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# **Good practices for sustainable news media financing**

**Prepared by the Committee of experts on increasing resilience of media (MSI-RES)**

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## Preliminary remarks

In the biennium 2022-2023, the Committee of Ministers instructed the Steering Committee on Media and Information Society (CDMSI) to include in its work a focus on media resilience and, among others, prepare a collection of Good practices for sustainable news media financing. To this end, the Committee of Ministers set up the Committee of experts on increasing resilience of media (MSI-RES), in accordance with Article 17 of the Statute of the Council of Europe and [Resolution CM/Res\(2021\)3](#) on intergovernmental committees and subordinate bodies, their terms of reference and working methods. In its first meeting on 31 March-1 April 2022, the expert committee decided to appoint Ms Elda Brogi and Ms Helle Sjøvaag as rapporteurs for the preparation of the report.

**Good practices for sustainable news media financing were approved by the MSI-RES and endorsed by the CDMSI at its twenty-fourth plenary meeting on 30 November 2023.**

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## Introduction

Recent years have witnessed a consistent deterioration in the viability and sustainability of conventional business models of the news media. In the last century media companies were mostly funded by advertising revenues, benefitting from a two-sided audience and advertising market. However, increased competition in digital advertising has undermined this model that, for almost a century, provided a solution to the issue of how to finance public interest journalism. More recently, newspapers and audiovisual services have faced a severe decrease in revenues from advertising, due to the rise of new digital platforms competing on the advertising market, coupled with a decreased willingness-to-pay in light of the abundance of free news online.

Strongly impacted by those structural changes, the media became more vulnerable to multiple crises and external shock. News media have dealt with perpetual, multiple crises in recent years, ranging from a general economic crisis, sometimes exacerbated by developments in other markets such as the energy market affecting cost-of-living, to more systemic shocks such as the coronavirus pandemic and the Russian full-scale invasion of Ukraine. The resilience of the news media thus relies on their ability to survive during times of crisis – and not just to survive but to continue their journalistic operations and cope with threats and challenges. To be able to secure financial income in this context, news media need sustainable business models that enable them to perform their democratic mission – critically overseeing power and providing citizens with the information they need to navigate society and make decisions for themselves and others.

This report collects good practices of media sustainability at national levels. Analysing some trends in Council of Europe member states can help in forecasting future scenarios and envisaging media policies fit to ensure media sustainability and plurality in a changing media landscape. To do so, the report describes the relevant trends in the news media sector, highlighting the conditions that limit or boost the viability of the news media industry and best practices in news media funding.

The report is based on a review of academic literature, policy and industry reports, and the analysis of the CDMSI answers provided in response to a survey conducted in June-September 2022 among the Council of Europe member states<sup>1</sup>.

## Definitions and principles

Academic literature and relevant policy reports define sustainable media funding as one that is resilient and can withstand the challenges of an unstable environment. Sustainable news media usually relies on various forms of funding and not on advertising only. These forms of funding include revenues through pay per view/read or through subscription or membership schemes, crowdfunding donations and grants, state support (direct and indirect), including favourable taxation regimes, redistribution of copyright revenues, and, of course, advertising revenue. ***Diversification of income streams seems to be the key element for a viable media business model.*** The concept of sustainability of news media is closely linked to the sustainability of journalism and the need for financially stable media organisations to produce quality journalism. Sustainability of news media entails the capacity of news media outlets to

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<sup>1</sup> Carlini R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI). The analysis is annexed to this report.

function through unstable times and adjust or cope with contextual economic, political and social threats or challenges of various kinds (see below).

The concept and definition of sustainability in the new news media environment is connected to the health of the media market itself and to its resilience. Fair competition, availability of financial resources and opportunities for growth can serve as proxies for media resilience/sustainability. However, thinking of media plurality, sustainability is not limited to the existence of media across time. In order to establish external pluralism, which requires a variety of media owners and formats within a specific market, it is essential to ensure the continued viability of numerous media companies or providers. However, merely having multiple media entities is not adequate to accomplish this goal. The elements of media pluralism are also contingent on the extent, diversity, and excellence of the content generated and consumed by the public, as well as the level of exposure citizens have to this content. Sustainability, therefore, must be understood as the ability to fund a media business model in the long term, or to adapt and reinvent a business model as the context changes, and the ability of the media system to continue to provide to a wide audience “sufficient scale and variety of quality content, especially of news and informative content, and communication spaces” (European Commission 2022).

## Summary of recommendations

The conclusions of the analysis of academic literature and policy reports are confirmed also by the concrete data provided by the Council of Europe member states for this report. States highlighted that news media sustainability is pursued and, in some cases, obtained thanks to mixed sources of funding and investment in innovation. The pivotal model is based on paid content from the readers/audiences but is complemented by other sources of income which are media-related but not directly coming from journalistic activity. Moreover, innovation in formats is reported as another driver for sustainability. Finally, even though the survey aims to detect alternative models, not based on advertising, some answers give insights regarding a renewed capacity of news media to compete in the online advertising market by leveraging data. Sustainability and resilience of the media through diverse sources of funding are also perceived as a safeguard for independence, both from political and commercial pressures.

Based on the analysis conducted, the report also provides some recommendations to the member states and to news media companies on policies and practices that are considered more effective in creating the conditions for sustainable media.

In the ever-evolving landscape of news media, ensuring sustainability is crucial for the health of democracy and the free flow of information. As there is **no one-size-fits-all solution** to ensure sustainability of the news media sector, a set of recommendations is provided that can guide stakeholders, including governments, media companies and philanthropic donors, toward supporting news media sustainability effectively. The recommendations stress that quality journalism is important for democracy and that states have a positive obligation to put in place effective policies to support it.

The key measures to enhance media sustainability emerging from this report are diversification of income streams and favourable taxation schemes. Direct government support remains an important tool, insofar as it is transparent, objective and predictable. Indirect support measures such as fiscal incentives including reduced VAT can still play a key role in supporting news media.

Amongst new policy approaches to enhance sustainability of the media, the report highlights taxation measures, notably tax-incentives to enable more news media organisations to assume non-profit status, and taxing digital services to funnel new funds to support public interest journalism. Hereunder the report also recommends funding public service media (PSM) through earmarked taxes. Citizen voucher programmes, where citizens support their preferred news outlets, could also be supported through tax relief on subscription or income tax.

To enable diversification of income streams, the report recommends that media organisations shift their advertising income to contextual advertising, which involves the use of relevancy criteria to ensure that advertisements are displayed in contexts that align with the content and interests of the audience. Investment in innovative business models and AI tools for journalism can enhance their competitiveness. The report also stresses the importance of other sources of funding, like philanthropy, as far it does not unduly influence or compromise content or journalistic standards.

Where state advertising constitutes a revenue stream for news media organisations, this allocation should be done through transparent and independent agencies, on a non-discriminatory basis to avoid favouritism and political or ideological capture.

The report furthermore highlights that PSM still plays a vital role in upholding media pluralism. To ensure its independence, PSM should receive stable and sustainable funding, preferably through earmarked tax funding. PSM should adapt to the digital age, ensuring transparency in algorithm-based recommendation systems and responsible use of personal data.

As the digital age has brought new challenges, governments should ensure that commercial digital markets remain competitive. Data sharing and standards for AI and data analytics should be part of new policies to support the media market. Digital platforms, in particular large ones, should be transparent about news reach and engagement metrics, ensuring fair allocation of resources to news content creators.



# 1. The framework for the analysis

## 1.1. The economic characteristics of journalism

Most of the world's news media are commercial, for-profit entities. Most news organisations therefore need to generate revenues in order to provide citizens with the information and public oversight that democracies need. Journalism also carries positive externalities. News has value beyond its use. Whether or not people follow the news themselves, it is generally considered good for society that people are informed about what goes on in the world. Journalism is therefore a merit good – good that society needs, but that individuals tend to undervalue (Ali 2016; Olsen et al 2020). As journalism is also an experience good, news markets suffer from information asymmetry, whereby audiences don't know the quality of a product before they consume it, lowering willingness to pay for news (c.f. O'Brien et al. 2020, 2014). While there is no inherent scarcity in journalistic products (Evens 2018), news use is in decline among audiences, raising academics' and policymakers' attention to news avoidance (Skovsgaard & Andersen 2020; Villi et al. 2022), and to its subsequent impact on declining advertising revenue.

In addition to this, corporate free-riding presents a problem for the news industries, as search and social media platforms arguably capitalise on investments made in the news industries (Colangelo 2021) to satisfy the needs of their users. Copyright law and intellectual property rights have been difficult to enforce in this domain, largely because news media ultimately still need to circulate information (Slauter 2019). In this situation, market failure is a threat which can occur when the market is no longer able to effectively allocate important goods and services. Merit good markets are therefore often regulated to preserve public interest (Picard 2017). This is why certain media, such as PSM, receive state support (cf. Allern & Pollack 2019).

## 1.2. Media business model as a two-sided market

The traditional business model for news is the two-sided market model. Journalism operates in two markets – the audience market and the advertising market. Income is derived by extracting revenue from advertisers in return for delivering audiences to them. In this model, much of the cost is carried by advertisers. Payment models are based on attracting a large consumer base, and the product is based on standardisation (Küng 2017).

The digital disruption has challenged the media two-sided market business model in three important ways:

- advertising income have diminished,
- the consumer base has become fragmented, and
- standardised products have become less valuable.

This is not least due to the power of platforms in attracting users and advertisers, and their powerful network effects.

Nevertheless, throughout the digital transformation, news organisations have continued to rely on the two-sided market model (e.g., Choi & Yang 2021; Chatterjee & Zhou 2021). Income decline has thus put the news industries in a defender position (Krumsvik 2014), with insufficient resources to innovate.

The cost structure of news makes it difficult to reduce the cost of journalistic production. Journalism has high fixed costs and low variable costs. It is expensive to produce the first copy, while making more copies is inexpensive. This, combined with the winner-takes-most dynamic of two-sided markets, is why news organisations tend to concentrate, to attain the benefits of scale and scope that comes with large operations. While digital production removes some of the costs associated with print distribution (about 30%, according to Hardy 2017), digitalisation does not necessarily reduce the cost of making news (Picard 2017; Ryfe 2021). Internet distribution is also costly when considering all the technology that goes into site and app design, user engagement, personalisation, advertising, and search optimisation (Hindman 2018). Hence, journalism is an expensive enterprise that still has relatively high fixed costs (Nielsen 2016).

Monetisation strategies have, over the last five years, started focusing more on maximising revenue from audiences who are willing and/or able to pay (Hardy 2017), programmatic advertising (Feng & Ots 2018), and portfolio diversification (Lehtisari et al. 2018; Sjøvaag & Owren 2021). But such strategies are only available to news organisations that can afford to adapt to the AI ecosystem. Success in diversifying revenue streams also depends on the size and nature of the markets, and the reach, resources and size of the news organisations. Many news organisations, especially local newspapers that were already slow in switching to online distribution, thus find themselves in a dire situation (Cawley 2019). Without the technical infrastructure and the audience data needed to attract programmatic advertising, a large portion of the news industry is effectively disconnected from the AI economy. This leaves the news industries in an even more precarious situation, the result of which is an increase in mergers (Sjøvaag 2022). Without the support of a larger operational unit with the necessary technical infrastructure to engender programmatic advertising income and audience analytics, many local newspapers face extinction. We thus see a concentration of media ownership across the continent, which is associated with risks of concentration of editorial, economic, technological, and ideological power.

There is an industry- and policy-wide call for a diversification of business models across different journalistic media. At the same time, concern is expressed for the sustainability of alternative sources of funding.

The aim of this report is to map the various revenue sources available, to ascertain their sustainability and to highlight good practices for resilient media financing. In doing so, it is important to emphasise the extensive variety of news media (broadcasting, print, digital native), the different levels of independence and risk that exist across member states, and the varying degree of appropriateness of funding sources for different news media given their specific circumstances.

## 2. Methodology used in the data collection and selection of the good practices

This report is based on a survey of relevant policy and industry reports, as well as recent academic research. Desk research has focused on literature from the last 5 years, with weight given to the past three years. Weight has also been given to policy, research and industry reports relevant to the European context.

As this is a rapidly shifting landscape, the report also relies on a survey among member states' representatives<sup>2</sup>. The questionnaire consists of eight questions. The first part of the survey enquires about the revenue situation for national media, the number of journalists employed and their average salaries, the platform's advertising market shares, and the efficacy of public support schemes for sustaining professional media and the transparency of such schemes. The second part contains questions about alternative income sources and asks respondents to name best practices. Finally, the questionnaire asks how PSM is funded and what laws exist in member states to sustain the transparency and fairness of such funding schemes. The survey was issued in June 2022 and sent to the Council of Europe's Steering Committee on Media and Information Society (CDMSI), with replies returned by October 2022. After receiving the answers to the questionnaire, additional questions were posed to the countries that reported best practices, to provide further details on them and the news media outlets involved. The replies to these additional questions were received by April 2023.

### 2.1. Academic literature review on news media resilience

There is widespread agreement in the literature that media resilience relies on diversified and multi-dimensional revenue models (Cook 2021; Evens, Raats & von Rimscha 2018). Moreover, scholars acknowledge that there is no one-size-fits-all solution (Picard 2017). Business model innovation is, in fact, a dynamic and moving target (Prenger & Deuze 2017). A precarious business environment that includes changing modes of consumption (Nelson 2021; Peters & Schröder 2018; Zamith 2018), changing conditions for competition (Nielsen 2019; Perreault & Ferruchi 2020; Westlund et al. 2021), platform dominance (Pickard 2020; Van Dijck et al. 2018), precarious labour conditions for journalists (Cohen et al. 2019), soft censorship (Dragomir 2018; Scott et al. 2017), and issues of political and technological capture (Milosavljević & Poler 2018; Netchustai 2018) makes innovative revenue generation challenging. In this environment, innovation is both seen as a solution (Pavlik 2013) and an obstacle. The constant need for change and adaptation through 'random acts of innovation' (Posetti 2018) thus highlights the importance of resilience, as innovation also requires the *capacity* to innovate (García-Avilés et al. 2018). Deselaers and colleagues (2019) in fact include five broad dimensions in their discussion of media viability, the context of which span economics, politics, content, technology, and community. Such holistic, structural or system approaches to media resilience tend to acknowledge that economic resilience is only one element among many required to allow journalism to survive and flourish (e.g., Ganter & Paulino 2021; Humprecht et al. 2020; Kouts-Klemm et al. 2022; Wasserman 2019). Resilience thus relies on the interaction between organisations, their stakeholders and the environment, and the capacity of media organisations to interact with the environment in a way that enables sustainability (cf. Williams et al. 2017).

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<sup>2</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

Resilience, in this context, refers to the capacity to function through unstable times (Jeppesen 2016) and adjust to or cope with environmental and social threats or challenges of various kinds (Humprecht et al. 2020; Kouts-Klemm et al. 2022). Economic resilience is, in turn, tied to media freedom and journalism's function in democracy (Wasserman 2019), often operationalised as the ability to diversify income sources (Ganter & Paulino 2021). In essence, resilient media are able to sustain a flow of content and make a profit, or to scale operations by investing earned revenues (Cook & Bakker 2019). Moreover, media resilience is not only about how journalism is produced and sold; it is also about how journalistic organisations are managed, and the overall political, economic, and technological environments in which strategies are made and enforced. Depending on context, the successful management of media may in turn depend on developing more collaborative and networked approaches (Cook 2021).

**The sustainability of a news media business model** must be understood as the ability to make the business model viable in the long term and create the conditions to be resilient, to effectively face changes and challenges: in modes of consumption, in conditions for competition including platform dominance, in dealing with labour conditions for journalists, soft censorship and issues of political and technological capture, as well as in media management. In this context, innovation can be a solution and an obstacle to media sustainability. The sustainability of the media business model should be evaluated in the context of the media system as a whole and considering the ability of the media system itself to provide to a wide audience “sufficient scale and variety of quality content, especially of news and informative content” (European Commission 2022).

There is widespread agreement in the literature that media resilience relies on diversified and multi-dimensional revenue models.

## 2.2. Academic literature review on income sources for news

**Advertising revenue** for news media has been in continuous decline over recent years (e.g., Ohlsson & Facht 2017; Pickard 2022). While native advertising has allowed news organisations to expand into brand studios to diversify their income (Hardy 2021), concerns remain over the ethical implications of this type of content and how it may impact public trust in journalism (Beckert 2022; Ferrer-Conill et al. 2021). The expansion of the advertising ecosystem into programmatic advertising based on the algorithmic matching of buyers and sellers on digital platforms has further disrupted this business model (Braun & Eklund 2019), moving advertising revenues further away from the publishing industries. While government advertising may be a source of revenue in some countries (e.g., Dragomir 2018; Jenkins & Jerónimo 2021; Murschetz 2020), it may come with expressed or covert ideological or political expectations and can contribute to protect incumbents. Research tracking the development of the advertising market for news media finds little cause for optimism, neither in the development of earnings, nor in journalism ethics or audience trust. Contextual advertising has emerged recently as a potential remedy to the ethical problems of targeting advertising based on users' personal data. Instead, contextual advertising involves displaying ads based on a website's content. There is scarce academic research on this as of yet, but there are some suggestions that content-based advertising can lead to increased revenue for news media organisations (Armitage et al. 2023; ICCL 2021).

**Direct user revenue** is emerging as a dominant pursuit for news media in the wake of failing advertising income (Lehrtisaari et al. 2018; Ohlsson & Facht 2017). Digital subscription has seen an uptake in recent years, at least in some markets like Scandinavia (Lindberg 2023; Olsen et al. 2021), while in other markets such as the United States, subscription has failed to

take hold to the same extent (Chyi & Ng 2020). There have been signs that ‘shocks’ to the system such as the presidency of Donald Trump in the United States and the Covid-19 pandemic has shown media to be resilient in times of crisis (e.g., Newman et al. 2021; Myllylahti 2021). That notwithstanding, the revenue from print sales has fallen. Moreover, success in getting users to switch to or take up digital subscription depends on the composition of the market, publishing histories, and levels of political parallelism in the media system overall (Hallin & Mancini 2004; Sjøvaag 2022). While the digital user payment market is shaped by winner-takes-most dynamics, there is also evidence that users are taking up more local subscriptions (Newman et al. 2021). However, the level of churn<sup>3</sup> (Newman & Robertson 2023) in the news industries also poses challenges to the stability of the subscription model, as people tend to cut back on their media spending in times of economic downturn or instability. Moreover, even in affluent media systems, there is cause for concern that varying willingness or ability to pay may expand knowledge gaps. Such knowledge gaps may have further impacts on people’s access to diverse perspectives, influencing their ability to participate in democratic processes.

There is evidence that while digitalisation processes across the local and regional press landscape can garner more subscribers and thus more sustainable income, cost reduction is vital to sustain the operations of smaller publishers (Rios-Rodríguez et al. 2022). Some local markets may also be too small to sustain user revenue models. The ability of news media to sustain direct reader revenue thus depends on the market in question, competition levels, media support schemes, and the organisational capabilities of media companies that often depend on their size and reach.

**Philanthropic funding** has risen to prominence in journalism research recently, not least in the United States context (e.g., Benson 2018; Creech & Parks 2022). Many of the non-profits that are supported by philanthropic funding are heavily reliant on this grant support, unable to earn revenue outside of these donations (Koniczna 2020). This raises questions as to what extent philanthropy funding enables or strengthens the resilience of the news industries. The literature often cautions to what extent grant-funded media can transition from philanthropy to sustainable income generation on its own terms. Researchers also note that donation-funded<sup>4</sup> media risk being captured by philanthropic agendas (Ferruchi & Nelson 2019), and they encourage more long-term, independent, and transparent mechanisms to fund non-profit news ventures (Benson, 2018). The membership model has not attracted much interest from researchers. Aside from its more organisational aspects (see Ferrucci & Nelson 2019), and connections with audience engagement (Wenzel 2019), membership models are generally considered in conjunction with other revenue forms such as direct reader revenues, paywalls, and subscriptions (e.g., Vara-Miguel et al. 2021).

Regarding the revenue sources considered above, research shows that news media are working towards diversifying their income streams (e.g., Clement et al. 2018; de-Lima-Santos et al. 2022; Massey 2018; Sparviero 2021; Vara-Miguel et al. 2021). Most media prefer long-term investment and funding for predictability (Nielsen et al. 2020). However, while business model diversification might make news media more resilient, the result is still lower total revenues overall (Olsen et al. 2021).

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<sup>3</sup> The churn rate designates the percentage of service subscribers who discontinue their subscriptions within a given period.

<sup>4</sup> Research has also investigated the potential that crowdfunding holds for funding various journalistic ventures (e.g., Aitanurto 2015; Ladson & Lee 2017; Vara-Miguel et al. 2021). However, this form of revenue generation also involves a lot of effort in raising funds (Hunter 2016). Moreover, as crowdfunding largely works as seed funding to get a publication started, the sustainability of this model leaves some doubt as the contribution of crowdfunding to the resilience of media financing.

**Public support.** Most media systems that support journalism through direct or indirect measures do so based on concerns over market failure. If journalism cannot survive on market terms alone, given its status as a merit good, government support is needed to ensure citizens have access to public interest news. State support therefore applies both to PSM operating under a structural public support system, and local, number two<sup>5</sup>, or marginal/minority media that operate as for-profit enterprises in markets that are too small or too competitive to sustain them on purely commercial terms. State funding is therefore also premised on external pluralism aims (cf. Hallin & Mancini 2004), which refers to the diversity of senders or outlets at the media systems level.

Depending on the media system in question, **direct state support** can entail the allocation of subsidies to PSM, local media, minority media, and rural or community media. Direct state support can thus be rewarded both to private and public media, largely constituting separate subsidy sources, premised on supporting externally diverse and mixed media systems. It is important in this regard to emphasise that there is a difference between state support to PSM, which is remitted and thus contingent on public service obligations, and public support to private media that is awarded without remit.

