Media Business and Innovation

Hans van Kranenburg *Editor*

Innovation Policies in the European News Media Industry

A Comparative Study

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Preface

In the last decade, Europe, like the rest of world, has witnessed a transformation in the news media landscape. New techniques, new approaches, new technologies, and new competitors have upset the old order and changed the rules of the game. Policies have been established and implemented by governments, institutions, and companies to cope with the developments and the new demands and requirements. More and more countries have started to formulate and implement policies that support innovation in the news media industry. Given the fact that these policies are new, their effects on innovations are generally still unknown. An evaluation of the innovation policies can increase our insight into their efficacy and possibly reveal areas of improvement so that the policies can be adapted to become more effective. Comparing the formulation and implementation of policies in various countries is an established approach to identifying best policy practices. Although emulating the success stories and practices of other countries is not easy, such a comparison can help us determine what the best practices are to support innovation in a rapidly changing news media landscape.

A request from *Het Stimuleringsfonds voor de Journalistiek*—the Innovation Fund for Journalism—in the Netherlands was the start of this book project. The Fund focuses on supporting innovative activities of news media firms, in particular for smaller firms and start-ups as these organizations generally do not have the required expertise and resources for innovation development. Its focus is also increasingly on giving advice and organizing workshops and events that aim to inspire people and bring different experts together. On request of the Dutch House of Representatives (Parliament in the Netherlands), the fund called for an evaluation and comparison of innovation policies in Europe to stimulate innovation in journalism and news media in Europe in order to determine which practices really support innovative activities in Europe. Special thanks go to Rene van Zanten (General Director of Innovation Fund for Journalism) and Rick van Dijk (former Operational Director of Innovation Fund for Journalism).

This book is prepared by a team of media scholars across Europe under the leadership of Hans van Kranenburg (Radboud University, the Netherlands). Contributors include Josef Trappel (University of Salzburg, Austria), Tom Evens (Ghent University, Belgium), Aske Kammer (IT University of Copenhagen, Denmark), Mikko Grönlund (University of Turku), Tom Björkroth (the Finnish

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This book benefited from the comments of several reviewers. I would specially like to thank Angela Marberg for her excellent editing comments on an earlier version of this book. I am grateful for all input and remarks which improved the quality of the book.

Furthermore, I am grateful for the support from the Reuters Institute at the Department of Politics and International Relations at the University of Oxford, United Kingdom. As a visiting research associate at Reuters Institute and Green Templeton College, I experienced a stimulating and inspiring academic environment. I would like to thank Reuters Institute and the visiting journalist fellows for the many interesting discussions we had about the development of the news media industry. Of course, I could only write this book and visit the University of Oxford with the support of my wife Annelies and our kids Renate, Pieter, and Friso. Thank you for your unconditional love and support.

The main focus of this explorative book is on the evolution of structures of news media markets, media regulations, and innovation policies and programs to promote innovation in journalism and news media in 16 European countries, with an emphasis on a group of Western European countries, a group of Southern European countries, and Nordic countries. Thus, the book presents an overview of market structures, regulations, and innovation policies in which governments support the innovative ideas and activities of legacy media companies, entrepreneurs, and initiators by providing financial and other support; by removing regulatory, institutional, or competitive obstacles for innovation; and by strengthening the knowledge base through investment in education and research.

A book on how innovation policies can stimulate breakthroughs, new technologies, and discovery in journalism and news media is important and timely. This book will promote discussion and foster critical thinking in business, government, society, and, of course, the news media industry about what needs to be done to stimulate innovation in the field. We hope that this research will contribute to the successful transformation of the news media industry to one that is enduring and sustainable.

Nijmegen, The Netherlands Hans van Kranenburg
7 August 2016

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Introduction

Hans van Kranenburg

1 Objective

Globalization, deregulation, technological innovations and the convergence of previously separated industries such as media, entertainment, information, and consumer electronics industries, have changed the media landscape into a turbulent environment. As a consequence of these developments, many media firms are experiencing severe challenges as content proliferates, audience behavior changes, advertising revenue declines, reduction of budget allocated to public news media organizations and new competitors emerge. Digital technology is eroding the benefits of scale of media companies, in particular traditional news media companies: as print circulation declines and cost savings generated from centralized production and distribution decline. Due to these developments, the role of the traditional news media has changed and will change further in the future.

Today, innovation is the buzzword in the news media industry. Strategies and initiatives are formulated and implemented by institutions and companies to cope with the developments, the new demands and requirements in the news media industry. Governments are also developing policies to support innovation activities. In general, they are developing deregulation policies (such as removing cross ownership restrictions) and specific innovation policies. Although government policies to stimulate innovation in journalism and news media are not new, the policies and the different types of support offered to the news media are changing, particularly in the social-democratic countries in Europe (Plessing, 2014). Their innovation policies and support systems are going through a process of rethinking and transformation.

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Given the fact that the present formulated and implemented innovation policies are relatively new, the effects of these policies on innovative activities are generally still unknown. An evaluation of these policies can increase the insights into the efficacy and possibly reveal areas of improvement so that the policies can be adapted to become more effective. A comparison between innovation policies formulated and implemented in various countries is an established approach to learn from identifying best policy practices. Although emulating the success stories and practices of other countries is not easy, such a comparison can help us determine what the best practices are to trigger creativity and innovative activities in a rapidly changing news media landscape (World Bank, 2010). Therefore,

the objective of this book is to gain knowledge of the best practices of innovation policies in European countries to trigger innovation in journalism and news media.

In order to understand the contemporary media mix and innovative activities in the different European countries, it is important to have insight into the different types of policies to stimulate creativity and innovative activities. The main focus of this explorative study is on the newspaper, television and radio broadcasting markets. In the last decade, the structure of these markets has rapidly changed. To understand the context of each market, each country analysis starts with an overview of the structure of the various news media markets. Although the benefits to society arising from innovation are universally appreciated, uncertainty exists over which market structures provide the most supportive environment for innovation and technological progress. The relationship most likely depends on the characteristics of the markets under consideration such as the role of rivalry in stimulating innovation and the existence of technological opportunities (Geroski, 1990). However, the analysis of the relationship between market structure and innovation is beyond the scope of this study.

For many years, the news media markets were regulated in many European countries. The purpose of the regulations was to ensure media pluralism and addressing potential market failures in content production (in particular in news journalism and especially in European countries, domestic programming for television) (Nielsen, 2014 cf. 123). The regulation policy in Europe is based on the view that a pluralistic and varied media supply is essential in a democratic political system. Excessive concentration of media ownership poses a risk to media diversity and democratic opinion forming. This perspective on the media is based on the work about political polyarchy of the American political scientist Dahl (1989). The media system should be characterized by a large number of power centres that can each exercise influence on the process of opinion making in society. Therefore, none of the media owners or opinion makers should be able to monopolize the creation of opinion in a society. Hence, media pluralism and media diversity are considered highly important regard to media policy. Media pluralism consists of an internal and an external part. Internal pluralism reflects how social and political diversity are reflected in media content, while external pluralism refers to the number of owners, media companies, independent editorial boards, channels, titles and programs (Commissariaat voor de Media, 2011).

Media policies were developed in many European countries to fostering media pluralism and media diversity. Regulations such as cross-ownership constraints were introduced to set limits on media concentrations, and different forms of direct or indirect public sector support were given to media organizations whether public or private (Nielsen, 2014). Examples of support are preferential post rates, tax exemptions for print publications, grants, and revenues from license fees. These media policies have played a key role in shaping the development and functions of different news media markets (Hallin & Mancini, 2004). However, countries have developed different media policies, because the development of media policies also depends on the culture, tradition and political perspectives. Hence, the development of the news media landscape is not only exclusively based on economic principles but also on social, cultural, political and democratic principles. Many companies operating in the media industry provide news and information. However, ‘news and information is not only a market-based good. It is also a public good and fundamental to ensuring that the information needs of communities are met in democratic societies’ (Plessing, 2014: 9). Due to the unique character of news and information, it is generally a challenge to sell news and information as a profitable business activity. As Picard (2013: 49) pointed out, ‘The fundamental problem for news providers is that news itself has never been financially viable as a market-based good. It has always been primarily financed by arrangements based on income derived from sources other than selling news to consumers’. This explains why governments intervene in the news media industry to protect media diversity and pluralism and societal access to news and information. In the past, the development of the news media markets and the interventions of the governments in these markets have generally been based on normative motives such as failure of the market mechanism (perceived threats to media plurality and diversity), protection of culture or minority groups in the society.

Although it is generally believed that media policies have made media systems more diverse and made information and news more accessible for the society, there exists also criticism on these interventions. Critics have argued that interventions threaten the independence of news organizations, inhibit the development of commercial media sectors through perverse incentive structures, and often prop up sunset incumbent industries at the expense of innovators and new entrants (Nielsen, 2014; Picard, 2007). Furthermore, the impact of regulations on innovation has been studied by economists for many decades. While some studies have found that innovation is negatively influenced by regulations due to effects on firms’ incentives and costs, others have found that regulations have neglected impact on innovation. However, there exists a consensus about the adaptation of technological change. Technological change has been known to occur more freely when the government sets a favorable climate for change and innovation (Acemoglu, Aghion, & Zilibotti, 2006). Given this consensus, a more market-oriented and deregulated paradigm has been ascendant from the 1980s onwards (Freedman, 2006; Van Cuilenburg & McQuail, 2003).

In general, the removal of particular regulations such as cross-ownership constraints and development of innovation policies create a more favorable climate for media companies to foster innovative activities. However, any analysis of the effect of a policy or (de-) regulation on a favorable innovation climate must begin with the facts and with a picture of the media pluralism and media diversity in the news media markets. Then we are able to see whether the policies have created a favorable climate to trigger innovation. Although pluralism consists of two categories, this book mainly focuses on external pluralism and does not address media content specifically. External pluralism is closely related to concentration and media diversity. This is the path the book follows. Hence, this book presents an overview of the evolution of structures of news media markets, media regulation policies, and innovation policies and programs to trigger innovation in journalism and news media in various European countries, with an emphasis on the Western, Northern, and Southern European countries.

The media, in particular the news media, have a strong impact on public opinion and knowledge creation and diffusion. The news media present and analyze issues and set the public agenda. Their ability to transfer issues of importance from their own agenda to the public agenda make them powerful and thus essential in assessing their influences on the society especially on opinion formation and knowledge diffusion. Sometimes entertainment and sports media also place issues, in particular local news content, on the public agenda, but this is not part of their main function. In this study, we therefore exclude entertainment and sports media.

2 What Is an Innovation?

Over the past 50 years, and especially in the last decade, media firms have been influenced by and have struggled with technological innovations that changed and continue to change markets by introducing new types of media which alter audience and advertiser behaviours as well as internal organizational processes. News media rarely have in-house research and development (R&D) departments or include these functions in their budgets. On the contrary, they have traditionally relied upon suppliers of technology—such as press and studio equipment manufacturers, editing system suppliers, telecommunications firms—to conduct R&D, and come up with new ideas to stimulate the creation of adequate news media content. This behaviour partly results from the nature of media products (Dal Zotto & Kranenburg, 2008: xvi–ii). Due to innovations, the nature of media products is changing (Storsul & Krumsvik, 2013). Not only is the nature of the products changing, but also the processes of media production, distribution, ownership and financing are changing as well. Even our ideas of media are changing. All these changes are related to innovation, because innovation is about change.

However, what people understand by the term innovation varies and is often confused with invention (Tidd, Bessant, & Pavitt, 2005). Formulating an innovation policy can therefore become problematic. What do we understand by innovation? In its broadest sense, the term comes from the Latin word ‘innovare’, meaning ‘to make something new’. According to Freeman (1982), innovation can be defined as a process of turning an opportunity into new ideas and of putting these into widely used practice. Or as the famous economist Schumpeter (1950) pointed out, innovations emerge from a process of 'creative destruction' constituted by a constant search to create something new which simultaneously destroys the old rules and establishes new ones, all driven by the search for new sources of profits. Hence, Schumpeter was one of the first economist who emphasized the importance of innovation and entrepreneurship for economic growth. It is important to emphasize that his definition of entrepreneurship has a functional character and concerns only functions and activities related to innovation. Of course, an entrepreneur may be a person who is not the owner of the capital. Empirical evidence support Schumpeters' definition of entrepreneurship. His definition does not always imply that small firms and entrepreneurs have advantages over larger firms. It may that small firms and entrepreneurs are more likely to come with inventions. However, invention is not the same as innovation. Innovation is typically a long, uncertain and expensive process. It involves a much wider range of changes in knowledge, organizational structures and processes, commercial relationships, markets and regulations. Innovative firms often have to have significant financial, technical and managerial resources. However, small firms often lack the financial and technical capabilities of their larger competitors and typically find it extremely difficult to compete.

Innovation processes can be distinguished in three phases: invention, innovation and imitation. An invention is the original discovery of technological or social improvements. Within the innovation phase an invention develops into an economically valuable product (Warnecke, 2003). If the innovation turns out to be successful during the diffusion phase, other firms will try to create and market different and/or improved versions of that innovation, which can then be referred to as imitations (Dal Zotto & Kranenburg, 2008: ix).

Furthermore, different forms of innovation can be defined. We can identify five main forms: (a) product innovations; (b) market innovations; (c) process innovations; (d) structural innovations; and (e) social innovations (Wahren, 2004). The first two forms are externally oriented, while the other three primarily refer to the internal organization of a firm. Of course, these forms are all related to each other: product and market innovations cannot be realized without process innovations; process innovations on the other hand require the development of structural innovations, while social innovations—by improving working conditions—might have external effects such as an improved customer orientation or a higher flexibility. As innovations are generated within a social process driven by economic interests (Schumpeter, 1950), this interdependence between different innovation forms is evident as it is the complexity of innovation as a phenomenon (Dal Zotto & Kranenburg, 2008). Given the diversity of types of innovations, it is not surprising that there also exists a variety of different sources of innovation (IPA, 2015). Some innovations are sourced from research and generated in R&D laboratories. Innovations of this kind typically exploit cutting-edge science to improve the performance of high value products. However, process innovations are generally generated outside R&D laboratories and draw on engineering rather than science. Production engineering activities often source new technologies from suppliers. Of course, customers also are a core source of innovation for many firms, particularly customers who either have new requirements or who develop their own modifications.

3 Innovation Policy

Innovation policy can be defined as a policy that comprises all combined actions that are undertaken by government and public organizations that influence innovation processes (Borrás & Edquist, 2013). The formulation of an innovation policy includes specifying ultimate objectives, translated into direct objectives. These objectives are specified on the basis of the identified problems from a policy point of view that are not solved by companies. In general, determining innovation policy objectives involves a complex political process (Borrás & Edquist, 2013). The choice of policy instruments is also part of the formulation of the innovation policy. These instruments are used as tools to influence innovation processes and are not intended to influence the ultimate objectives in an immediate sense. The instruments are selected to achieve the direct innovation objectives which are derived from the ultimate objectives. In general, the instruments can be grouped into three categories (Bemelmans-Videc, Rist, & Vedung, 2003).

1. Regulatory instruments;
2. Economic and financial instruments;
3. Soft instruments.

Regulatory instruments use legal tools for the regulation of social and market transaction. These regulatory tools (laws, rules, directives etc.) are formal and obligatory in nature. In other words, they set boundaries of what is allowed and what is not allowed. Examples of regulatory instruments are the protection of intellectual property rights and the regulation of research and higher education organizations. Competition policy regulations such as cross-ownership constraints are also included in this category.

The second group of policy instruments, economic and financial, provide specific incentives or disincentives and support specific social and economic activities. These instruments are used extensively in traditional innovation policies. Examples of economic incentive instruments are grants, subsidies, reduced interest loans and loan guarantees. Instruments that discourage and restrain activities include taxes, charges and fees.

The third category is soft instruments. These instruments are characterized by being voluntary and non-coercive. These instruments are diverse, but are generally based on persuasion, on the mutual exchange of information among actors, and on less hierarchical forms of cooperation between the public and the private actors (Borrás & Edquist, 2013: 1516). Examples of these instruments are codes of conduct, recommendations, and public and private partnerships.

In general, innovation policies contain a mixture of instruments from the three main categories. The choice of instruments used to achieve particular goals can vary, even when governments and public organizations define similar goals. When similar instruments are chosen to promote innovation, there will still be substantial differences in how the instruments are applied, due in part to the social, political, economic and organizational context in which the instruments are implemented.

4 Structure of the Book

The structure of this book is as follows: each chapter presents an overview of the evolution of structure of news media markets, the regulations, and the formulated and implemented innovation policies and programs to trigger innovation activities in the news media industry. Each chapter concludes with a section about lessons learned and recommendations. The final chapter of this book presents a summary and the overall best practices.

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Market Structure and Innovation Policies in Austria

Josef Trappel

1 Market Structure and Media Ownership

The geopolitical position of the small state of Austria (2015: population of 8.5 million) in the centre of the European continent offers blessings and challenges. Prosperity and the relatively well functioning economy (Austria ranks ninth on the IMF world GDP per capita list in 2014) allowed for steady growth of the advertising market, benefitting for many decades media organizations in the first place (and US-American internet giants like Google and Facebook lately). Affluent readers, listeners and viewers made good use of mass news media, thus contributing to establish them as important factors of influence in public life (Filzmaier, Plaikner, & Duffek, 2007). Being small sets clear limits to economic expansion of ambitious media companies. Rather, foreign media corporations identified Austria as suitable investment ground, originating in Germany in the first place. The shared language certainly facilitates this exchange, with a few Austrian ideas and talents succeeding in Germany in return for German business investment in Austria. Furthermore, shared language also facilitates the use of television across borders, as duly intended by European policy on trans-frontier television. Consequently, the advert effect for the news media industry in Austria is exporting advertising revenues which follow the audience's attention. Thus, relations have become imbalanced: Austrians watch programs from Germany, thereby diminishing funding opportunities for genuine Austrian programming [for the debate on media in small countries see Lowe and Nissen (2011), Meier and Trappel (1992)]. Such imbalances, however, are limited to television (and film production), other news media are not affected.

Austrian households are well equipped for the reception of radio and television. In 2014, almost all households (98 %) had at least one television receiver, and 95 %

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of them were either connected to cable or satellite reception. This rate has increased by 10 percentage points since 2004. Around 83 % (2008: 54) of all households were equipped with digital receivers in 2014 in comparison to 54 % in 2008. In 2014, 57 % of all television households used the digital satellite reception. Digital cable television was used by 26 % of all households and digital terrestrial television (DVB-T) by 6 %. Digital terrestrial radio (DAB/DAB+), however, has still not managed to overcome the early stage of market tests (source: ORF media research).

Alternative ways of radio and television reception by computers, tablets and smartphones is widespread as well. 86 % of households were equipped with any sort of computer, 82 % were attached to the internet (2014). Mobile phones were present in 93 % of households in the same year.

1.1 Newspapers

Contemporary news media development in Austria can only be understood by taking the historic development into account. After World War II, Austrian newspapers were re-established by licenses issued by the American, British, French and Russian administrations in different parts of the country. After fully re-established independence in 1955, newspapers flourished and the dominating daily Neue Kronenzeitung grew by consolidation with other titles (Trappel, 2004: 5).

The national daily press consists of eight titles published in the capital Vienna. Three of them are tabloid-style papers (Neue Kronenzeitung, Österreich, Heute), one is mid-market (Kurier), and the remaining four compete within the quality newspaper segment (Presse, Standard, Wiener Zeitung, Wirtschaftsblatt). The resulting competition has had adverse effects. While quality standards have improved within the up-market segment, (Trappel, 2007), tabloid papers started a race to the bottom by competing for celebrities, gossip and populist reporting rather than for quality journalism. The coverage of economic developments has improved considerably since 1995 when the economic daily Wirtschaftsblatt was launched, based on the concept of the Swedish Dagens Industri with strong initial financial backing of the Swedish Bonnier Group. In 2006, the Austrian publisher Styria took over the majority of shares, speculating for economies of scale and scope with its second national daily, the Presse. In September 2016, however, Styria closed down the newspaper Wirtschaftsblatt for economic reasons.

Österreich (German name for Austria), printed all in color, was founded in 2006 by two brothers who had managed to restructure the Austrian magazine market earlier in their professional life. They sold their highly profitable magazine group, News, to the German Bertelsmann Group (Gruner + Jahr) and invested the revenue in this tabloid newspaper. At the beginning, Österreich was intended to challenge the Neue Kronenzeitung, but this overambitious plan failed. Instead, the owners gradually transformed Österreich into a free daily newspaper, with decreasing numbers of copies sold.

Although not national in the strict sense of the term, the freely distributed daily newspaper Heute competes in Vienna, Upper and Lower Austria for readers. It is not entirely clear who the formal owners of this highly successful newspaper were, but the editor-in-chief is married to the publisher and editor-in-chief of the Neue Kronenzeitung. Market shares usurped by Heute from Neue Kronenzeitung remain somehow within the family.

Furthermore, the market for weekly newspapers and news magazines is national with few but occasionally strong weekly papers published outside Vienna (some of these are free sheets such as Tips in Upper Austria, others are paid weeklies such as Niederösterreichische Nachrichten). The main titles are News, Profil, Format and Trend, all part of the News group. By early 2016, however, notoriously loss-making Format disappeared by merging with Trend.

Apart from Presse and Wirtschaftsblatt and the news magazines, another two national dailies share owners. 50 % of the shares of Neue Kronenzeitung, the longstanding market leader, and the second largest daily until 2006, Kurier, are owned by the German publishing group Funke (former WAZ) since 1988. Commercial and logistic operations (but not newsrooms) are bundled within their joint subsidiary Mediaprint, eventually emerging as largest publisher in Austria. The remaining shares of the Neue Kronenzeitung are in the hands of the founding family Dichand, while the other 50 % of Kurier are controlled by the banking group Raiffeisen, together with a few minority shareholders.

But there is even more cross ownership. In 2001, the leading weekly news magazines (News, Format, Profit) merged into the News group, which was sold in 2006 to the German Bertelsmann group (holding 56 %). The other owners are the newspaper holding Kurier (25 %) and the Fellner owners of the daily newspaper Österreich (19 %). Bertelsmann sold its shares in the News group in June 2016 to its newly appointed Director General, Horst Pirker. In total, these cross ownership relations at the national level result in four interconnected ownership groups:

- Dichand family: holds shares in Neue Kronenzeitung, Mediaprint, and KroneHit (national radio);
- Fellner family: owner of newspaper Österreich, holds shares in News group, and regional media (radio);
- Funke (Germany): holds shares in Neue Kronenzeitung, Kurier, Mediaprint, indirect in News group;

Raiffeisen (banking group): holds majority shares in Kurier, indirect in News group, and regional media.

The regional press is characterized by strong regional newspapers, dominating up to 90 % of their respective regional market. With two exceptions, each province is dominated by one regional publisher, typically controlling one or even two newspapers and free sheets. Ownership of these newspaper publishers is typically private. In the case of the provinces of Upper Austria, Salzburg, Tyrol and Vorarlberg, the respective newspaper publishers are family businesses. In the southern provinces Styria and Carinthia, the conglomerate media corporation Styria (owned by a roman-catholic foundation) is running the leading newspaper (Kleine Zeitung), two newspapers in Vienna (Presse, Wirtschaftsblatt) and the regional Antenne radio channels. In Vorarlberg, the family owned publisher Russ Media operates not only two newspapers (Vorarlberger Nachrichten, Neue Vorarlberger), but also the regional Antenne radio channel, the dominating regional online media (VOL.at) and various free sheets.

The strong position of the regional publishers is challenged by the regional editions of the Neue Kronenzeitung, which competes fiercely with the traditional press in most of these regional markets. In eight (out of nine) provinces, the Neue Kronenzeitung has either taken the lead or is a close second to the respective regional paper.

Hence, the Austrian newspaper market is characterized by a small number of daily newspaper titles, a small number of large newspapers and magazines, a strong orientation towards boulevard newspapers and a high degree of concentration of ownership. The elephant in the room is the Neue Kronenzeitung, which dominates the newspaper market almost since it was established in 1959. In 2015, this newspaper appears in several regional editions and reaches some 32.2 % of the Austrian population (14 years and older).

In general, daily newspapers are highly popular in Austria. In 2015, around 69 % of the Austrian population (age 14+) read at least one newspaper. This percentage has been relatively stable over many years (see Fig. 1). In 1989, around 72.5 % of adults were reading a daily newspaper. Twenty years later, in 2009, newspapers were even more widespread (75 %). Since then, however, the daily reach of newspapers declined, despite the market entry of high volume free-sheets.

In the first half of 2015, every day more than 2.9 million copies were sold or distributed for free. This figure includes the daily freesheets Heute (launched in 2004) and Österreich (launched in 2006 as paid newspaper, shifting towards free distribution since then). In 2015, Heute printed around 650,000 copies and Österreich around 575,000 copies for free distribution. The paid newspaper Neue Kronenzeitung printed around 771,000 copies. These figures (see Fig. 2) illustrate the structural change which has been initiated by launching free newspapers in Austria.

