medium)	76% (Medium)	72,8% (Medium)	0,9% (Low)
Cyprus	South-Eastern	23,770 (Medium)	89% (High)	80,6% (High)	0,2% (Low)
Czech Republic	Central	17,920 (Medium)	81% (Medium)	81,5% (High)	2,4% (Medium)
Denmark	North-Western	50,200 (High)	95% (High)	84,9% (High)	1,3% (Low)
Estonia	North-Eastern	16,260 (Medium)	85% (Medium)	78,3% (High)	0,3% (Low)
Finland	Northern	37,400 (High)	93% (High)	89,9% (High)	1,2% (Low)
France	Western	32,650 (High)	78% (Medium)	58,1% (Low)	15,1% (High)

⁴⁰¹ Eurostat database. (2022). Real GDP per capita. Online data code: SDG_08_10. https://ec.europa.eu/eurostat/databrowser/view/sdg_08_10/default/table?lang=en

⁴⁰² Eurostat. (2022). Internet use and activities. Online data code: ISOC_BDE15CUA. https://ec.europa.eu/eurostat/databrowser/view/isoc_bde15cua/default/table?lang=en

⁴⁰³ Eurostat. (2022). Digital Scoreboard. Table isoc_bde15cua: Internet use and activities.

⁴⁰⁴ Eurostat. (2022). Population as a percentage of EU27 (from 2020) population. Online data code: TPS00005. <https://ec.europa.eu/eurostat/databrowser/view/tps00005/default/table?lang=en>

COUNTRY	DESCRIPTIVE CHARACTERISTICS		DIGITALISATION		MARKET SIZE
	Geography	Real GDP per capita (EUR), 2021 ⁴⁰¹	Frequency of internet access: daily, 2021 ⁴⁰²	Share of individuals reading/downloading online newspapers/news magazines, 2021 ⁴⁰³	Population as a percentage of EU27 (from 2020) population, 2021 ⁴⁰⁴
Germany	West-Central	35,290 (High)	82% (Medium)	56,7% (Low)	18,6% (High)
Greece	South-Eastern	17,590 (Medium)	70% (Low)	71% (Medium)	2,4% (Medium)
Hungary	Central	13,660 (Medium)	82% (Medium)	77,3% (High)	2,2% (Medium)
Ireland	Western	70,920 (High)	95% (High)	82,3% (Medium)	1,1% (Low)
Italy	South	26,700 (High)	79% (Medium)	52,2% (Low)	13,2% (High)
Latvia	North-Eastern	12,800 (Medium)	84% (Medium)	73,4% (Medium)	0,4% (Low)
Lithuania	North-Eastern	14,690 (Medium)	78% (Medium)	79,6% (Medium)	0,6% (Low)
Luxembourg	Western	86,550 (High)	94% (High)	70,4% (Medium)	0,1% (Low)
Malta	Southern	22,030 (Medium)	84% (Medium)	74,9% (Medium)	0,1% (Low)
The Netherlands	Western	41,970 (High)	91% (High)	79,9% (High)	3,9% (Medium)
Poland	Central	13,580 (Medium)	74% (Low)	69,4% (Medium)	8,5% (Medium)
Portugal	Western	17,920 (Medium)	75% (Medium)	66,6% (Medium)	2,3% (medium)
Romania	Eastern	9,380 (Low)	69% (Low)	49,3% (Low)	4,3% (Medium)
Slovakia	Central	15,660 (Medium)	80% (Medium)	68,8% (Medium)	1,2% (Low)
Slovenia	Central	21,260 (Medium)	85% (Medium)	68,4% (Medium)	0,5% (Low)
Spain	South-Western	23,510 (Medium)	86% (High)	76,6% (High)	10,6% (High)
Sweden	Northern	44,340 (High)	92% (High)	79,2% (High)	2,3% (Medium)

We present the **nine countries** selected for the study, as well as their justification for selecting them. The countries chosen for in-depth comparative research of the news media sector at the national level are well-balanced in terms of geographical distribution, population size, real GDP per capita, and level of digitalisation, as well as the specificities of the news media sector at the national level and citizens' media habits.