States can also support journalists' salaries, print distribution, and innovation or transformation processes in newsrooms. Direct support to media in Europe ranges from comprehensive subsidy schemes (e.g., Austria, Denmark, France, Italy, Luxembourg, Portugal) to non-existent (e.g., Bulgaria, Hungary, Malta, Romania, Slovakia). Some countries provide direct support to minority media (e.g., Estonia, Finland, Poland, Spain), while in other countries, the issue has been debated or is under consideration (e.g., Czech Republic, Ireland, Switzerland) (see News Media Europe 2022).

Most media systems have moved to or are moving towards technology-neutral support. Direct press support is contentious from the arm's-length principle perspective, due to fears of political or ideological capture (e.g., Dragomir 2018). *A fortiori*, any state ownership of news media can be considered precarious, especially in situations where media are in danger of political or ideological capture. It is of utmost importance that state funding should always be applied with the arm's-length principle embedded in the governance systems.

There is, however, relative consensus both in policy and in the industry about the merits of direct support to private media (e.g., Olsen et al. 2020; Sjøvaag & Krumsvik 2018; Wilczek et al. 2021). Many countries are even expanding their public support schemes (Foster & Bunting 2019), and in the United States, there are increasing calls to introduce public support to news media (Ryfe 2021; Pickard 2020). Direct government support is also in some instances targeted to deal with specific issues, such as digital upgrading, innovation support, training schemes and crisis relief, such as during the Covid-19 pandemic. Nevertheless, public support schemes face challenges due to the speed of transformation in the news industries (e.g., being slow to react to market changes), good governance (funding mechanisms lacking transparency), and unfair advantages to incumbents (being geared towards print media) (cf. Ots & Picard 2018; Murschetz, 2020).

Most states that directly support PSM source this funding from either licence fees, household levies or through independent or general tax. Research finds that the presence of PSM tends to support the diversity of media systems and balance out commercial forces (Castro-Herrero et al. 2018; Humprecht & Esser 2018). The presence of PSM online has inspired claims from commercial competitors that PSM have an unfair advantage in the digital market, not least because of their public subsidies which shield them from commercial pressures (Benson et al. 2017; Goddard 2017; Nielsen et al. 2016; Sehl et al. 2020; Sjøvaag et al. 2019; Van den Bulck

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<sup>5</sup> The 'second newspaper' or the 'number two newspaper' in a given market, the main competitor of the dominant newspaper as the 'first newspaper' or 'number one newspaper'.



et al. 2018). There is little evidence to support such claims; research rather suggests that PSM provides quality benchmarks for journalism and news diversity, that it contributes positively to people's news use overall, and balances out the trends towards commercialisation (Barwise 2020; Humprecht & Esser 2018). The strong position of many public service broadcasters in Europe, and the economic precarity that faces many of the commercial media operating in these systems, has inspired several governments to expand the remit of public broadcasters to include partnerships of various kinds. This includes partnerships to expand the income streams of public media, e.g., with streaming platforms (e.g., D'Arma et al. 2021; Donders 2019), and collaboration with privately owned media (Wauter & Raats 2018), and local media (The Cairncross Review 2019). Despite challenges to the public service remit, including defunding and a decline in viewers and listeners, the 2022 Digital News Report finds that public broadcasters continue to enjoy both independence and trust of the public (Newman et al. 2022).

**Indirect state support** typically entails the largest financial aid to journalism (Murschetz 2022; Ots & Picard 2018). Reduced or fully exempted VAT, reduced postal rates and tax incentives are blanket measures that benefit the industry at large, are less vulnerable to political manipulation, and predictable. Overall, indirect support is thought to lower the cost of journalistic products, benefitting the news consumer and expanding citizens' access to news. Turning indirect support schemes technology neutral has, furthermore, been instrumental in helping newspapers survive the digital transition (cf. Olsen et al. 2021). Current debates in the research literature largely revolve around how these longstanding regimes can be adjusted to support the media during increasing digitalisation, not least the platformization of the media ecosystem, mobile use among audiences, networked distribution, declining revenues, and concerns over misinformation (cf. Kouts-Klemm et al. 2022; Murschetz 2022).

Another type of government support comes in the form of state advertising, which in some systems functions as a tool of political favouritism and is thus fraught with controversy (Bátorfy & Urbán 2020; Gerly et al. 2018; Schiffrin 2017). This risk has been highlighted also by the Media Pluralism Monitor (MPM) analysis and recently acknowledged by the proposal of a European Media Freedom Act at the EU level<sup>6</sup>.

States also actively support infrastructures for the universal access of citizens to news and information, including through direct subsidies to ensure postal delivery of news to remote areas, licensing allocations through the electromagnetic radio frequency spectrum to local and community radio, and subsidising telecommunications and broadband infrastructure to ensure universal access to internet and mobile technology through which journalism is disseminated. Several states are today in the process of discontinuing established technologies such as FM radio and copper-based telephone and internet delivery. Moreover, backbone infrastructures for news dissemination increasingly shift ownership from the public to private sector where global technology companies dominate, increasing news media dependency on platform operators such as Google, Meta and Microsoft (Sjøvaag & Ferrer-Conill 2023).

In sum, state support to media comes in many forms (cf. d'Haenens et al. 2018), but government funding always has expectations attached, as all forms of capital do (cf. Ohlsson 2016). These expectations can be enabling as well as restraining. Whether they concern remits on content, expectations of transparency, independence, ethics, or professionalism, or they come with ideological expectations, state funding puts certain demands on journalism.

While the sustainability of news media depends on independence and a diversity of funding sources, it is important to note that there is not one solution to suit all media companies across markets. Different funding schemes are associated with varying levels of vulnerabilities depending on the media system in question. Hence, while reader revenue

<sup>6</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_5504](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5504)

models may work in the Scandinavian region, they may not have the environment for sustainability in other markets. Building resilience in the news media also depends on the size and reach of each media outlet and the overall market conditions at the local, regional, national and international levels. Hence, while a membership model may work for *The Guardian*, such funding schemes may not work equally well for others. Moreover, while most of the literature surveyed here relate media sustainability to market conditions and government support, it is important to note that resilience also depends on how capabilities are developed within the news industries themselves. Journalism education and media management training can thus help to improve the resilience of news media in the face of economic and technological disruptions.

### 2.3. Policy reports and independent studies

There have been several relevant reports published on the issue of sustainable financing of journalism over the last couple of years by regulatory bodies, academic centres, industry interest groups and non-profit organisations. Many of the most recent reports and studies, as well as regulations, have been shaped by the Covid-19 pandemic as immediate responses to the economic crisis that faced the news industries during the economic downturn related to it. While the recommendations in this report certainly take this into account, it is important to note that resilience requires looking beyond the immediate “rescue plans” for recession recovery in the wake of the pandemic. Independent policy reports synthesised here have been strategically selected on the basis of whether they discuss media funding in particular. While media sustainability, resilience and media funding certainly is covered by diverse reports, this synthesis is targeted to media funding<sup>7</sup>.

Policy and independent reports stress a few common issues that are worth highlighting at the outset.

- The economic sustainability of the media is seen as crucial to a pluralistic media system and independent journalism.
- Hybrid and diversified income streams are emphasised as key to such sustainability.
- The disruption caused by digital platforms is recognised as a risk to journalism’s business model across the sector. This concern extends beyond the advertising market, dominated by Meta and Google, to include data sovereignty and data transparency as the data market grows in importance for economic sustainability in the news industries.
- Transparency is seen as crucial, most notably in issues regarding media ownership, the allocation of public funding, and the application of AI and data analytics in news and surrounding industries.

<sup>7</sup> The reports include the 2022 The Media Pluralism Monitor (MPM); the 2022 UNESCO report *Finding the funds for journalism to thrive*; the 2019 Cairncross Review; the 2022 report by Schiffin and Adjin-Tetty ‘Saving journalism 2: Global strategies and a look at investigative journalism’. Other reports consulted include: European Commission, Directorate-General for Communications Networks, Content and Technology, Parcu, P., Brogi, E., Verza, S. et al., Study on media plurality and diversity online – Final report, Publications Office of the European Union, 2022; European Commission, Directorate-General for Communications Networks, Content and Technology, Technopolis Group in partnership with Henningsen Consulting et al., Public financing of news media in the EU (forthcoming); The Forum on Information and Democracy, Pluralism of Information in Curation and Indexing Algorithms 2023; CIMA, Making big tech pay for the news they use, <https://www.cima.ned.org/publication/making-big-tech-pay-for-the-news-they-use/>; Report of the Oasis Europe project, 2023, <https://projectoasis europe.com/report/executive-summary/>; Blagojev T. et al., News deserts in Europe : assessing risks for local and community media in the 27 EU member states, report of the Local Media for Democracy project, 2023, <https://cadmus.eui.eu/handle/1814/75762>; additional information comes from the data collected by the ongoing research task of the Local Media for Democracy (LM4D) project: the full report is forthcoming.



- The independence of regulatory bodies is to ensure the legitimacy of funding schemes and the transparency of such schemes. Independence furthermore extends to the role of PSM.
- There is a need for professionalism, transparency and independence in the philanthropic funding of journalism. Many reports also call for coordination of such philanthropic means to fund news ventures through non-profit organisations or independent juries, not least to strengthen the sustainability of such funding.
- Public funding of journalism enjoys continued academic/industry support and encouragement. However, there is concern for the sustainability of recently deployed support mechanisms in the wake of the Covid-19 disruption to the news industries.
- Throughout the surveyed reports, tax relief emerges as the dominant recommendation to sustain media businesses beyond direct public support. The options range from tax relief for hiring journalists to tax relief for consumer spending on journalism and extending charitable status to allow more news media to enjoy these tax benefits. Many reports also raise the issue of taxing big tech and using part of the revenues to support news media.

### **2.3.1. Risk factors**

Problem definition across independent and policy reports point to the economic precarities in which journalism finds itself, the reasons for which vary from big tech taking advertising revenue, political and economic influences, platform capture, and the aftermath of the Covid-19 pandemic. Generally, journalism is portrayed as hit by an economic crisis, to which various solutions are sought. Recently, reports have also stressed the intersection of crises, and many have also pointed towards the rising costs for households and the effects of the Russian invasion of Ukraine. Reports also recognise the inflexibility of policy to market and technology developments, to which a variety of risks are identified. Risk factors are all related to the issue of how to attain sustainable funding for public interest journalism.

#### **The risk factors identified amount in large part to:**

- Lack of overall transparency of support schemes
  - The transparency of the allocation of direct state aid
  - The transparency of allocation of philanthropic funding
  - The transparency of allocation of government advertising
- Shortcomings in state funding schemes
  - Imbalance between support to incumbent or print media and digital native or start-up media
  - Absence of state funding for minority language media
  - Lack of incentives to promote innovation
- Concentration
  - Growing tendencies of ownership concentration
  - Rise in defensive mergers to meet the competition from big tech in the advertising market
  - Winner-takes-most dynamics
- Various forms of capture and dependencies
  - Platform capture
  - Government or political capture
  - Philanthropic dependency
- The overall viability of philanthropic funding
  - Short term viability of philanthropic funding and its impact on journalism independence
  - The unpredictability of big tech donations

- Structural issues
  - Vulnerability of local and community media due to their limited markets
- Measurement issues
  - Lack of data on which to evaluate revenue sources in the news industries
  - A lack of transparent data and reporting from authorities and companies.

Among these we could highlight risks to resilience from the structural plane to the level of newsrooms. A lack of funding for minority language media and digital native media, as well as the unpredictability of philanthropic funding puts these media at risk of collapsing in the case of a crisis. The same applies to the vulnerability of local media who serve limited markets. Risks to sustainability are expressed in concerns for transparency measures in the allocation of funding, in the lack of data for evaluation by authorities, various forms of capture and dependencies, and concentration issues. The extent of these risks will vary from market to market and between states. Risks therefore depend on the presence and severity of the different threats, the resilience level of news media operating within these systems and the extent of government and big tech involvement in media markets in the various countries.

### **2.3.2. Remedies identified**

Diversification of income sources emerges as the most commonly identified remedy to the problem of attaining sustainable income in the news industries. Reports tend to recognise that direct user and/or advertising revenue, i.e., purely commercial revenue, is unsustainable. Most reports also recognise that revenue is likely to be most viable from the digital environment (e.g., MPM 2022). To that end, reports ask news media to be innovative, flexible and diverse in their search for sustainable income. Moreover, reports suggest a number of measures that states should consider in order to provide support to the media.

#### **Remedies identified for the *media industries* to pursue include:**

- Business model strategies
  - Developing innovative business models
  - Finding alternative sources (to advertising) of income
  - Developing hybrid funding models and combining different income sources
  - Securing recurring, and thus sustainable and predictable income streams through subscriptions and membership models
- Advertising strategies
  - Selling advertising at a premium<sup>8</sup>, based on the quality of the journalistic context
  - Encouraging the transparency of the online advertising market, particularly regarding what actually works
- Audience strategies
  - Focusing on high-quality public interest journalism
  - Putting the audience at the centre of revenue strategies and focusing on engagement (of particular importance also for local media engagement with their communities)
- Data strategies
  - Improving data capacity, so as to discover more about the audience and improving a media company's attractiveness to advertisers
  - Better utilising, protecting, and managing the audience data, and to do so ethically
- Corporate strategies
  - Building stronger technical and business skills in the organisation

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<sup>8</sup> Above the usual or nominal price.

- Collaborating to improve efficiency
- Structural strategies
  - Securing independent or co-operative ownership<sup>9</sup> to curtail capture

The measures recommended to industry in these reports thus encourage diversification of income streams and an alignment of business model strategies with a focus on core values to both customer groups, audiences and advertisers. News media should also explore the potentials that collaboration and skill-building hold for their economic sustainability, to consider their organisational and ownership structures and to capitalise on their user data. The relevance of these measures to increase the resilience of news media is thus grounded in increasing the preparedness of the organisation and its ability to sustain sudden downturns or shifts in revenue streams. As for sustainability, moving news organisation towards more innovation and more predictable income would certainly improve their potentials for finding and capturing new areas of business as they emerge. While data strategies can result in stronger monetisation of the audience, such pursuits should be done with both legal and ethical considerations in mind, so as not to exploit user data or threaten user privacy. Finally, it is important to note that not all these strategies will be relevant to all news media, nor indeed possible, for instance in the case of small local, minority or specialist media that are short on resources, or for media that are subject to higher-level corporate strategies and decrees. Indeed, not all news media have data on their readers to the extent that it is scalable and thus usable, which further emphasises the importance of cooperation and collaboration across the news industries to ensure their sustainability.

**Remedies identified for *states* to pursue include:**

- Continuing and expanding state aid to media
- Taxation measures
  - Improving taxation rules
  - Introducing international taxation measures akin to a minimum global tax rate, the proceed from which should support independent journalism
- Creating incentives to encourage private investment in news media
  - Creating more private-public blended financial instruments
  - Matching private investment with public funding to encourage private investment, in full respect of editorial independence
  - Granting access to capital for public interest journalism funders and investors
  - Implementing private investment through public funds with government guarantees to lower the risk of investment
  - Incentivising investors to sell or transfer local media to public interest or mission-driven investors
  - Encouraging more private media towards the realm of non-profit
- Platform strategies
  - Ensuring market fairness
  - Pursuing antitrust cases and competition policies to address monopolistic behaviour by tech giants in the advertising markets
  - Making platforms disclose relevant data on the reach and engagement of news on their platforms and associated metrics
  - Encouraging operational fairness in big tech, by making their practices fair and transparent.
- Raising the budget for media development globally, emphasising that media viability is a factor in sustainable development.

In taking these possible measures into consideration, it is important to remember the fact that national media systems have particularities that can make general recommendations difficult

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<sup>9</sup> Co-operatives are businesses owned and democratically controlled by “member-owners”, and unlike a traditional business each member gets a voice in how the business is run.

to implement. Trust or charitable status have different legal frameworks in different countries. The same applies to taxation schemes and tax law in general. Moreover, media system properties and the characteristics of news media markets also matter for the extent to which revenue can be diversified.

### **2.3.3. Policy recommendations**

Policy and independent reports refer to a range of concepts when discussing or making recommendations regarding the economic sustainability, viability or resilience of the media. As for concrete policy suggestions, these are largely mobilised based on principles to guarantee market pluralism and media diversity, securing journalism independence, and to improve market fairness. Overall, in the allocation of state funds, or in any government support to media, be they direct or indirect, reports stress the importance of securing transparent and accountable criteria for support. Furthermore, support should be managed and allocated through independent intermediary funding bodies, using clear and consensual eligibility criteria.

Reports universally recommend continued direct support to independent media and professional journalism. The most often mentioned direct support measures include support to local media and minority languages, support to innovation and digitalisation efforts, subsidies for hiring local and/or specialist reporters, public funding to sustain journalism training and applied research, and direct, sufficient and long-term funding of PSM. A few reports also recommend extending direct support measures to subsidise media internationally. Government support also includes indirect support, recommended through the tax system.

Tax measures to sustain professional journalism address the business side of media as well as journalistic production and reception. Among the measures mentioned are business tax reductions or exemptions for particular kinds of media such as non-profits or start-ups. Relevant to this point is the recommendation to extend the possibility of acquiring charitable status to more news providers and thus spread the effects of a more favourable tax regime for these company forms. On the production side, reports recommend giving tax relief on hiring journalists. States could also release more indirect support to news media through citizens in the form of tax reliefs on subscriptions. Finally, a few reports also suggest taxing big tech platforms.

When addressing the issue of technology platforms and the increasing competition faced by news media in the data economy, reports suggest that measures should be considered also in the realms of data access, portability and multihoming and interoperability. Considering the role of data could also be extended in the evaluation of competition levels in the industry as well as in mergers and acquisitions. Moreover, states are encouraged to include journalism as a strategic sector in the formulation of national AI strategies.

Finally, some reports also suggest supra-national measures to support journalism. A few measures concern imposing an international tax on digital multinationals. Governments are also asked to commit a blanket share (e.g., 0.1% of GDP) to support independent media.

The relevance of these recommendations to states will depend on the amount and reach of regulation already in place, the concentration of and competition in national, regional and local news markets, and taxation laws. In cases where suggested policy remedies are considered, the principles agreed on by these reports should nevertheless be strictly adhered to, including striving for media pluralism and diversity, securing conditions for independent journalism and ensuring transparent, publicly accountable and independent systems for allocation of state support.



### 3. Examples of good practices for revenue sources under consideration

This section provides examples of good practices implemented across Council of Europe member states and beyond, by news media or journalists' organisations seeking to develop alternative or mixed business models. This report considers the models that innovate in relation to traditional sources of revenues, sales and advertising, as well as some new alternative models not reliant, or not exclusively reliant, on payments from the users and from the advertisers. Many innovative strategies have been employed across the globe, so some examples highlight good practices developed in non-European countries. The revenues models described are classified based on the source of the financing (money earned, in exchange for a good/service, or given, without a specific correspondence with the service provide; public/private), and on the technical features (e.g., direct revenue from readers/viewers can be collected through subscriptions, paywalls, pay-per-view, etc.) (European Commission, 2022: 299).

Examples of good practices have been selected based on the review of academic literature, policy and industry reports, and the analysis of the answers the CDMSI provided in response to a survey conducted in June-September 2022 among the Council of Europe member states. The full analysis of the answers provided by the MS to the questionnaire is provided in a separate report. It should be highlighted that the list of good practices mentioned in this report cannot be considered exhaustive of all the cases that exist on the territories of the Council of Europe member states, so it is not a complete mapping of good practices.

#### A taxonomy of revenue streams and sources

Advertising revenue	Digital advertising (targeted/contextual)
	Sponsored content / native advertising
Direct user revenue (in exchange for a service/content)	Paywalls / subscriptions
	Pay-per-view / per read
	Diversified income streams
Grants by private actors	Philanthropic funding
	Membership / donations
	Crowdfunding
Public support	Direct
	Indirect
Redistribution of copyright revenues	Money from the platforms by regulatory obligations / schemes
Development assistance	Foreign government support
	Philanthropic support

#### 3.1. Advertising revenue

While the decline of advertising revenue in the online environment has pushed the media to look for alternative business models, not exclusively reliant on advertising (or, in some cases, proclaiming themselves “advertisement-free”), there are also cases in which the news media have developed strategies to attract advertising income. Those strategies often rely on the capacity of the media in accessing (and using) their consumers' data, in cooperation or in competition with platforms. (European Commission 2022: 279-298).

Synergies and collaborations seem to increase the success of news media in advertising markets. In **France**, news businesses have joined forces through the EBRA Group, a horizontal partnership of regional newspapers (L'Est républicain, Dernières Nouvelles d'Alsace, L'Alsace, Le Républicain Lorrain, Le Bien public, Le Dauphiné libéré, Le Journal de Saône-et-Loire, Le Progrès et Vosges-Matin), whose aim is to make the individual outlets less vulnerable to big advertising agencies. There is also some evidence that ownership consolidation, particularly around strong brands, can help to secure advertising income. In Norway, the 70+ newspapers owned by the Amedia group have had some success in retaining advertising income. This is attributed not only to the corporate size of the company to attract coordinated advertising campaigns, but also to the scale of data attained through corporatisation that enables audience analytics valuable to advertisers.

Digital platforms' dominance in the advertising market can thus be mitigated by the creation of consortia and alliances among different media. Those practices, that are increasingly spreading, in the past raised some concerns as potentially violating the competition rules. Nonetheless, there is a tendency to accept them, considering competition in the broader advertising market and not only in the news media sectors. For example, in **Belgium**, three of the larger media actors that are active in the field of digital advertising (Telenet, Mediahuis, and Proximus en Pebble Media) established "a strategic alliance to improve their competitiveness with the largest actor in the field" (DPG Media), as well as with international actors such as Google and Meta (CMPF 2022). "Considering this initiative is currently increasing effective competition rather than limiting it there has been no publicly known investigation from the Competition Authority. Nevertheless, the Flemish Media Authority is closely following up on this new initiative in its reporting" (Lambrecht & Valcke, 2022).

