

EBU

OPERATING EUROVISION AND EUORADIO

PUBLIC: This document is intended for public distribution

FUNDING OF PUBLIC SERVICE MEDIA 2019

PUBLIC VERSION

MEDIA INTELLIGENCE SERVICE

DECEMBER 2019



ABOUT THIS REPORT

This publication was produced by the Media Intelligence Service (MIS) of the EBU. It provides the main findings and a selection of charts and maps from the 2019 edition of the EBU's Funding of Public Service Media report, published in December 2019.

It provides a comprehensive and international perspective of the financial situation of Public Service Media (PSM) in the EBU area in 2018.



Please note that the full report – for EBU Members only – is available at: www.ebu.ch/mis

66 ORGANIZATIONS IN 49 MARKETS

Funding of Public Service Media 2019 includes information on 66 PSM organizations in 49 markets, or 48 countries, in Europe and around the Mediterranean. The disparity between the number of markets and countries is due to the audiovisual environments of the French-speaking and Flemish Communities of Belgium, which have autonomous arrangements for regulations and public broadcasting. As a result, Belgium is treated as one country but two separate markets.

The report notably includes data on all 28 EU countries.

SOURCES OF DATA AND DEFINITIONS

This report has been drawn up mainly using data provided by public service media organizations that are Members of the European Broadcasting Union (EBU). The information was collected during 2019.

The term PSM funding in this report refers to PSM operating revenues.

National currencies are used when calculating evolution over time to avoid deviations resulting from changes in the euro exchange rates.

For the historical series, the data is reported for the period 2014-2018, covering 5 years.

COUNTRIES COVERED IN THE REPORT



Source: EBU.

A SMALL COST FOR A GREAT VALUE

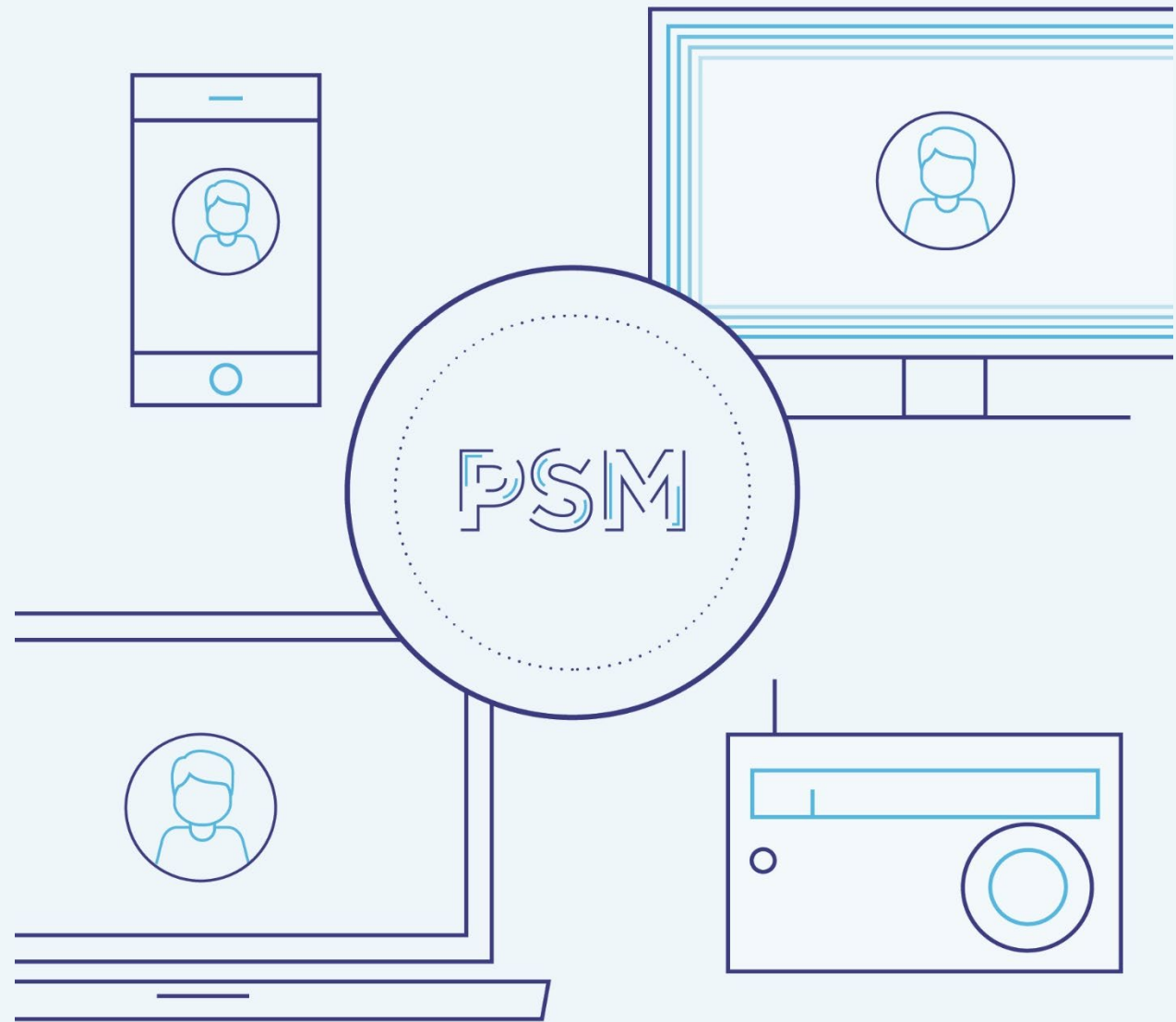
PSM INCOME
AMOUNTED TO

EUR

35.49

BILLION

IN THE EBU AREA
IN 2018



TOTAL FUNDING OF PSM

YEAR-ON-YEAR STAGNATION

Total 2018 operating revenues of the 66 PSM organizations for which data have been gathered, covering 49 markets in 48 EBU countries, amounted to EUR 35.49 billion. EU-28 organizations accounted for 91.1% of this total income, i.e. EUR 32.32 billion.