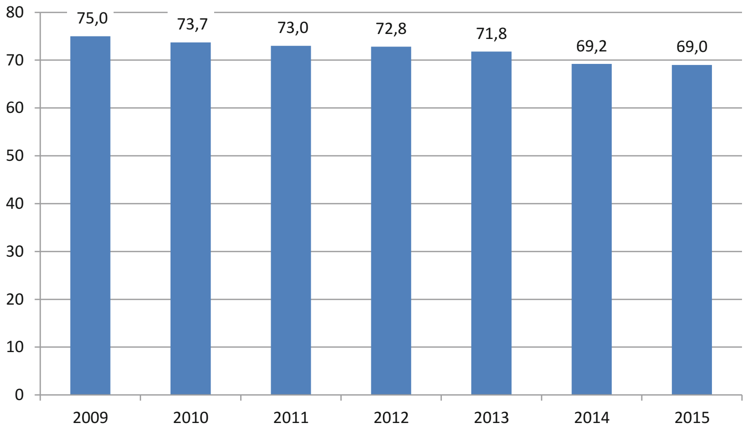

Fig. 1 Newspaper readership (daily reach among population age 14+ in percent). Source: Media Analyse (2015: first half year)

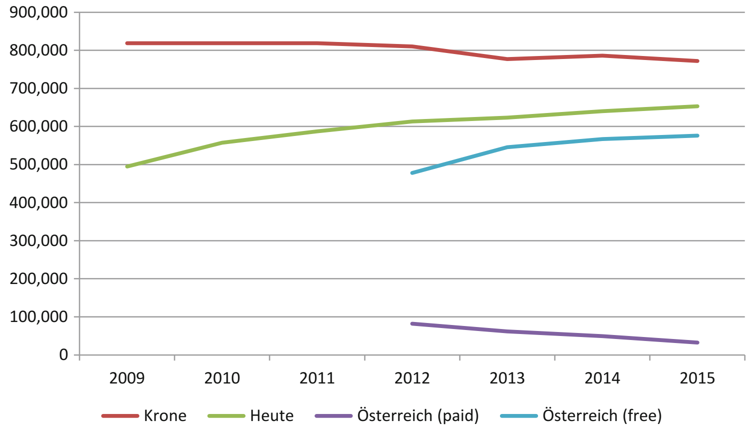

Fig. 2 Circulation of the three largest newspapers in Austria (paid and free, Mo-Fri). Source: ÖAK

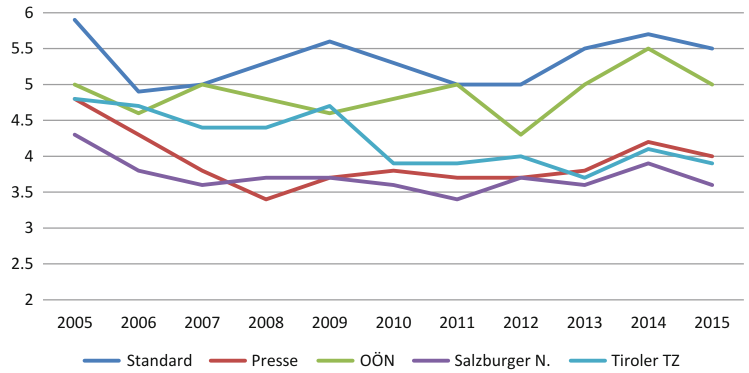

Fig. 3 Daily reach of selected regional daily newspapers among age 14+ in percent (Mo-Fri). Source: Media Analyse (2015 = 2014/15). OÖN = Oberösterreichische Nachrichten; N. = Nachrichten; TZ = Tageszeitung

All three daily newspapers are considered popular papers with sensationalism and personalization, combined with coverage of celebrities and rather short texts and large pictures as main news diet, both online and in the printed version.

In the shadow of these newspaper giants, however, quality oriented and regional papers perform quite well in Austria. The two national flagship quality papers, Standard and Presse, did not lose readers significantly over the years 2005–2015. Regional newspapers which are predominately in monopoly positions in their area of distribution (in competition only with the regional editions of the Neue Kronenzeitung) managed to keep their readership stable as well (see Fig. 3).

Apart from the slow but steady erosion of the once unchallenged market leading position of the Neue Kronenzeitung, the Austrian newspaper market did not experience major turbulence. The latest sizeable additions to the Austrian daily newspaper market date back to 2004 and 2006 when Heute and Österreich were launched. During those years, some additional regional free sheets were established but most of them closed down after a few years of existence.

What is not visible in circulation and reach figures is the economics of the Austrian newspapers. As newspapers are private companies or family businesses, no figures are published on turnover and profit margins. However, some information has been disclosed by newspaper owners stating that display advertising—their main source of income—has eroded dramatically between 25 and 50 % since the economic crisis affected them in 2009, let alone the irreversible departure of classified advertisements from newspapers to online portals. In no way, online advertising can compensate for these losses, as online advertising prices unfavorably compare to those of the print editions. They say that a factor of 10 describes the price discrepancy sufficiently well.

To conclude, newspapers are still popular in Austria. Most single newspaper titles envisage no significant erosion of their daily reach. The overall decline of newspaper reach can be explained by the downward trend of the market leading newspaper, Neue Kronenzeitung, in competition with two still growing free sheets. However, this relative success in readership of newspapers cannot be translated into economic success any more. Advertising markets crumble, confronting newspapers with requirements to cut costs in their core business.

1.2 Television

The Austrian broadcasting landscape has been the exclusive domain of the public sector, which controlled all television and radio networks and operated all transmission equipment in the past. In 2001, the Austrian Broadcasting Corporation (ORF) changed its legal form and became a foundation institutionalized by the Austrian Broadcasting Act. By that time, the former position as monopolist for radio and television was already challenged by private radios stations (since 1995), licensed by the broadcasting authority following the ruling of the European Court of Human Rights in 1993 (Steinmaurer, 2009: 80). Also in 2001, the Act on private television was passed, followed by licensing procedures for several applicants. In June 2003, the first private national terrestrial television station, ATV, started transmissions. After initial support by an Austrian bank, this channel was later taken over entirely by the German film trader Herbert Kloiber.

At the regional and local level, numerous smallish, and few sizeable television stations followed. In 2004, Puls4 started operations as a regional television broadcaster in and for Vienna. It extended its license to cover entire Austria in 2008. Ownership went from a variety of frequently changing investors to a single owner in 2007 (the German broadcaster ProSiebenSat.1). Another big corporate name entered the Austrian private television market in 2009 when small Salzburg TV was converted into Servus TV by its owner Red Bull Media House. There is no sizeable cross-ownership between print media and private television operators, because this is ruled out by law.

Hence, the Austrian television landscape is clearly and thoroughly determined by the public service broadcaster ORF. Its operations cover television and radio. In addition, the ORF website including all sub-domains is by far largest internet content provider in Austria. The ORF's headquarter is located in Vienna with two operation heads, one for television at the margins of the metropolitan area of Vienna and one for radio at the heart of the old town in the city center. The latter, however, is determined to be sold and operations should merge at the television location headquarter in 2016 and 2017. Furthermore, ORF runs regional radio and television studio facilities in all nine provinces of Austria where the regional programs are produced.

The ORF also is Austria's largest media corporation with 2814 employees (2014), of which 13 % were administrators and 22 % technicians. Total revenues reached 912 million euros in 2014. It declined compare to all-time high 959 million euros the year before. Revenues were composed of a total license fee income of 590 million, advertising revenues of 222 million and other revenues (such as sales of programming rights) of 100 million euros. The relation between license fee and advertising revenue has developed in favor of license fees since the year 2000, when both main revenue streams generated almost the same amount of money.

In Austria, all households are legally obliged to pay license fee for radio and television, whenever a receiver is present in the household. According to the license fee collecting corporation GIS, around 89.6 % of all households registered their television receiver in 2014. The license fee for television and radio reception varies from province to province, on average the annual fee amounts to 264 euros.

Private television broadcasting in Austria started in 2003, when the (then) only national terrestrial television frequency for private broadcasters was granted to ATV, a private broadcaster based in Vienna and controlled by the Munich-based film trader Herbert Kloiber (Tele München Fernsehen GmbH and HKL Medienbeteiligungs GmbH). Subsequently, a variety of small broadcasters were granted terrestrial and cable licenses at the regional and local level. The largest among them is Puls4 in Vienna, which was acquired by the German ProSiebenSat.1 group in 2007. Two years later, in October 2009, Servus TV started its operation from Salzburg. This television channel is fully owned by the soft-drink giant Red Bull (Red Bull Media House GmbH) and transmits digital-terrestrial DVB-T in Austria and is freely available from Astra satellites beyond Austria. Its program schedule is composed of high-quality news, talk shows and documentaries, mixed with light entertainment and sports. All three private television broadcasters are advertising-financed but do not disclose their business and financial figures.

In addition, so called third-sector television channels operate in Vienna and other provincial capitals in Austria. Their market share is miniscule, but they manage to play a role as facilitators of civic engagement and citizen participation platforms. The largest among them is Okto TV, based in Vienna.

Television viewing has been fairly stable over the years 2005–2014, with a slight increase in overall viewing minutes per day (Fig. 4). On average, Austrian

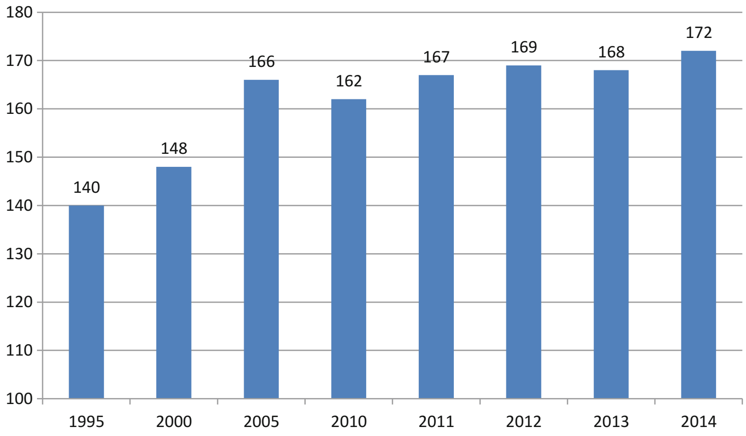

Fig. 4 Television viewing minutes per day (viewers age 12 year and older). Source: AGTT/ORF

television viewers spend almost 3 h watching television every day (172 min in 2014).

However, television viewing is not equally distributed among age groups. While the generation 60 years and older spent on average more than 4 h (257 min) per day watching television, the age group of 12–29 years old only spent 88 min watching television in 2014.

The television viewing market is characterized by growing preferences of Austrian television viewers for German television channels. While in 1995, the market was clearly dominated by the (then) only Austrian television broadcaster ORF with some 63 % of viewing time, its dominance has vanished ever since. In 2015, 40 % of the market remained with Austrian television channels, and 34 % is allocated to German channels. Obviously, the shared German language together with the ready and easy availability of German channels in Austrian cable networks and via satellite is one strong explanation for this development. But also the decreasing difference in programming, with similar or even the same films and television series on ORF and German channels invites Austrians to watch German television. The relation in viewing preferences between Austrian and German channels becomes even more pronounced when taking the fact into account that two of the three private Austrian channels are owned and controlled by German companies.

By 2015, the television market has somewhat reached stable performance with no indicators suggesting further landslide-shifts as happened in the decade 1995–2005, when ORF lost its dominant position in its home market (Fig. 5).

To conclude, television is still the preferred mass medium for Austrians with no decline in viewing, at least not on average. Younger age groups, however, use television significantly less than older people. ORF defends its market leading position. As all Austrian television broadcasters are at least partly advertising financed, the erosion of the advertising markets negatively affects all broadcasters.

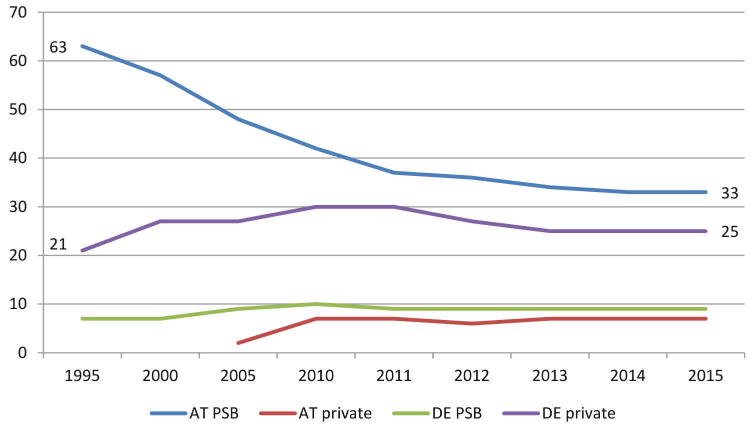

Fig. 5 Television market shares in Austria 1995–2015 (viewers 12 years or older+, in percent). Source: AGTT/ORF. AT PSB: Austrian public service television broadcaster: ORF 1, ORF 2; AT private: Austrian private television broadcasters: Puls 4, ATV, ATV 2, Servus TV; DE PSB: German public service television broadcasters: ARD, ZDF, 3SAT (cooperation program); DE private: German private television broadcasters: Sat1, RTL, ProSieben, VOX, Kabel Eins, RTL 2, Super RTL

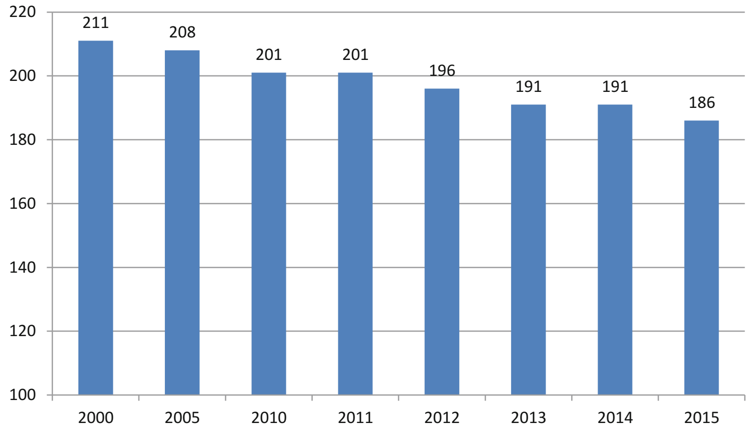

Fig. 6 Radio listening minutes per day (listeners age 10 years or older, Monday–Sunday). Source: Radiotest

1.3 Radio Broadcasting

Radio is the most popular mass medium in Austria when usage measured in minutes is the yardstick. Of course, radio is mainly used as complementary medium along other activities. But still, Austrians spent more than 3 h every day listening to radio (2015: 186 min, population 10 years or older). Although still relatively high, daily radio listening time has decreased over the years. At the beginning of the century, Austrians were listening 211 min/day (Fig. 6).

Similar to television, the Austrian radio market is dominated by the public service broadcaster ORF's channels. Four channels cover listeners interested in classical music and news (channel Ö1), listeners interested in regional and popular program (channel Ö2, regional split in all nine provinces), younger pop music devotees (channel Ö3) and young urban professionals (channel FM 4). Of these four, Ö2 and Ö3 are strongholds against private competitors. These two channels are market leaders in Austria. Private channels are numerous but much less successful than the incumbent ORF radio channels.

When private radio was licensed in 1995, and more widespread from 1998 onwards, Austrian publishers were centrally involved as owners and operators. The first ever legal private radio channel was launched in 1995 by Styria, the dominant newspaper publisher in southern Austria. Following up from this precedent, regional private radio stations in the provinces became the domain of regional publishers: Radio Life in Upper Austria, Antenne Tirol, Antenne Vorarlberg, Antenne Kärnten—they all are part of a regional newspaper publisher. Even at the national level, Neue Kronenzeitung managed to obtain the only private national license for its radio KroneHit in 2001. Later, when the gold rush euphoria faded, regional and local private radios with no institutional link to newspaper publishers started operations.

In 2016, some 126 private radio channels were licensed all over Austria. In total 46 are transmitted via cable only. The majority of these cable radios are either run by regional cable companies themselves or by supermarkets all over Austria. The other 80 private radio license holders fall into three categories: first, the category of national private radios consists only of KroneHit, operated by the leading daily newspaper, Neue Kronenzeitung, since 2001; second, corporate radios which are run by media corporations at a regional level, often linked-up to radio chains (e.g. Radio Arabella, Antenne radios, Energy); third, small local or regional radio operators (e.g. Radio Osttirol, U1 Tirol, Radio West), some of them third-sector radios (e.g. Radio Agora, Radiofabrik, Proton, Freirad), others with a narrow profile or mission (student campus radios, church radios, classic radio, etc.).

All these private channels taken together reached a market share of 24 % in 2015, pretty stable over the previous 5 years (see Fig. 7). The channels Ö2 and Ö3 have the largest market shares: 34 % and 31 % respectively. The closest private competitor, KroneHit, reached 8 %, with no obvious trend towards further growth. The Austrian radio market seems saturated, with slightly decreasing listening time by the audience year after year.

1.4 Online Media

All sizeable media companies operate their own internet based online media outlets. Two media can be considered pioneers in Austria in this respect: As early as 1995, the daily newspaper Standard opened its online edition. Two years later, the public service broadcaster ORF launched its website ORF.at. In both cases, the first movers' advantage contributed to their success. Twenty years later, ORF.at still

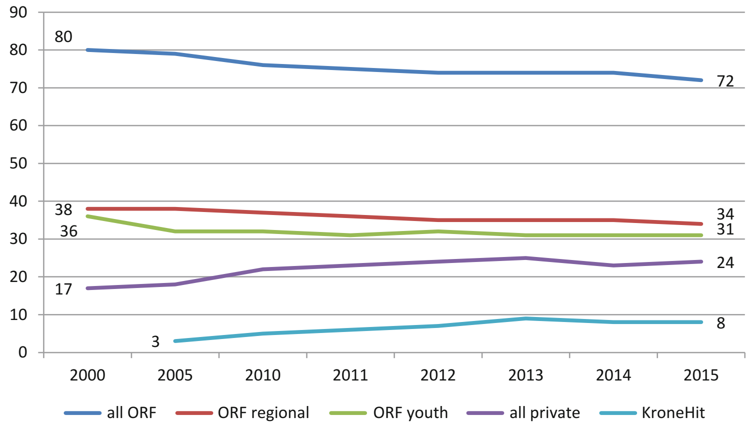

Fig. 7 Radio market shares in Austria 2000–2015 (listeners age 10 years or older, in percent). Source: Radiotest. all ORF: total of all ORF radio channels; ORF regional: all regional ORF radio channels in all provinces; ORF youth: ORF radio channel Ö3, targeted at young audiences; all private: total of all private Austrian radio channels; KroneHit: most popular private radio channel (national)

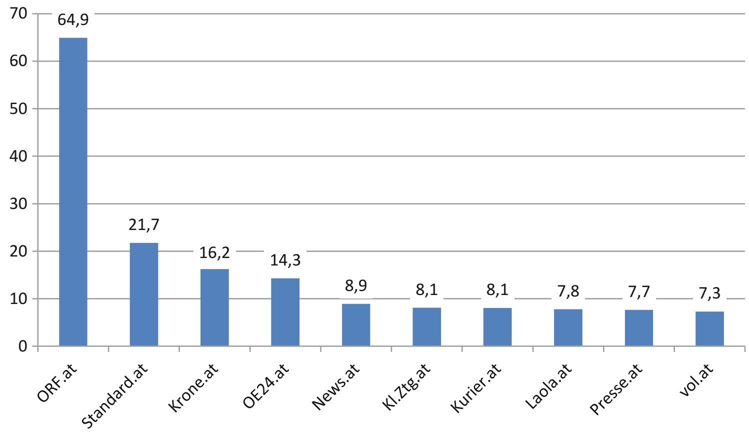

Fig. 8 Daily reach of leading online media in Austria (million visits, 2015). Source: ÖWA (Austrian web analytics), first half year 2015; Kl.Ztg. = Kleine Zeitung

was the by far most successful online medium in Austria, followed by derStandard.at (Fig. 8). Both websites were initially founded as complementary service with own editorial staff, own newsroom and own business unit. This concept allowed for independent development, flexible adjustment to changing technological and social environments and enabled their staff to experiment with new forms of storytelling and the use of multimedia formats.

Although it is no surprise that ORF.at is the leading online medium in Austria, given its market position in television and radio, the second rank of derStandard.at is less evident. This website is not particularly geared towards flashy animations, viral videos or other fancy gadgets popular in the internet realm. It rather concentrates on high quality journalism and offers—for free—almost the entire editorial content of the adjacent newspaper. Its layout did not fundamentally change over the 20 years of existence, thus makes it quite unique within the streamlined online environment of its competitors. All these factors, according to textbook knowledge of web design, should have driven derStandard.at out of the highly competitive market. But this did not happen.

Actually, derStandard.at has never lost its leading position as newspaper off-spring against its runners-up Krone.at, OE24.at (which is the online edition of the newspaper Österreich) and News.at (descendent of the popular news magazine). All four websites are branded in order to connect to their strong brands in the analogue newspaper world. But brand transfer worked much better for derStandard.at than for the far larger popular newspapers and the news magazine. Apparently, online preferences are significantly different from paper preferences, and derStandard.at still profits from its first-mover advantage.

As Fig. 8 shows, there are no sizeable online-only websites within the Austrian top 10, with the exception of Laola.at which is a thematic portal for soccer. In other words, online news provision is the exclusive domain of incumbent news organizations, albeit with slightly different market hierarchies.

2 Regulations

Austria is a textbook example of a country with a high level of cross-media ownership (Thiele 2009). Print media corporations own more than one newspaper (horizontal concentration), they hold controlling shares in radio operators (cross-media concentration), and they control the entire value chain from content creation to final distribution of their print products (vertical concentration). Furthermore, the whole online market is dominated by incumbent media corporations. The only exception to this highly concentrated market is private television. But even there, two of the three Austrian channels are integrated in larger German corporations (cross-country horizontal concentration).

One essential reason for the current state of media concentration is the lack of any media specific legislation in Austria until 2006. Only then a rather strict cartel Act entered into force, with specific rules for media mergers. Before that, in 1988, the close collaboration of the then leading newspapers Neue Kronenzeitung and Kurier went legally unrestricted; more than a decade later, in 2001, the spectacular merger of all relevant news magazines, including daily newspaper stakeholders (Kurier) was arbitrated in Court, but endorsed with only minor amendments. Fidler correctly observed that the cartel legislation was only adapted when the main waves of media concentration has had successfully happened (2008: 198).

In 2006, finally and for some actors too late, a new Cartel Law (BGBl. 61/2005) entered into force. Media mergers are regulated specifically in § 8 and 13 of the Law. As a general rule media mergers must be notified with the Cartel Authority at much lower turnover thresholds than other mergers (§ 8). Media mergers are prohibited by law if they threaten or impair media diversity (§ 13). Practically, any merger between media companies need to be notified according to this Law. The Cartel Authority then has to decide whether media diversity is negatively affected. Since the law entered into force, no further significant media merger happened.

Furthermore, detailed ownership rules are included in both the Law on private radio (BGBl. 20/2001) and the Law on audio-visual media services (private television) (BGBl. 84/2001). These laws exclude media owners under certain conditions as applicants for radio or television licenses. In the case of radio, media companies are not allowed to own more than two radio channels serving the same area; in the case of television, media owners are excluded as licensees if they reach more than one third of the audience in their respective market. For example, if a newspaper publisher in Salzburg reaches more than one third of the population in this province, it is excluded as owner of the regional television station. This company can, however, operate up to two radio stations in its territory. The same 30 % rule applies to radio operators, weekly newspapers and cable networks. For this reason, Austrian newspapers are not operating regional television stations.

Since 2001, media merger legislation has been amended to prevent future conglomerations. Subsequently, Austrian media corporations invested in Central and Easter European countries, rather than in extending internal ownership concentration.

3 Media Innovation Policies

Media policy in Austria shows no ambition to actively promote media innovation. Newly elected governments publish action plans on their political program after they take office and routinely media are part of these declarations. In general, a few sentences on the general importance of the media are included, but these announcements never turned out as representing binding commitments.

Rather, media policy concentrates on the issue of electing the director general of the public service broadcaster. Political parties in parliament, the national government, provincial governments and representatives of viewers as well as employees together form the electorate for this influential position. Between elections, however, the political influence is institutionally limited. This does not exclude, however, occasional attempts to intervene on editorial matters.

Austria could have celebrated the 40th anniversary of its press subsidy system in 2015 (but did not). This scheme distributes money from the state budget to eligible daily and weekly newspapers, as well as to small size publications (Murschetz & Karmasin, 2014). Invented in the 1970s as policy instrument to compensate newspapers for the burden of the then imposed value added tax, it survived as support instrument to safeguard the diversity of opinions. Various tracks of support grant subsidies to all existing daily and weekly newspapers (relative small amount of money), as well as to those newspapers which are second in their respective market, thus excluding all market leading papers (larger amount of money). These secondary papers are considered especially important for opinion diversity. In 2015, some 8.9 million euros was spent on daily newspapers this way.