An interesting case is the one of the digital company Seznam in the **Czech Republic**, which is one of the strongest news media brands (SeznamZpravy.cz), and also has a relevant position in the advertising market, "representing a unique case of a market that is not fully dominated by the global 'duopoly' of Google and Facebook<sup>10</sup>. Unlike most legacy publishers, Seznam reported a revenue increase in 2020, and was able to expand the number of journalistic staff" (Stetka 2022).

In **Portugal**, the case of the digital native news project "Polígrafo" is reported<sup>11</sup>:

it was created in 2018 with private funds, and it is focused on fact-checking. In terms of revenues, the newspaper has a commercial advertisement partnership with Sapó (Portuguese digital platform, search engine and news aggregator) but editorial collaboration with other media (SIC, Facebook, Iberifier, etc.) on fact-checking projects is the principal source of revenues.

The success of the news media strategies in the digital advertising market will also depend on the development of new regulations, at national and EU level, aimed to tackle the big digital platforms dominance on the data and advertising market, and in some cases to restrict or ban the tracking of consumers. While those developments could affect the capability of the media companies to offer targeted advertising, an alternative strategy is to strengthen the offer of contextual advertising: "there is evidence from both the New York Times in Europe and Dutch public broadcaster NPO that their ad revenue increased after switching from tracking-based behavioural to contextual advertising" (European Commission 2022: 294, see also Armitage et al. 2023).

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<sup>10</sup> Now Meta.

<sup>11</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

Revenues derived from selling advertising space include native advertising and programmatic advertising. However, good practices in online advertising should not be reliant on a heavy exploitation of personal data and tracking. Therefore, contextual advertising is a good practice for online advertising as it involves the use of data-driven targeting and relevancy to ensure that advertisements are displayed in contexts that align with the content and interests of the audience.

As reported in the EC Study on Media Plurality and Diversity Online<sup>12</sup>, there is evidence, as observed with the New York Times in Europe and the Dutch public broadcaster NPO, that their advertising revenue experienced an increase subsequent to their shift from tracking-dependent behavioural advertising to contextual advertising. NPO attributes the success of its shift away from personalised data-driven advertising to its investment in contextual targeting technology and the contributions of its sales house<sup>13</sup>. Nevertheless, as the Study notes, the majority of media outlets are currently striving to maximise their utilisation of consumer data in online targeting and personalised online advertising.

In parallel, digital news media increasingly rely on native advertising, a form of sponsored content that is “native” to the digital media in which it appears, meaning that it has the same style of the original content published on the website. As this development raises concerns about the independence of journalistic content and consumers’ protection (which must be guaranteed by a clear disclosure of paid content), the search for good practices should focus on the regulatory and self-regulatory context, to guarantee transparency of the relationship between publishers and sponsors.

As an example of use of native advertisers, Citydog.by, **Belarus**, digital city magazine. Native advertisers finance 85% of the revenues.<sup>14</sup>

CityDog’s native advertising embraces some key principles: advertisers and the magazine must share the same appreciation for the featured topics and heroes; advertisers and the magazine must act as partners; most importantly, the magazine must preserve its full editorial independence regarding all the content it produces. But the publication’s commercial department, consisting of two full-time managers, works hand-in-hand with the editorial team, which produces both editorial and commercial content.

As a best practice, MPM2022 quotes from **Malta’s** country report, where some independent news outlets are trying their best to demonstrate moral leadership (CMPF 2022).

[I]t is refreshing, as well as unusual for Malta, to see that news media organisations like The Shift News and the blogger Manuel Delia have transparent procedures and are committed towards preserving their credibility by publishing their earnings and refusing direct advertising or donations by corporate organisations or the government. Additionally, The Shift News’ operating company, Tula Ltd., is committed, under its Articles of Association, to investing all earnings back into journalism (Vassallo, 2022).

Furthermore, a number of recent initiatives aim to promote trustworthy sources and make it easier for advertisers to reach their audiences on trusted, reliable media, thereby supporting quality journalism and excluding content that is not suitable for advertising purposes, such as disinformation. The Ads for News coalition, run by the media development organisation Internews, encourages brands to advertise directly with news media. Trusted Media does the

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<sup>12</sup> Page 294.

<sup>13</sup> Sales houses sell advertising on behalf of media organisations.

<sup>14</sup> Presented as an example, at the International Journalism Festival in Perugia, 2022, of business model innovations in politically pressured contexts). (see: <https://www.mediasupport.org/wp-content/uploads/2022/02/Native-Advertising-Playbook-2022.pdf>)



same, introduced by DPG Media in the **Netherlands**. The Journalism Trust Initiative identifies quality news sources for advertisers, and the Check My Ads Institute seeks to hold ad tech accountable, especially Google and Meta. In the **United Kingdom**, the Ozone project, a collaboration between News UK, Telegraph Media Group, and Guardian News and Media, has launched an advertising platform to attract advertisers to quality environments through a single buying point. In 2018 the project reported 41.1 million consumers in the United Kingdom, equalling Facebook<sup>15</sup> and Google in terms of overall reach in the country. In Italy, Citynews is a local media network covering 53 cities established in 2010. While their business model primarily centers around advertising, the group managed to increase their advertising revenue by 7%. This achievement was attributed to the relative resilience of local advertising compared to national advertising. (Carlini et al. 2023)

Another interesting example in the context of local media is the Local Weekly – Tygodnik Lokalny agreement in Poland which provides a unique opportunity to place print advertising simultaneously in all local weekly publications published throughout Poland.<sup>16</sup> It is a nationwide project joining 130 independent local weeklies that are not government-subsidised and cover a range of local areas. Their advertising office offers an efficient package for advertisers targeting district and municipal markets, especially where national newspapers have limited presence. The local newspapers are available in practically every shop in the village where the central press does not reach. By advertising in this network, clients can save time and money, as the network offers competitive delivery costs and efficient order management system.

In sum, good practices in online advertising for news media involve strategies to attract advertising income without overexploiting personal data and tracking. One effective practice is investing in contextual advertising, which uses data-driven targeting to display ads in contexts aligned with audience content and interests. However, many media organisations still aim to maintain their capacity for extensive consumer data use in personalised online advertising. Native advertising, a form of sponsored content matching the style of original digital media content, is gaining popularity. To ensure transparency and independence in native advertising, regulatory and self-regulatory transparency measures are crucial to maintaining editorial independence. Overall, good practices in online advertising for news media involve responsible data use, transparency, and ethical partnerships to enhance advertising income while preserving journalistic integrity.

As advertising comprises a crucial part of the news media ecology overall, the strategies and investment of ad agencies impact on the resilience and sustainability of news media organisations. In line with the market dynamics of news media landscapes, advertising revenues may contribute to concentrate as well as diversify national journalistic landscapes. This is particularly predominant in small markets. Advertisers who embrace ethical approaches and procure advertising space in a way that limits the possibility for concentration, contribute actively to the resilience of the news media.

### **3.2. Direct revenue by users**

(Direct revenue is defined as revenue from users in exchange for a service or product.)

Direct payments by users make up a part of media's revenues in the press sector (sales, physical subscriptions) and in the audiovisual sector (pay-tv). The digital innovation, while impacting the traditional revenues from readers/viewers, also brought new possibilities in

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<sup>15</sup> Now Meta.

<sup>16</sup> From the data collected by the ongoing research task of the Local Media for Democracy (LM4D) EU funded project. Full report forthcoming. <https://cmpf.eui.eu/local-media-for-democracy-project/>

direct revenue generation, both in the news organisations and in the audiovisual industry. While at the beginning of the digital revolution the news media prioritised increasing reach, trying to gain an enriched audience in terms of advertising revenues, in recent years a shift towards direct revenue model occurred, and the publishers increased their efforts to make people pay for the content.

The spread of models based on paying audience/readership is higher in the Northern European countries (Digital News Report, 2022), and positively correlated to consumption habits in which access to the news is mostly direct and not intermediated by algorithmic sources (Digital News Report, 2019). Even in those countries, the proportion of people who pay for online news is far from the majority: according to the survey run by the Digital News Report in 2022, across the 20 countries where payment is relatively widespread, only 17% paid for any online news. Percentages range from 41% (Norway) to 9% (United Kingdom). The survey also found a high degree of market concentration - payments tend to go to a small group of media companies - and that the percentage of people paying for online news is inversely correlated to age - it decreases among younger people.

While those features, highlighted by most reports, raised concerns about social and generational divide in news access and consumption, the tendency toward direct revenue models strengthened in recent years. While a generalised tendency toward paywalls and subscription models emerges (see for example the country reports of MPM, in the section about media viability), it must be noticed that a quantitative assessment of the trend is not possible, as often the companies' financial reports do not provide details on the direct revenues from digital users. Nonetheless, some interesting examples can be highlighted.

### **3.2.1. Paywalls/Subscriptions**

Subscription income or paywall revenue contains a mix of income models that combine with other revenue streams in various ways or sustain media outlets without advertising income. The examples below show that subscription-based revenue models can be effective in ensuring media independence and financial sustainability, particularly when targeting audiences who value quality journalism and are willing to pay for it. While economically successful, these models may accentuate the social polarisation of media practices, potentially limiting access to quality sources for certain demographic groups. On the other hand, the shift toward digital and subscription-based revenue sources represents a strategic response to evolving media consumption trends, potentially better aligning with the preferences of digitally savvy audiences.

In **France**, the independent online investigative journal Mediapart, founded in 2008, relies only on readers' subscriptions and carries no advertising. As reported on their website,

since 2019, the capital of Mediapart has been fully controlled by the Fund for a Free Press (FPL) via the Society for the Protection of the Independence of Mediapart (SPIM). This control by an endowment fund devoted to a mission of general interest guarantees its total economic independence, its capital being protected from any private or particular interest.

The site reported first profitability in 2011, reaching 60,000 subscribers. Since then, the subscriptions kept growing, registering a sharp increase (by 30%) in 2020. In 2021, Mediapart had 213,533 subscribers, who provided 98% of its €21,3 million in annual revenue (Rubio 2022). The success-case of Mediapart confirms that models based on subscriptions can “bet on readers' desire for editorial independence and ad-free reading experiences”, as highlighted by Rebillard and Sklower (2022). They also underline that “such solutions, among others, tend to attract people with relatively solid cultural and economic capital, and can accentuate the

'social duality' of media practices – serious, print content for graduates, and commercial, audio-visual for the less educated”.

Another good practice in France is Le Monde as an example of a virtuous economic model that evolved from a traditional media, shifting from physical to digital distribution of the newspaper. Moreover, Le Monde developed tailored different offers for the online user. As a result, “in June 2022, 79% of paid distribution was digital, compared to 40% in June 2017.”<sup>17</sup> Another good practice is, in **Iceland**, the case of Heimildin (the Source, formerly two separate online news websites Stundin and Kjarnan), a national media outlet founded and owned by journalists and providing investigative journalism. Heimildin has a news website and publishes a newspaper twice a month, focusing on independent, critical, investigative journalism. Some of the website content is only available to subscribers, and so is the newsletter.

In **Germany**, the established media companies are succeeding in generating other sources of revenue outside the traditional revenue streams (e.g., the Frankfurter Allgemeine Zeitung launched several online applications), and the publishing house Axel Springer stated in 2020 that it would generate 87% of its revenue from digital business. There is also a growing tendency by the publishers to launch podcasts (Holznagel and Kalbhenn, 2022). Also local news media outlets are succeeding in generating subscriptions models. This is the case of VierNull, an advertising-free local news media from Düsseldorf, founded in 2021, that publishes news every weekday in the format of an online newsletter, which are sent to subscribers at 5.30am.<sup>18</sup> In **Spain** legacy media started to create paywalls of different types in 2019, whereas most of the native digital media opted for subscription models from the beginning. In more recent years, they started to modify their offer to attract more readers through personalisation strategies.

In the audiovisual sector, the subscription model faces the powerful competition of services provided by the digital platforms<sup>19</sup>. The established audiovisual media players turned to this model and launched their own streaming services only in recent years, and although they play a minor role in this market, some interesting examples can be found. For instance, in **the Netherlands** public and commercial broadcasters joined in 2014 to create a common SVOD service, called NLziet, offering a monthly subscription to access all Dutch TV programmes. In parallel, the public broadcaster NPO also has its own demand service (NPO plus), whose revenues contributed its profitability in 2021 (de Swert et al. 2022). As reported in European Commission (2022: 302), this difference is relevant when it comes to the strategies in the use of personalised data. While the public service streaming platform attempts to counter filter bubbles, recommending diversified content, NLziet does not disclose how the personalised recommendations on the platform work (European Commission 2022).

In **Spain**, the Atresmedia group launched in July 2019 a Premium service, ATRESplayer, a platform also accessible from a mobile phone, which offers exclusive content, previews, and the entire chain's catalogue for €2,99 per month. The other large commercial television group, Mediaset, has strengthened its digital platforms (Mitele, Telecinco.es, Cuatro.com, and Mtmad) and, in September 2019, launched a generalist digital newspaper (Nius) which uses

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<sup>17</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

<sup>18</sup> From the data collected by the ongoing research task of the Local Media for Democracy (LM4D) EU funded project. Full report forthcoming, <https://cmpf.eui.eu/local-media-for-democracy-project/>

<sup>19</sup> From 2016 to 2020, revenues from subscription video on demand services (SVOD) more than doubled in Europe, whereas the traditional pay-tv revenues remained stable (European Audiovisual Observatory, Yearbook 2021). As noticed in EC (2022: 275), “the fast-growing sector of subscription video-on-demand (SVOD), even if it is still a modest share of the audiovisual services market, signals a shift towards the over the top (OTT), dominated by a few new global players. In 2020, the main two companies (Netflix and Amazon) gathered 74% of SVOD revenues in the EU 28”.

all the channels of internet consultation (social networks, news search engines, podcasts, and voice assistants)<sup>20</sup>. Also some newsrooms in **Malta**, such as the Times of Malta, have a subscription option in place for readers to support their journalistic efforts.

In **Austria**, the Styria Media Group AG was the first to introduce a paywall to the Kleine Zeitung (regional media in Styria and Carinthia) by charging an electronic version of the paper back in 2015. It has slowly developed to today's "freemium" model, where part of the content is charged and part remains free, and it is considered a success with several thousand subscribers<sup>21</sup>.

### 3.2.2. Pay per read/per view

Another way in which media companies can earn directly from readers/viewers' contribution is asking users to pay for each purchase, with micropayments. Allowing readers to pay for each article/news they want to access, those models can be an alternative to paywalls and subscriptions, allowing users to not be locked to a single media. But this model has yet to display examples of successful best practices. One reason for this may be that subscriptions are ultimately more valuable to publishers than the single-sale of articles.

Services of this kind are offered by the big platforms, with the online kiosks of Facebook, Google, Apple (Facebook News, Google News Showcase, Apple News Plus). In some countries publishers are trying to set up their own distribution platforms. In **France**, the telephone company SFR created "SFR Presse" in 2016, and Bouygues created "LeKiosk" in 2017 – both were replaced by Cafeyn in 2020, a platform of three phone operators, as Free joined in (Rebillard et al. 2022). In **Finland**, a bottom-up initiative came from a small group of freelancers who in 2013 created Long Play, a platform aimed at "creating a reader-funded publishing model for serious, high-quality journalism"<sup>22</sup>, on which readers can purchase individual, long-form pieces of journalism.

In the audiovisual sector, the pay-per-view model (TVOD: transactional video on demand) is still a small part of the market but increasing, and it experienced a sharp growth in recent years (+65% between 2016 and 2020, for the European countries monitored by the European Audiovisual Observatory, whose 2022/23 Yearbook reports that the digital video market went up to €2 billion in 2020). Examples of TVOD offers based in Europe are the Italy-based Chili joining several major media conglomerates, and the Spanish Sala Virtual de Cine.

While the pay per view solutions can be more attractive in the audiovisual sector, the pay per read models in the publishing sector seem to face more difficulties. The case of Blendle, the online news platforms launched in 2014 in **the Netherlands**, shows the challenges of the pay per read model. It allowed people to make micropayments for individual articles of the main publishers and was therefore named "the iTunes for news", but in 2019 it was still not profitable and shifted to a subscription model (European Commission 2022: 300).

As for the subscription model, in some cases, like Mediapart in France, success stems not only from attractive content, but also high levels of transparency in ownership structures and revenues which facilitates accountability towards users. To be able to survive on direct revenue alone, however, evidence from many markets suggests that scale, a functional local or niche monopoly position and market leadership may be key to success within the direct reader revenue stream.

<sup>20</sup> From the MPM database. Data provided by the MPM Spanish country team (J. Suau et al.).

<sup>21</sup> From the data collected by the ongoing research task of the Local Media for Democracy (LM4D) EU funded project. Full report forthcoming, <https://cmpf.eui.eu/local-media-for-democracy-project/>

<sup>22</sup> <https://www.longplay.fi/long-play-brief>

### 3.3. Philanthropic funding

(Included under philanthropic funding is revenue through donations, grants, and foundation funding and development assistance.)

#### 3.3.1. Donations

Philanthropy is an established part of media funding especially in the **United States**, with several good practice examples of private investment in journalism. Funds such as the National Trust for Local news raise revenue to acquire failing local media or to liberate media from asset-stripping ownership. The American Press Institute also distributes philanthropic support independently and helps publishers improve their data journalism through its Metrics for News programme. The United States also have an Institute for Non-Profit News that provides business support services. Internationally, the International Fund for Public Interest Media works to limit donor leverage over editorial independence. While philanthropy funding is bigger in the United States than in most other countries, it is gaining traction in many parts of the world.

In the **European Union**, foundations funding journalism increased in recent years, with institutions like the Investigative Journalism for Europe Funds (IJ4EU), the European Cross-Border Grant, the Investigation Grant for Environmental Journalism, the European Development Journalism Grant Programme. Big founders are Open Society Foundations, Bill & Melinda Gates Foundation, Fritt Ord Foundation, Adessium Foundation, King Baudouin Foundation, Stavros Niarchos Foundation, Arcadia Fund. Smaller projects are found at national level, e.g., the Dutch Journalism Fund launched in 2010, which awards grants up to 50% of a project's cost. Throughout the surveyed reports relevant to media resilience, authors urge the establishment of more independent and transparent bodies to funnel and award philanthropy funding, and to ensure better sustainability, fairness, and predictability of funding through this source. As an example of good practices in this regard, the Journalism Trust Initiative under Reporters Without Borders (RSF) provides a framework for evaluating trust in media revenues, grants and subsidies, as well as brand safety.

In recent years, several private grants to media outlets and journalistic projects have been provided by major digital platforms. In 2015, Google announced the DNI (Digital News Initiative) which was to provide €150 millions to Europe's media companies for the period 2015-2019. The initiative was supposed to fund technical innovation in the newsrooms. As the European Commission (2022:307) reports,

in its 3 years operation, the DNI funded 645 projects from all the member states, although the number of projects and the funding amount changed considerably from state to state. The main category of recipients was commercial media, including leading media newspapers and media companies such as Le Monde, Il Corriere della Sera, Der Spiegel, Financial Times. A good percentage of the funding went to actors other than media outlets, such as service providers for the media industry, think tanks, agencies, foundations and industry associations. Only about 5% of the funding was granted to non-commercial media.

The initiative raised some concerns regarding the transparency of the criteria used for the allocation of the grants. In March 2018, the Initiative was transformed into a global one, and €300 additional millions have been allocated. The Google News Initiative has the following objectives: supporting quality journalism, empowering technical innovation in news organisations and evolving business models. In 2017, the Facebook Journalism Project (FJP) was launched with the aim to distribute grants, training for journalists and engaging in a



partnership with publishers. This project seems to be more focused on the use of Facebook tools. Following the emergence of Covid-19 pandemic and the related debate about infodemic, the FJP launched another initiative, together with the European Journalism Centre, to support community, local and regional news outlets with a 3 million USD fund; 162 grants across 35 countries have been awarded by this initiative. “It is noted that the total amount of the fund appears to be rather small in comparison to its goal; therefore, one might conclude that its impact has been limited.” (European Commission 2022:307).

Google News supported the project “Building loyalty through gamification”, run by local news site VOL.AT from Vorarlberg, western Austria. It introduced a loyalty scheme usually used on gaming platforms with the aim of engaging the users in reading, commenting, and sharing content, and in return they would receive “Ländlepunkte”(points) they could later redeem for various benefits such as concert/sport tickets, non-cash prizes etc. According to the VOL.AT they surpassed expectations with a ten-times increase in registrations. Furthermore, this technology can be used on any website<sup>23</sup>.

On one hand, subsidies from platforms, distributed on a voluntary basis by the big players of the digital advertising market, follow the widespread debate about the role of digital intermediaries in the media environment and their increased commitment in safeguarding the news production, also to address the criticism about information disorder in the algorithm-driven environment of the media. On the other hand, the private platforms’ support has been limited in the amount, and often not transparent in the allocation criteria, and criticised for supporting projects that are instrumental to strengthening the dominance of the platforms in providing digital services, so complementing, and not innovating, the existent online ecosystem (Fanta & Dachwitz 2020). In parallel, other forms of financial redistribution from the digital platforms to the media have been developed or attempted, out of a legal obligation (see *Redistribution of copyright revenues*).

### 3.3.2. Membership

In the membership model, readers/users give money to support a news media outlet (and a cause) they believe in. There is no transaction involved, i.e., there is not a fee given in exchange for a service. The media content can even be available for free to non-members. In this case, the aim of the membership is to finance the journalistic activity and make it available to all.