**EUR
35.49
BILLION**

2018 PSM COMBINED
OPERATING REVENUES
IN THE EBU AREA

PSM funding increased only by 0.1% in the EBU area in 2018. This is so close to zero that it cannot be considered as a solid signal of recovery, following the 1.4% contraction in 2017.

For the first time, the change in PSM funding in 2018 is slightly more favourable when considering EU-based organizations (+0.7%) compared with non-EU PSM (-5.6%).

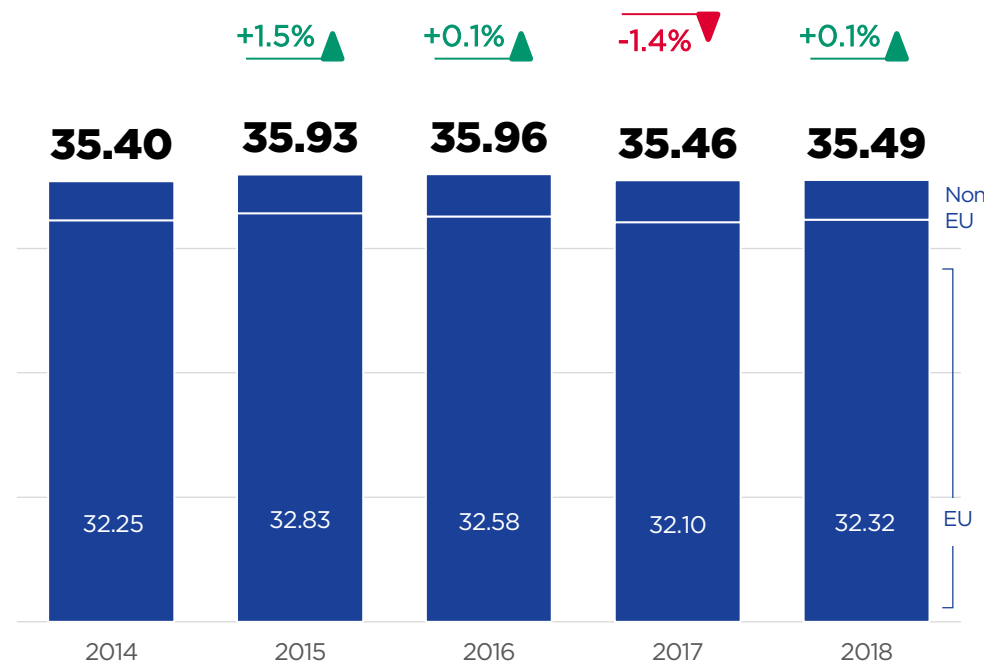
In recent years, the downward trend used to be more pronounced for EU PSM than for their counterparts outside the EU.

From a mid-term perspective PSM funding remained remarkably stable, exhibiting no year-on-year change above 1.5% or below -1.4%. Moreover, the limited increases in PSM funding seen in 2015 and 2016 were almost entirely absorbed by the decrease in the following year.

Overall, cumulative PSM funding increased only by 0.3% from 2014 to 2018, with total PSM resources growing from EUR 35.40 billion in 2014 to 35.49 billion in 2018.

This represents a compound annual growth rate of only 0.1%, highlighting how insignificant change in PSM funding has been in the EBU area over the past five years.

CHART 1.
PSM OPERATING REVENUES IN EBU AREA
(EUR MILLION, 2014-2018)



Note: based on 66 organizations in 49 markets.

Note: no 2014 data for BTRC in Belarus and ICTI in Azerbaijan and no 2015 data for IBA (now IPBC) in Israel.

Source: EBU based on Members' data.

EBU Media Intelligence Service – Funding of Public Service Media 2019 (Public Version)

PSM FUNDING EVOLUTION

PSM FUNDING GROWTH BELOW INFLATION

At EBU level, in real terms, the slight increase in PSM funding (0.3%), from 2014 to 2018, turns into a decrease: -4.3%

-4.3%

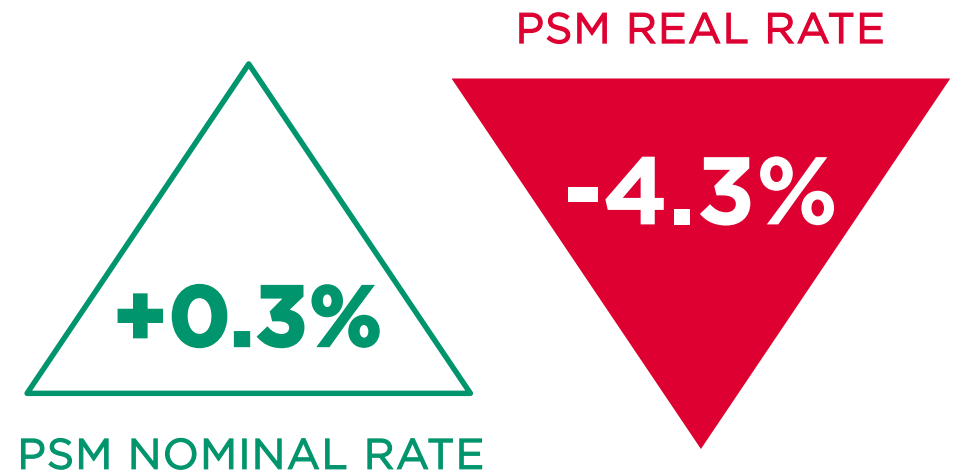
2014-2018 REAL EVOLUTION
OF PSM FUNDING
IN THE EBU AREA

Having to operate under the constraint of almost frozen budgets means that most EBU Members are functioning with decreasing resources in real terms, when taking inflation into account. Isolating inflation enables us to calculate the real change in PSM funding.

At EBU level, the meagre increase in PSM funding (0.3%) between 2014 and 2018 represents a significant contraction in financial resources when expressed in real terms: -4.3% for the whole EBU area.