A share of 1.5 million euros of this overall amount is decisively earmarked for safeguarding quality and the future of newspapers. Of this, the large share is spent on journalist's training and further education institutions, press clubs and foreign correspondents. However, only 65,000 euros went to research and development (2015; all data RTR, regulatory authority).

Another investment instrument into the digital future of broadcasting is the Austrian Digitization Fund, sponsored by a top-slice of the license fee paid by all television households. This fund is a response to the eEurope 2005 action plan and supports transmission means and platforms for digital broadcasting. It spent some 500,000 euros per year, basically for implementing DVB-T technology.

4 Summary and Best Practices

Overall, the Austrian news media landscape is characterized by oligopolistic structures both at the national and the regional level. Key players are the public service broadcaster ORF in television, radio and online-media, Neue Kronenzeitung in daily newsprint, national radio and online-media, and the regional media corporations involved in daily newspapers, often radio and high-volume free sheets. Private television, in contrast, is not interrelated with Austrian publishers. Channels are either small and Austrian, or of considerable size—and German. Servus TV is the exception to this rule with Austrian origins in the massive global soft-drink giant.

Media innovation in Austria is a task confined to media companies, rather than to state policy. Passive and reluctant media policy has been unable to develop new instruments to foster and encourage media innovation for at least two decades. One reason for this reluctant media policy is the ongoing controversy between the few but influential publishing corporations and the large and equally influential public service provider ORF. While these corporations develop their businesses further, agreement on joint policy initiatives is hard or even impossible to achieve. As long as business actors do not follow a joint agenda, media policy has a perfect excuse and no reason to act.

One example is the conflict on ORF's internet activities. While ORF claims that the future of broadcasting is as much dependent on internet platforms as the future of newspapers, the newspapers insist in restricting ORF's activities to traditional radio and television with marginal website companionship for single program elements.

ORF had been highly innovative during the early days of the internet, for example by creating a platform called Futurezone for the younger and technology savvy population. Vested private interests, however, sued ORF for illegally extending its remit and managed to force ORF to sell Futurezone. In a similar move, ORF should have been legally banned from using Facebook as platform for content distribution. A court of appeal finally overruled such a ban and ORF is now available on Facebook. Newspaper publishers, by contrast, have not embraced the internet in the first place and are now struggling to define their place in this still emerging market (the newspaper Standard is the exception to the rule).

Media policy to trigger innovation as corporatist endeavor of all concerned parties did not provide a best practice in Austria. Despite essential changes in the media landscape, in particular with regard to global players attracting advertising at large scale in markets exposed to economic crises, the search for innovations as answers to these crises remains an issue exclusively at the company level.

5 Innovation Policy Recommendations

Although is it certainly true that media policy does not encourage media innovation, the absence of media innovation policy does not prevent media companies from investing into innovation. Their economic performance, however, does not allow for copious activities.

One way forward could be a comprehensive joint innovation initiative by all interested parties, similar to the Digital News Initiative by Google. Media policy makers, administration, radio and television broadcasters, daily and weekly newspaper publishers, eventually Internet start-up companies and academic media research should be invited to develop an agenda for media innovation. The ministry responsible for news media or the regulatory authority could initiate and moderate this dialogic process. With time, the pressing problems will converge across the news media industry as much as digital technologies converged in the past. This intrinsic engine could drive such an innovation initiative forward. Financing of projects could be partnership arrangements of project beneficiaries, the state and research money from foundations.

Such a joint exercise would suit well the Austrian news media market and it could help overcoming deadlocks between incumbent market players, which run the risk of perpetuating their internal quarrels, thereby neglecting the search for strategic replies to the much more important seismic shifts of global public communication.

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Market Structure and Innovation Policies in Belgium

Tom Evens

1 Market Structure and Media Ownership

This chapter focuses on media innovation policies and their impact on innovations in journalism and media products/services in Belgium. Thanks to constitutional reform, Belgium hosts three regional communities responsible for, among other things, media, culture and innovation. Being a federal state, media regulations and innovation policies were transferred to the Flemish, French and German-speaking Community. As a result of different languages and diverging media policies, their media landscapes are separated and marked by different media organisations, ownership structures, competitive dynamics and innovation stimuli (d'Haenens, Antoine, & Saeys, 2009). The public service broadcaster was split in 1960, only telecommunications incumbent Proximus provides pay-TV services in all parts of the country. Hence, it is difficult to speak about a single Belgian media market or a single legislative approach to media ownership and innovation policy. Market structures and innovation policies in the Flemish and French Community will therefore be analysed as separate ones in this chapter.

Although news media markets both in the Flemish and French Community are characterised by a relatively wide variety of different media products and services available to the public, ownership and control of these media is concentrated into the hands of just a limited number of media organisations. Smaller markets typically support less organisations and account for higher concentration rates as they face structural constraints in terms of availability of resources, economies of scope/scale and sunk costs (Trappel, 2011). Because media organisations are trying to diversify their revenue structure, they become increasingly involved in the value chain of other media sectors. Driven by a strategy to spread popular brands to media consumers via a multi-platform approach, Belgian media organisations show an

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increasing tendency towards media (cross-)ownership with single firms controlling activities in broadcast and cable television, radio, newspapers, magazines and/or online media. The following sections attempt to provide an overview of the most important news media markets and an evolution of media (cross-)ownership in the Dutch-language and French-language news media markets.

1.1 Newspapers

Both the markets of the Dutch-language and French-language newspapers are highly concentrated. Over the years, independent newspapers were acquired by large publishers that have become profitable businesses in the Dutch-language and French-language news media markets, not least thanks to their stakes in audiovisual media (cf. infra). Starting from the 1950s, this consolidation wave is still going on these days. In June 2013, Corelio Publishing and Concentra announced that they would bring their newspaper and digital news activities together in a joint venture called Mediahuis, which would bring the Flemish newspaper industry into a duopoly situation. The merger was cleared by the Belgian Competition Authority upon the condition that the regional newspaper titles involved would be maintained for at least 5 years (Belgian Competition Authority, 2013). According to Table 1, Mediahuis is now the biggest player in the Flemish newspaper market with a 58.9 % market share. De Persgroep controls the rest of the Dutch-language newspaper market. In the French-language market, Rossel is the market leader with 51.9 % market share before IPM (24.1 %) and Vers l'Avenir (24 %, recently sold by Corelio to cable operator Tecteo). Compared with 2007, market positions remained more or less stable.

Such duopolistic market structure makes it virtually impossible to launch new titles; all new ventures and initiatives failed since the 1950s, except for the success of financial newspaper De Tijd (in 1968) and the free daily Metro (in 2000). Table 2

Table 1 Evolution market shares newspapers (CIM, 2015c)

	Newspapers	2007 in percent	2014 in percent
Flemish Community			
De Persgroep	Het Laatste Nieuws, De Morgen, De Tijd	40.3	41.1
Mediahuis	De Standaard, Het Nieuwsblad (previously owned by Corelio)	38.1	58.9
	De Gazet van Antwerpen, Het Belang van Limburg (previously owned by Concentra)	21.6	
French Community			
Rossel	Le Soir, Sud Presse, L'Echo	50.9	51.9
IPM	La Libre Belgique, La Dernière Heure	28.4	24.1
Tecteo	Vers l'Avenir	20.8	24

Table 2 Evolution daily newspaper titles and groups

	Flemish Community		French Community		Belgium	
	Titles	Groups	Titles	Groups	Titles	Groups
1950	18	14	30	20	48	34
1980	12	7	22	10	34	17
2000	10	4	14	5	24	9
2014	9	2	12	3	21	5

Note: Figure is based on De Bens and Raeymaeckers (2010)

shows the impact of media concentration on the newspaper markets in Belgium. Between 1950 and 2014, 27 newspapers ceased operations and disappeared as a separate title and the number of newspaper publishers shrunk from 34 to 5. The data tend to suggest that the enduring consolidation and corporate synergies have decreased the availability of titles and, hence, negatively affected pluralism and stifled entrepreneurship in the newspaper markets (De Bens & Raeymaeckers, 2010). The limited scale of the regional markets (6.5 million and 4.5 million Dutch and French speaker respectively) and the challenges posed by digitisation (e.g., digital editions, free online substitutes) is often used as an explanation for the on-going consolidation in the newspaper markets. This may be true for the French-language market, which faced a large decline in sales figures between 2000 and 2014 (minus 32.5 %), but the Dutch-language market experienced a relative stagnation (minus 9 %) in the same period (CIM, 2015c).

1.2 Television

At both sides of the language border, TV broadcasting is tightly controlled by a small number of groups. The Dutch-language market is highly concentrated with the three biggest groups controlling more than 80 % of the market (see Table 3). Over the years, their dominance has increased, even with the further fragmentation of the audience, thanks to the launch of digital spin-off channels. Public service broadcaster VRT takes the lead, followed by commercial broadcasters Medialaan (jointly owned by De Persgroep and Roularta) and SBS Belgium (owned by De Vijver Media). In contrast, the French-language market is dominated by commercial broadcasters RTL and TF1; public service broadcaster RTBF is the second largest operator in the market. Similar to the Dutch-language market, the French-language market structure is overly complex characterised by a high level of market concentration and media cross-ownership. Newspaper publishers are highly involved in audiovisual media activities (e.g., RTL-TVi shareholder Audiopresse represents IPM, Rossel and Corelio Publishing) as part of a diversification strategy. Furthermore, it is noteworthy to mention that the French-language audiovisual market is dominated by large, international media groups (e.g., Bertelsmann, TF1) whereas Dutch-language broadcasters are still controlled by domestic media groups.

Table 3 Evolution market shares TV (CIM, 2015b)

	Channels	2000 in percent	2014 in percent
Flemish Community			
VRT	één, Canvas, OP12	31.7	39.7
Medialaan	VTM, 2BE, Vitaya, Kanaal Z, VTM Kzoom	34.4	30.2
SBS Belgium	Vier, Vijf	7.9	11.3
Other		26.0	18.8
French Community			
RTL	RTL-TVi, Club RTL, Plug RTL	23.7	24.7
RTBF	La Une, La Deux, La Trois	21.1	22.1
TF1	TF1	16.9	15.2
France Télévisions	France 2, France 3, France 4, France 5	17.0	13.4
Other		21.3	24.7

With the on-going transition to digital TV services, TV distributors (cable, satellite, IPTV) have obtained a gatekeeping position in the audiovisual market. Due to economies of scale and high barriers to entry, the distribution infrastructure market is overly concentrated in Belgium (Evens & Donders, 2013). With a penetration of 98 %, Belgium is one of the most widely cabled countries in the European Union. Cable operators Telenet and Tecteo control 70–80 % of the TV distribution market in the Flemish and French Community respectively. Although their dominance is challenged by other operators, mainly telecommunications incumbent Belgacom, this does not prevent them to build considerable market power vis-à-vis broadcasters and independent producers. In June 2014, Telenet, a subsidiary of US cable giant Liberty Global, announced a 50 % participation in De Vijver Media, which controls commercial broadcasters Vier and Vijf, and successful producer Woestijnvis (other shareholders are Corelio Publishing and Waterman & Waterman). Hence, Telenet controls all activities in the audiovisual value chain, bringing a production company, commercial broadcaster, pay-TV operator and cable distributor under the same roof—a construction which is likely to have far-reaching consequences for the Flemish audiovisual market. The transaction was cleared by the European Commission (2015) upon the condition that Telenet ensure Vier and Vijf will be offered under fair, reasonable and non-discriminatory terms to any interested TV distributor in Belgium.

1.3 Radio Broadcasting

Mirroring the TV market, the Flemish radio market reflects the rivalry between public service broadcaster VRT and its commercial competitor Medialaan. Despite the liberalisation in 2001 and the arrival of three commercial channels Q-Music, 4FM (now JOE fm) and Nostalgie, VRT has retained its dominant position in the

Table 4 Evolution market shares radio (CIM, 2015a)

	Channels	2007 in percent	2014 in percent
Flemish Community			
VRT	Radio 1, Radio 2, Studio Brussel, Klara, MNM	63.4	62.4
Medialaan	Q-Music, JOE fm	23.3	20.5
Corelio/Concentra/NRJ	Nostalgie	2.3	6.3
Other		11	10.8
French Community			
RTBF	La Première, VivaCité, Classic 21, Pure FM	27.6	35.3
RTL	Bel-RTL, Contact, Fun Radio	37.8	33.9
Corelio/NRJ	Nostalgie, NRJ	15.5	18.7
Other		19.1	12.1

Dutch-language radio market accounting for more than 60 % of the audience market. Radio 2 is the market leader with 29.4 % market share. In contrast, the radio market in the French Community is far more fragmented and is characterised by a larger and stronger presence of commercial radio stations—Radio Contact is the leading channel with 16 % market share with Bel-RTL as runner-up (14.9 %). In terms of audience share, RTBF commands a 35 % market share and is far less dominant than its Flemish counterpart VRT. In analogy with the TV market, foreign-owned radio stations such as Radio Contact, Bel-RTL, Fun Radio, Nostalgie and NRJ play an important role in the market—in contrast to the Flemish market which is controlled by domestic media groups. Taken together at group level, Table 4 indicates that market concentration in the radio industry is higher in the Flemish Community than in the French Community.

2 Regulations

In contrast to many other European countries, Belgium has hardly introduced media (cross-) ownership regulation in order to reduce the level of media concentration. Apart from a few minor ownership rules on the regional level, changes in ownership structures (e.g., mergers) are subject to federal competition law and need to be approved by the Belgian Competition Authority, which considers abuse of dominant position, market concentration, unfair trade agreements, price control, etc. Hence, the media industry is subject to the same notification rules as any other sector and is not marked for any special antitrust provisions (Valcke & Lievens, 2011). Concerning mergers and acquisitions in the news media markets, the regional media regulators Vlaamse Regulator voor de Media (VRM) and the Conseil Supérieur de l'Audiovisuel (CSA) are asked to give (non-binding) advise on the proposed acquisition. It is fair to say that in the past the Belgian Competition

Authority has approved all notified media mergers and acquisitions, including the acquisition of newspaper Het Volk by Corelio, newspapers De Tijd and l'Echo by Mediafin (jointly owned by De Persgroep and Rossel) and newspaper Vers l'Avenir by Tecteo. In October 2013, the Belgian Competition Authority approved the establishment of Mediahuis, under the condition that all newspaper titles will be maintained for a period of 5 years.

Flemish media legislation is one of the sole West-European regulatory frameworks without industry-specific ownership rules other than general competition law. In order to safeguard media pluralism in the radio broadcasting market, a single business was allowed to control only one national and/or regional radio station. In 2007, the government, however, relaxed radio ownership rules so as to allow the acquisition of financially distressed 4FM by De Persgroep (a single group can now control two national and/or regional radio stations). Moreover, both Dutch-language and French-language newspaper and magazine publishers became even obliged by decree to participate in national commercial television in the late 1980s. Whereas the French Community imposed publishers to participate in RTL-TVi for at least 31 % via Audiopresse, the Flemish Community prescribed a participation of at least 51 % by local publishers. The ownership obligation was lifted in 1998 after being found in breach with the Television Without Frontiers Directive. Since 2008, the Flemish Media Authority VRM has the responsibility to monitor media ownership and to provide a yearly overview of market concentration in the Flemish media market (Vlaamse Media Regulator, 2014), but this has not led to political intervention or the introduction of media (cross-) ownership rules yet. Contradictory perhaps, this lack of media (cross-) ownership regulation is largely due to policymakers' wish to keep the Flemish media firms in local hands. In this context, strict ownership rules could stand in the way of creating synergies and in sustaining the competitiveness of the Flemish media ecosystem in an increasingly globalised industry.

In contrast to the Flemish Media Decree, policymakers in the French-speaking part of Belgium have regulated existing ownership structures. Article 7 of the Broadcasting Act prescribes that when a single business entity (or natural person) holds, directly or indirectly, more than 24 % of the capital in two different radio and/or TV broadcasters, or where the cumulated audience share exceeds 20 % in the French-language market, a significant market position is presumed on behalf of that business. Following the finding of such significant market position, the CSA then launches an investigation to the effect on pluralism in the radio and/or TV broadcasting market. Based on the findings of the investigation, the regulator is entitled to impose additional measures to enhance pluralism in the market, or apply sanctions including the suspension and withdrawal of the license. The Act further prescribes that media organisations have to submit all changes in the ownership structure to the CSA. These changes will be published by CSA on its website (Conseil Supérieur de l'Audiovisuel, 2015). These ownership rules have been enacted only recently, and must prevent certain (foreign) media groups from expanding dominance in the French-speaking news media markets. Government has also announced its plans to boost domestic TV productions in order to sustain the local content business.

3 Media Innovation Policies

As discussed, news media markets in Belgium show a relatively high degree of concentration since they are controlled by a small number of media groups that have spread their wings over multiple media product markets. Hence, most media groups are not limited to one specific media product, but focus on a portfolio of media products and services that allows them to spread financial risks and diversify revenues. In order to launch digital media products and services, one common strategy is forming strategic alliances with other media groups. In 2012, publishers De Persgroep and Roularta, and mobile operator Base (KPN Belgium) announced to form the joint venture Mplus for launching personalised media services. The goal was to bundle news services with mobile data subscriptions, but the joint venture was lifted before the launch of the service. One year later, mobile TV service Stievie, a partnership between Medialaan, VRT and SBS, was launched. Not only the service was innovative, the collaboration between three rivalling broadcasters was ground-breaking. Such partnerships are often encouraged by the regional government. In 1998, for example, the newspaper and magazine publishers founded digital news archive Mediargus (recently rebranded Gopress), which was supported by the Flemish government as part of the press subsidy program.

Apart from the federal subsidies for news publishers and TV broadcasters (ca. 360 million euros per year for, among others, the distribution of newspapers and 0 % VAT rate for newspapers), the Flemish government attempts to stimulate innovation in the media and ICT sector through an ecosystem of institutions and funding instruments. Remark that all funding and innovation instruments cover the whole media and ICT sector and that no single instrument specifically targets innovation in journalism—the Pascal Decroos Fund grant programme stimulates investigative journalism. The central institution in the Flemish innovation policy is the *Agency for Innovation by Science and Technology (IWT)*, which helps businesses in addressing demand-driven challenges by funding collaborative research projects, often with research institutions. In 2012, for example, IWT awarded 1.4 million euros to the project ‘Publisher of the Future’ in which book publishers develop multimedia books and search for new business models. Another important innovation instrument is *iMinds* (formerly IBBT), a digital research centre and business incubator founded by the Flemish government in 2004. The centre connects research partners with ICT businesses to convert digital knowhow into real-life products and services that are instrumental in positioning Flanders as one of Europe’s leading digital regions. It does so by starting up national and European research projects where researchers, ICT companies and organisations solve technological and societal challenges together.

Under the umbrella of iMinds, the *Media Innovation Centre (MiX)* was founded in 2012 to specifically stimulate innovation in the media sector. Funded by the government, MiX has a yearly budget of around 4 million euros to develop sector-wide media innovation projects. MiX is the successor of IWT's *Programme Media Innovation*. MiX is a centre of expertise for innovation in the Flemish media sector and was established to tackle challenges faced as a result of the rapidly changing media landscape and international developments. By means of collaborative projects bringing together media businesses, technology providers and academic institutions, the goal of MiX is to launch shared innovation projects intended to increase the competitiveness of the Flemish media sector in a global ICT industry. Especially smaller online media initiatives have complained that MiX would only support established media businesses and leave little room for real innovation and entrepreneurship. Hence, MiX would become another subsidy mechanism for the large media companies, opponents say. However, MiX has expressed its intentions to focus more on innovation by start-ups, small and medium-sized businesses. Due to budget cuts in public spending, however, the future of the media innovation centre has become highly uncertain: ironically perhaps, it seems that MiX will need to reinvent itself.

MiX focuses on three digital sectors (newspapers/magazines, audiovisual media and gaming) and centres on challenges regarding audience measurement, personalised media and monetisation of content. Since its inception in 2012, MiX has initiated 21 innovation projects with over 50 partners that support digital media ventures, develop innovative media services and address strategic challenges for media and technology businesses. One of the flagship projects is Media ID, which has established an authentication system and registration module for end-users across the entire Flemish media landscape based on which media businesses can develop new media services. Other running projects address interactive and behavioural advertising, both for newspapers and TV broadcasters, in order to target media consumers with more relevant advertisements. A new bunch of projects focus on data visualisation, data crunching and big data so as to better understand actual customer behaviour and interests. The Sunshine project, for example, is creating a virtual data-analyst that helps journalists in retrieving the relevant data, presents it in a visually appealing and understandable manner, and enables data-driven journalism.

4 Summary and Best Practices

As the previous analysis of the news media market structure has illustrated, media cross-ownership is a common feature of the Belgian media landscape. In general, the level of concentration is higher in the Dutch-language news media markets compared to the French-speaking markets. In Flanders, the newspaper market is organised as a duopoly. The radio market is dominated by the public service broadcaster VRT. In the TV market, competition between VRT and Medialaan is fierce, and both are challenged by SBS Belgium. The acquisition of SBS Belgium by cable operator Telenet, which has a quasi-monopoly as pay-TV operator and cable distributor, will, however, turn the market upside down and possibly distort competition in the TV market. This vertical merger sets an unseen precedent in European policymaking and will kick off further concentration in related markets, both national and international. News media markets in the French part of Belgium also show tendencies of concentration, but reflect higher levels of rivalry between the different media groups, and, as a result, more diversity in the news media markets. Especially in radio and TV, the higher number of players and individual broadcast channels suggest a more equal playing field between the different media groups.

Belgian media organisations face structural constraints in the small news media markets in terms of availability of resources (financial and personnel), economies of scale and scope (efficiency and advantageous cost structures) and sunk costs (regardless of consumption). Hence, smaller markets typically support less media businesses and account for higher concentration rates, which legitimate higher levels of regulatory intervention. Rather than such interventionist approach, however, regional communities in Belgium competent for media affairs have adopted a market-based approach to the news media markets. Instead of introducing effective media (cross-)ownership rules in such small markets, the Flemish Community, in contrast to the French Community, has set up various innovation mechanisms that stimulate the innovativeness of domestic media groups. Policymakers believe these measures enhance domestic media companies' competitiveness in an increasingly globalising industry, and give them more leverage vis-à-vis digital platforms. Hence, the Flemish government bets on innovation instruments rather than media (cross-) ownership regulation to ensure competition and diversity in media and journalism. Based on the contribution to entrepreneurship (between 2010 and 2014 numerous iMinds spinoffs in digital media were established), the amount of innovative research projects and the positive impact on the Flemish media ecosystem iMinds and MiX prove best practices to ensure that media businesses engage in a continuous innovation rat race and adapt themselves to the changing business environment in terms of innovative media products and services, and digital business models. In that context, digital media innovation is thought to be an effective response to possible industry game-changers like Apple, Netflix and Google.

5 Innovation Policy Recommendations

These days media organisations face disruptive competition from digital platforms, which are far ahead of legacy content providers with advanced technology strategies and analytical know-how. More often than not, digital platforms have global presence and invest heavily in innovative products/services and business models. Hence, local media organisations need to develop new capabilities and invest in value-creating activities to catch up with these digital platforms. But in the news media industries, traditionally a conservative sector and long protected by government control and high entry barriers (e.g., licenses), innovation is easier said than done and possibly even more problematic in smaller media markets, where absence of scale limits the resources needed to explore digital products/services and business models. Though resources may be limited, there are no limitations to creative thinking and developing new ideas. Governments therefore should bet on promoting research and developments, creating innovation and knowledge sharing networks, fostering entrepreneurship, incentivising investments, enhancing training and education facilities etc. All these measures could help in maintaining local media ecosystems and preserving local production and creativity, protecting content diversity, stimulating economic growth and job creation etc.

In Belgium, the Flemish and French Community government have developed different approaches to innovation in the media industries. The Flemish government has adopted a market-based policy approach and believed that strong local media organisations guarantee diversity and pluralism in the media landscape. The French Community has always been characterised by a more interventionist approach that included ownership thresholds in order to preserve a local and diverse supply of information and entertainment outlets. Significant differences in policy approach have, however, produced relatively similar outcomes in both parts of the country. Although news media markets in the French Community are slightly more competitive than in the Flemish Community, both are characterised by increasing concentration of ownership and decreasing diversity of news and information sources. Ironically perhaps, lack of media (cross-) ownership rules has allowed Flemish media organisations to build scale whereas ownership limits drove Walloon media outlets in the hands of foreign owners. This equivocal outcome of media (cross-) ownership may suggest this kind of regulation no longer forms an adequate remedy to ensure media diversity, especially not in times where powerful digital platforms are shaking up legacy media organisations.

Rather than media (cross-) ownership regulation that becomes increasingly difficult to enforce in the globalised digital economy, we believe that the combination of an effective competition law framework, supportive media legislation and (media) innovation programme will eventually help local media organisations in keeping up with transforming media consumption patterns, providing high-quality information and entertainment, and sustain competition from digital platforms. First, an effective competition law framework ensures competitive rivalry and incentivises media organisations to bet on innovation as source of competitive advantage. For example, media businesses will need to develop a digital, mobile-first strategy and establish digital platforms to respond to transforming media consumption patterns. Second, media legislation could include measures to support small-scale and innovative news media initiatives that bring fresh dynamics in the industry. Moreover, policymakers have to revise (and/or reallocate) existing media subsidies and direct support mechanisms that maintain established press baronies at the expense of new media initiatives and digital innovation. Third, governments have to develop a coherent, long-term vision on the role of innovation in the (news) media industries and set up mechanisms that are widely shared and supported by local media organisations themselves.