While the membership model often starts with a crowdfunding (see below), and in itself can be seen as a form of crowdfunding/donation (the readers/users give money to the media they want to support), it can also come with some remuneration or service in exchange for the contribution, such as advertising-free access, or to the full content, or to other offers reserved to the members. What can be noticed is that in any case a strong form of active and robust relationship between the readers and the media is at stake (Hansen and Goligoski 2018).

The best case of a successful membership model is perhaps The Guardian in **the United Kingdom**, which reported break-even results in 2019 and reached 1 million paying members in 2021, together with record annual revenues (£255.8m, “its highest income since audiences shifted online and destroyed the traditional newspaper business”<sup>24</sup>). The owner of The Guardian is the Scott Trust, “originally created in 1936 to secure the financial and editorial

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<sup>23</sup> From the data collected by the ongoing research task of the Local Media for Democracy (LM4D) project. Full report forthcoming.

<sup>24</sup> <https://www.theguardian.com/media/2022/jul/20/guardian-media-group-records-strongest-financial-results-since-2008>.

independence of the Guardian in perpetuity and to safeguard the journalistic freedom and liberal values of the Guardian free from commercial or political interference”<sup>25</sup>. In 2008 the Trust was replaced by The Scott Trust Limited, a limited company with the same aims enshrined in its constitution. In 2016, The Guardian launched the membership strategy, asking its readers voluntary financial contributions instead of payments to access the news; the aim was to maintain its content accessible by everyone. In 2018-2019, The Guardian recorded profits for the first time since 1998.

The Guardian’s strategy is based on two key features: offering quality and trusted content and continually engaging its community, urging readers to support The Guardian’s mission. The Guardian also has a subscription option, but it remains available for everyone to read for free. (Rusbridger 2018; Arroyo and Valor 2019; Owens 2022). As noticed in Benton (2019), some of The Guardian’s features are not easily replicable, such as being owned by a trust which financed the long-period transition to digital, or having two thirds of its readers outside the country in which it is based. Still, it is considered a model by all the media outlets that aim to develop digital strategies without imposing walled payment models.

In **Denmark**, a successful case is the one of the digital native media Zetland. It is “founded, supported and driven forward by its members”. Its business model relies on the members’ contribution and on subscriptions by non-members, and it carries no advertising. Founded in 2016, it became financially sustainable in 2019. In the same year it adopted a new strategy calling its members to be “ambassadors”, and this campaign led to a three-times larger surplus from 2019 to 2020 (Rasmussen et al. 2022). In 2021, Zetland claimed to exceed 28,000 members, 2,000 of which are “ambassadors” (on a population of 5,8 million). It produces articles, audios and videos and has 40 employees.

Zetland is part of a European network of membership-based outlets that includes Republik (Switzerland), “[t]he digital magazine for politics, business, society and culture, [f]unded by its readers”, whose claim is “[w]e can do it together, or not at all” (Schmidt 2018), and the Dutch De Correspondent, founded in 2013 (Witschge 2013), raising €1,6 million in 30 days. Its English-language edition, The Correspondent, was launched in 2019 but in December 2020 ceased operating, as many readers did not renew the membership due to the deteriorating economic environment (see Carlini and Bleyer-Simon 2021).

Other examples of news media based on membership models are Follow the Money in the Netherlands, which has about 3000 paying members; Krautreport in Germany; Il Post and Valigia Blu in Italy. In Iceland, Omega, a religious television channel receives voluntary donations from its viewers<sup>26</sup>.

**Portugal** reports the case of Fumaça, a digital native podcast investigative journalism project created in 2016 and financed through individual contributions. It does not benefit from advertisement. Its goal is to be 100% financed through the community but until then the project has been also financed through journalism grants given by foundations and associations, and contracts for live interviews and talks.

Membership models have also proven successful in media systems with low media independence or risk of media capture, for instance the news site Malaysiakini in Malaysia, Dennik N in Slovakia, and Daily Maverick in South Africa.

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<sup>25</sup> <https://www.theguardian.com/the-scott-trust/2015/jul/26/the-scott-trust>.

<sup>26</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

In **Moldova**, donations are incentivised by the fiscal system, with the 2% mechanism that allows redirection of income tax to an NGO. Crowdfunding on Patreon or Paypal is often used by media outlets. The independent media groups are using a combination of donations and subscriptions (mentioned in the survey, other than the above mentioned Agora.md: Cu Sens, Newsmaker, Ziarul de garda, TV8, Rise Moldova)<sup>27</sup>. In **the Netherlands**, several examples are reported of media financed by grants from private funds (Adesium, Limelight Foundation, Gieskes Strijbis, Democracy and Media Foundation), gifts & donations (like the independent platform for investigative journalism Investico).

### 3.3.3. Crowdfunding

(Crowdfunding is defined as funding through donations from individuals on an ad-hoc basis.)

Crowdfunding is often combined with a membership model or a cooperative ownership model to sustain operations beyond the launch. This type of capital is often a short-term solution, commonly employed as initial capital or to navigate media organisations through challenging periods. It typically lacks long-term sustainability but has a potential to invest in innovation and experimentation, as it can serve as a valuable resource for introducing innovative ideas or testing new initiatives. Crowdfunding is used to assist media outlets during times of crisis, enhancing their resilience against unforeseen shocks. Frequently, these funds are directed toward projects with specific content objectives, making them less universally applicable to the broader public interest. Nonetheless, crowdfunding is successful in countries where the distribution of other sources of funding are dependent on political decisions.

Several sites in the **United Kingdom** have used this model, including Tortoise (launched 2019) and Positive News (launched 2015). But there have also been cases where news media have raised money to start news ventures and have then developed in a purely commercial way; for example, the **Spanish** news site El Español established in 2015 raised €3 millions from a crowdfunding campaign. A stock company was founded afterwards with a share capital of €17 millions and a business model was created based on advertising, subscriptions and related businesses such as gaming. In **France**, Binge audio has been supported through crowdfunding; it also published books, mainly on gender issues with a feminist take, covering a niche sector of topics of minor interest to the publishers (European News Media Forum, 2021).

Crowdfunding is also used as a means to achieve and guarantee media independence in the context of high risk of political influence. This is the case of new online radio stations and initiatives in **Poland**. After the crisis of Trójka (the third channel of Polish public radio), “Nowy Świat” (New World, which raised 4 mill zlotys), “357” and “Raport o stanie świata” continued to attract users who contributed to content production with voluntary donations. In the cinema sector, it is worth mentioning the case of the documentaries made by Tomasz Sekielski, Tell No One (*Tylko nie mów nikomu*), and Hide and Seek (*Zabawa w chowanego*), both about the sexual abuses in the Catholic Church, financed through crowdfunding and published on YouTube, achieving a great dissemination and popularity. Another successful investigative project in Poland is OKO.press, established in 2016 and funded by a mix of individual donations and grants. In 2019, 80% of its revenue came from individual donations, while grants made up 20% of its revenue. OKO.press currently carries no ads. It offers a free membership where readers can register to receive its weekly newsletter and gain early access to articles. In 2020, OKO.press’ “Covid-19 coverage and a focus on fact-checking politicians saw growth” in “audience and a 75% increase in one-off donations. Regular donations also

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<sup>27</sup> Ibid.



increased by 25%”<sup>28</sup>. In 2020, OKO.press received the prestigious Freedom of Expression Award Fellowship for Journalism from Index on Censorship.

In **Hungary**, news website Telex was founded through crowdfunding in 2020, gathering 40,000 supporters for its launch. The site was established after a change of ownership in the founders’ previous employers, Index, raised issues of editorial independence. In September 2020, telex.hu reported that the crowdfunding raised €1 million by more than 42,000 donors. Átlátszó, the pioneer of crowdfunding in Hungary, still relies on crowdfunding, one-off and regular microdonations, on national and international tenders, collaborations with other national news outlets, 1% of tax donations, and so on. Its revenue completely relies on alternative sources as there is no advertising on the news site (see Bátorfy et al. 2022).

In **Serbia** there are interesting cases of donations campaign to support the free press and targeted campaigns. In May 2017, the Independent Association of Journalists of Vojvodina (NDNV) organised an instant crowdfunding campaign in which it collected a little over RSD400,000 (approximately €3,780) in one week in order to cover the costs of fines, interest payments and court costs in a court case against the Autonomija portal. The funds were later returned to NDNV in line with the appellate court’s judgement, about which the NDNV informed the public in a timely manner. After that campaign, the NDNV started to implement a continuous donation campaign on its platform in April 2019<sup>29</sup>.

According to Irex Strengthening Media Systems Project’s research in 2019, Prijepolje’s TV Forum, the first female-led television station in the Balkans, joined forces with the Catalyst Balkans Foundation to initiate a pioneering online crowdfunding campaign aimed at replacing the studio’s broadcasting and production equipment. Just fifty days after launching their campaign on the local platform Donacije.rs, TV Forum exceeded its target by 15%, amassing over €5,100 from the community. In 2019, the Serbian daily independent paper Danas secured over €23,650 for the upcoming twelve months in just three days of an online fundraising campaign. Within the first 72 hours of the campaign, the newspaper secured committed monthly contributions of €2,080 through membership subscriptions<sup>30</sup>.

In **Italy**, Indip (Indip.it) is the first local media outlet for investigative journalism with an embedded whistleblowing platform, InLeaks, which has been launched after a six-month crowdfunding campaign. It collected €27,300 from 493 contributors and aims to be funded exclusively by subscribers, not by sponsors, nor advertisement. To sustain their business, they offer a low-cost subscription of €60 per year or €8 per month<sup>31</sup>.

Smaller crowdfunding initiatives are reported all over Europe. In the **Czech Republic**, several news organisations and journalistic projects have successfully experimented with crowdfunding lately (e.g., the daily Alarm, DenikN, Hlidacipes.org, Forum24.cz, Reporter.cz). Some managed to build a stable membership base (e.g., the above-mentioned case of DenikN, www.denikn.cz). In **Malta**, two native digital platforms, namely The Shift News and blogger Manuel Delia, do not accept direct advertising and rely on civil society grants, crowdfunding, donations or subscriptions, and automatically generated online advertising. Also Lovin Malta uses the crowdfunding approach when launching particular initiatives. In **Germany**, Relevanzreporter is a local news media outlet which collected over €13,000 from 160 supporters through a crowdfunding campaign in 2021. This helped to launch the platform

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<sup>28</sup> <https://www.poynter.org/business-work/2020/reader-funded-journalism-in-a-crisis-lessons-from-oko-press/>

<sup>29</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

<sup>30</sup> Ibid.

<sup>31</sup> <https://www.produzionidalbasso.com/project/indip-periodico-indipendente-di-approfondimento/>

which now finances itself from memberships and grants, though many contributors remain pro-bono<sup>32</sup>.

The use of crowdfunding to finance specific journalistic projects also characterises Rapport, a **Finnish** platform for crowdfunding individual journalists through monthly subscriptions, and RARE (a journalistic media for and by the youth creating digital content for social media and events).

In this context also "digital patronage" should be mentioned. The "digital patronage model" provides content creators with the opportunity to receive sustained financial support directly from their fans. The most popular platform for this is Patreon. Digital patronage supports many types of content creators, including independent journalists and political commentators. While most content creators are not able to make a comfortable living from digital patronage alone, it represents an attractive alternative revenue model, particularly for small or niche creators (Bonifacio & Wohn 2020; Bonifacio et al. 2023). An example is Radio 357 - an internet radio station in **Poland** funded through digital patronage since 2020. The success of this station suggests that the development of crowdfunding has created a space for new types of participatory engagement by audiences (Galuszka & Chmielewski, 2023).

The examples mentioned above show that: i) there is a variety of crowdfunding initiatives, depending on the political, economic and cultural context; ii) ad hoc initiatives - earmarked to a journalistic or artistic project - are more likely to succeed; iii) crowdfunding is often associated to political and ideological commitment, as in the case of risk to media independence; iv) to guarantee media resilience, crowdfunding could be seen to serve as complementary income stream in a diversified business model, combined with other sources of income, such as a solid membership revenues stream, or additional grants from philanthropy or state-sponsored journalism funds to maintain business operations.

### **3.4. State support**

(State support is defined as government funding of news media through direct or indirect support.)

Evaluating the effectiveness of regulatory practices for news media funding on a national scale is a complex task due to the multifaceted nature of media ecosystems, varying regulatory frameworks, different national contexts and constitutional frameworks. State support to news media is also regulated under EFTA's surveillance authority, ESA, which places limits on the amount of support state can render to news media on the grounds of fair competition.

#### **3.4.1. Direct state support for private media**

Many states support journalism directly through various subsidies or distribution support. Good practices for direct government support to the media need transparent, predictable, and publicly accountable systems and measures for evaluating and distributing grants to news media. This is to avoid capture or favouritism by governments towards certain media, and to ensure the legitimacy of such tax-funded measures. Support mechanisms should also be technology neutral to ensure that digital-only or start-up media can compete with incumbent, print-based media, and to avoid favouring media that predominantly serve older

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<sup>32</sup> From the data collected by the ongoing research task of the Local Media for Democracy (LM4D) EU funded <https://cmpf.eui.eu/local-media-for-democracy-project/project>. Full report forthcoming.

populations. Direct support measures, including the allocation of government advertising, should therefore be done through transparent arms-length agencies.

**Scandinavian countries** are often highlighted as having good practices for state support. In **Denmark**, for instance, where measures are transparent, publicly accountable and relatively predictable. Allocation there involves multi-stakeholder consultation. Direct subsidies in Denmark are distributed by the Media Council, and they are presented in annual reports along with guidelines for how to apply for subsidies. Funding schemes also have clear criteria for support, including investment in editorial content and employment of at least three journalists, and are distributed to avoid over-supporting big market players. Direct support to media also tends to include public service broadcasting.

Direct state subsidies tend to support three types of costs: direct operating costs (including distribution costs), editorial costs (primarily the cost of hiring journalists), and innovation costs. Mechanisms are usually targeted to sustain local, community or minority news media to support media pluralism, and/or they are allocated based on professional criteria (e.g., publications that are independent, public interest-oriented with a general news provision). In Norway, for instance, the government supports the operating costs of small, local, and number-two<sup>33</sup> newspapers. In **Norway**, as well as in **Sweden** and **Austria**, support to operational costs include distribution costs to ensure newspapers are delivered to remote areas. **France** and **Italy** offer export aid. Local and regional press is supported in **Portugal** where there has been a funding scheme directed to the regional and local news since 2015 under the following thematic actions: jobs and professional training, technological modernisation, digital development, media accessibility, development of strategic partnerships, and media literacy.<sup>34</sup>

**Iceland** supports media in rural areas, “to promote and develop local media outside the Reykjavik metropolitan area, these having a major part to play in ensuring public access to information on cultural and community issues and thereby supporting the democratic process and cultural activities”.<sup>35</sup> In **Latvia**, the Media Support Fund is a part of the Social Integration Fund. It finances programmes supporting the production of news stories from the municipalities for broadcasting on PSM and regional and local television channels, and the production of socially important content and content strengthening the national cultural space in the Latvian language; it also provides regional and local media support.<sup>36</sup>

Several countries provide direct support to cover the cost of hiring journalists. **Luxemburg** has seen a slight increase in the number of journalists accredited to the Press Council, where state support is conditional on the number of journalists employed on a permanent contract (CMPF 2022). The recently reformed system to support professional journalism has three pillars, namely the maintenance of pluralism, the promotion of pluralism, dedicated to start ups and new entrants, and the support of citizen media.<sup>37</sup> Publishers here get support based on the amount they spend on journalism. In the **Netherlands**, the Journalism Incentive Fund (*Stimuleringsfonds voor de Journalistiek* or SVDJ) has a €4,85 million scheme to professionalise local media (*Journalistieke Professionalisering Lokale Publieke Mediadiensten*), reporting positive results to the quality and quantity of the production of supported media. In the **United Kingdom**, the Local Democracy Reporting Service (extended to 2024), which is part of the Local News Partnership set up by the BBC in collaboration with the News Media Association, provides dedicated reporters to increase reporting on local councils. The scheme funds 165 jobs, paid for through the licence fee. This model has been

<sup>33</sup> The second newspaper in a given market.

<sup>34</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

replicated in New Zealand and Canada. Problems have been identified with this scheme, however, as many of these contracts have gone to the three largest publishers in the United Kingdom. Direct support to journalism has recently been supplemented with more indirect schemes through tax benefits (see below).

Certain funding schemes also support innovation or digital transformation costs. **France** passed a Covid-19 recovery plan that includes €377 million (through 2022) to support the news industry's ecological and digital transition, with funding ranging from support to precarious labour in the sector (freelancers, photojournalists, local correspondents, cartoonists), investment in news dealers who sell news, industrial renovation of printing presses and research on the ecological transition. The transition is conceptualised as modernising tools, installing digital printing centres and reforming printing practices towards sustainable practices. In **Luxemburg**, a new scheme includes a 3-year fixed support to media start-ups and schemes to help community media. Since 2011, the Netherlands has provided annual support in the amount of €1 million to stimulate innovation. Since 2018 the innovation programme has operated under the name of Accelerator, offering financial support and coaching for innovative media projects, experimentation with new platforms and media solutions. Furthermore, the Dutch Fund for in-depth Journalism provides subsidies to individual journalists (where local, regional or national journalists can apply) for various journalistic pieces (articles, long-reads, photo reportages, journalistic books/ biographies and investigative reports) which supports journalists in producing in-depth stories that would not be possible to publish without these additional funds<sup>38</sup>.

Other funds include initiatives to boost media literacy, such as public calls for co-financing projects, are undertaken to equip citizens with critical thinking skills and promote responsible media consumption. In **Croatia**, in addition to the Electronic Media Law's provision for a general public funding scheme known as the Fund for Encouragement of Electronic Media Pluralism and Diversity, there is an initiative being highlighted through a public invitation to co-finance projects aimed at promoting media literacy.<sup>39</sup>

Allocating direct subsidies implies a scrutiny on the fairness of the implementation of such policies. In **Lithuania** a new funding model for the news media will be overseen by a newly established entity called the Media Support Fund (Medijų rėmimo fondas). The Media Support Fund is slated to assume responsibility for news media funding starting in 2024. To better align with the specific needs of the media sector, the Media Support Fund Council, which manages the Fund, will be composed exclusively of representatives and stakeholders from the media sector. The revised governance approach includes enhanced project oversight and more thorough evaluation of funded initiatives. Annual evaluations, produced alongside the Fund's annual report, will assess project progress and impact indicators. The new Fund is expected to better cater to the media sector's needs and potentially have a more significant impact on regional and smaller news media producers, facilitating greater funding access and fostering media diversity. This highlights the benefits of stakeholder involvement in shaping news media funding models.

### **3.4.2. Public service media funding**

A special case of state funding is the funding of **public service media (PSM)**. This funding is thought to relieve these broadcasters from commercial pressures, thus enabling more public-oriented, long-term and diverse content strategies which serve marginalised audience groups, public interest journalism and pluralistic media systems. PSM funding is essential to ensure

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<sup>38</sup> From the data collected by the ongoing research task of the Local Media for Democracy (LM4D) EU funded project. Full report forthcoming. <https://cmpf.eui.eu/local-media-for-democracy-project/>

<sup>39</sup> Ibid.

that a media organisation entrusted with a public service mandate can fulfil its mission of informing, entertaining, and educating the public, all while preserving its editorial independence.

There are a variety of funding models for PSM across Europe, including mixed models where government support is supplemented with commercial income, e.g., through advertising or trading of rights (Sehl et al. 2022). In some countries, PSM is supported by a licence fee, while in other countries, funding schemes have moved to the general taxation scheme (e.g., Hungary, Latvia, Spain). Germany applies a household levy, while Finland has an individual broadcasting tax (Saurwein et al. 2019).

Good practices for PSM support include predictable, long-term funding arrangements that relieve PSM from political pressures that can arise through budgetary funding. Overall, strong, sustained and predictable funding tends to produce higher market shares, stronger relevance as an information source, and greater trust and independence from external constraints (Saurwein et al., 2019). Overall, funding and governance should be guided by arm's length principles to relieve PSM of political interference.

The success of a specific method of funding PSM depends on many factors, including the socio-political context. Amongst the different types of funding PSM, household fees seem to be the one that ensures the unit cost pro capita is lower than the one of a traditional licence fee. Household fees may contribute (even if it is not the case in all the states) more than other types of funding (tax or state budget funding) to arm's length with policy makers. Some of the countries that currently use household fees are Germany, Italy, Portugal and Greece. State budget funding allocation has been criticised as raising concerns for independence and sustainability; namely, it exposes the PSM to political interference. Earmarked tax funding seems to be the funding method that best supports PSM financial stability and predictability. Only **Sweden** and **Finland** have implemented this model to date.

### **3.4.3. Indirect state support**

(State support through tax schemes, VAT reduction or exemption, and vouchers)

Indirect state support schemes can be either blanket measures (such as VAT reduction), or targeted tax breaks. Most of the reports surveyed here favour the further development of indirect government support schemes, particularly through the taxation system. Tax schemes are typically more predictable than direct grant allocations that happen on a year-to-year basis and often require a great deal of effort from smaller media in the grant application process. Moreover, direct grants can fluctuate from year to year.

Taxation schemes that have been launched or are in proposal stages range across payroll tax, investment tax and income tax breaks. In **Canada**, tax credits for news media include credits for hiring journalists, credits for advertisers who advertise in news outlets, and credits for new subscribers. These tax credits are part of a five-year package to subsidise journalism. News organisations can qualify for support by obtaining a status of a registered journalism organisation (RJOs, currently at 156 news organisations). The criteria for obtaining the status include more than 50% original news production and arms-length board operations, and donations cannot exceed 20% of the organisations' revenue. The labour tax allows qualifying organisations to claim 25% refundable tax credits for labour expenses, up to \$13,750 CAD per person and \$55,000 CAD per eligible newsroom. Canada has also introduced a subscription tax (which runs until 2025) and refunds 15% tax credit from eligible digital subscriptions (see below).