Illustrating the differences in price trends, the rates differ drastically between the EU zone and the rest of the EBU area. The contraction in EU PSM funding expressed in real terms was -4.0% from 2014 to 2018. In the non-EU area, where organizations are suffering most from inflation, the drop of PSM financial resources in real terms was a severe -7.4%.

CHART 2.
5-YEAR NOMINAL AND REAL GROWTH RATES OF PSM
OPERATING REVENUES IN EBU AREA
(%, 2014-2018)



Note: based on 66 organizations in 49 markets.

Note: no 2014 data for BTRC in Belarus and ICTI in Azerbaijan and no 2015 data for IBA (now IPBC) in Israel.

Source: EBU based on Members' data, IMF and local sources.

EBU Media Intelligence Service – Funding of Public Service Media 2019 (Public Version)

PSM FUNDING EVOLUTION

STEADY EROSION OF PSM FINANCIAL RESOURCES

When placed in a broader economic perspective that takes GDP growth into account, stagnation in PSM revenues can actually be seen as an erosion of their financial resources, in both real and proportional terms.

0.16%

PSM FUNDING AS
A PROPORTION OF GDP
IN THE EBU AREA IN 2018

PSM funding is falling in the long term. The past decade saw a global financial and economic crisis in 2008-2009, followed by a major slump in advertising markets in 2009. Nevertheless, the stagnation in PSM funding – and its contraction in real terms – can no longer be explained

by the 2008-2009 recession and its immediate consequences. The contraction in PSM funding has since been proven to be structural, as PSM revenues have not recovered from these exceptional adverse economic circumstances.

From 2017 to 2018, in the EU, GDP grew by 3.2% in nominal terms and even by 2.0% in real terms (Eurostat data). In the 48 markets included in the scope of our analysis, GDP grew on average by 6.1% in nominal terms between 2017 and 2018 (IMF). These numbers clearly illustrate the positive economic climate and steady expansion of most European economies.

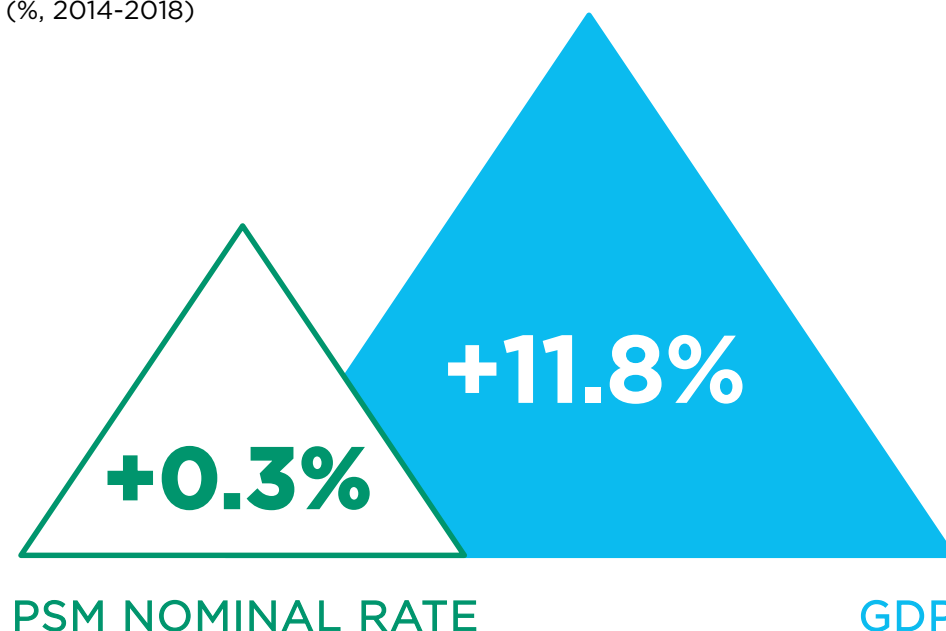
As illustrated in Chart 3, the cumulative GDP for the markets covered in the report grew by 11.8% on a five-year basis, compared with the insignificant 0.3% increase in overall PSM operating revenues – both variables being expressed here in euros and in nominal terms.

For a more accurate comparison of PSM funding relative to the size of economies, we can simply calculate PSM resources as a proportion of GDP. PSM funding represented on average 0.18% of related GDP in 2014, but the ratio shrank to only 0.16% in 2018. Noticeably, this ‘sidelining’ of PSM funding within European economies is happening at an increasing pace.

CHART 3.

5-YEAR PSM OPERATING REVENUES AND GDP GROWTH RATES IN EBU AREA

(%, 2014-2018)



Note: based on 65 organizations in 48 markets.

No 2014 data for BTRC in Belarus and ICTI in Azerbaijan and no 2015 data for IBA (now IPBC) in Israel. No GDP data for the Vatican.

Source: EBU based on Members' data, Eurostat, IMF and local sources.

EBU Media Intelligence Service – Funding of Public Service Media 2019 (Public Version)

PSM CHALLENGES

MORE ACTIVITIES WITH LIMITED RESOURCES

Revenues of PSM organizations in real terms keep decreasing while the scope of their activities is expanding and certain specific programming costs, such as sport rights, are rising as well.

