



European Media Revolution

Ensuring Viability

What kind of media do we want for Europe?

The first answer that springs to mind is **free, independent, diverse and vibrant media**. But that raises questions: What *value* do consumers place on content, what are the *costs* of production and how do the media *finance* the content consumers want and value?

In the current changing environment, advertising remains a key revenue source for the content industry, helping to ensure high quality production and the independence of media, which is crucial to its role in democracy.

The media industry – TV and radio broadcasters, newspapers, magazines, advertisers and communication agencies – works hard to maintain advertising revenues in order to sustain the costs of production of European content that consumers value enough to spend time with or pay for directly.

The media play a crucial role in democracy

The media play a crucial role in democracy by informing citizens about relevant political, economic, social and cultural issues and by entertaining and connecting our viewers, listeners and readers. Sharing knowledge with citizens helps to encourage democratic debate and to inspire the content industry to innovate even more. Investment in new services and technologies brings a fuller user experience to European citizens through choice not only of content, but of distribution platforms and devices. In the converged media landscape the way people use media is changing. This shift brings together established media and new media, as many existing players are using new technologies to create and distribute high quality creative content to millions of European citizens every day: think of newspaper and magazine websites and digital editions via new interactive tablets, streamed radio services or catch-up television. There is no shortage of innovation within established media businesses.

Advertising funds a diverse, pluralistic media landscape

Content is the strength of a vibrant media sector. But how do we ensure its production nowadays? **Good content costs money, and advertising funds a diverse, pluralistic media landscape.** Without advertising, many of the world's media as we know them would not exist. To replace their revenues from advertising, newspapers and magazines would have to double their cover price. Television stations currently free at the point of access to viewers would be forced to resort to cheaper material – it can cost ten times more to make an original programme than to buy one from overseas. Yes, this is a reality;

the content industry relies on advertising as a primary revenue source: At least 50% of the printed press revenues come from advertising, almost 100% in the case of the online press or commercial radio, and up to 90% for commercial free-to-air broadcasters. Online free legal downloading and streaming offers would not exist without advertising.

Self regulation across Europe ensures responsible advertising

The close relationship between media and advertising benefits European creative industries – more than 63% of European television broadcasters' programming time is devoted to European works and over 36% to works by independent European producers. Additionally the European daily and periodical press provides quality content to its readers about relevant aspects of the everyday life that empowers citizens to think more about their health and lifestyles, environmental issues and consumer rights – to name but a few. Yet if the success of the European content industry is to be sustained, then the regulatory framework needs to reflect technological changes underway in the media industry and allow this complex market to provide services and content that consumers want. A disproportionate regulation of advertising restrictions, bans on the advertising of certain products or imposition of specific advertising requirements (such as mandatory labelling-type information in advertising) will lead to a decline in advertising revenues for all media across Europe. There is already a substantial body of law harmonised across the EU to stamp out misleading or unfair advertising practices. In addition, the media and advertising industries have developed high ethical standards of advertising self-regulation through codes of practice and independent consumer-complaints handling systems, which are free to all European citizens in their own countries.

Conclusion: Good content will need to be financed.

As we move from the world of broadcasting and paper distribution to one of multiplatform distribution of audiovisual and other creative content, three things will remain certain:

- The consumer will remain in control over what he/she chooses to watch, listen to and read;
- Europe's consumers will enjoy greater choice over when and where and by which means they view, listen to and read their content;
- The decisive success factor in our business is the same as it has always been: the quality and choice of content, which, to maintain high standards and choice, will always need to be financed partly or wholly through advertising.