Similar measures have been proposed in the **United States**. The Local Journalism Sustainability Act proposes tax credits for the cost of subscriptions that support local newspapers, other local media, and a payroll tax credit for compensation of journalists. The measure should apply to subscriptions up to \$250, up to 80% of subscription cost the first year and 50% the following years. Payroll tax is proposed to cover journalists' wages up to \$12,500 per quarter up to 50% of wages in the first year, and 30% in following years, up to five years in total. In this scheme, the journalist must live within fifty miles of the area they cover.

As part of Covid-19 relief measures, **France** introduced a tax credit (until the end of 2022) for French households that newly subscribed for at least twelve months to a newspaper, magazine or online news service that provides general or political news. The French government also passed in 2020 a 25% tax credit for companies that invest in political or general news, including national and regional daily newspapers, magazines, and online sites. The scheme requires companies to keep investments for at least five years and applies to investments made 2021-2024.

In Europe, as the survey conducted with Council of Europe member states also suggests, the most widespread indirect subsidy is VAT reductions or zero-VAT regimes, in particular for the written press, as well as reductions in postal fees. These measures indirectly alleviate the financial burdens on media organisations, contributing to their sustainability.

Fiscal measures, particularly VAT reductions or eliminations are widely acknowledged for their positive impact on the financial viability of news media. Existing data demonstrates that VAT tax incentives can make a significant contribution, often matching or surpassing other primary support programs, even if they do not allocate direct money to be spent. Tax incentives can be seen as advantageous as they benefit all eligible media outlets equally and are usually established by laws, which contributes to predictability and financial sustainability. This predictability creates opportunities for news media to adapt and innovate, like in the case of Sweden: when the VAT rate for digital media was reduced to match that of print media, news media exploited this change to further digitise their content offerings.

Vouchers constitute a system of support that shifts subsidy decisions from public authorities to individual users. A vouchers scheme involves giving citizens vouchers which they redeem for news media subscriptions, thereby financially supporting their preferred news media outlets. A similar system enabling users to claim tax benefits for supporting their chosen digital outlet has been introduced in Canada, where citizens can benefit from up to \$500 CAD annually, and up to \$75 CAD per publication of tax credit for subscribing to approved digital news outlets (Radsch 2023, and Lapowsky & White 2023). Vouchers, as well as subscription tax credits carry a risk of increasing incumbent power – as citizens may be more inclined to support established brands. However, as an additional measure, such options can increase news use among audiences, especially if the tax credit rate is sufficiently high. In Canada, digital news subscribers can claim 15% income tax credit, which is considered potentially too low to substantially increase the number of subscriptions, while the tax credit proposed in the United States as part of the Local Journalism Sustainability Act is much higher (80% rate in the first year and 50% in the subsequent four years) but its adoption is yet to be decided (Scire 2023).

### **3.5. Redistribution of copyright revenues**

The imbalances in the bargaining power between news media and digital platforms have been recently addressed by several initiatives **all over the world**, opening the way to efforts at updating/restoring the competition framework and enforcement, as well as regulatory initiatives (OECD 2021). While competition authorities opened relevant cases of abuse of



dominant position in the digital advertising market (United Kingdom, EU, Germany, United States), another approach consists of reinforcing copyright obligations and ancillary rights by the platforms that use and disseminate news media content.

Reinforcing copyright obligations was followed in **Japan** and the **European Union**. The EU Digital Single Market Directive (Directive (EU) 2019/790) extended to the news publishers of the EU MS the so-called “neighbouring rights” on the online use of their content by the big platforms (Article 15). In **France**, following the transposition of the EU Directive (law n. 2019-775), Google started not to show the preview content of the news publishers, unless the publisher granted Google the authorisation to use the content free of charge. Following a complaint by several publishers, the *Autorité de la concurrence* stepped in, found that de-indexing by Google constituted an abuse of dominant position and imposed interim measures on Google to negotiate “in good faith” with the publishers. After a second decision against Google for failure to comply with interim measures, an agreement was reached between the company and a variety of publishers.

The French case is interesting, as it shows the first implementation of the EU copyright Directive and the competition authority’s role in enforcing the new law.

An ad-hoc Parliamentary mission (*Mission d’information sur l’application du droit voisin*, 2022) has stressed the numerous problems raised by the entire sequence of negotiations: bilateral, individualised agreements, the exclusion of whole categories of media outlets (magazines, local press, digital native independent outlets, etc.), the twofold economic and informational asymmetry, the latter stemming from the lack of transparency on the amounts negotiated – trade secrecy was opposed to the disclosure of the agreement with the APIG and others – meaning there is no guarantee of fair and equal treatment in the following deals. (Rebillard & Sklower, 2022).

It should be noted that in other countries like Germany, the competition authorities took a different approach, rejecting the argument that Google was abusing its dominant position due to its failure to use snippets unless the publishers allowed the company to do so free of charge. In **Germany** as well as in other countries, like **Denmark**, the law specifies that publishers can join and negotiate as one with the digital platforms, which gives them more collective bargaining power.

A different way to address the imbalance of market power between platforms and publishers emerged in **Australia**, with a negotiate-arbitrate-model. Following an inquiry by the Australian competition authority (ACCC 2019), the government asked the ACCC to develop a mandatory code of conduct, which was passed on 25 February 2021. The code sets up a bargaining process to negotiate remuneration and data sharing with platforms, with subsequent phases of mediation and arbitration where an agreement cannot be reached. Even though the source of obligation and the mechanism are different, concerns were similar to the ones raised in the EU copyright reform: in particular, the risk of favouring further news media concentration and disfavouring smaller players and new entrants (Cafarra & Crawford, 2020; Warren, 2021; Newton, 2021). An enforceable code of conduct may also be possible: in the **United Kingdom** it was recommended by the competition authority (CMA 2020) and in 2021 included in the government proposal for a new pro-competitive regime in digital markets.

Other countries are looking into similar schemes, including **South Africa** and **Senegal**. In the **United States**, the Congress is currently debating a proposal very similar to the Australian code of conduct, called the Journalism Competition and Preservation Act, which would grant media companies a safe harbour from antitrust laws to collectively negotiate with digital platforms and require the same platforms to negotiate, providing a binding arbitration in case of failure to reach an agreement (Ingram 2022).

### 3.6. Cooperation in addressing the challenges of innovation and competition

'Cooperation' is difficult to categorise in the list of different alternative business models and sources of funding listed above. However, it has been described as a good practice in various recent reports on the viability of the media industry. It can mean cooperation between different media companies domestically or at international level. Dealing with the competition of online platforms requires the media industry to “think bigger” in order to create the conditions for operating with comparable means with the big tech: cooperation among media companies can be an effective solution. Initiatives of cooperation that are reported, range from collaborative journalism networks that have created the conditions for more sustainability through exchanges of content, practices, and audiences (Leading European Newspaper Alliance, Arena for Journalism), to sharing technology (but still competing for content).

Among good practices in sharing technology there is Radioplayer, a non-profit radio station aggregator that makes radio available in cars and on devices, owned and operated by broadcasters. Broadcasters share “technical standards for the browser, the radio-discovery apps, and the back-end systems that power them” while retaining control over their own branding, streaming, and commercial deals. “The partnership gives Radioplayer the strength and the metadata to talk to the automotive industry so that radio stays on the dashboard” (European News Media Forum, 2021). Considering that the media industry “has a common external competitor with the global digital platforms and other changing media consumption trends” it would be beneficial if the media industry could cooperate to share data to create a common infrastructure to be exploited for optimisation of news distribution (European News Media Forum, 2021).

Collaborations and synergies appear to enhance the achievements of news media within advertising markets, as mentioned in section 3.1. The ability of larger consortia to engage in coordinated advertising campaigns and the scale of user data they collect attract advertisers and help mitigate the dominance of digital platforms in this field. Collaborations can also enhance the prominence of subscription-based models, as indicated in section 3.2.1. In the Netherlands, a SVOD service called NLziet joining public and commercial broadcasters offers a monthly subscription to all Dutch TV programmes.

Implementing alternative organisational structures is another form of collaboration, in this case within the enterprise itself. In **France** 'solidarity press companies' (entreprises de presse solidaire) have emerged, benefitting from a specific legal framework designed to foster democratic governance and social responsibility within the media industry. Solidarity press companies are grounded in the principles of cooperative ownership and participatory decision-making, allowing journalists, employees, audiences, and other stakeholders the opportunity to become members and actively engage in the governance and decision-making processes of the organisations concerned. An example of a solidarity press company operating in local and regional media in France is Mediacité. This digital news outlet specialises in investigative journalism and comprehensive reporting at the local and regional levels, serving multiple cities such as Lille, Lyon, Nantes, and Toulouse. Their digital platform serves as a hub for local and regional news reporting, analysis, and community involvement<sup>40</sup>.

Several good practices of cooperation between public service media organisations have been developed within the world-wide association of PSM, the European Broadcasting Union (EBU). For example, its PEACH (Personalisation for EACH) project involves developing alternative recommender systems, a cooperative practice that tackles (some of) the

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<sup>40</sup> Report CG(2023)45-11final, 25 October 2023 Local and regional media: watchdogs of democracy, guardians of community cohesion, [https://search.coe.int/cm/pages/result\\_details.aspx?ObjectId=0900001680accd26#\\_Toc142318988](https://search.coe.int/cm/pages/result_details.aspx?ObjectId=0900001680accd26#_Toc142318988)



challenges of PSM and their remit in the online environment. ARD (Germany), BR (Germany), RTP (Portugal), SR (Sweden), TG4 (Ireland), and several other public broadcasters have united in support of this project which represents a cooperative initiative to offer an open-source recommender system able to calculate the degree of diversity of recommendations to the users. Another example of good practice in industry collaboration is We.Publish<sup>41</sup> in Switzerland, a collaboration that offers joint technological infrastructure such as content management (CMS), payment systems or community management systems, that several media share. The media involved compete not based on technology but editorial content.

The EBU has also developed a transcription tool, Eurovox, an open toolbox to help its members reduce the cost and complexity of transcription and translation<sup>42</sup>, and launched its Investigative Journalism Network with a mission to support investigative journalism initiatives, facilitate the sharing of sources and intelligence and ultimately increase the impact of important stories with public service value across Europe<sup>43</sup>.

### **3.7. Development assistance**

(Development assistance is defined as foreign, international or supranational assistance given by governments or other agencies to support journalism and news media in other countries.)

Development assistance is another source of funding for news media, mostly at the supranational level. Foreign assistance initiatives in Europe can encompass a wide range of development projects, including those related to media and democracy. Some organisations like the International Media Support (IMS) work on media development projects in various regions and are funded by some European countries, like Sweden and Finland.

Examples of states' engagement include the Swedish International Development Cooperation Agency (Sida), a development agency that supports initiatives aimed at strengthening media freedom, access to information, and independent journalism. Norway, the Netherlands, France, Germany, Canada, and the United States support media development initiatives in countries where freedom of the press is under threat. In Finland, the foreign ministry supports projects that promote media freedom, human rights, and democracy. In Denmark, this is done by the Danish Ministry of Foreign Affairs, and in Austria through the Austrian Development Agency (ADA). States also support journalism through funding intermediate bodies to develop funding projects, like the Dutch journalism fund (Stimuleringsfonds voor de Journalistiek, see also, under 3.4), or the European Endowment for Democracy of the European Union. States also provide support to journalists in exile, to enable reporting to continue outside of countries in crisis, and to support journalists suffering from persecution<sup>44</sup>.

It is worth mentioning investment initiatives such as Pluralis B.V., a Dutch company backed by a consortium of renowned European media firms, foundations advocating for democracy, and impact investors. Pluralis focuses its investments on thriving news organisations operating in European nations where media diversity faces potential threats. At the core of

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<sup>41</sup> <https://wepublish.ch/de/home/>

<sup>42</sup> <https://tech.ebu.ch/eurovox>

<sup>43</sup> <https://www.ebu.ch/groups/investigative-journalism-network>

<sup>44</sup> Relief organisations like Freedom House and the International Freedom of Expression Exchange (IFEX) in the United States support journalists in exile. In Europe, organisations in countries like Spain, France, the United Kingdom, Belgium, Germany, Denmark, and Norway are also providing support and relocation options. These initiatives are funded by different sources: inter alia, states, foundations, media companies, journalists' unions. Notable initiatives in this regard include the Refugee Journalism Project in London, the JX Fund, International Federation of Journalists, International Media Support, ICORN, Free Press Unlimited, Maison des Journalistes, and Reporters Without Borders. The European Union financially supports the European Centre for Press and Media Freedom, and the Media Freedom Rapid Response Project that, amongst many activities, offer relocation and assistance to journalists in exile.

every investment lies the conviction that preserving a wide array of news outlets is crucial for upholding the principles of European democracy.

Development assistance for media in other countries is a multifaceted issue that requires careful consideration and monitoring. While it can have positive effects on journalism, media independence, and public access to information, there are risks associated with political manipulation and misuse of funds. To be effective and ethical, such assistance should prioritise media freedom, independence, and the principles of ethical journalism while avoiding undue influence from donor governments.

### 3.8. Diversified income streams

(Diversified income streams are defined as income derived from a variety of sources)

The resilience of journalism is dependent on diversified business models that can generate income from multiple revenue streams. The problem with this contention is that it can be difficult for some news media, particularly smaller outlets, to attain the expertise needed to attain success across sources, including in reader revenue, advertising, donations, government subsidies and tax refunds. The increasingly complex business side of journalism requires news organisations to improve their business skills. As organisational scale is an advantage in this venture, the risk is that more independent media will need to consolidate, causing a reduction in external pluralism across media systems. Dedicated support services in the form of independent advisory groups or non-profit assistance could be a measure to remedy this.

There are plenty of examples of companies that have managed to diversify their income streams. In **Denmark**, the Danish publisher JP/Politikens Hus has employed business-to-business services to multiply their revenue sources, particularly in the areas of specialised news, e.g., news tailored to target groups such as agricultural industries and financial sectors. In **Italy**, “Il Post” is another example of diversification of funding sources (subscriptions, advertising, online classes, events and more).

In **Spain**, some “alternative” digital media outlets (established as cooperatives or as non-profit associations) actively seek diversified sources of financing. This is the case of “Revista Contexto” (with 11 different sources of income), “El Salto” (9), and “Crític” (8). In this type of media, subscriptions along with contributions from partners are usually the first source of income (as is the case of “Revista 5W”, “El Salto”, and “Infolibre”). Crowdfunding campaigns are the second source of income for “La Marea” and the fourth one for “Pikara” magazine. And media such as “Ctxt”, “La Marea” and “Revista 5W” also attend courses and workshops as a means of financing<sup>45</sup>.

In **France**, Le Monde has expanded its product offerings beyond traditional news, offering different subscriptions to best adapt to the needs of the subscribers and developing products not directly related to the provision of information, such as a thematic newsletter, games, and leisure-related content. Additionally, it leverages its brand to provide events and services associated with its core business. As a result, in June 2022, 79% of paid distribution was digital, compared to 40% in June 2017. The trend of diversification of revenues streams is confirmed by other examples of media companies which have launched their online sales platforms with the aim of selling promotional items or items offered by their partners, or started

<sup>45</sup> From the MPM database. Data provided by the MPM Spanish country team (J. Suau et al.).

launching events (for example through the creation of festivals, like the newspaper *l'Humanité*, *Le Monde* or *Têtu*) or even offer services (e.g., business advice)<sup>46</sup>.

**Moldova** has witnessed a recent shift towards diversifying revenue sources within a media landscape heavily reliant on donor funding. *Agora.md* is a notable example of this diversification, primarily relying on a paywall and subscription model. It also generates income from events that require an entrance fee, such as *RoofOffline*.

**Portugal's** *Observador* is a native digital media outlet; when it was founded in 2014 it was dependent on advertising revenue. However, in 2017, *Observador* introduced an online lifestyle magazine. In 2018, the news outlet initiated a subscription programme called "*Observador Premium*" with multiple options. It also established the "*Observador Lab*" for creating sponsored content. In 2019, it launched "*Radio Observador*" with support from the Google Digital News Innovation Fund which quickly gained a 25% share of the on-demand audio market. Recently, *Observador* strengthened its connection with subscribers, enabling them to interact directly with journalists sent to Kyiv during the Russia-Ukraine conflict. They also restricted comment sections to subscribers. In 2022, they introduced a new subscription plan called "*Patrono*," which includes an annual magazine, access to an annual online talk with newspaper founders, and a guided tour of the newsroom. Also brands such as *Público* or *Expresso* (legacy print media) have been somewhat successful in growing digital subscription numbers by paying attention to the wider systemic trends; both have created a solid audio offer and are using podcasting as an indirect way of retaining the attention of free and paying users.

In the **United Kingdom**, alongside familiar subscription-based models like the *Financial Times* and membership models like *The Guardian*, media organisations have diversified by offering branded content<sup>47</sup>. Some have established their in-house content studios, such as *Guardian Labs* and *FT Commercial*. In addition, *The Guardian* and *The Spectator* organise conferences and events, and *The Telegraph* offers upmarket tour holidays. The *Financial Times* also offers consultancy services through their *FT Strategies* unit. As these examples demonstrate, however, scale, expertise and brand power are necessary to diversify income beyond the news service itself, leaving smaller media vulnerable in the shift toward a diversified business model.

In recent years, several publishers have struck content licensing arrangements with online platforms and aggregators. According to the Economic Insight report on Press Sector Financial Sustainability, 63% of respondents had financial agreements with *Google News Showcase*, 50% with *Facebook News Tab*, and 13% with *Readly*. The report also mentioned other partners, including *Taboola*, *Ecommerce*, *Daily Motion*, *NLA*, *SWNS*, *Proquest*, *Brightsolid*, *Microsoft*, *LexisNexis*, and *Axate*<sup>48</sup>.

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<sup>46</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

<sup>47</sup> Branded content is content created by or for an advertiser in order to increase brand awareness by associating it with content that shares its values, rather than directly promoting a specific product. As such content can appear in a news or feature story format, it has considerable potential for deception. Transparency about branded content is thus paramount to make it clear to users that it is published with the intent to sell a product or service.

<sup>48</sup> Carlini, R. (2023). Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI).

## 4. Conclusions and recommendations

While it must be recalled that the cases mentioned in the report are not exhaustive of good practices across the CoE MS, the examples provided in the previous sections confirm that, among the various funding methods described, **no single model can be deemed the successful one in replacing the advertising-based traditional model of funding.** Moreover, the success of a funding model must be analysed within the context of different political systems, regions, cultures, media market characteristics and sizes, and the levels of media independence and journalistic working conditions.

As an alternative to advertising, direct funding in the form of a fee in exchange of news content or of a service seems the dominant strategy, chosen especially by media companies that operate in countries with higher GDP, where users are willing to pay for news, and where there is a good level of media literacy. Philanthropy has had a slow uptake in Europe in comparison to the United States. The weaknesses of philanthropic initiatives can be seen in terms of lack of transparency, fairness, and predictability of the resources available from philanthropic sources. Philanthropy of online platforms, in particular, raises concerns as there is a risk that the projects funded by Big Tech will serve to reinforce platforms' business models and incentivise journalists in a way that is consistent with their business model.

There are many experiences with crowdfunding, but they seem limited in effectiveness, as they require a lot of effort for raising funds and have a low level of sustainability in the long run. They are particularly popular and used in markets with a high level of political influence over the media, where they seem to work with some success, and significantly contribute to the plurality of the country's media landscape.

The declining trend in advertising revenues does not prevent initiatives that innovate in digital advertising space, by creating, in particular, the conditions for media companies to compete with Big Tech players for the use of data. Often conducted as a synergy effort between various actors in the digital environment, these initiatives may prove successful in attracting advertising resources to quality news content.

As for state support to the media, direct state support is an important source of funding that is functional to sustainability and media plurality only if public funds are granted through transparent, non-discriminatory, objective, predictable, and accountable criteria.

Redistribution of copyright revenues can serve to target the imbalance in bargaining power between news media and digital platforms and can be a source of revenues for the media outlets, but, so far, cannot be considered a practice or a policy that, per se, can resolve the problem of sustainability of the news media sector. Namely, existing redistribution mechanisms are difficult to negotiate, untransparent and tend to favour large, incumbent media organisations, and are thus unlikely to resolve power imbalances between the platform sector and the media sector.

Taxation policies seem useful instruments to sustain media businesses beyond direct public support, such as tax relief as an indirect for hiring journalists, tax relief for consumer spending on journalism, and extending charitable status to allow more news media to enjoy these tax benefits. While good practices in the realm of tax policies have been implemented in Canada, this solution has yet to be discussed realistically at the European level. As for charitable status, each system of law is different.

Overall, business models that privilege diverse revenues can be deemed more sustainable in the sense promoted by this report. A business model that diversifies income streams is not only the most sustainable in economic terms, but it also ensures more independence for media outlets and guarantees the conditions external influence on newsrooms and media content is minimal. This includes both political and state interferences, as well as influence from the publishers, advertisers, and private interests.

Based on the analysis in the report, it is useful to summarise some recommendations, addressing member states, news media companies, philanthropic donors and the Council of Europe.

#### **4.1. Recommendations to states**

There is not a fit-for-all measure that could solve the problem of news media sustainability. State policies should be tailored based on the contextual political, economic, and social situation, including willingness to pay as well as ability to pay for news and levels of media and information literacy in the country, and with the goal to protect media freedom and guaranteeing media plurality. It must be recalled that, according to Recommendation [CM/Rec\(2018\)1](#) of the Committee of Ministers to member States on media pluralism and transparency of media ownership

States are the ultimate guarantors of pluralism and have a positive obligation to put in place an appropriate legislative and policy framework to that end. This implies adopting appropriate measures to ensure sufficient variety in the overall range of media types, bearing in mind differences in terms of their purposes, functions and geographical reach. The complementary nature of different media types strengthens external pluralism and can contribute to creating and maintaining diversity of media content.