EUR
19.55
BILLION

PSM PROGRAMMING
EXPENDITURES
IN THE EBU AREA IN 2018

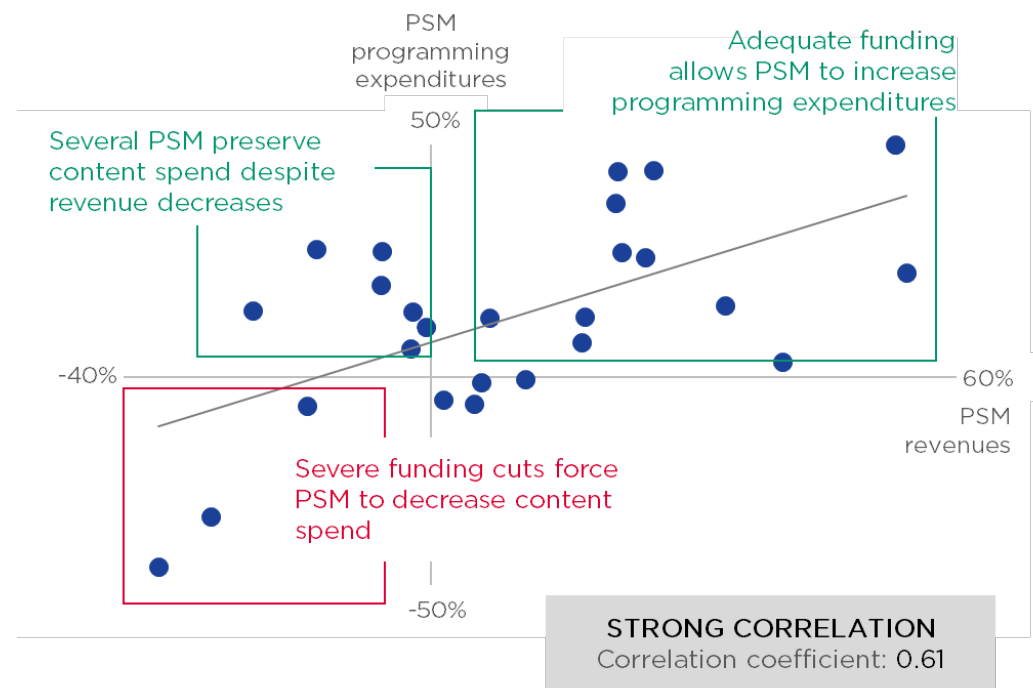
Financial attrition in PSM is all the more worrying since it does not reflect a decreasing role or remit for PSM organizations. On the contrary, this slump may damage PSM abilities to fulfil their growing missions, at a time when PSM continue to play an essential role within the European audiovisual value chain and in maintaining pluralism in globalized media markets.

EBU Members were operating 485 TV channels and 710 radio stations by mid-2019. Additionally, they were broadcasting over 550 local radio and TV windows. PSM channels and stations have almost universal coverage. Above all, they remain essential players in their respective markets: in 2018, they attracted an average daily TV share of 24.0% and a daily radio share of 38.2% in the EBU area.

Massively investing in content

As most of their revenues are reinvested in European content, PSM organizations are essential contributors to European creative industries. Each year EBU PSM invest EUR 19.5 billion in programming. More significantly, 84% of PSM programming expenditure is spent on original productions. In particular, PSM massively support the European fiction and film industry, by investing in and broadcasting more European works than their commercial counterparts. PSM therefore emerge not only as major players within the audiovisual value chain, but also as key partners for the European creative sector.

CHART 4.
PSM OPERATING REVENUES EVOLUTION (% , 2008-2018)
VS. PSM PROGRAMMING EXPENDITURES EVOLUTION
(%, 2008-2018)



Note: 2008-2018 data covering 26 organizations in 22 markets for which complete and comparable historical series were available.

Source: EBU based on Members' data.

FUNDING CUTS

A THIRD OF PSM ORGANIZATIONS HIT BY 2018 FUNDING CUTS

PSM funding trends at country or organization level paint a very different picture from the overall impression, which – on the basis of aggregated figures – seems to suggest that funding for PSM has been stable in recent years. On an individual basis, however, some regions are seeing some alarming funding trends.

31.8%

PROPORTION OF PSM
ORGANIZATIONS
WHICH SUFFERED
FROM A FUNDING CUT
FROM 2017 TO 2018

In a large number of EBU countries, PSM funding has not only been questioned or put under pressure, but has actually been cut, in absolute terms.

Between 2017 and 2018, PSM funding fell in 28.6% of the markets considered (14 out of 49 markets). At organization level, 21 of the 66 PSM organizations had lower operating revenues in 2018 compared with the previous year (31.8% of the cases).

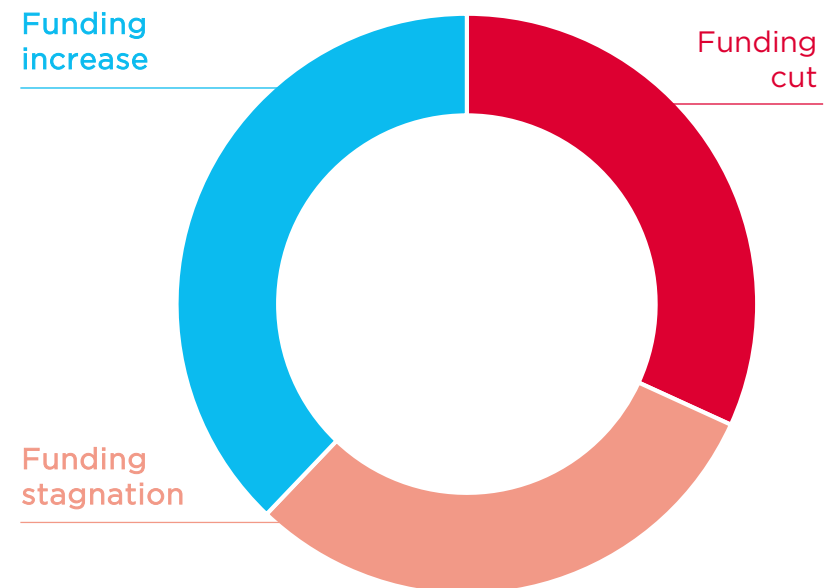
Impact of funding cuts

Significant, repeated cuts cannot be fully compensated by efficiency gains. PSM organizations suffering budgetary restrictions need to adapt to their downsized resources.

One of the first consequences are direct cuts in programming expenditures. PSM inject on average more than half of their financial resources directly into programming. Therefore, content spend is unsurprisingly negatively impacted by budget cuts and other austerity measures.