With IWT and DGO 6 respectively, the Flemish and French Community government have developed their own policy instruments that provides (innovation) subsidies to innovating businesses. In contrast to the French Community, which has no specific instrument to support media innovation, the Flemish Community government decided to boost innovation in the media sector with the establishment of MiX, whose future is seriously under pressure following budget cuts in public spending. The fact that MiX' existence is threatened may suggest that policymakers consider a media innovation instrument as a nice-to-have, rather than must-have, element in the media policy mix. Hence, we would like to recommend that Flemish policymakers develop a long-term vision and find adequate funding to continue the efforts in media innovation as part of the government's industrial policy. An effective media innovation policy demands that the Flemish responsibilities for 'media' and 'innovation' are coordinated, and ideally brought under the auspices of a single minister. The fact that this is currently (2014–2019) the case in the French Community nourishes hope that this region will be able to develop its own media innovation mechanism in the near future.

Colliding borders between media industries and the rapid expansion of the digital economy imply that policymakers in both regions have to revise existing institutional structures, subsidy programs and policy instruments. Until now, public support predominantly targets legacy media businesses and leaves little opportunities for start-ups and new initiatives to bring change in a traditionally conservative sector. MiX' steering committee is controlled by established news publishers and broadcasting organisations, which also benefit from millions of indirect support. We would like to recommend that the regional governments reshuffle their focus and include high-tech and telecommunications operators to sustain innovation in the digital economy, and, hence, incentivising legacy media organisations to launch innovative products/services and challenge existing business models. In this context, media innovation and public support should be media-agnostic, rather than focusing on specific branches of the (news) media industry. Moreover, innovation comes with high risks and failure, but the Flemish government is keen on implementing key performance indicators on organisations that were granted innovation support. Such an instrumental approach kills all the creativity needed to generate disruptive innovation that comes with experimenting, failing and learning.

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Market Structure and Innovation Policies in Denmark

Aske Kammer

1 Market Structure and Media Ownership

The Danish media system is a hybrid one where strong public service broadcasters and private print and broadcast media co-exist, and where the commercial print media are subsidized by the state. The state interference in the media emanates from an understanding of editorially independent and economically sustainable news media as a catalyst for an informed citizenry and a vital democracy. This system is part of the Nordic model of "the media welfare state" (Syvertsen, Enli, Mjøs, & Moe, 2014) where the media have played and continue to play an important role in the development and renewal of the inherently Social-Democratic welfare state. What characterizes this model is, among other things, the understanding of access to information about current affairs as a public good, the institutionalized character of editorial freedom in the form of the "arm's-length principle", and the existence of a cultural policy that aims at ensuring diversity and quality in the news media.

Even though such diversity does exist in the Danish media market (where audiences can choose between 31 daily newspapers and many more weeklies, more than 40 Danish-language or subtitled television channels, more than 20 Danish-language radio channels, and numerous online offerings), a high level of concentration permeates the overall market structure. This chapter shows that concentration exists in all news media markets, and in some instances the same media firms operate across markets and dominate different types of media.

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Table 1 Circulation shares (in percent) for the dominant newspaper publishers in the Danish market, 2012–2014 (weekdays, second half of years)

	2012	2013	2014
Tamedia (bought Metroxpress from Metro International and JP/Politikens Hus in 2013)	–	25.3	28.6
Berlingske Media (De Persgroep)	20.9	20.8	18.8
JP/Politikens Hus (sold its 24.5 % share of Metroxpress to Tamedia in 2013)	24.5	21.0	18.2
Jysk Fynske Medier (merger of Fynske Medier, Jyske Medier, and Syddanske Medier in 2014)	–	–	11.3
Metro International (sold its 51 % share of Metroxpress to Tamedia in 2013)	8.0	–	–
Fynske Medier (part of the Jysk Fynske Medier merger in 2014)	4.9	5.5	–
Bonnier	5.4	5.4	4.5
Syddanske Medier (part of the Jysk Fynske Medier merger in 2014)	4.5	4.6	–
Jyske Medier (part of the Jysk Fynske Medier merger in 2014)	2.2	2.4	–
Others	29.6	15.0	18.6
Total CR(4)	58.9	72.6	76.9

Sources: The Danish Audit Bureau of Circulations and Danish Media Audit of Circulation

1.1 Newspapers

Over the last decades, the Danish newspaper market has faced the same downturn as most Western newspaper markets (Nielsen, 2012): from 1988 to 2013, the number of daily titles declined from 50 to 31 and the total circulation decreased 44.8 % from 1,903,246 daily copies on weekdays to 1,060,633. This reduction in the propagation of newspapers, however, has not (yet) resulted in equally large reductions of the journalistic workforce as 1,794 journalists worked at the daily newspapers in 2013, which is a 10.1 % decrease compared to 1,995 journalists in 1988 (The Danish Union of Journalists, 2014).[1]

The newspaper market structure in Denmark is characterized by a high degree of concentration as the top four firms (CR4) accounted for more than three quarters of the total circulation in 2014. That is well above the 50 % that is usually considered the threshold for what qualifies as a concentrated media market (Albarran, 2010). As Table 1 shows, concentration has increased radically in recent years, primarily because of Tamedia's expansion strategy of broadening the reach of Metroxpress, which increased its circulation from 184,533 daily copies in 2012 to 325,228 in 2014.

Two types of ownership dominate the Danish newspaper market. The first type of ownership is the foundation. Both JP/Politikens Hus and Jysk Fynske Medier are owned by Danish foundations whose objectives are newspaper publishing; this way, the funds generated in the firms are reinvested in the development and running

[1] These figures only include journalists that are members of The Danish Union of Journalists. However, practically all journalists working in the news media in Denmark are organized in this union.

of the editorial activities, allowing for long-term continuity and stability in the firms as well as the market. The second type is a publicly traded company. Tamedia, Berlingske Media, and Bonnier are publicly traded companies with international ownership constellations where investors expect dividends from their investments.

However, the structures of ownership are in flux these years, and that blurs the overview of the pattern of concentration and the organizations that constitute it. The Swiss media firm Tamedia, for example, took ownership of Metroxpress in 2013; before that, Metro International owned 51 % of the shares in the newspaper, JP/Politikens Hus 24.5 %,[2] and the sale naturally decreased these firms' shares of total circulation (Metro International no longer operates in the Danish market). More notable, in the beginning of 2015, the three regional newspaper publishers Fynske Medier, Jyske Medier, and Sydddanske Medier merged into the firm Jysk Fynske Medier, which is now one of the dominant actors in the Danish newspaper market. That position is further strengthened as, later the same year, the firm purchased six local newspapers from Berlingske Media; these local newspapers accounted for 4.1 % of the total daily circulation in Denmark in 2014. (For a longer historical perspective on developments in ownership of Danish newspapers, see Minke, 2008.)

In spite of this structural concentration of the newspaper market, a high degree of external pluralism exists since the newspapers have different profiles and target audiences, represent different political and social perspectives, and cover a wide selection of issues (cf. Hallin & Mancini, 2004). For example, the 18.2 % of the total circulation that JP/Politikens Hus accounts for consists of the functional market segmentation constituted by the national-conservative morning newspaper Jyllands-Posten, left-wing/elitist morning newspaper Politiken, and tabloid Ekstra Bladet (all three national newspapers) as well as a number of local newspapers. Furthermore, the newspapers generally subscribe to the internally pluralistic "omnibus principle" of representing different sides of stories (cf. Thomsen & Søllinge, 1991).

1.2 Television

Two structural conditions characterize the Danish television market: a consistently high degree of market concentration (see Table 2) and a high degree of state intervention.

The state intervention exists in the form of the Danish state's ownership of the two dominant television broadcasters—Danmarks Radio (DR) and TV 2 Danmark—which, combined, accounted for almost 70 % of total television viewing in Denmark 2012–2014 (see Table 2). The remainder of the viewing takes place on, predominantly, Danish editions of channels owned by international

[2] The last 24.5 % was owned by A-Pressen, a publishing company owned by the trade union movement.

Table 2 Rating shares (in percent) for the dominant television broadcasters in the Danish market, 2012–2014

	2012	2013	2014
TV 2 Danmark	37	35	35
DR	29	31	34
Viasat (Modern Times Group)	9	11	11
SBS Discovery Media	8	9	10
Others	15	14	10
Total CR(4)	83	86	90

Sources: The Danish Agency for Culture (2014b, 2015) and Nordicom (2015)

media firms Modern Times Group and Discovery, while non-commercial local television channels not affiliated to TV 2 Denmark only assume a marginal position in the viewing habits of the Danes (throughout the first quarter of 2015, for example, the average viewing of this type of television amounted to only 5 min per person; cf. The Danish Agency for Culture, 2015).

A small number of television channels are "must carry" channels that all television providers must include in the channel packages free of charge. The "must carry" channels are The Folketing TV Channel (live broadcasts from the floor of the Parliament), sign-language translated news broadcasts from DR and TV 2 Danmark, and audio described programs from DR's channels DR1 and DR2.

Building upon the model of the BBC, DR is a state-owned firm that operates within the legislative framework of a "public service contract", which is an agreement between DR's board of directors and the Minister of Culture that typically runs for 4 years and must then be renegotiated (there will, however, sometimes be added appendixes throughout the 4-years period). The contract stipulates the conditions and obligations associated with DR's permission to broadcast public service television in Denmark; these obligations include specific demands regarding the extent of news, culture, drama, children's programming, etc., in the broadcasting schedule as well as DR's other activities. DR gets funding from license fees, which all Danish households with a device that can receive and play audiovisual content broadcast to the public (i.e., a radio, a television set, or a computer, tablet, or smartphone with an internet connection) are obliged to pay. The rates of the license fee are decided upon by the Parliament for a perennial period that overlaps with the term of the public service contract. This way, it is the state that outlines the financial framework for DR, but it is not the state directly that finances DR. In 2015, DR generated 3673 billion DKK (492.36 billion euros) from the license fee (The Danish Agency for Culture, 2014a). So, DR does not operate in the commercial market, even though it obviously pays attention to ratings and navigates with an eye on the other actors in the television market as it does take part in the competition over audiences' attention (Søndergaard, 2003).

DR broadcasts six different television channels: DR1 (the main channel with a broad program selection), DR2 (broad channel with particular focus on current affairs), DR3 (specialized channel that targets young audiences), DR K (specialized channel with programs about culture, history, and music), DR Ramasjang (specialized channel that targets 3–6 years old children), and DR Ultra (specialized channel that targets 7–12 years old children).[3] In addition to these television activities, DR has a number of radio channels (see below) and a strong online presence that consists of both audiovisual and written content. Especially the online news section of DR's has been subject to intense debate through the 2010s as the private newspapers accuse it of unfair state-subsidized distortion of competition (Søndergaard, 2014).

As a result of a failed privatization process in the 2000s (see, e.g., Mortensen, 2006), the structure in market orientation and public service obligations are more complex for TV 2 Danmark than for DR. This firm is, namely, a publicly traded company where the Danish state owns 100 % of the shares, and it predominantly operates on market terms like any other commercial media firm. TV 2 Danmark's portfolio consists of six television channels: TV 2 (the main channel with a broad program selection), TV 2 News (24-h news channel), TV 2 Charlie (specialized channel that targets senior citizens), TV 2 Zulu (specialized channel that targets young audiences), TV 2 Fri (specialized channel with programs about lifestyle and outdoor recreation), and TV 2 Sport (sports channel). While all these channels are purely commercial entities that are financed through a combination of advertisements and subscription fees, the main channel TV 2 also is subject to public service obligations imposed by the state; for example, the channel must have at least one daily prime time news broadcast and pay special attention to Danish culture (The Ministry of Culture, 2014). Furthermore, TV 2 Danmark has eight regional channels that operate as independent subsidiaries (within the legislative framework of TV 2 Danmark). They have news broadcasts on the main channel TV 2 as well as round-the-clock transmissions on distinct regional channels dedicated to first and foremost current affairs and culture. These regional channels are financed through the same license fees as DR and are also subject to public service obligations. TV 2 Danmark also offers its programs online on its TV 2 Play streaming service, which had more than 200,000 subscribers as of October 2015 (Madsen, 2015).

In addition to DR and TV 2 Danmark, the Danish television market consists of international actors such as Viasat (owned by Modern Times Group) and SBS Discovery Media as well as a large number of smaller channels that often operate on very local scales. Except of the condition that television channels broadcasting from Denmark must be authorized by the Radio and Television Board to use broadcast frequencies (channels broadcasting cable or internet need only be registered), state intervention is fairly limited for these actors.

1.3 Radio Broadcasting

The market for radio broadcasting is highly concentrated, but while both the newspaper and television markets are concentrated around a number of actors, a situation that borders to a de facto monopoly exist in the case of radio since DR

[3]DR Ultra is scheduled for migrating to an online-only platform in 2020.

Table 3 Rating shares (in percent) for the dominant radio broadcasters in the Danish market, 2012–2014

	2012	2013	2014
DR	76	76	73
Bauer Media	9	9	10
Radio 24Syv (Berlingske Media and PeopleGroup)	1	2	2
Jysk Fynske Medier (merger with, among others, Fynske Medier)	–	–	1
Klubben (Fynske Medier)	0	0	–
Others	14	13	14
Total CR(4)	86	87	86

Sources: The Danish Agency for Culture (2014b, 2015) and Nordicom (2015)

accounts for almost three quarters of the total radio listening (Table 3). DR has eight radio channels, which are also regulated by the public service contract and have individual profiles that cater to specific audience segments: P1 (current affairs), P2 (classical music), P3 (pop music and current affairs aimed at younger audiences), P4 (10 regional channels with easy listening music and current affairs), P5 (music channel aimed at senior audiences), P6 (beat music), P7 (pop music channel), and P8 (jazz). The main competitors to DR are the commercial firm Bauer Media, which broadcasts contemporary music and minimal news broadcasts on, among other channels, NOVA FM and POP FM, and Radio 24syv. The latter is owned by newspaper publisher Berlingske Media and media firm PeopleGroup, which are commercial actors, but it operates on public service conditions as it is finances through the license fee and has obligations similar to the ones of DR. Radio 24syv was established as the result of a political ambition to break DR's monopoly in national talk radio (The Ministry of Culture, 2010) and started broadcasting in 2011. The current framework of financing and broadcast license for Radio 24syv expires in 2019.

In addition to the CR4 actors mentioned in Table 3, 65 organizations (which range in size from one-man enterprises to larger commercial entities) got permission to broadcast local radio in 2012 when the Radio and Television Board last allocated rights to use the frequency bands for radio.

2 Regulations

As the review illustrates, media ownership across markets is a widespread phenomenon in the Danish news media industry: DR operates across television and radio, and Berlingske Media is a private newspaper publisher but also runs the public service funded Radio 24syv. Furthermore, JP/Politikens Hus' tabloid Ekstra Bladet launched a digital radio channel in 2015 and broadcasts a large extent of online video, and newspaper publisher Jysk Fynske Medier has owned the commercial radio station Klubben, which serves the Funen region only, since 2008.

Media ownership across markets is allowed in Denmark, and in the case of DR it is even part of the public service contract. This organization must have a presence on television, digital and analogous radio, and online (The Danish Agency for Culture 2014a, 2014b). While there is no particular legislation about media concentration and cross-media ownership, the news media markets are regulated by the general competition legislation, which prohibits firms from abusing dominant positions (Act no. 869).

3 Media Innovation Policies

In the 1920s and 1950s, public funding underwrote the establishment of broadcasting networks as well as experiments and innovation in radio and television within the framework of a public broadcaster (today's DR). After this funding for introducing broadcast on the Danish market, media subsidies have, however, primarily been instruments for supporting and regulating the activities of existing media firms whereas the development of new initiatives and media innovation have, instead, fallen within the commerce legislation concerned with the general establishing of firms. So, in a Danish context, media innovation has traditionally been a matter for media organizations to deal with and not something that the state has interfered in. The exception is national broadcasting, which has been and continue to be available on a limited band of frequencies and therefore requires some degree of regulation.

Even though the newspapers in Denmark are private enterprises, public subsidies play an important role in their financing. The subsidies are both direct and indirect; that is, they exist in the forms of both funds transferred directly from the state to the newspaper publishers and funds that the publishers do not have to transfer to the state because revenues from sales of printed newspapers are exempted from VAT (see also Hjarvard & Kammer, 2015). In 2010, the year of the most recent survey, the newspapers received 1393.9 million DKK (186.9 million euros[4]) in public subsidies in total; 417 million DKK (55.9 million euros) were in the form of direct subsidies while indirect subsidies, in the form of VAT exemption on newspaper sales, accounted for 976.9 million DKK (130.95 million euros) (The Agency for Libraries and Media, 2011: 90). Given the 5.5 million Danish citizens in 2010, the Danish newspapers were subsidized with 251.83 DKK (33.76 euros) per citizen.

New legislation supports media innovation and adaptation to the digital era in, especially, the written media more actively. Restructuring the press subsidy system in 2013, the Danish parliament enacted legislation that included a number of new measures to make it contemporary in a digital context and with the explicit aim of supporting media innovation (Act no. 1604). The law is effective of January 1, 2014, and it builds upon preparatory work by Professor Anker Brink Lund (Rambøll, 2009) and the so-called Dyremose committee (named after the chair,

[4] All amounts in euro are converted at the currency exchange rate 1 DKK = 0.134 euros.

former Minister of Finance Henning Dyremose; The Agency for Libraries and Media, 2011).

First and foremost, the underlying principle for the granting of subsidies changed with this legislative revision: prior, the exact rates of subsidies were calculated on the basis of circulation (and it was in reality subsidies for print and the distribution of news), but now the subsidies are calculated on the basis of editorial work (i.e., journalistic production). This way, legislation for the first time allows for other media types than printed newspapers to receive press subsidies, thereby adapting to the structural changes in a news media market where online activities are increasingly prominent. It is a core element of the revised legislation that it is "platform neutral" rather than concentrated on one type of media and allows for supporting journalistic production regardless of how it reaches its audiences. However, similar to the situation in many other European countries (cf. Colbjørnsen, 2014), revenues from sales of digital news are not tax exempt in the same manner as those on print.

Of the total framework for subsidizing the press, 6 million DKK (0.8 million euros) is earmarked to "written internet-based news media" (Bill no. L 20) that must, in all regards, follow the same procedures and meet the same criteria in applying for subsidies as the traditional news publishers. In 2014, the first year where this type of news media was eligible for press subsidies, digital publishers received a total of 15.9 million DKK (2.13 million euros), which is equivalent to approximately 4 % of the total press subsidies that year and more than 2.5 times the basic earmarked amount.

In addition to the earmarked funding for digital-only publishers, the legislation has a specific pool for media innovation subsidies. This pool consists of 20 million DKK (2.68 million euros) that is allocated as "supplements to the establishing of new, independent printed news media or written internet-based news media or as supplements to conversion or development of already existing print news media or internet-based news media" (Executive Order no. 1653, para 14, translated by the author). The bill, drafted by the Minister of Culture, emphasizes that the innovation pool must be ready to take risks (Bill no. L 20); in this type of context, risk typically comes in the form of granting subsidies to news organizations with limited manpower and uncertain prospects of success and even survival. Furthermore, the law stipulates that the members of the seven-person council that processes applications for press subsidies (The Media Board) must represent expertise within, among other things, "journalistic innovation" (Act no. 1604, para 12).

4 Summary and Best Practices

To summarize: the Danish news media markets are all highly concentrated, and while the level of concentration is fairly stable for television and radio, it has increased for newspapers in recent years due to mergers and strategic expansions. Furthermore, the news media markets are characterized by a large extent of state intervention; while the newspapers are privately owned and operate on a commercial basis, they are nonetheless heavily subsidized by the state, and in both the television and the radio markets state-owned media firms account for approximately 70 % of the total viewing and listening. DR, the state-owned and license-financed public service broadcaster, assumes a particularly prominent position across broadcasting markets.

Policy solutions to stimulate innovation in the news media industry remain a recent phenomenon as they were not introduced until 2014 (with the exception of the establishment of broadcasters in the 1920s and 1950s). As something new, the current legislation (Act no. 1604) has earmarked subsidies to digital news and to innovation, and that will likely improve the long-term sustainability and development of the news media industry. However, since the legislation is only a few years old while this chapter is written, it is still too early to judge whether it will have a lasting impact in improving the conditions for the Danish news media industry in the digital age or not and to identify best practices from it.

5 Innovation Policy Recommendations

Storsul and Krumsvik (2013: 14, emphasis in original) say that "innovation implies introducing *something new* into the socioeconomic system", and if the aim of the most recent revision of the press subsidy legislation is to support media innovation, it is somewhat successful. Something new has indeed been introduced to the news media industry, where digital publishers received more funds in subsidies than the amount that was earmarked to them in 2014 and, thereby, became more sustainable in an increasingly digital economy.

The actual implementation of the innovation pool, however, shows a more ambiguous development. From an innovation perspective, the 20 million DKK (2.68 million euros) pool for subsidizing news media innovation is a welcomed initiative since it can help new (predominantly digital) actors enter the media market and increase diversity in the news. However, only 10.4 million DKK (1.39 million euros) were granted to the applying news organizations in 2014 in contrast to the full 20 million DKK (2.68 million euros) in 2015. That distributed amount of subsidy funding suggests that there is sufficient funding for the activities which the legislation aims at supporting—but the 2014 distribution of subsidies also raises the question whether the eligibility criteria might be too narrow to properly support real innovation in the news media market (see also the critique raised by, e.g., Poulsen, 2014). For example, the legislation stipulates that the subsidized media must cover "political, societal, and cultural themes" (Act no. 1604, para 3), but since applicants for the innovation subsidies will often be sparsely staffed start-ups they might have difficulties in covering all three fields simultaneously, and that will disqualify them for subsidies. Furthermore, the subsidies are specifically aimed at *written news* media. From an administrative perspective, such a specification of concrete criteria is reasonable, but one consequence of it is that it excludes actors that operate with other journalistic genres than news and other modalities than text even though they can also have an impact with regards to informing the citizenry. So, to the extent that the ambition of the legislation is to improve the condition for new, innovative initiatives in the media market, legislators could consider broadening the scope regarding which types of journalistic initiatives are eligible for innovation subsidies.

The framework for indirect subsidies to news organizations is one other area where the legislature could consider future adjustments to further support media innovation. If part of the ambition of the recent revision of the press subsidy legislation was to make the position of digital and printed news more equal businesswise, the current VAT system is inexpedient because it places digital news at a disadvantage since it is subject to 25 % VAT while print news is VAT exempt. So, digital news gets no indirect subsidies, and newspaper publishers have an economic incentive to proceed with a focus on print media rather than prioritizing online editions and innovation of new practices for presenting and distributing news. Direct subsidies are granted to print and digital news on equal terms, and if legislators want to improve conditions for media innovation and sustainability in the future, one recommendation would be that the same could be the case for digital news.

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Market Structure and Innovation Policies in Finland

Mikko Grönlund and Tom Björkroth

1 Market Structure and Media Ownership

Finland is a Nordic country with a population of approximately 5.5 million with two official languages: Finnish, spoken by the vast majority of the population, and Swedish, spoken by 5.4 % of Finnish citizens. According to the 2015 World Press Freedom Index,[1] Finland has been in first place in freedom of information for 5 years in succession. Traditional news media is still strong in Finland and the total circulation of newspaper per 1000 inhabitants is still one of the highest in the world and the weekly coverage of newspapers (printed and online version) is 93 % (Newman et al., 2015). According to data from Finnpanel Oy the weekly coverage of television and radio were 92 % and 94 % in 2014.

The total value of the Finnish mass media markets was about 4.1 billion euros in 2013. During the 2000s, the growth of the mass media markets hinged mostly on electronic media; the combined turnover of television, radio, and online has doubled since the Millennium. Despite these developments the share of printed media was still more than half (60 %) of the total mass media markets in 2013. The strong

The views expressed in this chapter are our own and do not necessarily represent the opinions our employer or any other principal. All errors and inaccuracies are ours.

[1] The Reporters Without Borders World Press Freedom Index ranks the performance of 180 countries according to a range of criteria that include media pluralism and independence, respect for the safety and freedom of journalists, and the legislative, institutional and infrastructural environment in which the media operate.