We also considered that the selection should:

- Provide a representative picture of the main news media trends in Europe, with the countries serving as illustrative examples of such trends,
- Cover a significant proportion of the overall news media market in the EU, and
- Ensure a geographical balance and representativeness of EU Member States.

Please see the table below for more detailed justifications.

TABLE 24. SELECTED COUNTRIES AND JUSTIFICATION FOR SELECTING THEM

SELECTED COUNTRY	JUSTIFICATION
Germany	West-Central Europe. High in population and real GDP per capita. The biggest news media market in the EU (impossible not to include in such a study) with low interest in online news media.
France	Western Europe. High in population and real GDP per capita. As one of the biggest European markets, it is the place where new emerging trends in both consumption and production take place. France is interesting because of alternative modes of consumption (e.g., podcasts and NFTs) and both models of public funding for journalism and the role of PSB. As a country with medium daily use of the internet, the use of online news media is low.
Italy	South-Western Europe. High in population and real GDP per capita. It is an interesting case study mostly in terms of the labour market, for the high precariousness of employment and the increasing use of freelancing from news corporations, which is also leading to the appearance of innovative newsrooms, mostly exclusively based on social media. Similar to France, Italy shows medium use of the internet daily as well as low use of online news media.
Spain	South-Western Europe. High in population and medium in real GDP per capita. It presents interesting best practices on several topics covered by the study, such as the successful adoption of subscription-based revenue models from major newspapers (El Pais). The level of digitalisation is also high in Spain with a high interest in online news media.
Poland	Central Europe. Medium in population as well as real GDP per capita. Issues with freedom of the press, related to the 2015 legal reform. Also, Poland has been the recipient of the largest population of Ukrainian refugees as a result of the Russia-Ukraine war and this may have implications for local news media markets. Low to medium levels of digitalisation indicate a society more used to regular means of media (television, radio, printed news).

Sweden	Northern Europe. Medium in population and high in real GDP per capita, Sweden is high in level of digitalisation as well as in the use of online news media. Sweden represents similar Nordic countries like Finland and Denmark which are all high in digitalisation and real GDP per capita.
Hungary	Central Europe. Medium in population and real GDP per capita. Issues with freedom of the press, related to economic and administrative tools.
Bulgaria	Eastern Europe. Low in both population and real GDP per capita, Bulgaria is also low in digitalisation, with half a society that does not use online news media and is used to more traditional means of media.
Lithuania	North-Eastern Europe. Low in population and medium in real GDP per capita. As a smaller European country, it represents an interesting case study for the economic viability of internal markets. Also, Baltic States represent an interesting case where part of the population (ethnic minority) has priority to consume Russian language media. Restrictions on Russia-based media have been imposed as a result of the Russia-Ukraine war (e.g., numerous TV channels banned), and this has implications for the viability of local media. With a medium level of digitalisation, Lithuania presents a case where both online and traditional media have similar importance.

Interviews

The purpose of the interviews was to facilitate the preparation and the interpretation of information collected from desk research, surveys and case studies as well as to obtain additional qualitative information. Thus, interviews aimed to disclose various opinions of stakeholders towards the developments of the media sector, specifically in terms to economic performance and sustainability, resilience and competitiveness.

The study involved semi-structured interviews where questionnaires were adapted to specific types of stakeholders as well as to the progress of the interview programme itself. The interviewees ranged from stakeholder associations and non-governmental organisations, news media publishers and broadcasters (TV and radio), journalists, editors to researchers or experts from academia. All interviews were performed remotely, using online platforms, such as Microsoft teams, Zoom, Skype, or on the telephone, according to the preference of the interviewees. The duration of the interview programme was 4,5 months, starting in June and finishing in the mid-October.

While we sent **587 interview requests** (see table below) we carried out **74 interviews**, including those with relevant stakeholders at the EU level as well as those from each selected country. 12 interviews were completed with stakeholders sharing broader knowledge of the media sector landscape at the EU level, whereas on average more than 6 interviews were conducted in each selected country. The largest percentage of interviewees were publishers (~40%) and the smallest were regulators and radio broadcasters, each representing ~1% of all interviewees. For more information, please, see table on the number of completed interviews.