Another visible range of consequences are those affecting the portfolio of services offered: closure of radio stations or TV channels, reduction in the number of online services or apps, cancellation of R&D projects. This directly affects the diversity of content offered to citizens.

CHART 5.
EVOLUTION OF PSM FUNDING BY ORGANIZATIONS
(%, 2017-2018)



Note: funding cut defined as <0% evolution, funding stagnation as <3% evolution and funding increase as >3%.

Note: cuts were calculated in national currencies, and then converted into euros at their 2017 values, in order to minimize the currency fluctuation bias.

Source: EBU based on Members' data.

PSM PERFORMANCE

WELL-FUNDED PSM ACHIEVE A BETTER MARKET POSITION

Limited resources may not only jeopardize the central role of PSM in the European media environment, but may also damage their ability to fulfil their expanding public service remit.

Financial constraints have the potential to jeopardize PSM organizations' ability to stay relevant in evolving media markets. When facing budget cuts, PSM organizations may find themselves in a downward spiral, forcing them to take drastic action such as reducing programming expenditures or increasing repeat rates. Such a trend may in turn cause viewers to lose interest in their PSM, thereby weakening their position even further.

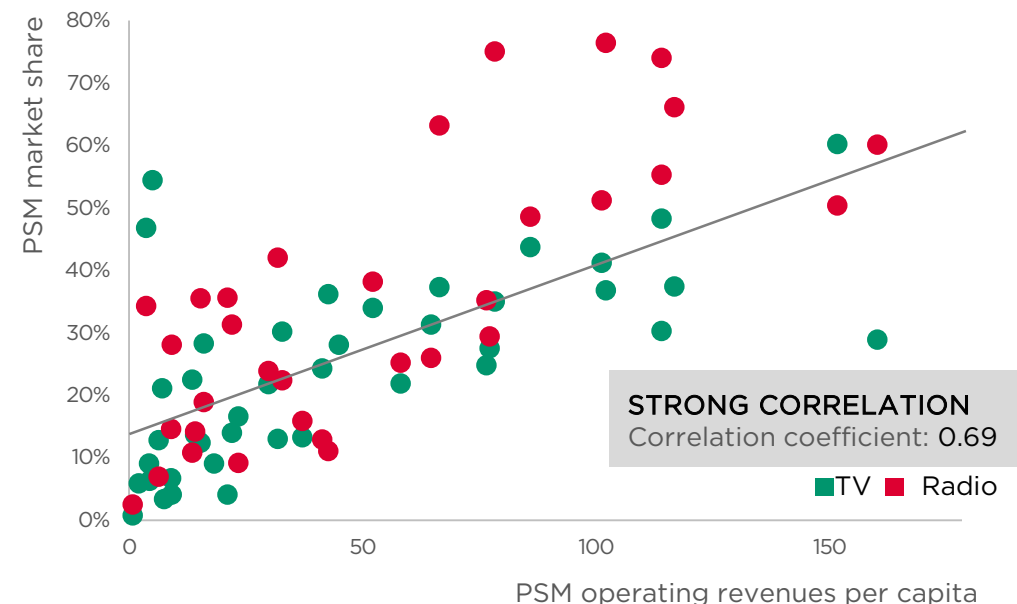
On the other hand, adequate funding is crucial if PSM are to continue as a trusted source of information; produce quality content, high-end fiction and innovative programming; acquire major rights in the sports sector as well as in entertainment; and pursue technical innovation, with its spill-over effects into other areas of the market. In other words, limited financial resources may not only jeopardize the central role of PSM in the European media environment but may also damage their ability to fulfil their expanding public service remit.

PSM FUNDING AND PERFORMANCE

As shown in Chart 6, similarly to previous years, PSM funding per capita correlated positively with PSM TV and PSM radio market share in 2018. Putting it another way, properly funded PSM organizations in relative terms tend to perform better in their respective radio-and-TV markets, i.e. they are the ones able to attract a strong viewership and/or listenership. Correspondingly, the PSM with limited financial capacities in relative terms tend to have lower radio-and-TV market shares. Hence the importance of adequate funding.

The link is bi-directional. Properly funded organizations have the resources to better compete in their markets, develop appealing innovative programming and retain talent, thus allowing them to perform more strongly. But the opposite is also true: the more popular a PSM organization is, the more efficient it is in attracting resources and gaining support from its various stakeholders.

CHART 6.
PSM OPERATING REVENUES PER CAPITA (EUR, 2018)
VS. PSM TV AND PSM RADIO MARKET SHARE (% , 2018)



FUNDING MIX

PSM ARE ESSENTIALLY PUBLICLY FUNDED

In accordance with their public service remit and missions, PSM organizations rely on specific funding mechanisms, and their funding mix comprises a delicate balance between essential public revenues and supplementary commercial revenues.

77.7%

PROPORTION OF
PUBLIC INCOME
IN PSM FUNDING
IN THE EBU AREA IN 2018

Public service media rely on a broad range of income sources that can be grouped into three categories: public income, commercial income and other sources.

PSM organizations are by and large publicly funded: in 2018, 77.7% of all PSM funding in the EBU area was public while commercial sources accounted for only 18.7%.

For the EU-28 alone, the proportion remained very close to the overall EBU figure, with 77.0% of all EU PSM revenue stemming from public sources.