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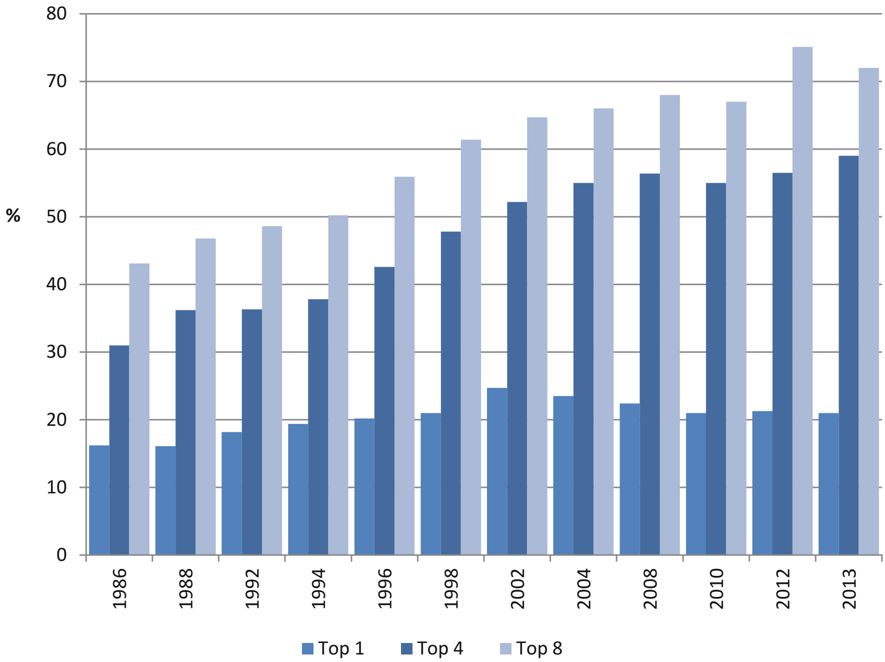

Fig. 1 Major newspaper publishers' share of total newspaper circulation over time. Source: Media Audit Finland, Finnish Newspapers Association, Statistics Finland

position of print media has also been reflected in the breakdown of the advertising expenditure by different media. Since the Millennium, the share of print media has been declining from 76 % to approximately half (46 %) of the total media advertising in 2014 (Fig. 1). In this period, the mass media's share of the Finnish gross domestic product (GDP) has also declined from 2.5 % to approximately 2.0 %.

According to the TNS Atlas Intermedia research in 2014 the average media usage was 8 h and 20 min per day and only 31 min (6 %) was used to reading newspapers. In 2014 average daily television viewing time was approximately 2.5 h a day (29 %). Average television viewing time has decreased with 1 h/day during the last decade. In this decade, the time spent on the internet has increased from slightly over 30 min (6 %) to 150 min (30 %) in 2014.

In the spring of 2015, Finnish Communications Regulatory Authority (FICORA) commissioned an annual consumer survey that examined Finns' service usage patterns for communications services. According to the survey, 92 % of Finns have an internet connection in use. The number of mobile network data transfer subscriptions, i.e. mobile broadband connections, in particular, has been growing during the past few years and already 70 % of Finns have mobile broadband in use.

The development above reflects the policy goal, achieved in the fall of 2012, to make mobile broadband extensively available and the coverage of the 3G mobile network is very extensive. The coverage area of the 4G networks expands continuously, starting from densely-populated areas. In late 2012, the 3G-network was available in all 336 municipalities, with 200 of them having full coverage. In 2012 a total of 170 municipalities had full coverage of 3.5/4G Mobile networks in contrast to none in year 2009 (Ministry of Transport and Communications, 2012). These developments have been reflected in an exponential increase in the volume of mobile data transmission. According to FICORA, in the second half of year 2009 about 10,000 TB of data were up- and downloaded in the mobile network. By the second half of year 2012 the amount of this data transmission had increased to more than tenfold, to 115,000 TB. The growth is persistent and exponential, as in 2014 a total of 325,000 TB was transferred in the mobile network. This corresponds to a daily figure of 162 MB per capita (FICORA, 2015a, 2015b, p. 12). The policy to enhance both broadband uptake and availability, and retain a competitive market, seems to have been quite successful. This poses challenges and offers new opportunities to traditional media in terms of new innovations.

1.1 Newspapers

Finland has been considered to have a model of a successful newspaper industry which is built upon a structure of strong national and provincial papers, supplemented by smaller, more local papers (Picard & Grönlund, 2003). The regional level is the core of the Finnish newspaper industry and even the largest daily newspaper, *Helsingin Sanomat*, is despite its national status primarily regional, as the majority of its circulation comes from the capital city region and the province of Uusimaa. The focus of the newspaper is mostly on the issues of the capital city region (Lehtisaari et al., 2012). The business model of the Finnish newspapers is based on a subscription model, which was subsidized with a zero VAT rate until 2011. However, in November 2011, the Finnish Parliament voted to increase the VAT rate on newspaper and magazine subscriptions from the zero VAT rate to the reduced VAT rate of 9 %. The new 9 % VAT rate came into effect on the 1st of January 2012. In the beginning of 2013 the reduced VAT rate was increased to 10 %.

The circulation decline is a fact acknowledged by the newspapers. At the same time, the revenues gathered from online functions—online advertising, digital subscriptions—remain modest. However, the use of media is digitizing. For instance, reading newspapers on a mobile phone has quadrupled during the last decade from 8 % to 35 %. As of today, one-fifth of the Finnish population read newspapers on tablet. When taking into account the reading of both the printed and online versions of newspapers, newspapers reach weekly more than 90 % of Finns (The Finnish National Readership Survey, 2015).

All major newspaper publishers in Finland have domestic owners and have their roots in the newspaper business and they have been in the business for a long time. Several newspaper publishers have chosen to meet the challenges of changes in the media markets through expansion, either into other media or into new territory to strengthen their market position and revenue base. Majority of expansion has been through mergers and acquisitions with other media companies. Consequently, the regional ownership concentration levels in newspaper circulation and especially in newspaper advertising are extremely high (Björkroth & Grönlund, 2014) (see Fig. 1). According to Lehtisaari et al. (2012) the strong development of media concentration into large media groups has ensured that regional newspapers face very little competition from other newspapers and leading regional papers have enjoyed strong regional monopolies and clear market-area distributions between neighbouring newspaper companies.

There also exists a clear trend towards closer editorial co-operation both within newspaper chains and even between independent newspapers and newspaper companies. This kind of co-operation creates some convergence in terms of newspaper contents. An example of such a development is Lännen Media Oy, a joint venture that was established in 2014 by 12 regional newspapers of 6 newspaper companies in western and northern Finland. Company's joint editorial team of approximately 40 people provides domestic political, financial and societal news for the 12 participating papers. In addition, it also provides news from abroad, weekend materials, theme pages and domestic online news. The total circulation of the participating newspapers is approximately 500,000 copies. Another example of a co-operation between different newspaper companies is Jakeluyhtiö Suomi Oy. It is a national distribution company, established in the spring of 2015 by 11 Finnish media companies, which offers newspapers, business letters, magazines and parcels delivery services. The company is also actively developing new distribution services and concepts for the Finnish distribution market and currently its early-morning deliveries reach more than half of Finnish households.

The intense collaborations have been started at the beginning of the 1990s of the previous century. For instance, in 1995, Finnish newspapers established Kärkimedia Oy. It is a sales and marketing organisation representing 34 newspapers which are leaders in their market areas. As of today, Kärkimedia Oy's network also includes 4 weeklies, 34 news sites, 22 mobile sites and 18 tablets and its combined reach is approximately 3.7 million inhabitants. Another example of a jointly owned company is STT-Lehtikuva Oy, Finland's leading news- and picture agency.

The biggest player in newspaper publishing is Sanoma Oyj, one of the largest media groups in the Nordics. The company publishes over 250 magazines and several newspapers, operates six learning content development companies, several TV networks and radio stations and websites, apps and digital services. At the end of 2010, Sanoma Oyj sold all its local newspapers to Länsi-Savo Oy and in 2014 the company sold again three regional newspapers appearing in the South-East Finland to Länsi-Savo Oy. Nowadays Sanoma Oyj still publishes Helsingin Sanomat, the leading daily newspaper, national tabloid Ilta-Sanomat, free sheet Metro and online business portal Taloussanomat which started as a printed newspaper in Finland. Another dominant company in the Finnish newspaper market is Alma Media Oyj. It focuses on digital services and publishing. In 2014 the company published in total 25 newspaper and free sheet titles. In addition to news services, its products provide information related to lifestyle, career and business development. The services of

Table 1 Top 10 newspaper publishers according to circulation 2013

Publisher	Titles	Dailies	Circulation (1000)	Market share
Sanoma Oyj[a]	5	5	499	20.9
Alma Media Oyj	24	9	457	19.2
Keskisuomalainen Oyj	25	8	284	11.9
TS-Yhtymä Oy	10	2	161	6.8
Ilkka-Yhtymä Oyj	7	2	94	4.0
Viestilehdet Oy	1	–	81	3.4
Länsi-Savo Oy	12	2	79	3.3
Pohjois-Karjalan Kirjapaino Oyj	7	1	71	3.0
Kaleva Oy	1	1	70	2.9
Mediatalo ESA	2	2	61	2.6
Top 10	94	32	1856	77.9
All newspapers	183	46	2383	100

Source: Media Audit Finland, Finnish Newspapers Association
[a]In 2014 Sanoma Oyj sold its three regional 7-days a week newspapers in South-East Finland to Länsi-Savo Oy

Alma Media have expanded from Finland to the Nordic countries, the Baltics and Central Europe. After the acquisition of Suomen Lehtiyhtymä Oy in 2013 Keskisuomalainen Oyj became, measured by number of titles, the biggest publisher of newspapers and free-sheets in Finland. The company publishes seven 7-days a week newspapers, one 5-day a week newspaper, 17 local newspapers, 22 city papers and magazines and customer magazines. Keskisuomalainen Oyj also provides market research, marketing communications, prepress and an indication of services as well as printing and distribution services. Table 1 presents an overview of the largest newspaper publishers.

1.2 Television

Digital terrestrial television broadcasting started in 2001, and television broadcasting shifted completely to the digital era, when the analogue terrestrial broadcasting network was closed in August 2007. The digitalization of terrestrial television network increased channel offerings because before the digitalization there existed only four channels, two public service channels (YLE TV1 and YLE TV2), and two commercial channels (MTV3 and Nelonen) in the television market. Table 2 provides an overview of the television channels. According to the FICORA approximately half of the people in Finland watch TV at home via the terrestrial network, which reaches over 99.9 % of the population. In mainland Finland, TV channels in terrestrial TV networks are distributed in seven different multiplexes (MUX) with national or nearly national coverage. Two companies, Digita Oyj and DNA Oyj, have network licences to the multiplexes or distribution networks. In addition to national networks, there also exist regional multiplexes.

Table 2 Evolution of market share of television broadcasters (in percent)

Company	2007	2008	2009	2010	2011	2012	2013	2014
YLE	44.1	44.7	43.8	45.2	44.4	42.4	42.0	44.1
MTV/Bonnier	32.9	31.3	32.1	30.3	30.3	30.7	29.7	27.9
Nelonen Media/Sanoma	11.8	14.1	14.8	15.1	15.0	15.1	15.4	15.1
Discovery Networks Finland (before 2013 SBS)	n.a	n.a.	n.a.	n.a.	3.0	4.2	5.4	5.2
Fox (2012–)	n.a.	n.a.	n.a.	n.a.	n.a.	2.2	3.3	3.6
Other channels	12.0	10.6	7.9	7.3	7.2	5.6	4.1	4.2
Total	100	100	100	100	100	100	100	100
Minutes per day	166	177	176	178	178	183	182	184

Source: Finnpanel and YLE

Not all programme channels are available throughout the country. Broadcasting licences set requirements on how large a share of the population each programme must reach. The television broadcasts available in Åland are different from those in mainland Finland. In Åland, nine TV channels are available through two multiplexes.

All in all, a total of some 60 channels are distributed terrestrially, of which approximately 20 are free-on-air. Cable and satellite networks obviously carry a significantly larger number of channels. In 2014, Finnish households received on average 16 channels. The reach of television has fallen slightly during the 2000s. In 2014, 73 % of Finnish people watched television on an average day in comparison with 78 % in 2001. However, the reach statistics for the most popular channels have fallen much more. The reason for this lies in the increased number of channels and the growth of competition with digitalisation.

Three major broadcasters operate in terrestrial and cable television broadcasting industry: YLE (Finnish Broadcasting Company, the public service broadcaster), MTV Media (first commercial television company, owned by Swedish Bonnier Media) and Nelonen Media (a part of Sanoma Entertainment). YLE is Finland's national public service broadcasting company which operates four national television channels as well as six radio channels and services complemented by over 20 regional radio programmes. It also provides extensive and varied online selection of television and radio programmes in Yle Areena and the Yle Elävä arkisto media archive. MTV Media Oy has three nationwide free TV channels. The company's pay TV channels can be watched with the MTV Total package, which consists of various channels broadcasting sports, films, series, documentaries and children's programmes. MTV's channels can be watched online on MTV Katsomo and its C More channels' series and films can be watched through Filmnet. Nelonen Media operates four nationwide free-to-air TV channels and five pay TV channels. Its online TV site Ruutu gathers together the contents of Nelonen Media's channels and provides viewers with an opportunity to watch them on almost any terminal device. Two other operators are foreign owned Discovery Networks Finland and FOX International Channels Finland. Terrestrial television network will in 2017 switch to a greater extent to the new (DVB-T2) transmission technique, which enables the expansion of high-definition (HD) programming. At the same time the amount DVB-T programming decreases.

According to the Communications sector review of 2015 by FICORA the IPTV has been adapted fast. As of today, 12 % of households view television programmes through an IPTV subscription. According to Finnpanel's biannual study, the share of IPTV is 16 %. According to the FICORA's consumer survey, Finns view internet television in a diversified manner. Over 60 % of Finns view television programmes or videos using the services of domestic television companies, such as Katsomo or Yle Areena. More than half view videos on YouTube, and one out of four uses video-on-demand services, such as Netflix. The viewing of recordings on a digital TV receiver is still common, because over 40 % state that they view recordings. (Communications Sector Review, 2015).

1.3 Radio Broadcasting

The dominant player in the radio broadcasting market is the Finnish Broadcasting Company (YLE). It is Finland's national public broadcasting company and its channels dominate the radio market with a market share of 51 % of radio listening. YLE owns 6 nationwide channels, 26 regional windows and 2 digital (DVB) radio channels. Private radio broadcasting in Finland started in 1985 when the Council of State granted the first commercial and non-commercial licenses in addition to the existing channels of Yleisradio. The first national commercial radio, Radio Nova, was founded in 1997. It was accompanied by a group of semi-national network radio stations. As a consequence of changes in the structure of radio broadcasting, the investments started shifting from local radio stations to network radio stations. Furthermore, the emphasis of advertising has also moved from local radio markets to nationwide markets controlled by chain radio stations.

In addition to the nationwide Finnish Broadcasting Company (YLE) and Radio Nova, Finland has 11 radio networks with relatively extensive coverage. These networks reach 25–86 % of the population. Regional or local licenses have been granted to 51 radio stations. The intensity of competition is high in the major cities, where in addition to public-service radio channels 15–20 commercially financed radio stations are active in these markets.

A handful of large commercial companies—SBS Discovery Media (Discovery Communications Inc.), MTV Oy (Bonnier AB), Nelonen Media/Sanoma Media Finland (Sanoma Oyj), and NRJ Finland OY (NRJ Group)—along with several other smaller companies, account for the remaining 49 % market share. Oy Suomen Uutisradio Ab (MTV), the second largest company following YLE, has a 8 % market share of radio listening. Table 3 presents an overview of the largest radio stations for the period 2007–2014.

Table 3 Evolution of market share of channels according to the listeners (in percentage) 2007–2014

	2007	2008	2009	2010	2011	2012	2013	2014
Yle Radio1	8	8	7	7	8	7	8	7
YleX	6	5	5	4	5	5	5	5
Yle Radio Suomi	38	38	36	37	36	35	33	34
Yle Puhe			1	2	2	2	2	3
Yle Radio Vega & Yle X3M	0	0	3	3				
Yle Radio Vega					2	3	3	3
Yle X3M					1	1	1	1
Yle total	53	52	52	53	53	53	51	52
Radio Nova[b]	11	11	11	11	11	9	8	9
Suomipop	5	5	5	5	5	4	7	8
SBS-Iskelmä	8	8	8	7	7	6	6	5
Radio Rock	4	5	5	5	4	4	4	4
NRJ	3	3	3	4	4	5	4	3
The Voice	3	3	3	3	2	2	2	2
Radio Aalto	2	1	1	1	2	2	2	2
Groove FM/Loop	1	1	1	1	1	1	1	2
Radio City	n.a	n.a.	n.a.	n.a.	n.a.	1	2	2
Radio Nostalgia	n.a.	n.a.	n.a.	n.a.	n.a.	1	1	2
Classic	1	1	n.a.	n.a.	0	1	1	1
Bassoradio	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	n.a.
Other private	11	9	11	10	10	9	9	10
Nelonen Media/Sanoma/ total[c,d]			6	6	6	12	15	16
SBS/total[c,e]			12	11	10	11	10	10
Metroradio/total[c,d]			7	6	6			
Private radios, total	47	48	48	47	47	47	49	48
All radio	100	100	100	100	100	100	100	100
Average listening time, min/day	196	195	191	190	188	187	183	181

Source: Finnpanel and YLE

[a]Radio listening is measured using diaries. The annual national sample size is about 21,000 diaries. Until 2011 there was a 7 day study wave every month. The periods were selected randomly. There were 12 waves each year. From 2012 onwards there is a 7 day study wave every week and approximately 52 waves each year. The base population for KRT is 9+ years old Finnish and Swedish speaking population excluding the Åland Islands

[b]MTV Oy sold the business activities of radio station Nova and the sales and marketing functions of radio stations NRJ and Nostalgia to Bauer Media Oy in December 2015

[c]Consisting of several channels

[d]Sanoma acquired Metroradio Finland's radio channels from Communicorp Group in May 2012

[e]Bauer Media Oy, subsidiary of German Bauer Media Group, acquired SBS Discovery Radio Oy in April 2015

2 Regulations

In Finland, the Ministry of Transport and Communications is responsible for communications policy—including matters relating to information security and data protection, mass media, and postal services—while the Finnish Competition and Consumer Authority monitors mergers and acquisitions and trade practices. Finnish media legislation includes a wide range of regulations and rights, ranging from those which are embodied in the Constitution to the Communications Market Act of 2003, which in 2009 was amended to enshrine universal Internet access for all Finnish citizens. The Finnish Communications Regulatory Authority (FICORA) monitors and promotes the development of communications markets and services in the interests of the general public, business, and industry. Despite the existence of 23 separate media laws, however, there has been no special legislation on media competition, concentration, or ownership. Existing legislation is based on Finnish and EU legislation on general concentration and ownership matters in the economy. An international comparison indicates that regulation of media ownership and concentration is not particularly stringent in Finland. Foreign ownership, for example, is not a critical issue in Finland. (Björkroth & Grönlund, 2009).

The Competition Law in Finland corresponds by large to the Competition Articles in the Treaty of the Functioning of the European Union. It does not contain sections limiting concentration of ownership or control in especially in media markets. Nevertheless, the general competition law applies to the media markets. The most relevant change with regard to media (cross) ownership policy is the amendment of Competition law in line with the Government bill 88/2010, i.e. especially the principles for assessing mergers, in 2011. The amendment meant that the old merger assessment based on the so called dominance test was replaced with a test for "significant impediment to effective competition" (i.e. SIEC-test), which is considered to be in line with assessment under EU Competition Law. In the dominance test regime, the national competition authority (NCA) could block a merger or require remedies only if the merger was to create or strengthen the dominant position of some of the firms involved or of the merged entity. The threshold for intervention when using the SIEC-test is considered to be somewhat lower. The assessment now focuses on the decrease of the competitive pressure in the affected market. For unilateral effects, the metrics in the evaluation is the pressure of price increases which are based on tests well anchored in economic theory (c.f. Shapiro, 1996; Farrell & Shapiro, 2010). The likelihood of coordinated effects to occur is another reason for the NCA to intervene in a proposed merger. The methodologies in the tests applied are extended by Filistrucchi, Klein, and Michielsen (2012) to two-sided markets as well, which implies that the merger control is rather well equipped to take on merger analysis in various platform industries. With the new test in place it is fair to say that the threshold to intervene in the case of increasing market concentration as a result of mergers and acquisitions has been lowered. The effects-based analysis can be interpreted as to reflect a more strict policy against media concentration, but on the other hand effects based analysis is not constrained by structural features in the market and can put reasonable weight on analysing the claimed efficiencies of each merger at hand.

In 2013 the EU Commission launched a public consultation on suggested improvements of the EU merger control. One of the aims was to extend the scope of EU Merger Regulation to the acquisition of non-controlling minority shareholdings.[2] Subsequently the EU Commission published a White Paper on the development of merger control, restating the need to address the question of minority shareholdings and exercise of control in competing undertakings (c.f. European Commission, 2014). These lines of development are likely to influence the national legislation or guidelines regarding assessment of cross-ownership, not least in the media sector (incl. newspapers, characterized by heavily concentrated regional markets).

In many industries, including the newspaper publishing, the turnover of parties in mergers or acquisitions may not at present exceed the threshold set by the merger control. Notwithstanding, these may affect competition to a relevant extent by transfer of control or by affecting the incentives to compete. The future amendments of the Competition Act may address this issue. A probable solution could be to allow for discretion to merger control to scrutinize mergers or acquisitions where the turnover of the parties do not exceed the thresholds set in the Competition Act for merger notification.

3 Media Innovation Policies

Until 2012 the funding of public broadcasting was based on television license fees, which was based on ownership of television apparatus and collected to a separate fund. Since 2013 the funding is based on a tax (Yle-tax) levied on individuals (0.68 % of taxable income, but capped to 150 euros) and companies with a turnover exceeding 400,000 euros. The changes in the funding principles were reflected in the amendments of the Act on the functioning of Yle. A main adjustment was the extension of the definition of public services. Now the definition includes that the provision of services may occur through all general or common communication networks. This enables Yle to maintain and further develop its services in accordance with the uptake and diffusion of new communication technologies.

According to a press release of the Ministry of Transportations and Communications in March 2014, the Finnish media has not benefited from state aid to the same extent as their counterparts in other Nordic countries. While the aid amounts in Sweden, Norway and Denmark are around 50 million euros, annual state aid for media in Finland amounts to 1 % of this figure, or 500,000 euros. The Finnish media landscape experienced some major changes in the years 2010–2012. Long-standing policy according to which the newspapers were exempted from VAT (0-rate VAT) was cancelled and the implementation of the EU Postal

[2]For details see http://ec.europa.eu/competition/consultations/2013_merger_control/

Directive, the Finnish Government decreed, along the lines suggested by Pursiainen (2010, p. 6) that the distribution of newspapers and magazines should remain outside the scope of the new Postal Act of 2011.

The current situation has warranted a need to investigate how and whether the press could be supported during the transition of news media and how such a support would affect the news media markets. In a subsequent report Harpf (2014) suggests that Finland should adopt a similar model to the media support system that is in use in Denmark in order to support production and innovation. The total amount of support given was suggested to an amount of 30 million euros, of which production support (25 million euros) could be granted for example to cover up to 30 % of the production costs of journalistic content. However, this support should be granted on a fixed-term basis and it should be as neutral as possible in terms of competition.

According to Harpf (2014), innovation support should amount to 5 million euros and could be granted to development projects in the media field, such as the production development of new products and solutions. For the efficient utilisation of this support it is very important that product development is carried out as joint projects (MTC press release of March 5th and 6th 2014).

In 2014, the Minister of Education and Communications took a positive stance to the proposal on direct state aid for media. In the budgetary framework, based on the decision on central government spending limits in April 2014, 30 million euros was allocated for the innovation support for the next 3 years. This funding is intended for projects seeking to renew and develop areas of the media industry as part of the digital landscape. This innovation support is aimed at projects seeking to radically and courageously renew the whole media industry. It is not intended to breathe new life into old structures and operating models, and is instead meant to support the proactive recognition and creation of new opportunities for growth and international business development. Digitisation is one of the key themes of the funding remit. Parties wishing to apply for this funding may be existing operators in the media industry or those from outside of the media industry, who are seeking to challenge the current status quo by proposing new operating models and business visions. This funding may be used for the development of products, services, business models and operating procedures, as well as new expertise. The support is available either as a grant or a loan and it can be applied for throughout the year. The support will be administered by the Finnish Funding Agency for Innovation Tekes, which is the most important publicly funded expert organisation for financing research, development and innovation in Finland. It boosts wide-ranging innovation activities in research communities, industry and service sectors. Tekes promotes a broad-based view on innovation: besides funding technological breakthroughs, it emphasises the significance of service-related, design, business, and social innovations. Tekes works with the top innovative companies and research units in Finland. Every year, it finances some 1500 business research and development projects, and almost 600 public research projects at universities, research institutes and universities of applied sciences. Research, development and innovation funding is targeted to projects that create in the long-term the greatest benefits for the economy and society. Tekes does not derive any financial profit from its activities, nor claim any intellectual proprietary rights. According to a press release of MTC on October 8th 2014, Minister of Education and Communications Krista Kiuru has stated that "Innovativeness will be the most important criterion for granting of support. Of course innovativeness is something that can in itself be interpreted in numerous ways. However, the goal is not to set a strict framework, but rather to enable different kinds of creative media sector services and solutions". The goal is not to limit the use of the support to, for example, only certain types of media or a particular technological solution. The support is technologically neutral, but still such that the project must be implemented in a digital environment. Total amount of innovation funding for media developments for years 2015 and 2016 is 19 million euros. By the autumn of 2015 around 40 projects have received funding.