TABLE 25. NUMBER OF INTERVIEW REQUESTS SENT ACROSS COUNTRIES

COUNTRY	INTERVIEW REQUESTS SENT
European level	133
Bulgaria	91
France	11
Germany	45
Hungary	63
Italy	10
Lithuania	54
Poland	98
Spain	69
Sweden	13
	Total: 587

Source: data collected by PPMI.

TABLE 26. NUMBER OF INTERVIEWS COMPLETED BY TYPE OF STAKEHOLDER ACROSS COUNTRIES

COUNTRY	TYPE OF STAKEHOLDER	COMPLETED INTERVIEWS	TOTAL NUMBER OF COMPLETED INTERVIEWS
European level	Academics, experts	3	12
	Freelancers (journalists)	1	
	Professional associations	8	
Bulgaria	Academics, experts	1	3
	Publishers	2	
France	Professional associations	1	9
	Broadcasters (TV)	3	
	Publishers	5	
Germany	Academics, experts	4	10
	Broadcasters	1	
	Professional associations	1	
	Publishers	4	
Hungary	Academics, experts	2	8
	Professional associations	2	
	Publishers	3	
	Radio broadcasters	1	
Italy	Academics, experts	1	5

	Broadcasters (TV)	1	
	Publishers	3	
Lithuania	Academics, experts	1	8
	Broadcasters (TV)	1	
	Publishers	6	
Poland	Academics, experts	4	5
	Publishers	1	
Spain	Academics, experts	3	5
	Publishers	2	
Sweden	Academics, experts	2	9
	Broadcasters (TV)	2	
	Publishers	4	
	Regulators	1	
			Total: 74

Source: data collected by PPMI.

Despite big efforts made (taking into account a solid number of interview requests sent), the original targeted number of interviews (130) was not completed. It should be emphasised, however, that during the interview programme the saturation point was reached successfully. Interviewees were pinpointing the same trends and providing the same data that was already voiced and given by other stakeholders (e.g. the most popular monetisation models, key actors in the media market, etc.).

Citizen survey

The aim of the citizen survey was to complement the desk research and provide data on the demand-side i.e. regarding the perceptions, consumption habits and attitudes of citizens on news media.

The survey was conducted online, which introduced a certain extent of selection bias to the survey, although most EU citizens (92%)⁴⁰⁵ have access to internet. Respondents were recruited via CINT, an online survey panel. Gender, age and regional quotas, representative of each country cases national distributions' were employed to increase the representativity of the sample.

The citizen survey was concluded between the 14th of June and the 1st of July 2022. The obtained responses were screened for speeders and other low-quality responses, which were subsequently excluded. Results were analysed in SPSS.

The table below summarises the distribution of responses across countries. In total, **1750 responses** were collected.

⁴⁰⁵ Digital economy and society statistics - households and individuals. Eurostat. URL: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital_economy_and_society_statistics_-_households_and_individuals

TABLE 27. DISTRIBUTION OF RESPONSES

	Frequency	Percentage
Bulgaria	150	8.6%
France	250	14.3%
Germany	300	17.1%
Hungary	150	8.6%
Italy	200	11.4%
Lithuania	150	8.6%
Poland	200	11.4%
Spain	200	11.4%
Sweden	150	8.6%

Stakeholder workshop

A consultation workshop was organised to present and test initial findings as well as to collect further input from stakeholders.

Upon agreement with DG CNECT, **10 participants** attended the workshop so as to ensure a lively discussion and the active engagement of all participants. Participants were representatives of European-level associations and federations from the media sector and scholars in media.

The workshop was held on the 4th of November, lasting for slightly more than 3 hours.

The workshop **agenda** is summarised in the table below:

Time	Agenda topic
9:00 – 9:15	Opening remarks
9:15 – 9:30	Presentation of the study objectives and methodology
9:30 – 10:00	Presentation of the supply and demand trends of the news media sector in the European Union. Feedback and discussion (15 minutes).
10:00– 10:30	Comparative assessment of the economic viability of the news media sector in the 9 selected EU member states. Feedback and discussion (15 minutes).
10:30 – 11:00	Drivers of economic viability of news media. Feedback and discussion (15 minutes).
11:00 – 12:00	Preliminary observations, outlook. Feedback and discussion
12:00 – 12:15	Concluding remarks

Country fiches

Of the selected 9 countries (Bulgaria, France, Germany, Hungary, Italy, Lithuania, Poland, Spain and Sweden), country fiches were prepared in order to provide a more structured and detailed look on each national context.