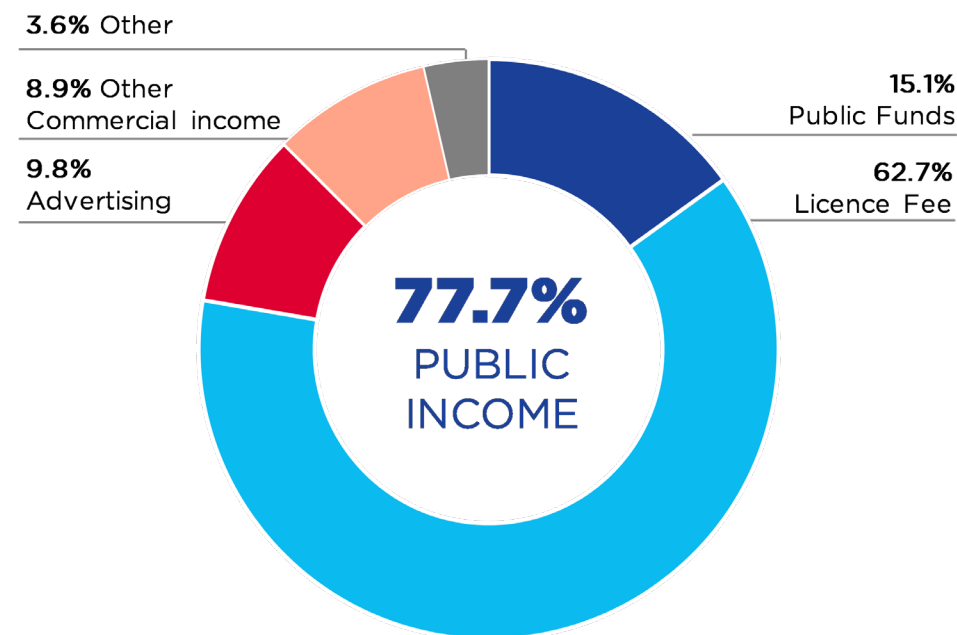
PSM's heavy reliance on public income throughout the EBU area clearly illustrates the uniqueness of PSM funding.

Thanks to public resources, PSM may be less subject to short-term market imperatives than their commercial counterparts. Nevertheless, PSM remain subject to other pressures and the public nature of their funding puts them under permanent scrutiny, either from politicians or directly from the public. The public nature of PSM funding makes PSM highly accountable to the citizens behind their funding.

Licence fee as main source of income

At EBU level, detailed analysis of PSM revenue streams clearly designates, by far, the licence fee as the main source of income for PSM activities, contributing 62.7% to total funding in 2018. The proportion was quite similar for EU-28 countries alone, at 61.7%.

CHART 7.
PSM FUNDING MIX IN THE EBU AREA
(%, 2018)



Note: based on 66 organizations in 49 markets.

Note: funding mix based on the sum of the revenues, before the intra-group eliminations.

Source: EBU based on Members' data.

EBU Media Intelligence Service – Funding of Public Service Media 2019 (Public Version)

FUNDING MIX BY COUNTRY

WIDE VARIETY OF FUNDING MODELS

While maintaining the predominance of public income, the vast majority of other European countries have adopted more mixed funding systems that rely on a combination of public and commercial sources.

According to additional sources of information, of the 56 PSM markets that make up the EBU area (i.e. adding to the countries covered in detail by this report markets such as Algeria, Egypt and Russia), 31 are mostly financed by public funds, 22 rely mainly on the licence fee and 1 relies on advertising. Data were unavailable for only two markets.

Public funds widespread in eastern Europe

Public funds (State budget and grants, taxes on goods and services, and any other public revenues) were the most widespread source of funding as they were the dominant source of income in 31 of the 54 EBU markets where the information was available for 2018 (57.4%).

Following the growing number of countries relying on public funds, the total income derived from public funds at EBU level steadily grew from EUR 4.83 billion in 2014 to EUR 5.39 billion in 2018.

A handful of western European countries such as Spain and the Benelux area rely heavily on public funds. Public funds are unambiguously the dominant source of funding in the Baltic region and in eastern Europe, where there is less of a licence fee tradition.

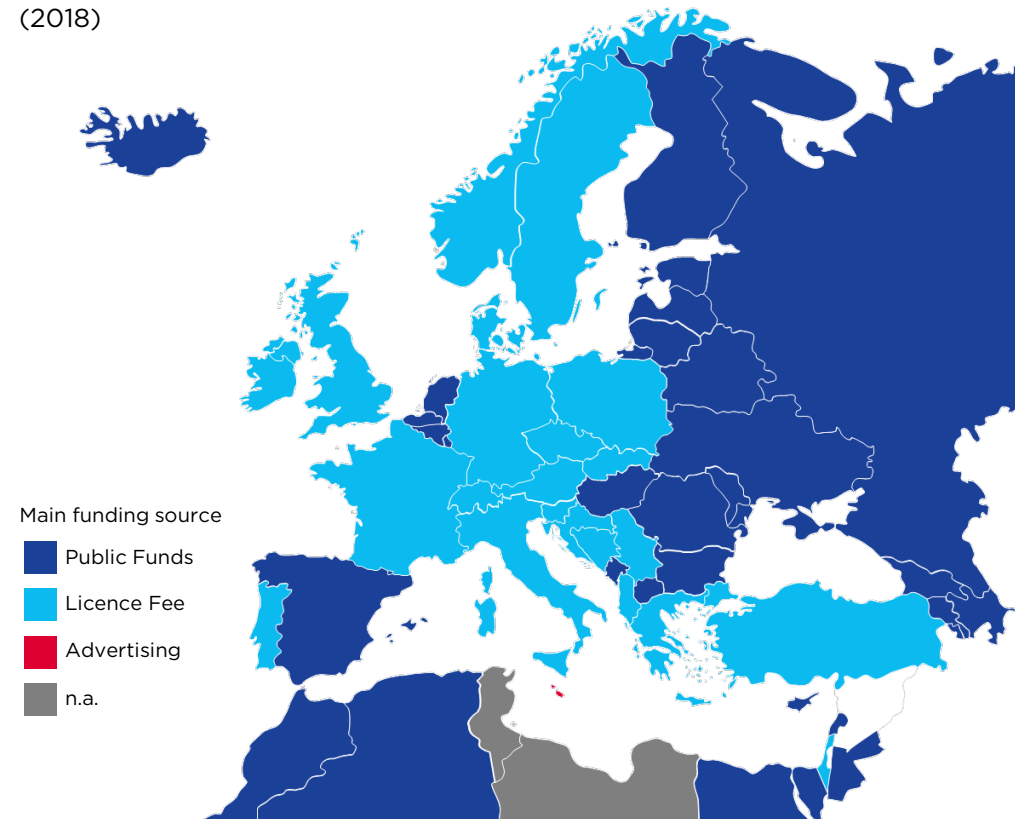
Licence fee in western and south-eastern Europe

The licence fee was collected in 26 of the 56 EBU countries (46.4%) as at 1 January 2019. However, where it existed, the fee was not necessarily the main source of income for PSM. For instance, it remained a secondary source of income in several North African markets.