The granting of subsidies is decided by the Government as proposed by the Ministry of Transport and Communications. Discretionary subsidies may be granted to newspapers published in national minority languages and to corresponding online publications, as well as to supplements of existing papers in minority languages. Subsidies are also granted to Swedish-language news services. The total amount of subsidies for printed media remains at 500,000 euros.

Furthermore, the Next Media research programme was launched to trigger innovation. Its aimed at innovations in media experience, in new business models, concepts and technology. This programme ended at the end of 2014. The main objective of the programme was to renew the business environment of the media sector by breaking the limits of media content and changing the way it is created, configured, serviced and consumed. A Strategic Research Agenda was made by companies and research institutes to form a common basis for planning of the programme and case projects. The programme was part of the ICT cluster of the Finnish Strategic Centres for Science, Technology and Innovation (ICT SHOK) coordinated by DIGILE Ltd. Next Media programme was financed by Tekes. The key figures of the Next Media Programme are presented in Table 4.

Table 4 Key figures of the Next Media project (amounts are in million euros)

	2010	2011	2012	2013
Number of companies	44	57	54	49
Number of research organizations	8	8	8	6
Number of person years	58	82	84	76
Total costs of the project	6.9	9	10	8
Tekes funding[a]	3.8	5	5.5	4.5

[a]Tekes covers only part of the project's costs, so the company must be able to arrange its own share of the required funding throughout the project. The company's own share of the funding may come from its business income, investment gains or loans granted by private funding sources

4 Summary and Best Practices

Newspaper publishers have chosen to meet the challenge of changes in the newspaper market through expansion, either into newspaper market, other news media markets or into new territory to strengthen their market position and revenue base. As a result of both consolidation and organic growth, the regional ownership concentration levels in newspaper circulation and especially in newspaper advertising are extremely high. Such a development has been accompanied by a trend towards closer editorial co-operation both within newspaper chains and even between independent newspapers and newspaper companies.

Despite the existence of numerous media laws, media competition and concentration of ownership are scrutinized against general competition law, which has to a large extent been in line with EU Competition Law.

Recent alterations in the Competition Act have strengthened this convergence, as the dominance standard was replaced by the SIEC test in merger control. Consequently, it is fair to say that the threshold to intervene in the case of increasing market concentration as a result of mergers and acquisitions has been lowered. The effects-based analysis can be interpreted as a more strict policy against media concentration, but effects-based analysis is not constrained by structural features only and can put reasonable weight on analysing the market dynamics and claimed efficiencies of each merger at hand.

It remains to be seen to what extent the planned changes in EU Merger Regulation regarding to the acquisition of non-controlling minority shareholdings will be included in the national Competition Act. It is likely that the control of cross-ownership might become stricter.

Digitalisation and change in media consumption habits has put traditional media under pressure. Consequently, the political process has taken an initiative to enhance the possibilities of the media to adapt to the increasing degree of digitalisation. By promoting the development of broadband uptake, both fixed and mobile, and to provide strong incentives for firms to exploit and adapt to the new trends.

In the recent budgetary framework, based on decision on central government spending limits in April 2014, 30 million euros was allocated to the innovation support during years 2014–2016. The support represents temporary transition assistance, which will be administered by Tekes, the Finnish Funding Agency for Innovation. The support is technologically neutral, but still such that the project must be implemented in a digital environment. The goal is to promote in particular the creation of media sector services and solutions aimed at the Finnish public. However, at this moment much of the media innovation fund is going unclaimed because it requires investment by the media companies as well and few apparently want or are able to.

5 Innovation Policy Recommendations

In the Finnish economy as a whole the focus is set on stimulating growth by improving the competitiveness and stimulating domestic market competition. Needless to say, both of these are related to innovations and to the capacity of the economy to continuously reform. As for other sectors, the innovation policy recommendations for the Finnish media sector are intertwined with many interdependent policy sectors. Consequently, the recommendations having been put forward offer a mix of policy measures that to some extent rely on the undistorted functioning of markets (in enabling needed restructuring) but also on active public sector measures (tax policy and subsidies) to incentivize investment, innovation and adoption of new business and consumption models.

A report published by Ministry of the Employment and the Economy (MEE) in 2014 (Argillander, Martikainen, & Muikku, 2014) recognizes and restates the principles present in the Government programme that effective competition and a renewal of existing structures may serve as a prerequisite for sustainable future competitiveness and growth of, as well as, employment in the news media industries. In essence, such a view seems to underline that the mechanism of Schumpeterian creative destruction is a prerequisite for a productivity enhancing reform, making the media industries no different from other industries. This is in line with the empirical evidence from the Finnish business sector as a whole. According to Maliranta, Rouvinen, and Ylä-Anttila (2010) entry, exit, and resource reallocation among continuing plants explain about one third of the overall productivity growth in Finnish manufacturing since 1975 as a whole and, virtually all of the productivity acceleration since 1985. In this context lessons may also be drawn from the recent empirical findings by Correa and Ornaghi (2014) that suggest that there is a positive monotonic relationship between competition and innovation, and hence their results cast doubts on the existence of the widely accepted inverted-U relationship between competition and innovation especially in markets with well-defined intellectual property rights.

5.1 Incentives of Supply and Demand

Due to the complexity of the creative and risk taking processes, it may be difficult to shape or pinpoint the policy measures capable of triggering eligible radical innovations in the media sector. However, an enhanced focus on policies that facilitate or incentivize innovative activities in general may be sufficient.

The recommendations provided by Argillander et al. (2014) focus on how to redirect public subsidies to incentivize radical innovations, encourage investments in knowledge and to foster international business models based on ecosystems. It is a matter of judgement whether such a policy should be allowed to favour the small and medium sized enterprises (SMEs), but it seems that a prerequisite for public support to large firms should be that they will act, together or in cooperation with the public sector, as engines or catalysts in the general development of the industries and creation of competitive ecosystems.

Fiscal policy has been used to incentivize investments in R&D and in human capital. With the playing field now more levelled between new and traditional news media given the fact that traditional newspapers are also now subjected to VAT, the pendulum of politics now seems to be in favour of digital media. Again, from the perspective of a level playing field between different media, it is interesting to read recommendations suggesting tax reliefs to promote digital economy. Transitory VAT reductions are recommended to foster the demand of digital media and hence incentivize the growth of SMEs. But such subsidies may distort markets, and therefore such normative standpoints taken in the policy process may come at some welfare cost. On the other hand, such recommendations may be about correcting for the past distortions of demand patterns in favour of printed media, because only the digital media has until recently been subjected to VAT. From a theoretical perspective such a policy may result in demand induced changes in the media sector. However, empirical evidence on this is scarce and with persistent consumption habits, the introduction of VAT to daily newspapers and periodicals does not necessarily generate any dramatic demand shifts.

One could also critically assess the recommendation put forward by Argillander et al. (2014) that especially the SMEs should be in focus when the Ministry of the Employment and the Economy (MEE) provides subsidies and its services to the industry, with an underlying aim to promote an early internationalization of firms. The inherent danger herein is on one hand the promotion of excessive or inefficient entry, and on the other hand to excessively interfere with the exit process. The (news) media industry is no exception in this regard. A similar caution is demanded if the political process complies with the recommendation to provide tax incentives in order to boost investments in start-up firms.

Summing up, the recommendations provided to MEE reflect quite a strong reliance on the virtuous effects of subsidies and publicly funded services, and on the active allocation of these within the sector. They are founded on a confidence in the ability of smaller, preferably international and growing firms to be more able to generate the needed radical innovations.

Coordination between the different policy areas may be a precondition for reaching a desired outcome in the (news) media industry as well. According to Maliranta et al. (2010) there is evidence that suggests that innovation policy has had a significant independent and positive impact on productivity growth, although deregulation and liberalisation as well as both domestic and foreign competition seem to have been necessary preconditions for it to materialize.

5.2 Promoting Digitalization

How can we overcome the obstacles or trigger innovation and to reshape existing business models? And how can the media sector restructure its production into efficient ecosystems? Moreover, there is unused potential regarding the effective use and administration of the intellectual property rights, which may constitute a bottleneck for the development of news media industries.

Sufficient and interconnected infrastructure together with a propensity to adopt new consumption models are critical element for the development of digital industries. Although the digital infrastructure and the use of ICT in everyday processes are at a satisfactory level in Finland, there are recognized weaknesses affecting the Finnish (news) media markets that require attention. Notwithstanding, more emphasis is proposed on digital services, the infrastructure needed for especially mobile services, and the ways to boost both the demand and investments therein. Maybe more importantly, the use and development of digital services should not be constrained to the business community, but rather be a conscious strategy of the public sector as well. Such an approach is anticipated to foster a continuing development and competitiveness of the industries related to network and data security (Argillander et al., 2014). If successful, the externalities of this development are likely to influence the media industries, and especially the news media. This development facilitates improved levels of service, flow of information and supports the creation of new business models.

5.3 International Competition and IPRs

As for many other industries, there is scope to improve the international competitiveness of the news media industry. An important attempt to facilitate the growth and integration of the European media markets that supports many of the goals set out for the media sector, is the digital single market strategy (DSM-strategy) launched by the European Commission (2015). It consists of three pillars, of which the first pillar is about providing better access for consumers and businesses to digital goods and services across Europe. Furthermore, it also aims to create a modern, more European copyright law. The first legislative proposals are developed, in order to reduce the differences between national copyright regimes and allow for wider online access to works across the EU. Another aim is to improve consumers' access to cultural content online, which should facilitate new opportunities for creators and the (news) media industry. This seems likely to succeed in the large European media markets, but it is difficult to estimate to what extent this will materialize or be more challenging in smaller national markets with an minority language, e.g. in the Nordic countries.

The convergence of national copyright laws and establishment of a free movement of these inputs are important goals. Production based on utilization of well-defined IPR-related inputs can possess a strong growth potential to be unleashed. There seems to be an explicit need to reshape the regulatory framework to support and facilitate a more streamlined utilization of essential IPR-related inputs. A particular kind of regulatory framework should be developed to enable the working of a market mechanism. This framework should balance between the sound protection of property rights and an efficient use of IPR—related inputs, not only for news media, but for the media overall.

The digital single market (DSM) strategy provides a number of opportunities. In the case it will facilitate a more flexible use of inputs with better defined IPRs, it should be left for the market to select those inputs to react quickly enough to survive in the competition. If it proceeds according to the plans, the DSM-strategy will set the stage, although it remains to be seen whether countries have the courage to let their relevant sectors be subjected to not only to domestic competition, but exposing them to international competition as well.

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Market Structure and Innovation Policies in France

Matthieu Lardeau

1 Market Structure and Media Ownership

The news media industry in France has a long tradition. Le Mercure François is known as the first news review. It started to appear in 1611. In 1631, Théophraste Renaudot launched the first periodical paper, La Gazette. The first daily newspaper appeared in 1777: Le Journal de Paris. In 1830s, France became known as one of the three pioneers of the modern daily press in Europe. At that time, the newspaper industry was very innovative. For instance, the French penny press based on a new business model was introduced by journalist entrepreneurs Emile de Girardin and Armand Dutacq. They founded La Presse and Le Siècle in June and July 1836 respectively. These mass newspapers offered a content mixing news, roman-feuilleton and commercials. Due to the mass production, they could offer a lower subscription price (Eveno, 2003). In 1863, Moïse Millaud launched Le Petit Journal. It used an innovative business model based on the use of modern printing machine (de la Motte and Przyblyski, 1999). In the turmoil after World War II (1944–1947), the evolution of the printed press was influenced by the intervention of the French government. The government decided to set conditions on the structure of the newspaper market with strong constraints.

Although France played an important role in the development of the press and freedom of the press for centuries, it does not have a leading position anymore. France is ranked 38th in the world regarding the press freedom index (Reporters Sans Frontières, 2015). The main reason for this position is that France does not provide effective protection for the confidentiality of journalists' sources.

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The consumption of news media has gradually increased in France in the last two decades (Médiamétrie, 2014). In 2014, 86.6 % of French population watched daily television (compared to 85.7 % in 2004 and 89.3 % in 2009) through all different devices (TV set, computer, tablet, mobile phones). They watched daily television on average 3 h and 41 min. On average each household was equipped with 6.5 screens (TV set, computer, mobile phone, tablet). 30 % of households (6.4 million) were equipped with TV set, tablet, and laptop. 43.3 million people in France listen daily on average 3 h to at least a radio channel. Internet has also become popular. Around 80 % of France inhabitants (43.5 million) are Internet-users and 23 million spend on average 1 h and 16 min each day on Internet.

Since 2010 the news media landscape has dramatically changed in France. Less and less families own and run the newspapers they launched many decades ago. In 2010, the group Le Monde was acquired by a trio of French billionaires: Xavier Niel who is a technology and media entrepreneur, the founder of Iliad, an (Benyahia-Kouider, 2011) Internet access service provider and telecommunications services; Pierre Bergé, the partner of fashion mogul Yves Saint-Laurent and who is the founder and investor of left-wing magazines (Globe to support François Mitterrand, Courrier International) and gay magazine (Tetu); Matthieu Pigasse, the vice-president of the investment bank Lazard in Europe and owner of the cultural magazine Les Inrockuptibles and the radio broadcaster Nova. The change in the shareholding structure of Le Monde is substantial. Since the creation of the most respected French daily in 1944, it has been run by its journalists, in particular by the Société des Rédacteurs du Monde (SRM) since 1951. In 2010, when the trio of tycoons (Bergé-Niel-Pigasse) made a financial takeover of Le Monde to save it from bankruptcy by acquiring more than 60 % of share capital, the SRM was not part of the directing board anymore. In December 2015 the group Le Monde expressed an interest in buying LCI, the 24-h news TV channel owned by group TF1.

Another entrepreneur Vincent Bolloré became active in the French media market in 2005 by creating the TV channel Direct 8. He also launched the free daily newspaper group Direct Matin in 2007. In 2015, Bolloré takes a control share of 60 % in Havas, one of the largest global communication consultancy groups. In the last decade the Bolloré group, a paper-energy-plantations-logistics conglomerate, became the first shareholder of the Vivendi group (TV channels Canal+ and itélé). Patrick Drahi, the founder of a Luxemburg-based group Altice operating in telecommunications (SFR-Numericable and Virgin Mobile) has also started to invest in news media markets. In 2014, he acquired the left-wing socialist newspaper Libération, the group and newsmagazine L'Express and the group NextRadioTV. In 2015, Altice Media had a 300 million euros turnover. In October 2015, another wealthy businessman (P. Drahi) became the main shareholder of Liberation and Le Parisien and Aujourd'hui en France were sold for 500 million euros by the Amaury family group to LVMH Médias (B. Arnault) that already owns Les Echos. The newspaper Le Figaro is controlled by the weapons' and aerospace equipment group Dassault since 2004.

Only the communist daily L'Humanité, the new-launched conservative daily L'Opinion and the far-right newspaper Présent do not belong to holdings or conglomerates as well as the sports daily L'Equipe that is held by Amaury, a family-owned publishing company. The catholic daily La Croix is the flagship paper of Bayard, a media and publishing group.

In terms of turnover (source: company websites), four big private media companies have been emerged in France. Canal Plus (held by the group Vivendi run by the mogul Vincent Bolloré) that only operates in the television market with four TV channels: Canal+, itélé, D8 and D17 (turnover of 2.7 billion euros in 2015); the German media company Bertelsmann that owns TV channels (M6), radio broadcast (RTL) and magazine press (Prisma) (turnover of 2.4 billion euros in 2015); the third company is Groupe TF1 (owned by Bouygues). It operates TV channels (TF1, LCI) and one free daily (Metro) (turnover of 1.6 billion euros in 2015). The fourth largest company is Lagardère Active that operates in all media markets (TV, radio, press, Internet) (turnover of 958 million euros in 2015). Table 1 shows the ownership of the most important media groups in the news media markets in France.

1.1 Newspapers

In the first semester of 2015, 3403 press outlets edited by French editors have been issued in France (loss of 4.5 % compared to 2014) split into 76 newspapers titles and 3358 magazines titles. The overall turnover of French print press is declining year after year: a loss of 6.46 % between 2012 and 2013 and 4.24 % between 2013 and 2014 (Ministère de la Culture et de la Communication, 2016). The newspaper market lost more than 2 billion euros of advertising revenues between 2006 and 2014. The turnover for 2014 was 7.81 billion euros (a loss of 4.2 % compared to 2013). Actually, the total turnover declines year after year since 2007. The turnover is composed of two-third from mainly subscription and one third from advertising revenues.

Hence, the French daily newspaper market is characterized by the following trends: a constant decline of advertising revenues (that mainly migrate to Internet sites) and readership. As a consequence, the copy selling price of newspapers increased and their (Albert and Sonnac, 2015) newsrooms had to downsize (through numerous lay-offs and predominance given to work with freelance journalists). Table 2 shows the decline of overall circulation of newspapers since 1946 with some exceptions for a few dailies.

The regional newspaper market also shows an increase in concentration. Historically, almost all 22 French metropolitan regions have been dominated by one regional independent newspaper (with one edition dedicated to each county). In the last two decades, this market is driven by a huge ownership reconfiguration through mergers and acquisitions in favor of most profitable regional press groups. As of today, the company EBRA (owned by the bank Crédit Mutuel) covers the north-east of France, La Dépêche and Sud Ouest share the South West market, Ouest-France rules the West region, and group La Voix (owned by the Belgian media holding Rossel) dominates the North and Centre-France controls the center of France.

In the newspaper market the latest innovation was the launch of free dailies (after their inception in Sweden and Norway in 1997): in 2002, 20 Minutes and

Table 1 An overview of the largest media groups in France in 2015

Group (ownership)	Turnover in euros[a]	TV	Radio	Print press	Internet[b]
French State	3.9 billion (2014)	France TV group: 6 channels + LCP, Public Sénat, France 24, TV5 Monde, ARTE (50 %)	Radio France group: 7 + RFI, Monte Carlo Doualiya	/	Ina.fr
Canal+ (Vivendi/V. Bolloré)	2.7 billion	Canal+, Itélé, D8, D17	/	Direct Matin Direct Sport	
RTL (Bertelsmann)	2.4 billion	8 incl. M6, W9, 6ter, Paris Première	3: RTL, RTL2, Fun	Prisma Media group (19 magazines incl. Geo, Capital, Voici, VSD)	
TF1 (Bouygues)	1.6 billion	9 incl. TF1, LCI, TMC, NT1, HD1, Histoire	/	/	metronews.fr
Lagardère Active (Lagardère)	958 million	11 incl. 2 children TV (Gulli, TiJi), 6 music TV	3: Europe 1, Virgin, RFM	1 newspaper: Journal du Dimanche + 13 magazines incl. Elle, Paris Match	15 sites incl. Newsweb Doctissimo Psychologies
LVMH Media (LVMH/B. Arnault)	500 million	/	Radio Classique	Les Echos, Le Parisien, Aujourd'hui en France, Investir	
Le Figaro (Dassault Media)	500 million	/	/	Le Figaro	CCM Benchmark
Amaury (Amaury family)	440 million	1: L'Equipe 21	/	1 daily: L'Equipe + 5 sports magazines	
La Vie-Le Monde (P. Bergé, X. Niel, M. Pigasse)	400 million	/	/	Le Monde, Télérama, L'Obs, Courrier international, Le Monde diplomatique, la Vie	Rue89

(continued)

Table 1 (continued)

Group (ownership)	Turnover in euros[a]	TV	Radio	Print press	Internet[b]
Bayard (Augustinians of the Assumption)	353 million	/	/	1 daily: La Croix + numerous magazines	
Altice Média Group (P. Drahi)	300 million	8	/	1 daily: Libération (50 %) + 20 magazines incl. L'Express	
NextRadio TV (A. Weill)	195 million	5: BFM TV, BFM Business, RMC découvertes, RMC TV, Numéro 23	2: RMC (99.9 %), BFM business radio	/	8 sites incl. 01net
Mondadori France (S. Berlusconi)	167 million	/	/	31 magazines	
Artémis (F. Pinault)	85 million	/	/	Le Point, L'Agefi hebdo, l'Agefi actifs	

[a]http://www.la-croix.com/Actualite/Economie-Entreprises/Economie/La-transformation-numerique-accroit-la-concentration-des-medias-2015-12-06-1389316
[b]Not including the websites of TV, radio, and press outlets

Metro (closed down in 2015) and in 2006 Direct Matin and Direct Soir (closed down in 2010). However in 1994, the inception of the daily InfoMatin appeared as a business and editorial innovation: the content offered a mix of hard and soft news through shorter articles than the other dailies and with a selling price half of the competitors. In 1996, it had to close down due to the inability to reach break-even, however InfoMatin can be seen as a forerunner of 20 Minutes and Metro. Although numerous dailies (national and regional) closed down during the latest decades due to precisely a lack of innovation of their business model and/or editorial content, new national dailies were established in this period. These newspapers are Libération (1973), Le Quotidien de Paris (1974–1996), Le Matin de Paris (1977–1987), J'informe (09–12.1977), Présent in 1982, Aujourd'hui en France in 1996, and L'Opinion in 2013. Table 3 presents an overview of the national daily newspapers in France in 2015.

An interesting and recent innovation in the French print press pertains to the new segment of "mooks" (a word mixing magazine and book). Mooks are periodical review (mostly quarterly) that mix features of magazines and books. The first mook, the quarterly XXI, was created in France in 2008. It offers innovation in delivering a new kind of journalism through very long form papers, new kind of journalism

Table 2 An overview of the total number of and overall circulation of daily newspapers in France

	National daily newspapers		Local daily newspapers		Overall paid-for newspapers		Free daily newspapers		Overall French newspapers	
	No. of outlets	Overall circulation	No. of outlets	Overall circ.	No. of outlets	Overall circ.	No. of outlets	Overall circ.	No. of outlets	Overall circ.
1945	26	4606	153	7532	179	12,138	0	–	179	12,138
1946	28	5959	175	9165	203	15,124	0	–	203	15,124
1947	17	4702	161	8165	180	12,867	0	–	180	12,867
1950	16	3678	126	7256	142	10,934	0	–	142	10,934
1960	13	4185	98	7170	111	11,355	0	–	111	11,355
1970	13	4278	81	7587	94	11,865	0	–	94	11,865
1980	12	2913	73	7535	85	10,448	0	–	85	10,448
1990	11	2741	62	7010	73	9751	0	–	73	9751
2002	10	2194	57	5714	67	7545	3	140	69	9089
2012	8	1597	56	5537	64	7134	14	2659	78	9793
2014	9	1357	55	4980	64	6337	12	2517	76	8854

Source: Direction générale des médias et des industries culturelles (DGMIC): average daily circulation in thousands, as noted by the OJD or claimed by the editors each June (Ministère de la Culture et de la Communication, 2016)

Table 3 An overview of the national daily newspapers in France[a]

Newspaper (year of launch)	1981	2000	2007	2012	2014
Le Figaro (1854)	336	368	327	323	311
La Croix (1883)	118	90	97	94	104
L'humanité (1904)	141	55	51	44	40
Les Echos (1908)	67	154	119	122	128
Le Monde (1944)	439	402	317	288	297
Le Parisien (1944)	343	492	336	274	237
L'équipe (1946)	223	401	323	275	255
Libération (1973)	70 (est.)	171	132	119	97
Présent (1982)	/	n.a.	8 (est.)	n.a.	n.a.
Aujourd'hui en France (1996)	/	131	187	179	152
20 minutes (2002)	/	/	718	957	968
Direct Matin (2006)	/	/		910	904
L'opinion (2013)	/	/	/	/	35

Source: Direction générale des médias et des industries culturelles (DGMIC): average daily circulation in thousands, as noted by the OJD or claimed by the editors each June (Ministère de la Culture et de la Communication, 2016)
[a]This table made by the DGMIC doesn't integrate the national daily far-right newspaper, *Présent*, launched in 1982, that only publish five issues a week

mixing literary and investigative, journalism through comics, etc. The creators of XXI acted as entrepreneurs or intrapreneurs. The primary idea came from the market and behavior of readers and expectations. With the development of this mook, the creators referred to the essence of journalism in order to base their project on the substance of journalism, and finally they defined a compliant business model (Lardeau, 2013).

Not surprisingly the online news press market is flourishing for about one decade. Many news websites have been launched although they do not rely on innovation spirit and initiative. A major exception was the launch of mediapart.fr in 2008. Created by veteran journalists who leaved the old daily press and created a distinctive editorial and online business model. The content covers only hard news mainly through investigative journalism and access of content offered by journalists are subject to subscription and content offered by citizens is for free. In return mediapart.fr is refusing any kind of commercials or advertising revenues. The organization was profitable in less than 4 years. Mediapart.fr is one of the few subscription news websites that survives in a market highly dominated by news providers relying on a basic business model with editorial content for free and revenues coming from advertising content and commercials.