A first step towards a policy to support the news media is for MS to acknowledge that journalism and news media are important for democracy. Moreover, as mentioned by Recommendation [CM/Rec\(2022\)4](#) of the Committee of Ministers to member States on promoting a favourable environment for quality journalism in the digital age,

ensuring the financial sustainability of quality journalism is fundamental to securing a favourable environment for freedom of expression, which States are required to guarantee in law and in practice. This is especially so at a time when the business models and circumstances that have traditionally sustained quality journalism are being radically transformed by new economic realities and the digital evolution.

#### ***Overarching principles of state funding***

An instrument for state policy interventions is to support the media sector by funding, either directly or indirectly. In general, based on the analysis of this report, state support is both widespread and effective in supporting media sustainability.

In terms of indirect state support, measures such as VAT exemption, tax rates and reduced postal rates are universal, non-discriminatory, and blanket arrangements that benefit the industry at large, are less vulnerable to political manipulation, and predictable.

Direct state support such as allocations to support PSM, local journalism, community media and digital innovation projects are furthermore good measures to enable media pluralism and a sustainable media ecology overall, provided that direct support measures a) respect the

independence of the news media and b) are technology neutral, c) transparent, d) objective, e) predictable, and f) publicly accountable.

State support, whether direct or indirect, should be designed to avoid favouritism and undue influence (e.g., between media technologies, incumbents and start-ups, central and peripheral media), to be fair and transparent, and to support the overall sustainability of professional journalism.

While state advertising is not officially a subsidy, cases of allocation of state advertising should be subject to oversight by independent agencies.

**Member states are recommended to consider the following further support mechanisms:**

1. Member states are recommended to introduce citizen's voucher programmes as a means to support news media sustainability. Such programmes would involve the distribution of vouchers directly to citizens, which they can redeem to financially support their preferred news media outlets. Citizens could also be supported through tax relief on subscriptions or income tax as a means of motivation for subscriptions.
2. Member states are recommended to support public interest initiatives that focus on in-depth reporting, investigative journalism, and coverage of underserved communities, languages and other types of minorities ensuring that the distribution of public funds is transparent, non-discriminatory, and are awarded to news media that adhere to strict ethical and editorial guidelines. Member states are also recommended to incentivise innovation in news media organisations.
3. Member states are recommended to establish frameworks for media to operate on a non-profit basis. Member states could also offer tax incentives to non-profit media that invest in technological and professional innovation and training. Furthermore, member states are recommended to consider tax measures to support news media in hiring journalists.
4. Member states are recommended to tax digital advertising and to use earmarked proceeds to feed the funds to further support news organisations through direct and indirect measures.
5. Member states should ensure that practices for PSM support include predictable, long-term funding arrangements that relieve PSM from political pressures that can arise through funding through the general annual budget. Among the various systems of direct funding to PSM, earmarked tax funding or household fees seem to ensure more sustainability and higher levels of PSM independence from political capture.
6. Member states should ensure that online gatekeepers do not impose unfair conditions in the digital media market. States should ensure gatekeepers provide in-depth information to publishers and advertisers regarding the costs associated with advertising services and the criteria used in shaping the compensation model. Moreover, states should regulate the use of personal data collected from third-party users in the provision of advertising services, to impact both the exploitation of personal data and the revenues generated from targeted advertising.

#### **4.2. Recommendations to news media companies**

1. News media companies are recommended to invest in professional education and training for their journalists, to update their professional skills to cope with the digital evolution and with the new services that new business models entail.
2. News media companies are suggested to find synergies and collaborations to increase the success of news media in advertising markets, following the good practices mentioned in the report.
  - a. Collaboration initiatives may prove useful in defining strategies to identify quality news content and channel advertising to it, without the intermediation of online platforms.
  - b. Collaboration initiatives may prove successful when providing access to and use of consumers' data for content distribution. However, media companies are recommended to develop business models that are not based on exploitation of personal data and targeted advertising but favour contextual advertising.
  - c. Collaboration initiatives can be relevant when addressing common methodologies for the measurement of online readership that would allow a more transparent and fair allocation of economic resources.
3. Media companies are recommended to put in place self-regulatory policies to ensure that transparency of philanthropic grants is ensured, including the disclosure of the amounts of the donations and the names of the donors. Professionalism, transparency and independence of journalists and media companies are particularly needed when dealing with the philanthropic funding of journalism by intermediary platforms to avoid capture.
4. News media companies and journalists are called on to maintain high ethical standards when receiving funds either from public or private sources. This includes practices such as always acknowledging potential conflict of interest, keeping advertisement content separate from editorial content by labelling clearly, and disclosing transparently their sources of funding.

### **4.3. Recommendations to philanthropic donors**

1. Philanthropic donors who engage in the financial support of news media should respect editorial independence and journalistic standards. They should refrain from interfering in decisions on content or the choice of topics.
2. Philanthropic donors should make the considerations of financial sustainability part of their support decisions. As much as possible, they should ensure that recipients do not get overly dependent on their support, should make sure that the funding provided is predictable and reliable, and include the fostering of sustainable business models in its support decisions.
3. Philanthropic initiatives to support journalists in exile should be coordinated and developed. Philanthropy should facilitate financial contributions to create grant programs specifically tailored to exiled journalists and media organisations and streamline the application and selection process to ensure timely and transparent disbursement of funds.
4. A complementary recommendation either to states or the media companies is to coordinate philanthropic initiatives to fund news ventures through non-profit organisations or independent juries. This could be seen as beneficial in order to strengthen the sustainability of such funding.



#### **4.4. Recommendation to the Council of Europe**

The Council of Europe is recommended to review, at regular intervals, the implementation of the recommendations to member states made in this document, as well as the standards set out below.

## 5. Summary of European Union's funding and policy initiatives for improving media sustainability

The European Commission has developed a series of support initiatives to fund the news media sector, such as the Multimedia Actions with the aim to strengthen news reporting on EU affairs from the point of view of multiple EU MS<sup>49</sup>. Following the approval of the Media and audiovisual action plan in December 2020, the EU has enriched its intervention in support to the media sector by fostering stakeholders' discussions, commissioning sector studies, and introducing innovative financing mechanisms.

The news media sector has gained distinct prominence within the Creative Europe programme, designed to support the cultural and creative sectors. This programme can allocate funding for collaborations among media entities aimed at spurring innovation, experimenting with novel formats, or sharing successful business practices across borders. Creative Europe also participates in co-financing endeavours that advance a more diversified media environment, encompassing grants to safeguard and support reporters and initiatives spanning fact-checking, monitoring, advocacy, public information dissemination, and awareness campaigns. EU funding has also played a role in supporting the activities of media councils and the MPM.

As regards investment, MEDIA INVEST is a specialised equity tool within the EU Invest program, with the primary objective of enhancing the financial resilience of European audiovisual enterprises. Equity support has also been extended to the news media sector since 2022, coupled with initiatives aimed at stimulating private investments and augmenting equity investment volumes. Concurrently, the Commission is actively endorsing the establishment of a dedicated co-investment facility under the InvestEU program, in collaboration with foundations and philanthropic organisations.

Funding is available to foster innovation and research. Funding Horizon 2020 and Horizon Europe programmes contributes significantly to comprehending the media's impact on citizens and democracy, providing tools and strategies to nurture a more diversified media landscape, combat online disinformation, and elevate journalistic standards.

In parallel, EU policy and regulation in this area highlights the importance of resilient, competitive, and economically sustainable media industries (e.g., the European Media Freedom Act (EMFA) proposal; Media and Audiovisual Action Plan). Recommended measures include combining investment and policy action to enable transformation, innovation and trust in the news media. Overall, the European Council (2020/C 422/08) calls for an adequate and independent framework for the economic sustainability of national media landscapes<sup>50</sup>.

The EMFA proposal mentions that also the European Parliament has called for the reinforcement of funding opportunities for the news media sector, asking to establish a permanent News Media Fund and strengthening the budgets allocated to the Cross-sectoral and Media strands within Creative Europe. Similarly, the Council has urged the Commission to amplify its financial support for independent journalism.

In addition, it must be recalled that one of the aims of the EMFA proposal is to tackle issues that hinder media service providers from fully leveraging the internal market, sustaining their economic viability, and effectively fulfilling their essential role in informing both individuals and businesses. In Section 6, Chapter III, which is focused on ensuring transparent and equitable allocation of economic resources, two specific areas of concern are addressed: audience

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<sup>49</sup> <https://digital-strategy.ec.europa.eu/en/policies/multimedia-actions>

<sup>50</sup> Council conclusions on safeguarding a free and pluralistic media system 2020/C 422/08.

measurement (which directly influences advertising allocation and pricing, often marred by the opacity of dominant players) and the allocation of state advertising (a significant revenue source with the potential for distorting competition, covert subsidies, and political influence).

The Digital Markets Act (DMA)<sup>51</sup> seeks to enhance the transparency between gatekeepers, advertisers and publishers, by curbing the use of complex and non-transparent algorithms to calculate the metrics for the remuneration of advertising. This should enable commercial users to understand how costs are computed and determine whether a particular service is profitable. The DMA includes an obligation for gatekeepers to provide detailed information to publishers and advertisers regarding the costs associated with advertising services and the criteria used to calculate the remuneration model. The DMA also limits gatekeepers' ability in providing advertising services to exploit personal data collected by third parties' users. This should have consequences on how gatekeepers exploit personal data and on revenues from targeted advertising.

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<sup>51</sup> Regulation (EU) 2022/1925 of the European Parliament and the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) <https://eur-lex.europa.eu/eli/reg/2022/1925>

## 6. Summary of Council of Europe policy recommendations

As the ultimate guarantors of pluralism, Council of Europe member states have an obligation to ensure a diverse media offer. According to **Recommendation [CM/Rec\(2018\)1](#) of the Committee of Ministers to member States on media pluralism and transparency of media ownership**, structural measures for promoting both a diversity of sources and media outlets include guaranteeing adequate conditions for PSM to continue playing its crucial role in fostering public debate and political pluralism, and strategies and mechanisms to support professional news media and quality independent and investigative journalism.

Regarding support for PSM, stable, sustainable, transparent and adequate funding should be provided on a multiyear basis to guarantee PSM independence from governmental, political and market pressures. In addition, the Recommendation encourages states to support the establishment and functioning of minority, regional, local and not-for-profit community media, including by “providing financial mechanisms to foster their development”. These types of media are deemed particularly important for their ability to give a voice to different communities and create public exposure for issues that may not be sufficiently represented in the mainstream media. Support is also encouraged for the media which serve communities outside the country of their establishment, those that cater to immigrants, refugees and diaspora communities.

Regarding state support to news media, a range of measures is proposed, such as support to projects relating to journalism education, media research, investigative journalism and innovation, with the caveat that support should be technology neutral and available to all media including online. All support measures should have clearly defined purposes and should be based on predetermined, clear, precise, equitable, objective and transparent criteria. They should be implemented in full respect of the editorial and operational autonomy of the media and be administered in a non-discriminatory and transparent manner by a body enjoying functional and operational autonomy.

Promoting media pluralism and safeguarding the sustainability of journalism is also one of the fifteen principles stated in **Recommendation [CM/Rec\(2022\)11](#) of the Committee of Ministers to member States on principles for media and communication governance**. These principles, a “checklist” of regulatory considerations and standards, were developed to reflect the structural transformation of the public sphere prompted by the digitalisation, and they seek to guide states and other governance actors towards modernised regulatory frameworks equipped to face the challenges of today's media environment.

Governance policies and practices proposed to achieve pluralism and sustainability involve a wide range of measures put in place both by states and private actors, including ensuring market access in the most open form possible, regulation of economic competition addressing market power and sector-specific regulation of media ownership concentration. More concretely regarding the guarantees of sustainability, the Recommendation reiterates the importance of independent and adequately funded PSM, promotes direct and indirect subsidies for professional journalism, support for private and not-for-profit community media, as well as additional measures for enhancing exposure diversity and additional measures for enhancing the diversity of content production, for example through an adequate protection of the rights of authors/creators and other related rights and an effective copyright contract law safeguarding fair revenue shares for all parties involved in media production.

The Recommendation also proposes a number of procedural principles with guidance on how to put media and communication governance into practice in a transparent and accountable, open and inclusive, independent and impartial, evidence-based and impact-oriented, agile and

flexible manner that meets Council of Europe standards and enhances the procedural legitimacy of governance measures.

Regarding concrete recommendations for enhancing the financial sustainability of journalism, two instruments are of particular importance, the [Declaration by the Committee of Ministers to member States on the financial sustainability of quality journalism in the digital age](#) (adopted by the Committee of Ministers on 13 February 2019 at the 1337<sup>th</sup> meeting of the Ministers' Deputies) and [Recommendation CM/Rec\(2022\)4 of the Committee of Ministers to member States on promoting a favourable environment for quality journalism in the digital age](#).

The 2019 Declaration proposes a variety of policies available to states in order to improve sustainability, ranging from tax benefits, the possibility for media organisations to operate as not-for-profit organisations and be able to receive donations from various philanthropic programmes to financial support schemes for private media, with accompanying safeguards for their independent administration and oversight. Several development measures are proposed for supporting investigative journalism, including cross-border journalism, and innovative journalistic projects, such as developing viable business models for hyperlocal journalism and freelance journalists, building a digital presence for small, particularly local media outlets, developing journalistic skills and training and media literacy programmes for newsrooms, strengthening journalistic ethics and fact-checking, encouraging and promoting careers in journalism, developing business skills of media practitioners adapted to the digital economy, or supporting the development of new technologies for newsrooms.

Additionally, the Declaration recognises the important role of major platforms which serve as important gateways for the distribution of news and other media content and calls for their commensurate responsibilities, including a redistribution of revenues arising from platforms' monetisation of news and other journalistic content.

Recommendation [CM/Rec\(2022\)4](#) further details the measures for improving the financial sustainability of quality journalism, presenting the most comprehensive collection of legal, administrative and practical guidelines aimed at ensuring media funding fit for the future. It encourages states to adopt favourable regulatory and fiscal measures for media, including direct support where appropriate, while establishing strong safeguards to protect media independence. These measures should target different kind of media whether traditional, digital-based or mixed, and include commercial media, PSM, community media and independent journalists.

Tax benefits for media creators should be complemented by tax incentives aimed at citizens, the audience, including through subsidies for the news subscription. To avoid limiting access to quality news and media sources for lower-income groups, the Recommendation calls for adequate social welfare measures to ensure that everyone can access a minimum level of information across all platforms used by people to reach news. The Recommendation also encourages states to collaborate with journalists' associations, trade unions and civil society to establish national funds, grants or other targeted assistance to investigative journalism, as well as welcomes state contributions to the financing of press councils and other self- and co-regulatory mechanisms, subject to appropriate safeguards for protecting their autonomy and independence.

The text also promotes fair working conditions for journalists within the scope of national legislative frameworks and equitable and transparent market conditions that will allow media organisations to compete more fairly with major online platforms for audience attention and revenues. This can be achieved through (i) clear attribution of media content and news sources on platforms to enable users to easily establish the provenance of stories discovered through search engines and social media; (ii) data sharing obligations for platforms by

providing media organisations access to the relevant audience data on the usage of their content; (iii) enhanced transparency of platforms' advertising systems and practices; and (iv) creating conditions and frameworks for more equitable sharing of revenues arising from the large-scale dissemination and monetisation of media content on platforms.

In addition, a number of Council of Europe's recommendations deal specifically with PSM and their financing. **Recommendations [No. R\(99\)1 of the Committee of Ministers to member States on measures to promote media pluralism](#) and [CM/Rec\(2007\)2 of the Committee of Ministers to member States on media pluralism and diversity of media content](#) both lay down the requirements for states to ensure appropriate and secure financing of PSM, proposing a variety of sources which can be employed to this end, ranging from licence fees, public funding, commercial revenues and/or individual payments.**

However, it is **Recommendation [CM/Rec\(2012\)1 of the Committee of Ministers to member States on public service media governance](#)** that provides details as to how the funding systems should be designed to protect the independence of PSM. States are called upon to define ways of ensuring appropriate and secure funding of PSM, which may include public funding and commercial revenues. The Recommendation furthermore states that while it is within states' responsibility to set both the method and the level of funding, it is nevertheless imperative that the system should be designed in a way that:

- it cannot be used to exert editorial influence or threaten institutional autonomy, either of which would undermine the operational independence of PSM;
- the PSM is consulted over the level of funding required to meet their mission and purposes, and their views are taken into account when setting the level of funding;
- the funding provided is adequate to meet the agreed role and remit of PSM, including offering sufficient security for the future and allowing reasonable future planning;
- the process for deciding the level of funding should not be able to interfere with PSM's editorial autonomy.





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## **Annex – Analysis of the replies received from the Council of Europe member states through the Steering Committee on Media and Information Society (CDMSI)<sup>52</sup>**

This report provides an overview and analysis of the information provided to the CDMSI in response to the questionnaire serving as a basis for the collection of 'Good practices for sustainable news media financing'. The Good practices are currently being finalised by the CDMSI's subordinate body, the Committee of experts on increasing resilience of media (MSI-RES). The survey was conducted in the period of June to September 2022 amongst the CDMSI members and observers.

Structure of the report:

- Coverage of the survey
- Part A. Overview of the overall information on media markets, legislative and policy measures undertaken to support the news media
- Part B. Analysis of the country-specific information, with the indication of innovative and (potentially) effective measures that could be used as inspiration either by the media sector or member states in the development of their support schemes
- Conclusions

### **Coverage of the survey**

The questionnaire is composed of two parts:

- Part A. The national context. 10 questions (1-6: economic trends; 7-10: regulatory incentives and public support schemes)
- Part B. Good practices. 7 questions (1-3: alternative source on income and new media business models; 4-7).

The questionnaire has been returned by 23 Council of Europe's member states, namely: Azerbaijan, Bulgaria, Croatia, Cyprus, Denmark, France, Georgia, Germany, Greece, Iceland, Ireland, Latvia, Luxembourg, Moldova, the Netherlands, Norway, Poland, Portugal, Serbia, Switzerland, Turkey and the United Kingdom (additionally replies were received by the European Audiovisual Observatory, the Austrian Community Broadcasters and the European Broadcasting Union).

Not all questions have been addressed by all respondent states. Some states have not addressed certain questions at all, in other cases questions were only partially addressed. The coverage of the survey is higher and the information more detailed for the part of the questionnaire regarding the PSM and the public support to media, in particular for the assessment of the legal framework. The information is more fragmented when it comes to the evaluation of the economic trends of the media sector, as we registered partial or no answers from half of the states which responded to the survey. As regards the part on the alternative sources of income, aside from audience/advertising revenue or state support, we register partial or no answers from 14 out of 23 countries.

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<sup>52</sup> This Analysis was prepared by Roberta Carlini, Centre for Media Pluralism and Media Freedom, European University Institute.

From a quantitative perspective, considering all the questions (17) and all the countries that participated in the survey (23), the questions fully addressed are 55% of the total.

Questions addressed	215	55%
Questions with incomplete or generic answers	52	13%
Questions with no answers	124	32%

From a qualitative point of view, the information provided is interesting and useful to approach the issue of media resilience. The result cannot be considered a complete mapping of the best practices of alternative economic models, as there can be valid examples in the countries that did not participate in the survey or did not address the relevant questions in the survey (in Part B.1).

According to the [Media Pluralism Monitor 2023](#), 9 countries reported many effective initiatives of alternative financing models: Luxembourg, Denmark, The Czech Republic, Spain, Slovakia, Poland, Greece, Germany, Austria. 4 of those countries did not participate to the CoE survey - namely The Czech Republic, Spain, Slovakia, Austria. Germany participated in the survey, but it did not address the questions on alternative business models.

Nonetheless, the analysis of the answers provided by the participating countries can add interesting insights and contribute to a narrative of best practices, whose recurrence can be considered symptomatic of resilience in the media sector; in addition, the survey allows to frame the information on alternative sustainable market model in the context of the economic trends, the system of regulatory incentives and public support (if any) and the role of the public service media (PSM) in the country.

## Part A. The national context

Part A is composed of 6 questions regarding the economic trends, and 4 questions on regulatory incentives and public support schemes:

1. a) *Have the revenues of the news media sector (press, online, commercial broadcasting) increased or decreased over the past year? b) What explains the increase/decrease of the revenues?*
2. *Has the number of journalists, both employed and self-employed, in your country increased or decreased over the past year?*
3. *What was the average salary of a journalist in your country in the past year?*
4. a) *What share of the advertising market in your country do online platforms (Alphabet (Google), Amazon, Apple, Meta (Facebook), etc.) currently hold? b) What is the advertising market share of the news media sector?*
5. a) *Are there any laws/regulations in your country that establish favourable public support schemes for the news media sector (excluding the public service media)? If so, please provide details such as the available amounts, the criteria for, and the body in charge of the allocation, etc. If not, are there plans to introduce any public support schemes? b) Are there other direct subsidies available for the news media? If so, please provide details. c)*

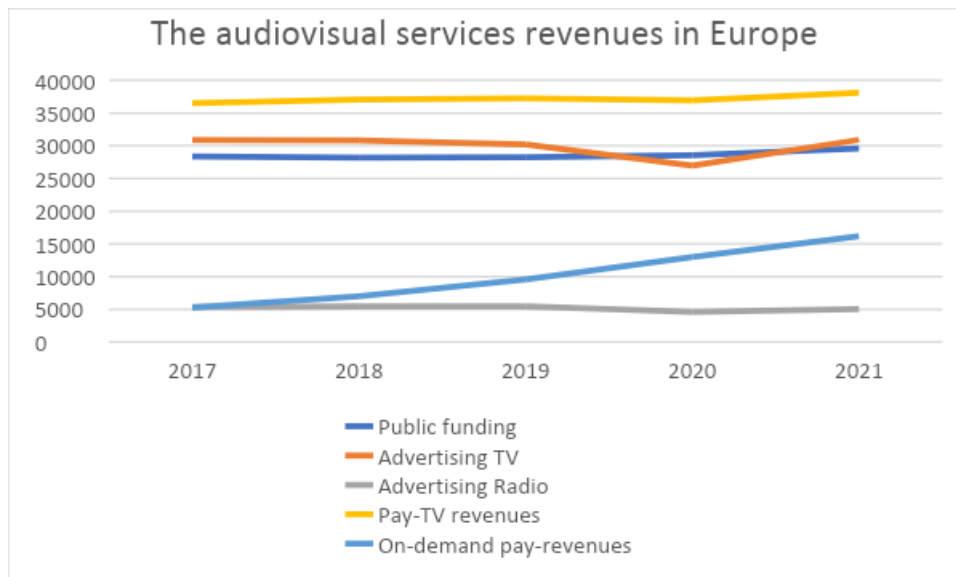
To what extent does the legislation provide for fair and transparent rules for the distribution of direct subsidies to media outlets? d) To what extent are the subsidies effective in sustaining professional, editorial media?