Consequently, when analysing 2018 revenues by source, the licence fee was the main source of PSM income in only 22 EBU countries (40.7%).

Four of the Big Five markets (France, Germany, Italy and the UK) mainly rely on licence fee revenue. That explains why the licence fee remains the main source of PSM income in the EBU as a whole, even if it is no longer the most widespread.

MAP 1.
MAIN SOURCE OF PSM INCOME
(2018)



Note: Several countries not covered in the report have been included for informative purposes.

Source: EBU based on Members' data.

EBU Media Intelligence Service – Funding of Public Service Media 2019 (Public Version)

PSM PUBLIC INCOME

PSM IS MUCH CHEAPER THAN PAY-TV

PSM public revenues ultimately derive from citizens – either directly through licence fees or indirectly through taxation. Therefore, a monthly cost per citizen can be calculated, and used as a reference when comparing PSM with other commercial media.

EUR **0.10** PER DAY
EUR **2.95** PER MONTH

2018 PSM CONTRIBUTION PER CITIZEN
IN THE EBU AREA

Since citizens do not pay PSM commercial revenues directly, only public income constitutes a direct and/or indirect PSM contribution from citizens. As a result, the PSM contribution per citizen can be calculated by dividing PSM public income by population.

On average, in 2018, citizens living in the EBU area paid – directly or indirectly – EUR 2.95 per month to finance PSM in their respective countries. EU citizens' contribution was only slightly higher at EUR 3.19 per month.

This contribution per citizen represented only 10 cents per day, a minimal cost for the essential service that PSM provides to populations.

These amounts need to be put into perspective. In 2018, pay-TV operators' average monthly revenue per user (ARPU) stood at EUR 24.04 in the EU (source: Ampere Analysis).

Pay-TV operators' ARPU in Europe has continued to increase steadily, rising by 1.0% in EU countries between 2017 and 2018. At the same time, EU citizens' contribution to their PSM dropped by 0.4% (-0.9% in the EBU area).

CHART 8.
PSM CONTRIBUTION PER CITIZEN VS. PAY-TV ARPU
(2018)

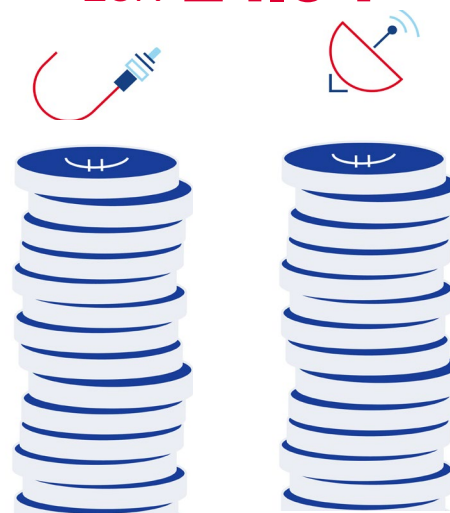
EUR **2.95**



PSM

AVERAGE MONTHLY
COST PER CITIZEN IN 2018

EUR **24.04**



Pay-TV

AVERAGE MONTHLY ARPU
IN THE EU IN 2018

PSM COMMERCIAL INCOME

PSM ADVERTISING INCOME UNDER PRESSURE

Advertising remained by far the main source of commercial revenues for PSM organizations in 2018, accounting for EUR 3.54 billion, or 52.5%, of all PSM commercial income and 9.8% of the total PSM funding mix.

Several European PSM suffered from total or partial advertising bans in the past decade. Combined with the 2009 advertising crisis, these regulatory decisions fuelled a significant decrease in PSM advertising revenues across Europe: over 30% from 2008 to 2018.

The change is less dramatic over the past five years despite some sharp year-on-year changes. Even so, combined PSM advertising revenues at EBU level continued to contract, decreasing by 3.6% from 2014 to 2018.