1.2 Television

The first TV station in France was launched in 1931. During the following decades the television market gradually grew through the increasing number of TV set in households and the number of TV channels. In 1949, only 297 households had a TV set and only one TV channel was allowed to operate on the television market. This TV channel was owned by the French government. In 1965, 40 % of French people had a TV set to watch two State-owned channels. The first major turn took place in 1975 when the President of the French Republic, V. Giscard d'Estaing, broke the State monopoly and allowed the creation of a third channel. A second major turn appeared in the 1980s when private channels were allowed to enter the market (Canal+ (the first pay-per-view TV station launched in 1984), M6, La Cinq) and a public one, ARTE (1992) in association with the German State. The aim of ARTE was to promote a common culture.

In the last two decades, the television landscape in France changed significantly (Gabszewicz and Sonnac, 2010) and became less concentrated. Until the beginning of 2000, the French households had only access for-free to less than 10 national TV channels. The Digital terrestrial television (Télévision Numérique Terrestre, TNT) has been launched in March 2005: this system then offers 14 TV channels including 5 new ones. In 2015, France's TNT offers 25 free national channels and 9 pay channels, plus up to 4 local free channels.

The different channels cover three traditional categories of business models: public (financed by public taxes: all the channels of France TV group), private for free (predominantly financed by the advertising and commercials) and private pay-TV (Canal+ that offers free programs although many of them require a subscription, and all the TV channels included the subscription television packages via satellite).

The French TV market is dominated by four major media companies. The State-owned group, France Television (turnover: 2.96 billion euros in 2013) operates five channels in 2015 that all are available for free and financed by public taxes. The other three companies are private. TF1, the largest European private TV channel, is the main TV channel of group Bouygues, an international large industrial holding primarily operating in construction, real estate development, and it has also business in telecoms and media (turnover of TF1 group: 2.470 billion euros in 2013). RTL group is a leading European entertainment company that runs M6 Group (turnover: 1.38 billion euros in 2013) in France whose TV flagship is M6. Canal+ group (turnover: 1.88 billion euros in 2013) includes four TV channels (Canal+, D8, D17, itélé) and its holding company, Vivendi, has been led since June 2014 by Vincent Bolloré, a French major moguls. The Table 4 presents an overview of the market shares and audience of the main broadcasters in France.

Table 4 An overview of the market share of national TV channels in France in 2015

Group	TV channel	Market share (%)	Audience
General news			
TF1/Bouygues (p)	TF1	21.4	53,994
France TV (P)	France 2	14.4	51,108
M6/RTL (p)	M6	10.1	50,858
France TV (P)	France 3	9.1	50,549
Vivendi/Bolloré (p)	D8	3.4	42,520
France TV (P)	France 5	3.3	42,723
Vivendi/Bolloré (p)	Canal+	2.5	33,006
France & Germany States (P)	ARTE	2.2	39,529
France TV (P)	France 4	1.8	38,331
Breaking news channels			
News Participation (p)	BFM TV	2.0	32,784
Vivendi/Bolloré (p)	i>télé	0.9	27,762
Sports channel			
Amaury/LVMH (p)	L'Equipe 21	0.6	21,087

Source: Enquête Médiamat mensuel, septembre 2015, (Médiamétrie, 2015a)
P public, State-owned; *p* private, commercial

1.3 Radio Broadcasting

The French radio broadcasting landscape can be categorized based on the nature of ownership (State-owned, commercial and community) and the scope of audience (national vs. regional/local). Between April and June 2015, 81.1 % of teenagers and adults in France listened to at least one radio station each week-day. On average 67.2 % of the audience listens to commercial stations, 24.3 % listens to state-owned stations, 2.3 % listens community stations and 4.6 % listens to others (Médiamétrie, 2015b). Regarding the nature of programs, 40.6 % of the audience listens to music radios, 37.6 % to general programs (news and entertainment), 20.2 % to local programs and 12.4 % to thematic programs (cultural programs, breaking news, classical music). French teenagers and adults use to listen to the radio on average 3 h a week-day and most of them listen to more than one radio station during a day.

At national level two NRJ and RTL compete with each other. Launched in 1981, NRJ (NRJ group) is the leading music radio station for young people (teenagers and young adults) and the most popular radio station (9.2 % of "audience cumulée (AC)[1]"). RTL, a French commercial radio network owned by the Luxembourgish RTL group, is the leading national commercial and news station that offers news,

[1]One of the three main indicators of radio (and TV) audience in France measured by Médiamétrie is the "audience cumulée" that measures the percentage of over 13 years-old people living in France who listen the radio channel at least once the previous day. The second indicator is the average listening time of a radio (or TV) channel a day by a listener ("durée d'écoute par auditeur"). The third indicator is the regular market share ("part d'audience").

talk and entertainment programs. RTL is the second most listened radio station in France (8.7 % of "AC").

State-owned radio stations belong to the group Radio France. Its nationwide stations cover general news (France Inter), 24-h breaking news (France Info), culture (France Culture), classical music (France Musique), jazz music (FIP), pop music and youth (le Mouv'). In addition, Paris-based RFI covers international news through its worldwide correspondents in 13 different languages.

At local level the main radio stations are the local France Bleu stations and a wide range of community and commercial radio stations that mainly broadcast music programs (FM stations). The France Bleu network runs local stations covering local news.

The radio broadcasting market has a dual market structure. It is limited concentrated at the local level but quite concentrated at the national level, except from the public sector that is only covered by Radio France, the State-owned radio stations group (turnover: 645.5 million euros in 2014). However most of commercial radio channels belong to media or non-media groups that also own other media outlets (TV, newspapers, magazines and online media): For instance, RTL group runs RTL, and two music commercial channels: RTL2 and Fun Radio. Lagardère Active operates three radio channels: Europe1 and two music commercial radios: RFM and Virgin Radio. NextRadioTV owns RMC and BFM radio. This group founded and directed by Alain Weill has been included in the News Participation holding—co chaired by A. Weill and P. Drahi—in July 2015. Table 5 presents an overview of the main radio stations and the audience share, average listening time a day and market share.

2 Regulations

In the last decades, France had different rules and laws designed to constrain and limit cross-ownership in the news media markets. The claim of the legislation was to protect news media pluralism of political ideas, outlets and firms, and limit the power of big media companies in the news media markets. The interventionist legislation is rooted in the substantive role historically played by the French State in the different news media markets. In 1944–1945 the French State ensured pluralism of opinions and free competition in the national and political newspaper market, but at the same time public authorities did not break down the nascent monopolies in each region that contradict pluralism of opinions and free competition in the daily newspaper market.

The State and its numerous controlled or dependent agencies were supposed to guarantee the independence of media and pluralism. The structure of the news media markets have been influenced by the French State and its organizations (Charon, 1991; de Tarlé, 1980; Freiberg, 1981). For instance, the Direction Générale des Médias et des Industries Culturelles (DGMIC), an agency of the Ministry of Culture and Communication, is partly dedicated to monitor the

Table 5 An overview of the leading radio stations in France in 2015

Group	Radio station	AC in percent	DEA (h/min)	Market share in percent
General programs		30.7	2 h 20	40.4
RTL (p)	RTL	8.9	2 h 18	11.4
Radio France (P)	France Inter	7.8	2 h 07	9.3
Lagardère (p)	Europe 1	7.6	1 h 52	7.9
Radio France (P)	France Bleu	6.0	2 h 13	7.5
NextRadioTV (p)	RMC	4.6	1 h 38	4.2
Music programs		31.8	1 h 46	31.6
NRJ Group (p)	NRJ	9.2	1 h 23	7.2
Nakama (p)	Sky Rock	5.3	1 h 22	4.1
Topical programs		10.1	1 h 37	9.1
Radio France (P)	France Info	5.7	0 h 57	3.1
Les Echos-LVMH (p)	Radio Classique	2.0	2 h 06	2.4
Radio France (P)	France Culture	1.8	1 h 59	2.1
Radio France (P)	France Musique	1.2	1 h 39	1.1
Local and community programs (691 radio stations)		15.6	1 h 46	15.6

Source: Enquête Médiamétrie 126.000 radio, avril–juin 2015, (Médiamétrie, 2015b)
P public, State-owned; *p* private, commercial

allowance of numerous and substantial public subsidies to newspapers and magazines (Lardeau and Le Floch, 2014). Companies can enter with no restrictions the newspaper market although economic barriers are high in this market. However the law of 23 October 1984 (modified by the law of 28 November 1986) puts two main limits on free entry: one press group (1) cannot control more than 30 % of the total circulation of newspapers and (2) cannot be the major shareholder of media firms in more than two of the following media markets (newspaper, radio broadcasting, terrestrial TV, cable TV). Actually this law has never limited nor blocked the process of concentration in the regional newspapers market or media cross-ownership across the different news media markets.

However, the television and radio broadcasting markets are more regulated. Broadcasting companies or stations need a license to operate in these markets. The Conseil Supérieur de l'Audiovisuel (CSA) decides whether a company or station can receive a license. One of the main activities of CSA is to allocate frequencies to TV and radio operators and to limit the number of frequencies. A broadcast company or station should fulfill three conditions before a license will be provided by the CSA. The first condition to launch a radio station (nationwide or FM) is that a frequency has to be vacant and on the market. The second condition is that the project has to be compliant with specific requirements defined by the CSA and finally the station has to win the competition for the license set by the CSA.

Therefore, the number of television and radio broadcasting stations are limited in France. Furthermore, the CSA can limit the cross-ownership in the both markets.

Although the intentions and actions of the French government and Parliament are to limit concentration in the news media markets, they failed to successfully implement the intentions and actions (Charon, 1991; Eveno, 2003; Lardeau and Le Floch, 2014; Le Floch and Sonnac, 2005). It is even expected that news media concentration is going to advance in the coming years. The first reason is that political parties and representatives prefer to ensure their personal and professional interests, relationships with managers and owners of media and journalists (Kuhn, 1995). Secondly, they claim that some ownership concentration in a news market or media cross-ownership is allowed to increase survival chances of media.

3 Media Innovation Policies

In the nineteenth century, the French news media sector was one of the most innovative industries in the world. In the last decades, the news media companies are failing to demonstrate a clear vision and capabilities to innovate, although for many years the French State and governments—and their associated bodies—have been implementing innovation policies in the news media markets. Nowadays, the French news media sector is not infused nor formed by innovation spirit or initiative. The French State and public authorities that play a pivotal role in this sector never acted to promote, support or carry on innovation. They did not clearly defined "the rationales and objectives of policy intervention to support innovation, as well as the policy instruments used" (Innovation Policy Platform, 2016); nor did the news media companies and knowledge institutions such as universities and research centers.

De facto media companies and people in France are not focused on innovation in terms of editorial, business or technology issues. As a consequence, innovation journalism and even entrepreneurial journalism are left behind in France (Lardeau, 2009). Innovation Journalism refers to journalism focused on media practices that trigger and generate innovation in journalism practices and references (Nordfors, 2004). Entrepreneurial Journalism refers to journalists or media individuals who create from scratch new jobs or media organizations in journalism, marketing and business, organization design, etc. Both types of innovations require that journalists and media people "think out of the box" and challenge the taken for granted ideas, practices and references in order to make effective change and innovation in journalism and news media sector.

Due to the lack of innovation spirit and initiatives in the news media landscape, former President of the Republic Nicolas Sarkozy pledged to help the sector (600 million euros for 3 years) in initiating the "Etats généraux de la presse" in 2009. This so-called national press conference was assigned two goals. The first goal was to initiate debates among the journalism profession on how to promote and make effective editorial, technological, and business innovations in order to stop the decline of readership of newspapers and keep the press alive, pluralistic, and independent. The second goal was to survey the sophisticated system of State financial aid for newspapers and to come with recommendations to make the system more simple and efficient. Furthermore, the national press conference supported newspaper companies to get through the financial crisis and to refine their business model in a more sustainable way (Lardeau and Le Floch, 2014). However, the national press conference did not lead to a reconfiguration of the newspaper business nor to effective proceedings in line with the initial claim. On the contrary, this conference reinforced immobility and could not stop the concentration tendency in the newspaper industry. Another intervention of the French government was the establishment of the "Fonds stratégique pour le développement de la presse" (Strategic Press Development Fund). This fund allocates direct aids and grants to print and online newspapers that are supposed to set innovative projects to modernize and shift print to online. In 2014, this Fund distributed 22.8 million euros to support 117 projects (Ministère de la Culture et de la Communication, 2015). Around 81 % of the support was for the traditional general newspapers. Less than 16 % of the support was allocated to online migration or digitization projects and around 42.5 % was allocated to "management and newsroom issues" (that means it covers running costs and salaries) and 31 % of the financial support was spent on financing printing machines. This Fund did not provide detailed information on the actual purpose and use of these grants. Around 98 % of the 22.8 million euros distributed by the Strategic Press Development Fund were allocated to the traditional print press and not to new online projects or news media start-ups.

Another fund was introduced to promote the pluralism through allocating direct aids, in particular to help newspapers that attract not enough advertising revenues. For instance, the communist daily L'Humanité received 0.63 euros per selling copy, i.e. 1/3 of its selling price. *Le Figaro* and *Le Monde* are the most financially helped newspapers. They received in total around 16 million euros in 2013 (around 90 % of this amount used to cover the increase of logistics and distribution costs) (Ministère de la Culture et de la Communication, 2015, 2016).

For many years, the money related to the numerous public aids programs for the news media sector cumulated up to around 1 billion euros for each year. In 2014, the overall amount of all public (direct and indirect) subsidies for the print press was 1.1 billion euros, which was around 15 % of the total turnover of the sector in 2014. The total amount for direct aids was 137 million euros (mainly allocated to the print press) and 971 million euros for indirect aids (Spiil, 2015). Despite the well developed supporting system in France, the system did not really trigger innovations in the sector (Freiberg, 1981; Le Floch and Sonnac, 2005; Lardeau and Le Floch, 2014). Moreover, distribution, technological and business innovations that directly affected news media markets such as Internet, social media or technical devices were not created nor derived from news organizations or people working in these markets.

As of today, the French political and administrative system does not fully support the innovation processes in online news market. The system only allocates a small share of the State subsidies to this market.

4 Summary and Best Practices

For many decades, the French State has developed numerous aids programs for news media including aid programs for innovative and modernization projects, in particular for newspapers. However, the evidence shows an enduring trend towards concentration in the different traditional news media markets in France. It is expected that this tendency will further increase in the short and middle term. The biggest and dominant press groups reinforce their positions in the regional daily newspaper market. As a result, the regional newspaper market has become more concentrated. Although the national daily newspaper market is still less concentrated—only Les Echos and Le Parisien-Aujourd'hui en France have the same owner—the concentration is also increasing in this market segment. In the last two decades, newcomers are all owned by new tycoons and billionaire entrepreneurs who actually share more or less the same economic as well as political ideas or concerns. They own worldwide conglomerates in which newspapers are fully secondary in terms of financial revenues.

Since the Liberation period (1944–1946) the structure of newspaper market has not changed dramatically. Daily newspapers have to be printed in printing plants controlled by a communist union ("syndicat CGT du Livre") that rules the workforce instead of the printing owner. The union *de facto* also controls Presstalis, the main French media distribution corporation. Due to this monopolistic position the printing and distribution system still works on principles defined in 1944 that reject free market competition. As a consequence, printing and distribution costs regularly increased and the owners of newspapers could not escape this situation. This lack of dynamism heavily burdens the capabilities for burgeoning an innovation spirit in the market of newspapers. In order to minimize the effects of an increase in costs, public authorities maintain the public subsidies system that is yet inefficient in triggering modernization and innovation. Most media leaders and journalism leaders agree with this status-quo that is more comfortable than change and innovation (Schwartzenberg, 2007). However political reasons—that are intertwined with the economy—represent the most highly decisive determinant of increasing concentration and lack of innovation spirit in news media markets. For instance, succeeding governments have never tried or achieved to break the uncompetitive rule in the printing and distribution system. In addition, public authorities and political leaders did never take action to break down neither the conditions for concentration reinforcement and the informal non-competition agreement between regional press groups nor act to preserve or reinforce fair competition in markets. Although they maintain the public subsidies system that contributes to endure this situation and foster the role of moguls, wealthy entrepreneurs and conglomerates who enter the national daily market for some years with no resistance.

We can draw the same conclusion for the national radio broadcasting market. It is not actually concentrated, although a few companies have a relatively dominant position. For instance, the group Radio France consists of many radio stations (including France Inter and France Info). Although the three other nationwide news stations (RTL, Europe 1, RMC) belong to different groups, these groups are run by billionaire tycoons who control other media sources as well.

The traditional news media markets (press, radio, and TV) are highly institutionalized in France. The French State plays a substantive role in the news media sector as regulator, supervisor and actor. Political organizations and individuals have historically strong relationships with their news media counterparts. A recent development is that powerful media tycoons are controlling more and more news media firms and outlets. Due to the strong institutionalization in news media markets in France the business and professional models are not adjusting enough to the changing requirement. As of today, they do not comply with current media consumption and changing markets conditions anymore. These highly institutionalized markets are thus not permeable to change through new incomers, new ideas or new practices; media companies are not familiar with R&D approach, even in terms of editorial and content concerns. As a result these markets are strongly conservative and did never generate a culture of innovation.

Hence, the French news media markets are not innovation-centered nor have an orientation on innovation and change management. The few cases of innovation we mentioned are exceptions. Due to the fact of the lack of culture of innovation in the French news media markets no best practices in innovation can be drawn.

5 Innovation Policy Recommendations

Regarding the strong institutionalization of the French news media markets and the lack of culture of innovation, drawing recommendation for setting up the conditions for innovation policy is really challenging. It requires thinking out the box, challenging "the taken for granted", and creating material and business conditions so that companies are willing to take business and technological risks, to favor change. "The aim of innovation policies (. . .) is to foster the development of technologies that do not yet exist and whose business models and markets are unknowable. Organizations capable of inventing these technologies must be attracted or built, and the result of their labors must be channeled into economic growth. That means we're not talking about a process of long-term planning but one of continuous experimentation" (Innovation Policy Platform, 2016).

The following—workable and realistic—suggestions can be given to plant the seeds of innovation spirit.

– Reform the curricula in journalism and media schools. This recommendation also includes the development of courses in Entrepreneurial Journalism and Innovation Journalism.
– The journalism and media schools should collaborate more with scientific, business or artistic schools; or should create co-curricula with these schools. This suggestion stimulates interaction between journalism students and other students, other ways of thinking, development of required capabilities, etc.

– Reform the State subsidy system that is inefficient for many decades and does not focus on triggering innovation. This proposal requires that all actors involved in the news media markets should implement reforms which are already provided by numerous reports and studies. It also requires that French government should reduces the intensity or even break longtime relationships with particular individuals and organizations.

This final remark suggests that it is doubtful whether the recommended innovation policies could come from the insiders (Government, or mainstream media) who regulate, control and manage the highly institutionalized news media markets in France. It seems that they prefer to maintain the comfortable system rather than triggering and/or sustaining a risky reform that would force them to challenge the taken-for-granted practices and develop innovative strategy policies. It seems that innovation in the news media markets should come from outsiders and less dominant actors.

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Market Structure and Innovation Policies in Germany

Mike Friedrichsen

1 Market Structure and Media Ownership

1.1 Newspapers

Germany is a newspaper country. In 2013 the number of "independent editorial units" (meaning full publishing entities that produce all parts of a newspaper) for daily newspapers in Germany was 135, and the number of newspapers 354. If local editions of all papers are included, there are 1512 different newspapers. Only a few number of national newspapers still appears in Germany: BILD, Süddeutsche Zeitung (SZ), Frankfurter Allgemeine Zeitung (FAZ), Welt, Frankfurter Rundschau (FR), Tageszeitung (Taz). They claim to be independent and "above parties", but most cover a liberal and conservative spectrum. In terms of circulation figures, the national newspapers account for 1.65 million. Another 4.47 million papers are sold on the street. The top-selling German tabloid paper is BILD Zeitung, with a circulation of 2.8 million, it also is the best selling newspaper of Europe. The German newspaper market is therefore the biggest in Europe and the fifth-biggest world-wide in terms of circulation. What is of even greater importance, however, is that newspapers are not only bought but they are read as well. Just under three-fourths of the German population of the age of 14 or older (74.8 %) read a newspaper on a regular basis, representing 48.5 million men and women.

Newspapers in Germany have a total circulation of 24.8 million sold copies per publication day (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern, 2013). This means there was an average decline in circulation of 527,661 copies compared to the same quarter the previous year. A decline of 2.1 %. This total circulation figure does not take into account the sales of 95,263 e-newspaper editions. In 2013, the sale of e-newspapers increased with 20.7 % in

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comparison to previous year. Specific losses of sales amounted to 2.2 % for local/ regional newspapers (a loss of circulation of 1.9 % in Western Germany and a loss of 3.3 % in eastern Germany), a loss of 2.8 % for national newspapers, and 3.6 % for newspapers sold at newsstands, and 1.4 % for Sunday newspapers. Only the weekly newspapers registered an increase of 1.7 % in 2013.

The sold circulation of all categories of newspapers breaks down to 19.43 million copies for daily newspapers, 3.38 million copies for Sunday newspapers, and 1.94 million copies for weekly newspapers. Of the total figure for daily newspapers, 13.74 million copies are accounted for by local and regional subscription newspapers, just under 1.6 million copies by national newspapers, and over 1.4 million copies by newspapers sold at newsstands (BDZV, 2013).

In 2009, revenues from newspaper sales in Germany were, for the first time, greater than revenues from classified ads and other forms of advertising. The old rule of thumb that two thirds of sales in the newspaper business stem from advertising and one third from distribution lost its validity at the time of the first business and advertising downturn in the beginning of the twenty-first century (from 2001 to 2003). The fact that this relationship is now being reversed is a clear reflection of the structural changes taking place in the newspaper industry. Like all other traditional news media, newspapers are feeling the effects of the global and national economic situation which has had repercussions in the newspaper advertising market as well as with regard to the amount of money average households are able to spend on media products.

Nonetheless, the audience penetration levels recorded for German printed newspapers have continued to be quite high. The overall audience penetration level for 2013 was 69.6 %. This means that more than 49 million Germans over the age of 14 pick up a newspaper every day. Daily newspapers traditionally have their highest levels of audience penetration among persons in the 40–69 age range, i.e. between 71 and 82 %. Similarly, more than 82 % of persons over the age of 70 regularly read a daily newspaper and over 63 % of those between the age range of 30 and 39. But younger age groups also are newspaper readers; more than 42 % of the 14-to-19-year-olds and above 53 % of the 20-to-29-year olds show an interest in reading printed daily newspapers.

Since the early 1990s, the number and circulation of newspapers in Germany have shown signs of decline. Newspapers also showed a significant decline in overall sales from advertising, supplements, and distribution, falling from 9.09 billion euros to 8.46 billion in 2013, a decrease of 7.04 %. Out of the total sales figure, daily newspapers accounted for 7.96 billion euros. They showed a decrease in sales of 6.84 % (BDZV, 2013). The economic situation in 2013 was extremely unfavorable; gross domestic product (GDP) fell by price-adjustment with 4.9 %. The inflation rate, on the other hand, was extraordinarily low. The percentage decline in business for the newspaper industry exceeded the percentage decline in GDP. Advertising revenues showed a loss of 15.9 %, considerably greater than the loss seen in 2012 (4.1 %); distribution sales, on the other hand, showed an increase of 2.3 % (BDZV, 2013).

With advertising sales of 3.19 billion euros in 2013 (despite the fact that this constitutes a decline of 15.5 %) daily newspapers continue to be the most important advertising medium in Germany. Advertising sales by weekly and Sunday newspapers fell from 266 to 208 million euros. A decline of 21.6 % in the 2013. Newspaper supplements are no longer listed separately. Total advertising sales for all newspaper categories amounted to 3.9 billion euros. They showed a decline of 15.9 % in 2013. Advertising sector losses for Germany as a whole were considerable. The average decline in sales for all advertising media was 9.8 %. The share the newspaper industry had in overall advertising sales declined slightly to just under 22 %. In the year 2000 it had been 29 % (BDZV, 2013).

Hence, the printed press is characterized by a high but decreasing dependency on advertising income and a significant degree of economic concentration. The German market for daily newspapers is dominated by a small number of publishers. The largest market share is controlled by the Axel Springer Group with around 22.1 % of the market (BILD, Welt, Hamburger Abendblatt, Berliner Morgenpost, etc.) The second position is taken by Verlagsgruppe Stuttgarter Zeitung, which is more a regional publisher with nearly 8.5 % of the market. The third place is occupied by the WAZ Group (Westdeutsche Allgemeine Zeitung, etc. with a market share of 6 %) and DuMont Schauberg in Cologne with a market share of 4.2 %. The Ippen Gruppe takes the fifth place with 4 % of market share. The 10 largest publishers of dailies together control 44.8 % of the market.