### A.1. Economic trends

The analysis of the replies for this part is influenced by the fact that not all the MSs answered the question and that in many cases the answers provided qualitative assessments, without detailed data. The majority of countries which answered to this part of the questionnaire provided data for 2021, a year which was greatly influenced by a post-pandemic recovery, but the survey does not register the impact of the following events (in 2022, war in Ukraine, energy costs and inflation). Nonetheless, the results present interesting insights and a more detailed overview from some of the countries, in particular regarding the situation of journalistic employment and salary. To provide an updated scenario, we use, in premise of this part, data from official statistics.

Overall view. According to the European Audiovisual Observatory<sup>53</sup>, which publishes data on the European audiovisual market and on the advertising expenditure by media total revenues of audiovisual services increased by 12% between 2017 and 2021; with all the segments stable except on-demand revenues. The advertising revenues recovered in 2021 after the 2020 decrease due to the COVID 19 crisis. (For the trends by country, see Annex 2).

Figure 1. The audiovisual services in Europe by segment

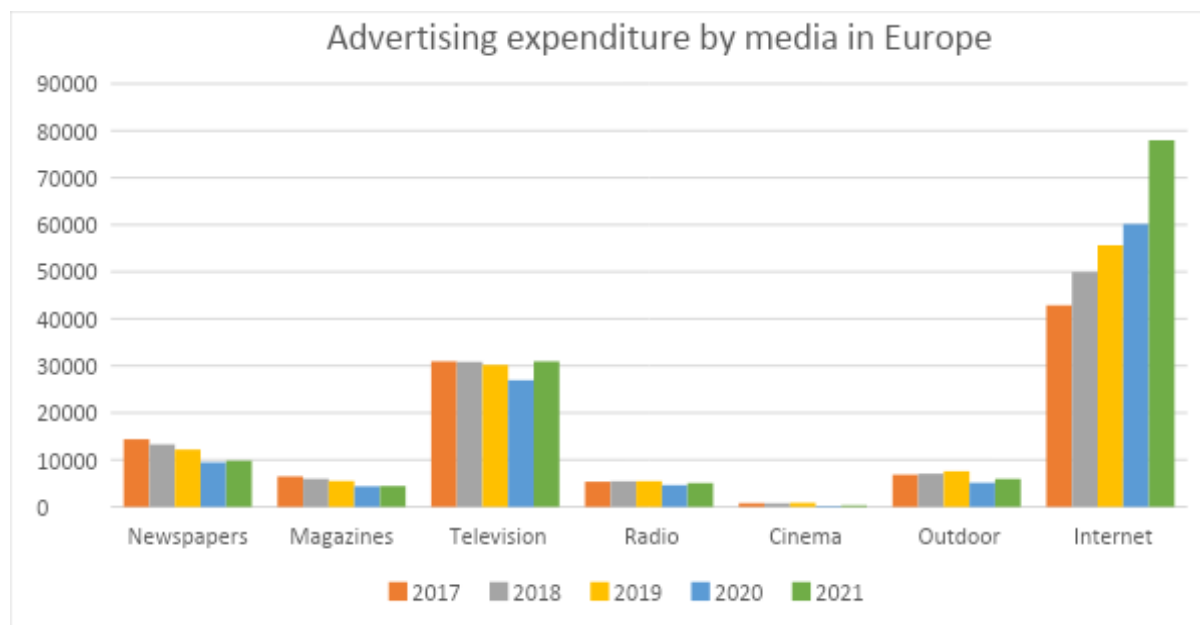


Source: European Audiovisual Observatory. MAR-EU The audiovisual market in Europe and the EU (2017-2021)

The following figure shows the trends of the advertising market by segment and highlights the differences between the different media. While advertising revenues remained stable for the audiovisual media in the period 2017/2021, a declining trend is registered for newspapers and magazines; a sharp increase characterises the online advertising.

<sup>53</sup> EAO provided data up to 2020 for the sake of the survey. Updated for this report by the author.

Figure 2. Advertising expenditure by media in Europe (2017-2021)



Source: European Audiovisual Observatory, *MAR-EU Advertising expenditure by media in Europe (2017-2021)*

For newspapers and magazines, circulation revenues decreased as well in the print news sector, not compensated by the increase in the digital news sector (see data for the EU in [The European Media Industry Outlook](#), march 2023, figure 30 page 77).

The share of online advertising revenues that goes to digital platforms is reported, in countries in which this data is available, between 60 and 80% (Denmark, France, Ireland, the Netherlands, Portugal, UK).

**Revenues.** The information provided by the MSs confirms this scenario. Most countries report a rebound of the market for 2021, compared to 2020, with the same features noted above: stronger for the online sector; lower, but generalised, also for the audiovisual sector, whereas the newspaper crisis continued. In many countries the revenues from sales (print and digital copies) continued to decline. Some exceptions are reported, for example in the Netherlands “media companies explain the increase mainly with increased online advertising revenues and also increased numbers of (digital) subscriptions”. In Norway, “revenues from users have increased in particular (circulation income, subscription income and distribution income), while advertising income also increased for all types of media”. In some countries, the increase of revenues deriving from public subsidies and public tv funding is registered (Azerbaijan, Bulgaria).

Reports from France and UK underline the fact that the 2020-2021 events must be framed in the context of a long-term crisis, in particular for the newspapers sector. In France, revenues of the print sector between 2008 and 2020 decreased by 47% for the national media and by 40% for the local media. In the UK, despite the vital role of news journalism, the print press sector in particular is facing significant challenges as society continues to move online.



Declines in traditional print advertising and circulation revenues, on which many local publishers in particular are reliant, are not being offset by new online revenues. Publishers are still in the process of transitioning to sustainable online business models, with widespread evidence of innovation in the sector. Online subscription revenues tend to be of increasing importance, particularly for national publishers compared to local or regional ones, while deals with aggregators, bundling services and other news portals tend to be important across the sector.

In some countries, the 2021 recovery is reported as strong. In Poland, in 2021 advertising market revenues rebounded above the values of 2019. For the first time, the value of the advertising market in Poland exceeded PLN 10 billion and amounted to PLN 10.5 billion, an increase of 16.2 % compared to 2020 and 7 % compared to 2019. In 2021, double-digit growths were recorded by all media except press.

The 2022 events are not reported by the MS answers, except the Republic of Moldova which during the past two years faced an overlap of crises of unprecedented magnitude: the pandemic, gas, war and inflation. This led to a sudden drop in revenues of media outlets, a fact which puts in danger media's operational capacity – the ability to pay salaries, cover rent and utility costs. The advertising market decreased in size since the pandemic broke out from €14 million to €12 million. Three million euros migrated to online, which left the TV channels with €9 million. After the 2022 February Russian military aggression in Ukraine, the market lost two more million euros, which means that at the moment 57 TV stations compete for €7-8 millions, in an audiovisual space affected by Russian propaganda, cartel agreements in advertising and manipulated audience measurement data. Issues are also reported for physical print and distribution with the war.

(According to the results of the [Media Pluralism Monitor](#) for year 2022, media viability risks increased in the average of the EU + candidate countries).

**Employment and salary.** Journalistic employment is not simple to assess in the absence of official statistics. When data or estimates are provided, a declining trend emerges, except in Azerbaijan, Bulgaria, the Netherlands, Norway and Serbia. In the UK, contrasting numbers emerge, with a decline of journalists employed in newsrooms and an increase of professionals working as freelancers and in PR and communications. As the Journalists at Work report from NCTJ notes: “The evidence suggests that this increase in the number of journalists has been facilitated by dispersion away from the mainstream publishing areas of newspaper and magazine publishing to other sectors. It is estimated that less than a third (30%) of journalists are engaged in newspaper and magazine publishing (compared with 45% in 2012), with increases in the proportion in broadcasting (TV and radio), increases in the self-employed (who work across a range of sectors) and increases in the proportion working in PR and communications.”

In France, a decrease in journalistic workforce by 7.5% between 2009 and 2021 is reported. In Iceland, the number of employed journalists more than halved (from 2,000 in 2013 to 900 in 2020). In Portugal a 3% decrease is noted, between 2019 and 2022. The average salary's gap is very large, ranging from 300-400 EUR in Serbia to 7000-8000 in Switzerland (see Annex 2).

## **A.2. Regulatory incentives and public support schemes.**

Question 5 (divided in 4 sub-questions) asks for the existence of public support schemes for the news media sector, for their transparency and effectiveness in supporting professional editorial media. Twenty MS answered this group of questions. Considering that the coverage

is not complete and the quality of the answers not homogeneous, it is not possible to provide, based on the information collected, a complete mapping of the situation. Nonetheless, the results may be summarised as following:

- In a situation characterised by growing risks to the news media economic sustainability, most of the European countries provide some kind of public support to the news media. The countries in which there is not any law/regulation establishing favourable public support schemes for the private news media sector are just 6 (out of 20 respondents), namely: Bulgaria, Georgia, Germany, Ireland, Moldova and Poland. Cyprus reports a “de minimis scheme for the support of newspapers” (therefore very limited). In Germany, the absence of direct subsidies to the media is motivated based “on the strong principle of media freedom and in particular editorial independence that could be endangered by financial incentives from the regulatory body”. It is worth underlining that this principle applies to the federal level, being regional subsidies to the media provided indeed, and in addition that a regulatory approach to sustain media is adopted in Germany (see below).
- Many countries report that extraordinary initiatives to support news media have been launched during the COVID 19 crisis – but in some cases, such as Iceland, the program introduced to support the media during the pandemic is currently under stabilisation.
- Indirect subsidies to the media are often provided through a VAT reduction or a zero-VAT regime, and/or via reduction of postal fees.

Moreover, the reports provided by the MS might be used as a useful source to highlight innovative practices, such as support to the technological development of the newsrooms; the use of public funds to support projects of independent and investigative journalism; the inclusion of social goals (projects to support local and community media, as well as media literacy programmes); the involvement of individual journalists in the public funding initiatives; the use of other policies, different from financial support, to foster the production of news media.

**Funds earmarked to technological innovation.** In France, “several funds support technological developments and innovation in the media, which contribute to the development of new economic models or to better quality content. Initially designed to help the digital transition of the press, they also contribute to its ecological transition and the growth of new players”. They are: a strategic fund for the development of the press; a support fund for emergence and innovation in the press (for start-ups); an ecological transition support fund for the press, under the recovery plan. In Denmark, the media subsidy law establishes “public support schemes for the print and web-based news media sector, counting editorial production subsidies and innovation subsidies (project subsidy)”.

Funds for journalistic projects/for journalists. In Luxembourg, the recently reformed system to support professional journalism has 3 pillars: Maintenance of pluralism, Promotion of pluralism and Media and citizenship literacy. The second scheme is dedicated to start ups and the new entrants. In the Netherlands, together with a Fund for “organisational support” for the media, there is a Fund for In-depth Journalism), a funding with a service of general interest, which finances the production of stories in any medium and development of skills.

**Funds for social goals.** Direct funds are in some countries earmarked to the support of local and/or regional media. In Iceland, the goal of the funds is to support media in rural areas, “to promote and develop local media outside the Reykjavík metropolitan area, these having a major part to play in ensuring public access to information on cultural and community issues and thereby supporting the democratic process and cultural activities”. In Latvia, the Media Support Fund is a part of the Social Integration Fund, and it finances programmes for the production of television news stories from the municipalities for broadcasting on public service television and regional and local television channels; for the production of socially important

content and strengthening the national cultural space in the Latvian language; and for regional and local media support.

In Portugal, there is a funding scheme directed to the regional and local news (since 2015). Support applies under the following thematic actions: a) Jobs and professional training; b) Technological modernization; c) Digital development; d) Media accessibility; e) Development of strategic partnerships; f) Media literacy.

In Croatia, together with the general public fund scheme envisaged in the Electronic Media Law (Fund for encouragement of electronic media pluralism and diversity), an initiative is reported in the form of a public call for co-financing of projects on the topic of encouraging media literacy.

**Rules on prominence.** The German report includes among the ways to support media an “easy-to-find regulation”, according to which all the content of public value must be easy to find within user interfaces online. Because the financial support can cause risks for the political independence of the media, this system is considered an alternative to support “public-value contents like news” whose financing is at risk in the new environment of the media. The relevant legislation is section 84 of the State Media Treaty. “This media regulation entered into force in November 2020 and includes a mechanism facilitating the findability of certain offers on user interfaces that are particularly relevant to the formation of public opinion. The German regime covers the full variety of media content by German public media providers (broadcasting and internet offers). Additionally, it applies to certain offers of commercial providers, which make a significant contribution to the diversity of opinions and offers in Germany. The appropriate prominence of all public broadcasters and their media services is embedded in the regime itself. In order to preserve “Staatsferne” (no state interference), the commercial media services are not listed in the regulation itself, but need to be approved on application of the media service provider as “offers of public value” by the German Media Authorities. The German Media Authorities determine the commercial providers of general interest in accordance with the State Media Treaty and the associated statutes. Those offers are appointed by the Media Authorities for a period of three years and published publicly”.

## Part B – Good practices

Part B is composed of three questions on new sustainable models for media financing, and three questions on PSMs. In this part, we will analyse the results of the survey related to the media alternative business models, whereas the answers related to PSMs will be treated separately.

*1. What alternative sources of income, aside from audience and advertising revenue or state support, have emerged in recent years in the media sector in your country?*

*2.a. Could you please indicate the best news media business models in your country at national and local level, if possible, with concrete examples of news outlets that are working in this way?*

*2.b. Could you please briefly explain why they are considered good practices (highest revenues, increasing the reach to the audiences, etc.)?*

In answering this part of the questionnaire, some Member States named the news media which are successfully implementing alternative models, whereas other MSs just described the characteristics of the models. In all cases, it is highlighted that sustainability is pursued and, in some cases, obtained thanks to mixed sources. The main pivotal is a model based on paid content from the readers/audience, but it comes with other sources of income, which are

media-related but not directly coming from journalistic activity; moreover, innovation in the formats is reported as another driver to sustainability. Finally, even though the survey aims to detect alternative models, not based on advertising, some answers give insights on a renewed capacity of media to compete in the online advertising market, exploiting personal data.

Having in mind that the boundaries between the different models are often blurred and that most media outlets recur to a mix of different sources, here we summarise the main findings, with the following scheme:

B.1. The results of the survey, by model and by country (for the countries in which detailed information are provided)

B.2. The more relevant information provided by countries that did not give details on specific media and models

B.3. The comments provided by the country respondents

B.4. The results of the part of the questionnaire related to the PSM funding.

### ***B.1. The results of the surveys on best practices, by model and by country***

In this subchapter we present the results of the survey grouping the information from the countries that provided details, data, titles of the media experimenting best practices; they are grouped according to the following taxonomy:

- Direct revenue by users (subscriptions, paywalls, pay per view/per read, and diversified income streams)
- Donations by the users/members (membership, crowdfunding)
- Philanthropy (grants from private foundations, associations etc., and from the digital platforms schemes to support journalism)
- Innovative sources of advertising revenues

**Direct revenue by users** All over Europe, as well as worldwide, media providers progressively abandoned the distribution of free content online, shifted towards forms of monetization of their digital offer. This happened both for the digital evolution of the legacy media and for the digital native media.

In France, two outstanding examples are reported. Le Monde is an example of a virtuous economic model deriving from the evolution of a traditional media, shifting from physical to digital distribution of the newspaper and developing tailored different offers for the online user. In June 2022, 79% of paid distribution was digital, compared to 40% in June 2017. Le Monde also offers different subscriptions to best adapt to the needs of the subscriber; besides, it develops products not directly related to information (such as thematic newsletter, games, leisure, etc.) and uses its brand to offer events or other services related to the main activity. In the field of digital native media, the success case of Mediapart is reported. Created in 2008, it is one of the rare “pure player” whose content is paid by the general public in the French media market. Mediapart hosts both the articles written by its own teams (“the newspaper”) and those of its users (“the club”). Mediapart defends a model where the paid subscription must guarantee the independence of the work of journalists, while allowing access to a quality participatory club whose content is freely accessible.

Besides, a trend towards diversification in recent years is reported. Indeed, many press companies have launched their online sales platform (with the aim of selling promotional items or items offered by their partners), and started launching events (for example through the creation of festivals, like the newspaper l'Humanité, Le Monde or Têtu) or even offer services (e.g., business advice).

In Iceland, in the context of a small country in which most private news media rely on both subscription and advertising (apart from the free printed paper *Fréttablaðið*<sup>54</sup> and the main leading news sites in Iceland that are free of charge), the case of *Stundin* must be highlighted. *Stundin* is a small national media outlet, founded and owned by journalists with the main objective to provide investigative journalism. *Stundin* runs a subscription-based online news site, that is partly pay-walled, and a biweekly printed paper. In *Stundin*'s rules of editorial independence, it postulates that the staff shall own a majority of the shares, with no one shareholder owning more than 15%. *Stundin* has also published a detailed registration of its editors' financial interests. In 2023, *Stundin* merged with *Kjarninn*, another innovative media based on donations (see below), and they created a new media outlet, called *Heimildin* ("the source"), which has a news website and publishes a newspaper two times per month. It is a subscription-based model.

In Moldova, diversification of revenues' sources is a recent phenomenon, in the context of a media environment highly dependent on donor funding. The case is highlighted of *Agora.md*, whose business model is now mainly based on paywall and subscription, but also collect revenues from events with entrance fee (for example, *RoofOffline*); the former founder of *Agora.md*, the journalist Dumitru Ciorici has now a Telegram channel which is another successful business model.

In the Netherlands, the best news media business models focus on the user and create diverse streams of income. There are lively and successful examples of alternative financing, but the core has proven to be direct revenue from users/audience. The main goal is to increase subscription revenue, which happens widely on a national level: the cases reported are *Correspondent*, *Follow The Money*, *NRC Handelsblad*. Other sources of direct income from users are in the fields of book publishing (*Correspondent*, *VN*, *Follow The Money*) & workshops. On a local level advertising is still king, but slowly companies are investing in subscriptions for 'extra' content as well, like *Enter Media* and *BDU*. This is especially interesting, since the majority of local weeklies and websites have always been free of subscription models.

In addition, news media related offers are coming and going, for instance with regard to geographically visualising data (*Local Focus*, which was taken over in 2021 by the Dutch Press Agency ANP), visually explaining news and news games for educational purposes (*Newschain*, *Spot on Stories*, *Drog*), robot journalism (*United Robots*), live journalism (debate center *De Balie*), creating an online marketplace for news content (*Content Exchange*) & tools for making news stories on social media (*Tappable*).

A mixed model of distribution is reported from Poland, with media companies relying on online portals, printed titles and even social media channels. A total paid distribution is in this case a sum of print editions sales, sales of e-editions, subscriptions to print editions and subscriptions to e-editions, as well as other paid distribution of print editions and other paid distribution of e-editions. All the major publishers in Poland - *Riniger Axel Springer*, *Bauer*, *Polska Press* or *Agora* - operate in this way.

Portugal presents interesting cases of innovative models, although in a context characterised by a media industry highly reliant on advertisement - the three Portuguese major groups reveal that the advertisement revenues represent more than 2/3 of the revenues (*Imprensa and Media Capital*) and 35% (*Cofina*). Besides advertisement, these major media groups gain other revenues either from the circulation (press), TV channels subscriptions, added value calls, audiovisual production or radio.

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<sup>54</sup> As of 1<sup>st</sup> January 2023, this newspaper changed its distribution method, due to high costs and environmental reasons. The paper is still free, but people must pick it up in designed places. This change led to a decrease in readership.

Most newspapers are in different phases of digitalization, but some have found interesting innovative business models. Two traditional newspapers of general information (Público and Expresso) are having a successful digitalization process. In 2021, digital subscription represented 77% of revenues for Público and 48% for Expresso. Their margins of profitability are smaller than the paper circulation which explains a need to diversify their funding sources (see below).

“Observador” is an example on native digital media based on advertising who is developing alternative sources of income. It was created in 2014, outside the traditional Portuguese media groups, with a business model based on advertisement revenues. In 2017, the group launched an on-line lifestyle magazine. In 2018, the on-line newspaper started to offer a subscription programme (“Observador Premium” with 4 options: individual, group, special or corporate) and created the “Observador Lab” to develop sponsor content. In 2019, a radio station was created “Radio Observador” (online and traditional FM frequency) with the support of Google Digital News Innovation Fund which reached one year later 25% of the on-demand audio market. Recently, the newspaper has looked for a closer relation and exclusivity with the subscribers (talk that enabled subscribers to ask questions directly to the journalists sent to Kiev in the context of the Russia invasion in Ukraine or the decision to limit the comment section only to subscribers). Other privileges of the subscribers are newsletters on the backstage of the newsroom, annual magazine (paper) with 50% discounts on the best-off content the year, less advertisement, possibility to share up to 6 articles to non-subscribers, discounts in the on-line store of the magazine “Lifestyle Observador”. In 2022, the newspaper launched a new subscription plan (Patrono) which offers the annual magazine for free and access to an annual on-line talk with the newspaper founders and a guided tour to the newsroom.