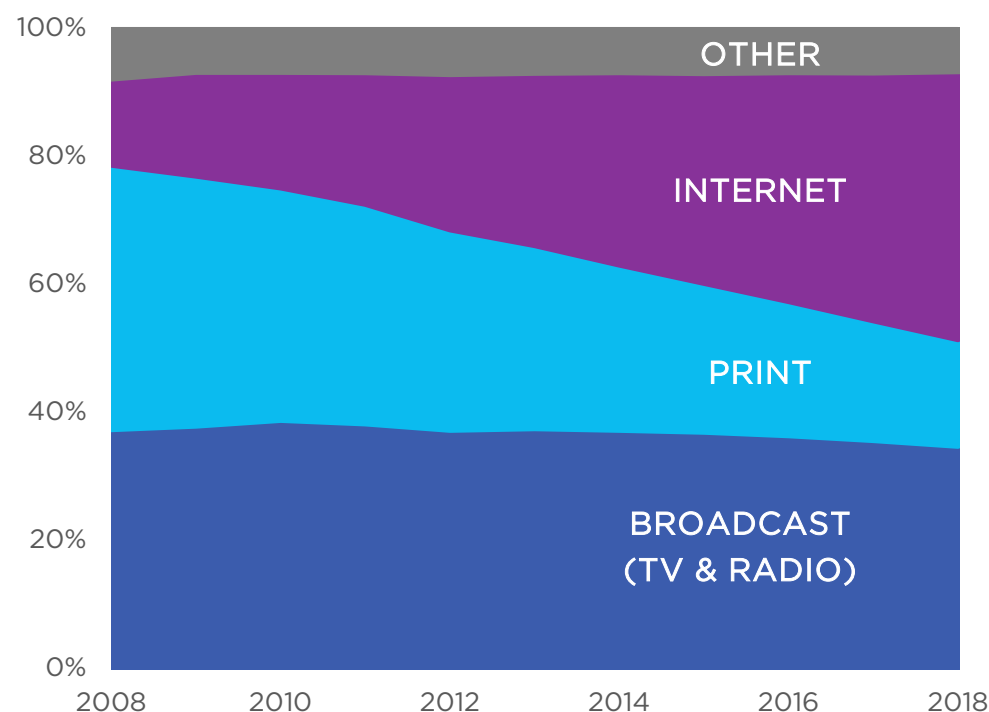
PRESSURE FROM ONLINE ADVERTISING

The European advertising market was worth EUR 118.24 billion in 2018. It has fully recovered from the 2009-2010 advertising slump and has grown by 15.4% since 2014. This is to be compared with the limited 0.3% increase in total EBU PSM funding, and more specifically with the 3.6% drop in their combined advertising revenues.

The growth in European advertising markets during recent years was far from equally split between all media. Online advertising expenditures increased by 60.5% in five years. Since 2015, the internet has been the leading medium overall in terms of advertising expenditures in Europe, as illustrated by Chart 9. At country level, the internet was in 2018 the leading advertising medium in 15 of the 40 markets covered by the report (37.5%).

Print media have been hit hardest by the broad shift to online advertising. TV and radio have been less affected than print media. In the 2014-2018 period, ad spending for TV channels rose by 7.4%; for radio, this increased by 9.1%. Those figures pale in comparison with online advertising, but nonetheless point to some degree of resilience in European TV and radio advertising.

CHART 9.
ADVERTISING EXPENDITURE BY MEDIA
(%, 2008-2018)



Note: figures aggregated from 40 of the 49 markets covered in the report.

Data missing for Albania, Andorra, Armenia, Azerbaijan, Belarus, Iceland, Montenegro, San Marino and Vatican.

Source: EBU based on Members' data and WARC.

EBU Media Intelligence Service – Funding of Public Service Media 2019 (Public Version)

ALSO AVAILABLE TO YOU...

LICENCE FEE 2019 (PUBLIC VERSION)



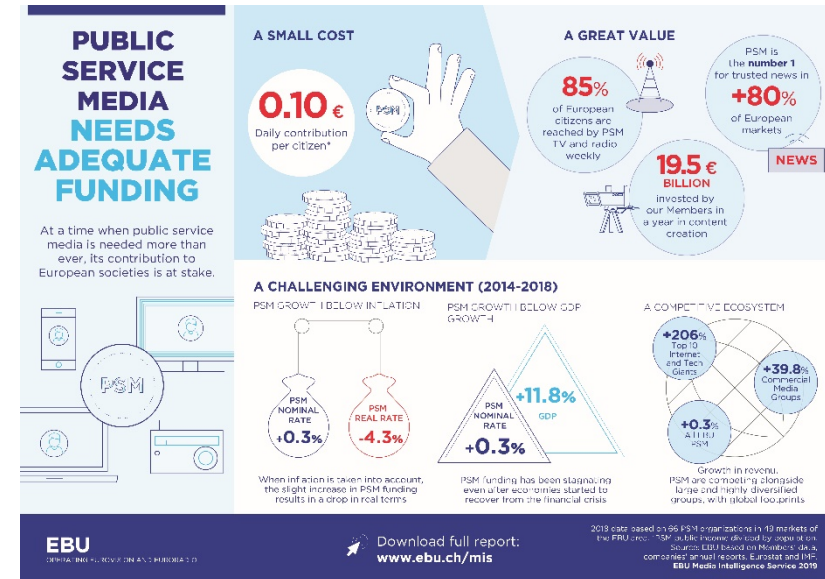
This latest publication highlights the vital importance the licence fee continues to have for public service media.

Find out...

- About licence fee amounts across Europe.
- How countries are adapting the fee to the use of new devices.

Find more publications on the Media Intelligence web page: www.ebu.ch/mis

FUNDING INFOGRAPHIC 2019



This funding infographic highlights some key facts and figures from the report itself while illustrating the importance of adequate funding for PSM.



SUBSCRIBE TO OUR MONTHLY NEWSLETTER

Join our many subscribers and keep up-to-date with the latest news from the [Media Intelligence Service](https://www.ebu.ch/mis).

Our market data and analysis covers a broad range of topics affecting public service media, including TV and radio trends, new media developments, market structure and concentration, funding and public policy issues.

Subscribers will also receive an alert whenever we publish a new study.

[SUBSCRIBE NOW](https://www.ebu.ch/mis)

(www.ebu.ch/mis)



MEDIA INTELLIGENCE SERVICE

This report is published by the European Broadcasting Union's Media Intelligence Service (MIS).

MIS provides Member broadcasting organizations with the latest market data, research and analysis needed to plan their future strategies and stay ahead of the game.

Our experts cover a broad range of topics, including TV and radio trends, new media developments, market structure and concentration, funding and public policy issues.

mis@ebu.ch

PUBLICATION

Produced by:
Dr. Florence Hartmann
hartmann@ebu.ch

December 2019

DISTRIBUTION / CONFIDENTIALITY

This publication is intended for public distribution. The information may be freely quoted if the source is clearly stated.

For detailed guidelines about how you may use this document and the data contained in it, please refer to our EBU-MIS [Data Use Policy](http://www.ebu.ch/mis) (available at www.ebu.ch/mis).

DISCLAIMER:

Please note that the EBU is not liable for any errors or inaccuracies in data provided by third parties

Photo credits: Shutterstock.

This publication is available to download at www.ebu.ch/mis

