

# Good practices for sustainable news media financing

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Recent years have witnessed a consistent deterioration in the sustainability of conventional business models of news media. Newspapers and audiovisual services have been facing a severe decrease in revenues from advertising due to the rise of new digital platforms competing in the advertising market, coupled with a decreased willingness to pay for news in light of the abundance of free news online. A general economic crisis, the Covid-19 pandemic and the Russian aggression on Ukraine have exacerbated the situation.

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. A report on "Good practices for sustainable news media financing" was thus prepared by the Committee of Experts on Increasing Resilience of the Media (MSI-RES), to collect examples of sustainable practices at national levels and analyse the trends in Council of Europe member states which can help forecast future scenarios and envisage media policies fit to ensure media sustainability and plurality in a fast-changing environment.

The report, based on desk research and data provided by member states, confirms the analysis of recent academic studies and policy reports to the effect that no single model has successfully replaced the advertising-based traditional model of funding. Furthermore, the success of a funding model must be analysed within the context of different political systems, regions, cultures, media market characteristics and sizes, as well as the levels of media independence and journalistic working conditions. In short, there is no one-size-fits-all solution to ensure the sustainability of the news media sector.

As an alternative to advertising, direct funding in the form of a fee in exchange for news content or for a service seems the dominant strategy, practised especially by media companies which operate in more affluent countries with a good level of media literacy and where users are willing to pay for news.

The report also stresses the importance of other sources of funding, like philanthropy, as far as it does not unduly influence or compromise content or journalistic standards. Philanthropy in relation to online platforms, in particular,

raises concerns as there is a risk that the projects funded by them will serve to reinforce platforms' business models rather than journalism. There are many experiences with crowdfunding, but they seem limited in effectiveness, as they require a great deal of effort for the raising of 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.

The declining trend in advertising revenues has also given rise to initiatives that innovate in the 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 synergistic effort between various actors in the digital environment, these initiatives may prove successful in attracting advertising resources to quality news content.

Regarding the media's use of data, the report highlights some cases of media organisations moving to contextual advertising, as a compromise between user privacy and effective targeting which involves the use of relevance criteria to ensure that advertisements are displayed in contexts that align with the content and interests of the audience. Investments in innovative business models and AI tools for journalism can enhance the media outlet's competitiveness.

There is also an important role for governments in adapting their policies to 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.

As for state support to the media, direct state support is an important source of funding that is functional for sustainability and media plurality only if public funds are granted through transparent, non-discriminatory, objective, predictable, and accountable criteria. The report also recommends funding public service media (PSM) through earmarked taxes.

Taxation policies seem useful instruments to sustain media businesses beyond direct public support, such as tax relief as an indirect benefit 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.

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 external

influence on newsrooms and media content is minimal. This includes both political and state interference, as well as influence from publishers, advertisers, and private interests.

Based on the analysis, the report makes several recommendations to member states, news media companies, philanthropic donors and the Council of Europe.

The report was drafted by co-rapporteurs Elda Brogi, Scientific Coordinator at the Centre for Media Pluralism and Media Freedom and professor (part-time) at the European University Institute in Florence, and Helle Sjøvaag, Professor of Journalism at the University of Stavanger. It was endorsed by the Steering Committee on Media and Information Society (CDMSI) at its 24th Plenary meeting (29 November - 1 December 2023).

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<https://rm.coe.int/msi-res-2022-08-good-practices-for-sustainable-media-financing-for-sub/1680adf466>