In the United Kingdom, besides the most well-known cases of subscription based models (Financial Times) and membership models (The Guardian), diversification models are reported in the offer of branded content, with some news organisations creating their own in-house content studios such as Guardian Labs or FT Commercial. In recent years several publishers have begun making content licensing deals with online platforms and aggregators. Out of all respondents to the Economic Insight report on Press Sector Financial Sustainability, 63% had financial deals with Google News Showcase, 50% with Facebook News Tab and 13% with Readly. Other partners mentioned in the report included Taboola, Ecommerce, Daily Motion, NLA, SWNS, Proquest, Brightsolid, Microsoft, LexisNexis and Axate.

**Donations by users/members.** In Iceland, Kjarninn is another media based on investigative journalism, founded and owned by journalists. Kjarninn online news site is free of charge and its content is available to all, but it also receives monthly voluntary donations from the public amounting to half of its revenue (with advertising revenue being the other half). In the beginning of 2023, Kjarninn and Stundin merged into one, with the aim to create a stronger media outlet (see above). Omega, a religious television channel receives voluntary donations from its viewers.

In Moldova, donations are incentivised by the fiscal system, with the 2% mechanism that allows redirection of income tax to an NGO. Crowdfunding on Patreon or Paypal is often used by media outlets. The independent media groups are using a combination of donations and subscriptions (mentioned in the survey, other than the above mentioned Agora.md: Cu Sens, Newsmaker, Ziarul de garda, TV8, Rise Moldova).

In the Netherlands, several examples are reported of media financed by grants from private funds (Adessium, Limelight Foundation, Gieskes Strijbis, Democracy and Media Foundation), gifts & donations (like the independent platform for investigative journalism Investico).

Portugal reports the case of Fumaça (<https://fumaca.pt>), a digital native podcast investigative journalism project created in 2016 and financed through individual contributions. It does not benefit from advertisement. Its goal is to be 100% financed through the community but until then the project has been also financed through journalism grants given by foundations and associations, and contracts for live interviews and talks.

In Serbia there are interesting cases of donations campaign to support the free press and targeted campaigns. In May 2017, the Independent Association of Journalists of Vojvodina (NDNV) organised an instant crowdfunding campaign in which it collected a little over RSD400,000 (approximately \$4,000) in one week, in order to cover the costs of fines, interest and court costs in the case of a verdict against the Autonomija portal. The audience and citizens reacted to the injustice and paid the necessary funds in a very short time. The funds were later returned to NDNV according to the judgment of the Appellate Court, about which NDNV informed the public in a timely manner. After that campaign, NDNV was encouraged and started to implement a continuous donation campaign on its platform in April 2019.

According to Irex Strengthening Media Systems Project's research in 2019, TV Forum in Prijepolje, the first female-led TV station in in the Balkans in cooperation with the Catalyst Balkans Foundation, was the first local outlet to implement an online crowdfunding campaign to help replace the studio's broadcasting and production equipment. Fifty days after the launch of its campaign on the local platform Donacije.rs, TV Forum exceeded its goal by 15%, collecting over \$5,400 from the community. The Serbian daily independent paper Danas, in 2019, secured more than \$25,000 for the following 12 months after only three days of an online fundraising campaign. In the campaign's first 72 hours, the paper secured long-term commitments of \$2,200 per month through membership subscriptions.

**Philanthropy (grants from private foundations, associations etc., and from the digital platforms schemes to support journalism)** In Portugal, Público has several projects with Google Digital Innovation Fund: P24, which delivers news in audio format and Fórum Público, which enables talks between users and journalists.

In Serbia there are many tools such as The Guide through Potential Domestic and Foreign Sources of Financing in Serbia that was created as an information pool on all tenders and funds provided by international and domestic donors. In the last four years, the Guide has been maintained by civil society organizations, supported by the European Union. From September 2021 to September 2022, according to the data, 21 media projects supported by various international and domestic donors have been registered within this searchable list and 22 grants were available to the media in this period.

**Innovative sources of advertising revenues.** In the Netherlands, the biggest conglomerates on a national/binational level, like DPG, leverage their users to try and become rivals to tech giants, by becoming data companies (at least in part). In Portugal, the case of the digital native news project "Polígrafo" is reported. It was created in 2018 with private funds, and it is focused on fact-checking. In terms of revenues, the newspaper has a commercial advertisement partnership with Sapo (Portuguese digital platform, search engine and news aggregator) but editorial collaboration with other media (SIC, Facebook, Iberifier etc) on fact-checking projects is the principal source of revenues.

## ***B.2. General information by the other countries***

Some of the CDMSI members addressed this part of the questionnaire explaining why there are no relevant cases of alternative models in their countries. This is the case of Azerbaijan, a country in which specific alternative sources of income in recent years did not emerge, due

to the characteristics of the media market: here the main sources of income for media entities still remain advertising revenue and state support. In this context, there are media entities reported as “best news media business models”, namely: “Qafqazinfo” News Portal (qafqazinfo.com), “Haqqin.az” (haqqin.az) Information-Analytical Portal and “Yeni Musavat” Media Group (musavat.com). “These media entities are highly responsive to the contemporary trends within the media environment of the world. They have successfully implemented the convergence of various types of media outlets functioning within their media groups and improved their multimedia resources”.

In Croatia, successful practices are reported in terms of innovation in the newsrooms and media offer (therefore regarding the product and organisation of the work, more than the business model). For example, the case of Nova TV is mentioned: “Large part of this success lies in the full acceptance of the Internet as an equally important medium, which resulted in the integration of TV and web newsrooms”. A multimedia offer also characterises the Croatian Radio and Television (HRT). Those practices are reported as successful, in terms of higher revenues and increasing the reach to the audiences.

In Cyprus, innovative models of the kind mentioned above are reported, but without details on the media outlets that undertook them: “Sponsored content, paying for news, subscriptions and memberships have emerged in recent years. Moreover, it is likely that events and consulting, electronic commerce, crowdfunding and donations could be additional sources of income”.

In Denmark, some media receive support because they provide courses and education programmes as well as workshops and various types of live events, software development for news media, and books publishing.

### ***B.3 Comments on alternative models***

In all the cases in which this part of the questionnaire has been addressed, the comments specify that there is not a silver bullet, but the success derives from a mix of different sources. Other than the economic sustainability of the new models, the comments highlight two other issues/opportunities, related to two key factors: independence and innovation.

- Independence. As seen above, in some cases the digital native media outlets are born from a cooperative or an association of journalists. Independence is pursued from commercial pressure that can derive from advertising revenue, and from political pressure. See comment from Iceland: “it is considered immensely important to ensure that external influence on newsrooms and media content is minimal. This includes political influence as well as influence from the media owners and advertisers. This means that media with diverse sources of income are considered more independent than media that only rely on advertisement. However, media with strong political connections, through ownership or editorial control, may not be completely independent from power holders. Furthermore, big and medium sized national media are in a better position to react to possible external influence than smaller media outlets in rural areas where the biggest advertisers are usually the municipalities and the area’s biggest companies”. From another perspective, the Latvian answer to the survey mention the shift towards donors’ money and points out that in the case of donorship some issues related to independence could emerge: “The challenge on the purely business side of media existence is to remain independent, and how to align priorities defined by external donors with the goals of the media. It is a big dilemma to balance, because we see that the media are ready to accept nearly any investment in order to survive”.



- Innovation. The search for different ways to finance the newsrooms, as seen above, is also a powerful drive towards innovation in the newsroom and in the products offered. The Dutch comment highlights that “trying to beat tech giants aside, these business models are considered good practices, because they focus on one thing: staying relevant for their audiences. Providing value to users is the main driver of revenue, with every sort of diversification that comes with it. This seems to be a healthy way to grow, with little opportunity for disruption, as it happened with advertising as a business model”.

In addition, it is worth mentioning the Portuguese comment, because it highlights, among other things, the specific challenge for the local media. “At regional and local level, there is no consensus on the best business model but some practices have also have given some interesting results for news media, namely: sharing synergies to reduce costs, to better manage resources and procedures (joint newsrooms for press and radio); collaboration with other radio stations to implement projects of common interest; taking advantage of facilities offered by associations of the sector (sharing content, advertisement contacts, informative coverage); a database of images free of charge for the associates of the press associations; future project among the largest associations of the sector to create an entity to approach the advertising market directly dealing with the regional press. This entity will centralise information, both on investment opportunities in the public sector and in the private sector; closer collaboration with entities and personalities of the region where the radio station is implemented; creation of digital projects from the scratch instead of transforming analogical projects to digital ones; creation of projects to fulfil limited niche markets (thematic radios); internationalisation of radio projects to extend the market to Portuguese speaking countries; thematic radios more suited to the market; good financial management (reduction of the average time to receive payments from customers; extension of the average time to pay suppliers; regular negotiation with suppliers (the price of paper or the printing service); maintenance of equity); good sales team capable to follow the market evolution of the advertisement market and the products changes; up-to-date control or dialogue with distribution channels and points of sale”.

#### **B.4 PSM funding**

The final part of the questionnaire is related to the financing and functioning of Public Service Media. The questions are the following:

3. *a) How is the public service media (PSM) funded in your country? b) Are PSM sources of revenue recognised as sufficient to ensure its sustainability? c) Does the law prescribe transparent and fair procedures to ensure adequate funding of PSM? How is adequate funding determined and what legal safeguards are in place to ensure the principles of transparency and accountability, independence and non-discrimination? d) Please evaluate if the PSM funding is sufficient to support PSM services online.*

This part of the questionnaire has been addressed by 21 MSs (out of the 23 participating in the survey), all of them having PSM providers.

The financing models of PSM are different. As the EBU’s reply poses it, “there are almost as many PSM funding models as PSM organisations through Europe, and there is no one-size-fits-all approach to such a complex issue”<sup>55</sup>. That said, the report provided by the EBU allows to synthesise the prevailing models and the more recent trends.

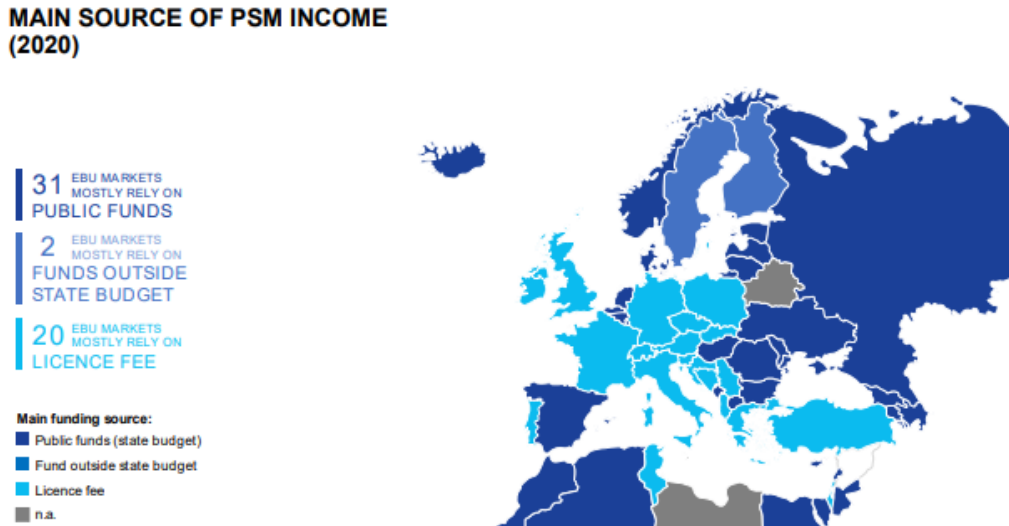
The typology of public-funding models provided by EBU is the following:

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<sup>55</sup> EBU is the European Broadcasting Union, the world’s leading alliance of public service media. It has 115 member organisations in 56 countries in Europe and North Africa.

- Funding PSM directly via state grants, which is the most widespread funding model in the EBU area, with 31 EBU markets relying on the general state budget.
- Allocation from a specific fund located outside the state budget. This exists in 2 EBU countries – Finland and Sweden.
- The licence fee, which remains a cornerstone of PSM funding in Europe and is still widespread in western Europe.

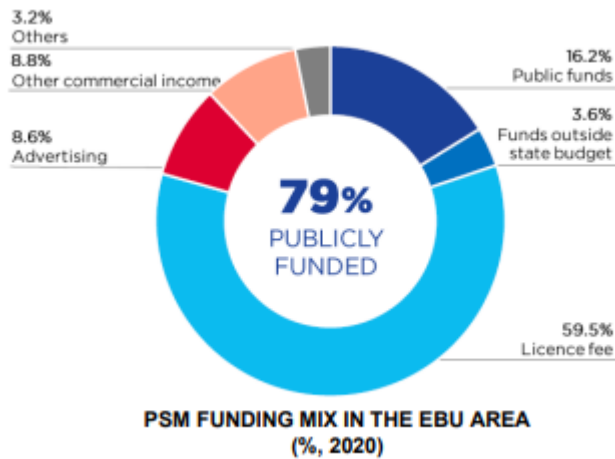
Figure 3. Main funding source for PSM, in the EBU area



Even though public funding is the main source of financing, in the vast majority of European countries PSMs also have other sources of income, including commercial sources (advertising, sponsoring, content sales, etc). This mixed model also emerges from the MSs' reports. In some cases, there are limits to the share of advertising revenues (or on-air time) that PSM can reach; in the case of Denmark, the PSM cannot have any revenue from advertising and from paywalls, but it can have other sources of commercial revenues.

EBU's report highlights that in the Nordic region commercial revenues are very limited, and that the advertising share of the commercial revenues has been declining over the years. Therefore, the combined pressure of a declining advertising market and the sharp decline of public funds forced many PSMs to explore other sources of financing, with the following outcome:

Figure 4. PSM funding mix in the EBU area



At EBU level, ‘other commercial income’ in 2020 amounted to EUR 3.18 billion, or 8.8% of the total PSM funding mix. It overtook advertising revenues for the first time in 2019, becoming the third-largest funding source for PSM in the EBU area after the licence fee and public funds. In this respect, and given the importance of the BBC’s commercial arm, it is worth noting that the BBC on its own accounted for a significant part of the combined ‘other commercial income’ at EBU level.

At organisational level, reliance on “other commercial income” varies significantly from one PSM to another, from zero to almost a third of total operating revenues (In 2020, non-advertising commercial revenues reached 27% and 13% of funding mix of VRT in Belgium and Rai in Italy respectively). In practical terms, this means that alternative commercial revenues are becoming almost as, or even more important, than advertising revenues in the funding mix of certain members”. Alternative commercial revenues include: PSM Content sales, rights and merchandising; PSM Audiovisual services (Subscription or Pay-TV/VOD/Audio and distribution fees: these forms are not frequent due to regulatory constraints nonetheless some examples exist, such as the case of TVP in Poland that recently launched a new streaming service including SVOD. Another case is Belgium, in which carriage fees are imposed by VRT; monetization of PSM Assets (Facilities, transmissions services); and other activities, such as monetization of content through editing, magazines etc.

According to the answers provided by the MSs, in 4 countries the funds are considered not sufficient to ensure the sustainability of the PSM; and in many cases, even if there is sustainability in the current times, concerns emerge for the medium and long period perspectives, also related to political pressure to reduce the public financing or the fee (Switzerland, United Kingdom).

Finally, it is worth highlighting the PSM’s situation in Ukraine. “Financial support of the National Public Broadcasting Company of Ukraine for 2022 amounts to UAH 1 billion 871 million 276.7 thousand. This is UAH 526 million less than the amount provided for by the Law on The Public Broadcaster. Systemic underfunding of the Public Broadcaster jeopardises its independence and puts its information company in a non-competitive position compared to other broadcasters.

The Committee on Humanitarian and Information Policy of the Verkhovna Rada of Ukraine planned to consider a new model of financing the Public Broadcaster in 2022, but this was prevented by the war waged in Ukraine by the Russian federation.

Due to hostilities, on March 1, 2022, Russian troops shelled the Kyiv TV tower, and the UA:PBC premises located on Yuri Illienko Street, 42, suffered great damage”.

## Conclusions

The analysis of the replies received from the Council of Europe Member States presents a common picture as regards the challenges that the media are facing to safeguard their economic sustainability, and a diversified outcome as regards the solutions and practices. The background scenario is influenced by the time of the assessment, between the two crises that strongly impacted the media industry, COVID-19 and the war in Ukraine, with the subsequent rise in production costs and inflation, which added to the long-term declining trend in advertising revenues. Public intervention in the sector is widespread - both in the form of public subsidies to the media and to public financing of PSM: in this regard, a result of the survey is that 1) the former (public subsidies) are very different among the countries but almost everywhere some additional support has been provided during the COVID 19 crisis; 2) PSMs are present in all the countries, with diversified and hybrid systems of financing, almost everywhere declining. As a consequence, the PSMs are facing economic challenges as well, in some cases also because of the decline of the advertising revenue.

Best practices in the private media sector as following from the MSs replies are highlighted in chapters B1, B2 and B3 of this report. They rely on different models: direct revenue by users, donations by the users/members and philanthropy, but in some cases also on the search of innovative sources of advertising revenues. Even though the mapping is not complete (due to some shortcomings in the MSs answers), the information provided allows some provisional conclusions: 1) alternative models are more frequent and resilient in countries with a stronger readership and willingness to pay by the public; 2) there is not a prevalent model, but often resilience relies on mixed-hybrid models; 3) the role of public funds and of PSM, even when it is stronger, is hardly related to the support of alternative models with long term perspectives of sustainability.

## Appendix 1

### MAR-EU The audiovisual market in Europe (by country)

In EUR million.

Includes public funding, TV & radio advertising, pay-TV revenues, on-demand revenues, cinema box office and physical video.

Country	2017	2018	2019	2020	2021	2021/2020	CAGR 2021/2017
AT	2,776	2,827	2,954	2,878	3,165	10.0%	3.3%
BE	3,081	3,111	3,108	2,876	3,218	11.9%	1.1%
BG	771	877	1,006	993	1,286	29.5%	13.7%
CY	110	113	116	116	120	3.4%	2.2%
CZ	1,054	1,157	1,255	1,166	1,275	9.3%	4.9%
DE	22,728	22,878	23,444	22,765	24,129	6.0%	1.5%
DK	2,142	2,167	2,199	2,138	2,266	6.0%	1.4%
EE	154	165	177	162	164	1.3%	1.5%
ES	6,792	7,000	7,128	6,548	7,295	11.4%	1.8%
FI	1,754	1,786	1,804	1,761	1,876	6.5%	1.7%
FR	15,490	15,643	16,056	14,882	16,159	8.6%	1.1%
GR	1,123	1,140	1,181	1,072	1,138	6.2%	0.3%
HR	413	426	437	407	429	5.4%	1.0%
HU	940	955	997	944	1,032	9.2%	2.4%
IE	1,351	1,370	1,375	1,275	1,333	4.5%	-0.3%
IT	10,146	10,322	10,263	9,242	9,985	8.0%	-0.4%
LT	179	189	202	196	220	11.8%	5.2%
LU	129	130	129	115	123	6.8%	-1.2%
LV	135	142	145	133	149	12.3%	2.6%
MT	59	62	66	61	66	7.6%	2.7%
NL	3,973	4,125	4,263	4,188	4,416	5.4%	2.7%
PL	3,656	3,840	3,959	3,818	4,102	7.4%	2.9%
PT	1,479	1,526	1,581	1,492	1,619	8.5%	2.3%
RO	1,024	1,088	1,123	1,065	1,173	10.2%	3.5%
SE	3,038	3,020	3,099	2,912	3,341	14.8%	2.4%
SI	318	326	345	328	343	4.4%	1.9%
SK	758	803	849	842	927	10.1%	5.2%
<b>EU27</b>	<b>85,577</b>	<b>87,190</b>	<b>89,259</b>	<b>84,377</b>	<b>91,350</b>	<b>8.3%</b>	<b>1.6%</b>
BA	76	88	93	89	83	-6.7%	2.3%
CH	3,907	3,807	3,833	3,756	3,904	4.0%	0.0%
GB	21,813	21,824	21,736	20,334	23,008	13.1%	1.3%
GE	92	103	103	92	91	-1.0%	-0.1%
IS	69	68	64	53	57	7.0%	-4.6%
MD	28	33	33	34	37	8.2%	7.2%
ME	37	40	44	43	44	3.6%	5.0%
MK	158	164	172	166	167	0.4%	1.3%
NO	2,300	2,301	2,364	2,224	2,426	9.1%	1.3%
RS	328	355	409	421	453	7.6%	8.4%
TR	2,064	1,674	1,686	1,600	1,724	7.8%	-4.4%
UA	394	454	593	622	647	4.0%	13.2%
<b>EUR</b>	<b>116,842</b>	<b>118,098</b>	<b>120,388</b>	<b>113,811</b>	<b>123,991</b>	<b>8.3%</b>	<b>1.3%</b>

Data may be missing for individual market segments in certain countries.

Sources: EBU/MIS, company reports, WARC, Ampere Analysis, LUMIERE

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## Appendix 2

What was the average salary of a journalist in your country in the past year?

Country	Monthly salary (in EUR)	Notes
Austria	3,900	
Azerbaijan	320	Minimum level
Bulgaria	750	(1,063 editor-in-chief)
Croatia	550-1,100	range
Cyprus	1,200	
France	1,177 (fixed term) 2208 (pigistes) 3929 (permanent)	
Greece	1,161-2,364	Collective agreement, employees, gross
Iceland	5,300	
Moldova	600-700	
Netherlands	3,750	
Norway	5,314	
Poland	1,080	gross
Portugal	700-1,400	range
Serbia	300-400	
Switzerland	7,000-8,000	
UK	2,900 (newspapers) 4,400 (television)	