The aim of the country fiches is to identify relevant national-level trends, industry and market dynamics, how digital transformation is transforming the market

The fiches follow the same structure, reflecting on a number of different aspects:

- Macro-level indicators (e.g. GDP, population, trust in media, degree of digitalisation)
- Market-specific data e.g. (size of the market, revenue by media segments, average size of outlets)
- Supply-side analysis (business models used and reasons for choosing specific strategies; market competition e.g. concentration, changes in market position; employment e.g. skills requirements, working conditions; editorial processes: e.g. patterns of user engagement, news recycling)
- Demand-side analysis (consumption patterns, willingness to pay and spending)
- Economic viability indicators

The fiches combine qualitative results from interviews with national-level stakeholders (see table above under the Interviews section) and quantitative data from the citizen survey and the desk research.

Annex 3. Tables from Orbis

TABLE 28. MEAN NET INCOME BY NEWS MEDIA SUBSECTOR BY COUNTRY (IN EUROS)

		2015	2016	2017	2018	2019	2020	2021
Press	BG	80227,0042	138937,568	35920,8025	57028,961	136451,505	113759,91	69725,3779
	DE	1619285,3	1979049,19	1968912,46	2636615,73	2620389,62	2074603,48	1003833,59
	ES	20130,6267	-263580,56	-356428,04	-806985,49	-428381,43	-24429,55	-609219,37
	FR	278881,436	782705,802	964856,283	737434,91	-15658,176	22198,7645	990188,903
	HU	398993,054	174847,869	575692,83	446624,684	523010,71	421659,55	447650,28
	IT	-324424,98	104116,765	-234779,89	-54983,558	-255074,61	-349935,72	931080,554
	LT	109261,786	108242,222	104415,1	3381,59091	-239691,35	115013,061	106578,283
	PL	781853,223	752650,955	549233,635	540051,049	734393,776	385034,541	57320,8662
	SE	-183182,59	-93543,71	32791,2537	-236775,35	-181269,52	-199092,05	629302,014
	Total	157908,652	345299,016	311381,696	223139,925	91893,3666	94276,7651	481148,456
Radio	BG	-151975,27	152407,428	-209538,01	-112155,41	-39369,291	69813,0273	-1184117,1
	ES	360559,251	320185,262	306143,389	576821,88	531203,894	-512312,17	-344478,95
	FR	936622,017	950034,439	835900,875	1636171,65	2216651,27	363198,966	4103481,45
	HU	-14120,805	-45982,168	217272,83	141834,099	107852,553	145293,637	231546,031
	LT	493527	627623,5	722933,5	696817,333	522157	428082,75	526667,75
	PL	406044,716	158144,042	363717,35	520890,257	341613,026	445388,365	307724,804
	Total	498935.52	457793.71	452529.95	838070.20	965304.95	26695.33	1123720.04

TV	BG	402338,996	760983,045	954514,848	1026081,86	1788538,59	3348682,71	71505,7169
	ES	-1671113,1	40297,4778	2687037,58	1002567,03	1439543,27	-836536,24	2476967,99
	FR	1069809,89	-786956,21	4142735,46	-867261,67	6882128,3	-636537,14	12266146,1
	HU	123432,247	-1003742,1	-1012142,2	-406998,67	612510,132	57302,0865	2956688,73
	IT	-2188042,4	-5516191	-992763,79	158196,946	-1211182,9	-8341173,8	95775,359
	LT	1779905,5	1649690,5	1752445,75	1312718,6	640514	882861,9	1016662
	PL	2573632,73	1970649,95	1710583	3856016,25	3740995,45	4152716,86	6578140,97
	Total	-380737,63	-1367858,2	1399201,43	559562,01	1992612,82	-	1598104,92

Source: Orbis

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