1.2 Television

Germans spend about 219 min/day on television, split about evenly between public and commercial programmers. All regional public broadcasters commonly founded the ARD (Arbeitsgemeinschaft der Rundfunkanstalten Deutschlands) regulatory body, and contribute according to their size to the nation-wide TV channel “Das Erste” (the first and oldest TV programme). In addition, they each independently organize a regional program (III Program) that offers regional content and more culturally and educationally oriented programming.

The Second German Television ZDF (Zweites Deutsches Fernsehen) is based on the agreement ZDF-Staatsvertrag of all Länder (states) and is located in Mainz. ARD and ZDF jointly offer a number of specialized programs: Arte (together with France), 3Sat (together with Austria and Switzerland), Kika (for children), and Phoenix (events and documentation).

Today, German commercial television is controlled by two media groups calling themselves “Senderfamilien” (broadcaster families). One, formerly owned by Leo Kirch, is named ProSiebenSAT.1Media AG and consists of Sat 1, Pro 7, N24, Kabel 1 and 9live and others. Its market share is around 22 %. In 2006, the media company was acquired by the Anglo-American investment funds Permira and Kohlberg, Kravis & Co. (KKR) and took over the SBS activities of these funds in ten other European countries.

The other family is controlled by the German giant Bertelsmann, the largest media company outside of the US and a global player (largest bookseller in the world). It owns RTL Group S.A. which operates TV channels in about a dozen European countries. In Germany the family includes RTL, RTL II, Super RTL, VOX, n-tv. Many more programs were offered in Germany in the last years, some of them by independently-owned special-interest channels, while others are subsidiaries of international conglomerates such as Viacom, Disney, or NBC Universal. In large cities such as Berlin, Hamburg etc. regional commercial TV has been established. Germany has an above-average percentage of cable households. 18.66 of 34.99 million households have cable access, another 14.93 receive their signal via satellite leaving only a small share for terrestrial reception.

The market share of all public service broadcasters in television is around 43.6 %, of which ARD has a market share of 13.4 %, ZDF 13.1 %, and the third channels 13.2 %. Among the private channels RTL (11.7 %), SAT1 (10.3 %) and ProSieben (6.6 %) have the biggest audience shares. The television advertising market participates in the whole advertising market with a share of 43.7 %, while the radio advertising market share is 6.2 % and the market share for print media is around 46 %.

The only German pay-TV company Premiere had been founded by Leo Kirch and went bankrupt. In 2009, it was taken over by Rupert Murdoch and renamed Sky. It has been integrated into Murdoch's European Sky empire. Compared to other European countries pay-TV is not very successful, due to the many freely accessible channels. In 2013 over three million viewers subscribed to Sky.

Hence, the German TV broadcasting market can be divided into national and regional, and in general and special interest channels. Germany has some of the largest public broadcasters (ARD and ZDF), which are financed by license fees, and private free stations (RTL, SAT.1, ProSieben) as well as the pay-TV channel Sky. From news, films, series, and shows, to sport the general channels offer the entire range of individual genres, whereas the special interest channels feature news (n-tv, N24), music (VIVA, MTV) or sport (DSF). Depending on the technical platform (terrestrial, satellite, cable, broadband, mobile), and on analogue or digital mode, hundreds of German-language and international channels such as CNN, BBC and TV5 and more than 20 different public TV channels can be received in Germany. These also include the two national channels ARD and ZDF, as well as regionally produced stations broadcast nationwide, such as WDR, MDR, BR, and special-interest channels such as the primarily political docu-station Phoenix and kids TV KIKA. Then there are three international broadcasters: Deutsche Welle, Franco-German arte, and Austro-German-Swiss cultural channel 3Sat.

The German TV landscape is undergoing important changes that are creating challenges for all stakeholders. These developments can be grouped into technological developments, changes in business models, and landscape evolutions resulting from regulatory changes (Arthur D. Little, 2014).

An interesting development is the decline of market share by cable-TV. Cable-TV, historically the leading platform, is continuously losing ground, as it is under pressure by satellite. Figure 1 presents the development of the TV platform

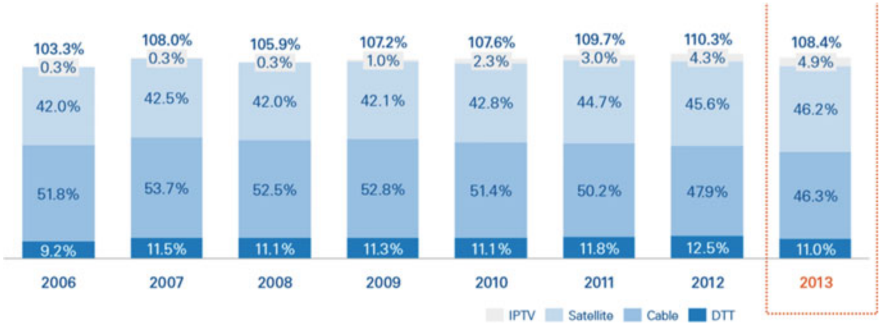

Fig. 1 TV platform penetration in Germany, 2006–2013, percentage of total TV households

penetration. The figures from 2013 also show a slight decrease of overall TV penetration. DTT (Digital Terrestrial Television) penetration decreased in comparison with 2012 while IPTV (Internet Protocol Television) increased, but still remains far behind other platforms with less than 5 % market share.

The evolution towards HD (High Definition) broadcast enabled by the utilization of MPEG-4 encoding is an opportunity for the satellite platform to increase its penetration. Cable is still primarily analogue in Germany with only 56 % of households accessing cable on a digital signal. The introduction of interactive services for satellite and DTT represent a shift in the classical features of TV platforms. Today, HbbTV (Hybrid Broadcast Broadband TV) enabled DTT and Satellite TV offer VoD (Video on Demand) databases, interactive features and long tail content, but only if a separate broadband connection is purchased by the household.

There is an increasing move from the free TV model towards paid access. Although German households are only partly willing to pay for TV content, indicated by the Pay-TV penetration of 18 %, around half of all the households must pay a fee to access free TV content via cable and IPTV. Leading German broadcasters and platform operators are looking for further monetization opportunities from Pay-TV to HD fees (i.e. HD+ of Astra) for end-users and to the much-criticized carriage fees for TV channels. As a result, Sky Deutschland made an annual profit in 2015 for the second time since its launch in the early 1990s. Compared to its Pay-TV peers, Sky Deutschland has historically struggled to reach critical mass and is still relatively small.

The broadcasting groups, RTL and ProSiebenSat.1, have begun to focus on paid access and other leading private broadcasters are increasingly providing only paid HD content. In the satellite TV market, we see Astra HD+ as the first step in this direction.

Policy and regulatory decisions might soon shape the future of the German TV distribution landscape. Several upcoming decisions, such as on a potential second digital dividend, the broadband strategy of the Bund (national level) and the convergence of telecommunications and broadcasting regulations, will be important landmarks determining the future of the German market. Bund and Länder are openly discussing the future usage of spectrum currently used by DVB-T, and the migration of viewers to Web-TV. Meanwhile, Web-TV is attracting a net neutrality discussion, as network operators see their networks filled with OTT (Over-the-top) data, without any resulting profit share. There also are considerable changes in the ownership structure of leading players in the German market. For instance, in August 2013, KKR and Permira reduced their stakes in ProSiebenSat.1 from 88 % to 44 %, and Bertelsmann has also indicated its interest in reducing its share in the RTL group. In addition, Vodafone has recently acquired Kabel Deutschland.

1.3 Radio Broadcasting

Not only the television market, but also the radio market also reveals the richness of the news media. Having begun in the 1920s (radio) and the 1950s (television) as public network institutions, since the 1980s the colorful spectrum of a dual system made up of public network channels and private stations have emerged. Nowadays some 430 radio stations, for the most part local and regional in character, compete with each other.

Radio is a popular medium in Germany, daily consumption is 176 min (2013), of which slightly more than a half comes from public service broadcasters. They usually offer a number—around six—of programs on a regional basis, sometimes with local limitations, concentrating on general audiences as well as special target groups (culture, news, youth etc.) In addition, there exist two national radio programs, based in Berlin (Deutschlandradio Kultur) and Cologne (Deutschlandfunk, mainly news) with public funding, based on a specific Länder-level agreement.

Commercial radio is licensed in all Länder-states, therefore it follows mostly a regional pattern. There exist no national broadcasters, but some that are active in several Länder (NRJ for youth, Klassik Radio). In two Southern Länder local commercial radio is the rule. In North Rhine-Westphalia, the largest state, 46 local stations operate commercially but with local, non-commercial windows. Non-commercial radio exists but is regulated differently in each state. Some states allow community stations, others prefer public access (also for television), and educational stations, campus stations etc. One Land has no activities at all. All in all, the situation is extremely diverse.

In addition to their standard program the broadcasters also have considerable Internet activities. The public network broadcasters, however, are always threatened with a conflict with the private stations, who fear competition will be distorted by the strong influence in the market of the "subsidized" stations. Further pressure on the public network channels is emerging through the fact that more and more young people are taking advantage of their programs.

2 Regulations

Due to its salience for open and democratic societies, the Federal Constitutional Court has declared that the expression and imparting of opinions and freedom of information are human rights enshrined in the Constitution and that the exercise of these rights requires constitutional protection. The German Basic Law, the interpretations of the Federal Constitutional Court and the law of the European Union provide the legal framework in which media policy develops. They describe and also confine the playing field of the actors involved in the formulation and implementation of media policy.

Germany has a "dual system" of both public and commercial broadcasting (in fact, if you include community media it even has a trial system). In public broadcasting the Länder (states) have a strong role. The German Federal Constitution stipulates that the sole responsibility for broadcasting rests with the Länder of the Federal Republic as part of their "cultural sovereignty". Because of this, the public service broadcasters are a creation of the Länder that act individually or jointly (in agreements). The exception is the broadcaster Deutsche Welle, based on federal legislation, designed to provide services (radio, TV, online) to foreign countries only.

Hence, media legislation in Germany is following the general principle of federalism and is in the hand of the Länder. This means, that all nationwide media laws have to be settled by an agreement between the different Länder. The organizational and legal structure of broadcasting corporations is defined in Länder laws and, if more than one state is involved, in agreements between several or all Länder. A basic agreement of all Länder (Rundfunkstaatsvertrag) defines the general broadcasting situation, as far as both, the public and the commercial media sectors are concerned.

The recent Rundfunkstaatsvertrag reflects the compromise which had been dealt with the EU commission, concerning the complaints of commercial broadcasters with respect to Internet activities of the public broadcasters. The obligation to scrutinize new digital services and online offers to a so called Three Step Test—similar to the Public Value Test in the United Kingdom—is the core element of the 12th interstate treaty.

In Germany 14 media authorities are in charge of licensing and controlling as well as structuring and promoting commercial radio and television in Germany. The 14 media authorities cooperate in different decision-taking councils and commissions coordinating and aligning matters on a national level.

The overall arching influence on media legislation stems from the constitutional court (Bundesverfassungsgericht) which played a strong role in elaborating the pillars of the broadcasting system in Germany. While broadcasting legislation is oriented more to the common good and the needs of the public sphere—although it has to comply more and more to the EU requirements of competition laws—legislation for press and online media is orientated solely to the market model of competition. Special legislation is made to protect individual rights of privacy.

Press laws are made on the Länder-level as well. Although there had been several attempts to pass a framing law for all regional press laws, this had never happened.

3 Media Innovation Policies

In Germany, due to its federal political system, several policy levels act and interact closely with regard to economic and innovation promotion. The most important are the federal government, the governments of the federal states and the European Commission. One example in which these three levels work closely together is the "Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur" (common task for improving the regional economic structure). It is jointly funded by the European Commission within its European Fund for Regional Development, the federal and the federal states governments and promotes regional development in objective-1 regions (East Germany) and 5b regions (mainly regions in former West Germany closely located to the former border between West and East Germany). Its major instruments are infrastructural measures (involving transport, telecommunications and energy systems), regionally-differentiated investment grants and tax reductions which should stimulate intraregional or external economic potential and temporarily increase the mobility of production factors oriented towards the region. Quite recently, a share of funds has also been allocated to innovation promotion. The major objective is to reduce socio-economic disparities with reference to the national average and to create and secure employment opportunities. Table 1 presents only measures of the federal government directed towards the regional level.

The Länder offer different programs for strengthening the innovation activities of companies. Most of the programs are technology open, only few Länder also support specific technologies. The technology programs of the Länder very much consider their economic and innovative potential. In some Länder technology programs focus on the same technology as programs offered by the federal government. This could imply a certain redundancy. However, technology-specific programs are normally quite broad so that the Länder government can focus their own programs further on the regional needs.

In all Länder technology-open programs comprise the funding of single as well as joint projects. This is similar to the practice in federal programs. However, there also exist programs complementary to the federal level. The so-called "innovation assistant", a program aimed at employing young graduates from university in companies, is implemented in most of the Länder, whereas there is no comparable program at the federal level. The supply of programs of the Länder has increased in the years after 2007, not least because of the possibility of co-financing programs by the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In some East German Länder, for example, the share of the volume of ERDF on the volume of funding is between 40 and 70 %.

Table 1 Actors and implementation levels of technology and innovation policy in Germany

Implementation	Supranational (EU)	National (Federal government)	Subnational (states)	Regional
Actors levels	Technology policy → Innovation policy			
Supranational (EU)	Technology and innovation promotion (Actions. Programmes and projects inder FP 5	Co-ordination with the member states. Participation at EU programmes	RIS, RIS+, RITTS and TRIPS- projects	RIS, RIS+, RITTS and TRIPS- projects
National (Federal government)	Financial contributions to EU budget: involvement in formulation of FP 5	Instruments and measures of technology policy	Common tasks (Improvement of regional economic structure, university extension programme), institutional funding	BioRegio. EXIST, InnoRegio (for regions in the new federal states)
Subnational (Federal states)	Participation competencies via federal government	Common tasks (Improvement of regional economic structure, university extension programme)	State specific promotion policy, institutional funding, infra-structural development	Regional priority settings in the promotion and development of innovative regional clusters
Regional	Political influence on EU technology policy	Political influence on federal government's technology policy	Political influence on federal state's innovation policy	Infrastructural development (e.g. technology centres), network promotion, information, consultancy/ advice, qualification, marketing

4 Summary and Best Practices

The German news media landscape is going through a period of unprecedented upheaval. The digital and new media are growing in importance and social networks are catching on across large sections of the population. Even though these developments, Germany still has one of the most diverse and multi-faceted traditional news media landscapes.

In Germany, the newspaper publishing industry is suffering a strategic crisis while in overall there is no general news media crisis although the economic crisis led to rapid fall of advertising revenues. The well-established publishing houses are an essential part of relatively stable print media market. The newspaper readership in Germany has remained at a high level despite the leading position of television watching and growing importance of internet, dailies reaching over 70 % of population. Despite several attempts to pass a framing law for all regional press laws, press laws are still made on the Länder-level. The legislation for press and online media is orientated solely to the market model of competition.

The German TV and radio broadcasting markets are well developed and intensely competitive. They are set to become even more dynamic as a result of current technological, convergence of media, information and communication markets, and regulatory trends. Developments in the German broadcasting market have increased the interest of both domestic stakeholders and global players looking for parallels in their own markets. In public broadcasting the Länder (states) have a strong role. The German Federal Constitution stipulates that the sole responsibility for broadcasting rests with the Länder of the Federal Republic as part of their "cultural sovereignty". The commercial broadcasting ownership is highly concentrated in the Germany.

For many years, the innovation policy of Germany was mainly focused on regional development and infrastructure projects. This policy was established after the integration of former West and East Germany in the late 1980s. Recently, a share of funds has also been allocated to innovation promotion. Next to the Federal government policy, all Länder offer also programs for strengthening the innovation activities of companies and areas. Most of the programs are technology open, only few Länder also support specific technologies. The technology programs of the Länder very much consider their economic and innovative potential. In general, these programs do not have a specific (multi-) media sector orientation.

A few large multimedia companies are operating in the German media landscape. Two well-known companies are Axel Springer Group (strategic focus on becoming the leading digital publisher), and the German giant Bertelsmann, the largest media company outside of the US and a global player (largest bookseller in the world). These companies are controlling part of the domestic media markets. These companies also are successful in the international media markets. These companies play an important role in the integration of new technologies and new media into the traditional media activities and finding new opportunities to maintain of even improve their competitive position.

5 Innovation Policy Recommendations

The news media markets are relatively stable and are generally very profitable, in particular the print media market. Consequently, these high stable and profitable markets can form a disadvantage for the companies operating in these markets in the long run. Due to the high profits, companies can become inert and slow in developing future-oriented innovation or adapting innovations. Given the developments in the news media markets, it is important that these publishers focus more on developing innovations and adopting innovations also from other related industries. Furthermore, these companies should also focus more on strategic renewal to maintain or improve their competitive position. The existing innovation programs provide opportunities for these companies to finance the adaptation of existing innovations from related industries or even the development of new innovations. Furthermore, another interesting opportunity is to collaborate with the successful and innovative media companies like Axel Springer or Bertelsmann.

Regional daily newspapers enjoy a great deal of popularity in Germany. The diversity is very large in comparison to other countries. The fact is that circulation figures are falling and daily newspapers are suffering most from the migration of advertising expenditure to the Internet. Above all, it is the market for classified and job advertisements that is shrinking. For this reason, regional newspapers will have to focus more on their regional competence in the future. They will have to see themselves as local service providers who offer their customers not only news but also service information—and who have reader loyalty as their utmost priority.

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Market Structure and Innovation Policies in Greece

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1 Market Structure and Media Ownership

Greece is a country with many economic paradoxes and a unique economic market. It has a population of around 10 million people. According to a research conducted recently in Greece about media consumption (Public Issue research on behalf of Hellenic Audiovisual Institute 2007), persons 15 years or older are on average watching television 6 days per week, listening to the radio on average less than 4 days per week, and reading print media on average less than 2 days per week. On a daily basis, they watch television on average 3.29 h and 3.30 h during the weekend. Furthermore, the findings also showed that the persons 15 years of older prefer the following media sources to collect their information: 69 % of the sample prefers television, 9 % radio, 7 % newspaper, 3 % Internet, 1 % magazine, 3 % all of them, while 3 % did not response to the questions. However, the Internet becomes more important player in the Greek news media markets As of today, 34 % listen to the radio via internet, 32 % read the newspapers online and 13 % watching internet-TV. Most of the Greek people prefer to use electronic media to print media because the trust in new media is higher than in the traditional news media.

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1.1 Newspapers

In the Greek newspaper market the following paradox can be detected; for the last three decades, it has experienced a significant decline in circulation and readership but at the same time, the number of newspapers has increased before the economic and financial crisis. The Greek newspaper market consisted of more than 82 national newspapers of which 22 also had Sunday editions as well as 607 local newspapers and 4 free daily newspapers before 2008. Furthermore, the revenues based on copies sold were stable for the newspapers before the crisis. However, this phenomenon was eliminated after the economic crisis. During the turmoil, the revenues based on copies sold reduced radically for all newspapers. As a consequence, many newspapers had to close down. How could we explain this phenomenon? We use the development of the newspaper market in the city and region of Athens as an illustration to explain this phenomenon. According to the Athens daily newspaper publishers association, in total 60 newspapers appeared in the city Athens and its region in 2014. These newspapers had different profiles: 4 morning newspapers, 9 afternoon newspapers, 19 Sunday newspapers, 10 weekly newspapers, 17 sport newspapers (8 only appear on Mondays), and 1 financial newspaper. These newspapers have experienced a continuously decreasing circulation after the economic crisis. Table 1 presents the lost in circulation of Greek newspapers operating in the city and region of Athens. It shows that during the last 11 years these newspapers lost approximately 74 % of their circulation.

Greek news newspapers were very marketing-oriented and independent from advertisers and state intervention more than from readers since 1980s. However, after economic crisis, there was a significant reduction of the advertisement spending therefore the newspaper market suffers more than any other news media market. Before the crisis, the revenues from advertisements (Table 2) increased significantly. Table 2 shows an increase of 30.6 % in total advertising expenses for all

Table 1 Total circulation (sales) of Greek newspapers in Athens and Region ($\times$1000 copies)

	Type						
Year	Sports	Afternoon	Weekly	Sundays	Economic	Morning	Total
2004	52.263	102.318	14.218	50.973	0.605	38.009	258.386
2005	56.199	90.248	22.928	57.322	0.802	33.984	261.483
2006	55.802	81.397	22.952	58.653	1.131	38.308	258.243
2007	58.854	77.281	18.483	59.993	1.093	36.433	252.137
2008	60.308	70.958	15.767	54.059	0.672	33.383	235.147
2009	54.149	63.624	15.722	53.329	0.580	29.193	216.597
2010	42.880	54.102	13.076	45.473	0.370	25.078	180.979
2011	29.610	42.937	8.458	37.441	0.225	14.809	133.480
2012	21.304	31.478	6.319	33.547	0.181	11.563	104.392
2013	19.674	28.393	5.793	27.165	0.194	2.980	84.199
2014	13.902	23.010	4.659	22.437	0.127	2.797	66.932

Source: Adaptation by Athens daily newspaper publishers association

Table 2 The advertising expenditures in the Greek media market 2004–2014, in million euro

Year	Newspapers	Magazines	Radio	Television	Total
2004	352.9	803.5	115.6	771.1	2043.1
2005	407.4	886.3	113.9	784.7	2192.3
2006	452.4	978.3	119.4	793.6	2343.7
2007	499.8	1047.9	165.6	941.6	2654.9
2008	478.6	1113.3	215.0	862.0	2668.9
2009	441.7	889.9	166.1	714.8	2212.5
2010	434.2	746.0	124.2	583.1	1887.5
2011	359.9	579.9	87.8	566.3	1593.9
2012	255.8	351.7	64.1	469.4	1141.0
2013	258.8	291.7	65.0	571.3	1186.8
2014	242.7	304.0	87.8	644.4	1278.9

Source: Adaptation by Media Services (thanks to Mr Xouris)

media for the period 2004–2008. According to Picard (1998), in case the total advertising revenue increases with stable revenues from sold newspapers, the industry is growing. However, Table 2 shows that during the turmoil the first cut in revenues in the news media market came from advertisers. Newspapers lost 49.2 % of their advertising revenues.

The newspaper market was supported by the government either with subsidies for regional press or by offering bank loans from public banks without any restriction. According to Iosifidis and Boucas (2015) the government also reduced functional expenses such as expenses for phone calls, electric energy or air transportation for newspapers. Indirect support was given by the government through public advertisements in Greek press. The revenue from public advertisements published in Greek press, including ministries, public companies and lottery (that are not included in the Table 2) reached 105.7 million euros in 2008.

As a result, the newspaper market faced a very difficult financial situation. Given the high print expenses, very high salaries and increased expenses for promotion especially for Sunday editions, today's situation is even worse. It is mentionable that Sunday editions offer many pages, supplemented magazines and the most extremely and unique gifts from cds, books, discounts for super markets, cash, TVs, subscription for free cable football matches even small boats and cars. However, the average subscription price for the Sunday editions was below 4.5 euros.

Nowadays, the main publishers and players in the Greek media market, Lambrakis Press S.A., Pegasus Publishing and Printing S.A. (Bobolas Publishing Group) and Kathimerini Publication S.A. (Alafouzos Publishing Group) (Heretakis, 2015), are threatened with collapse and face important restriction to their cash flow (Table 3). Lambrakis Press S.A. is one of the oldest Greek media companies which started in the newspaper business. It owned before the economic crisis three daily newspapers (one in the northern part of Greece), a variety of magazines, share of 21.76 % in MEGA TV station, publishing companies, printing facilities and shares

Table 3 Turnover and losses (in million euros) for three main media groups in Greece

Turnover and loses	Group		
	Pegasus publishing and printing S.A.	Lambrakis press S.A.	Alafouzos publishing group
Turnover first semester 2011 (1)	62.8	42.8	34.4
Losses first semester 2011 (2)	14.8	6.8	5.8
(2):(1) %	23.6	15.9	16.9
Turnover first semester 2012 (3)	49.5	29.9	25.0
Losses first semester 2012 (4)	12.7	8.5	14.0
(4):(3) %	25.7	28.4	56.0
Turnover ±% (5)	−21.1	−30.1	−27.3
Losses	−14.2	+12.5	+141.4

Source: Copy by Emmanuel Heretakis (retrieved October 2015)

in media distribution companies. In addition, Labrakis Press S.A. owns a travel company, a small percentage in cable TV (Multichoice Hellas), in ATA (a TV production company) among various sites and even a real estate company. Pegasus Publishing and Printing S.A. also is a diversified media company. Its Greek owner has a big technical company (AKTOR SA) which undertakes contracts for big public projects (such as highways, and metro expansions). Pegasus also has a stake in MEGA TV, and it owns various magazines titles, sites and daily newspapers (both political and sports). The third media group is Kathimerini Publications. It is owned by a Alafouzos family (with shipping companies in their portfolio) and has in its product range daily political and sport newspapers, free press newspapers, magazines, and radio stations. These three media groups have domestic owners and they operate only in the domestic markets.

The process of digital transformation of newspapers shows how poorly innovation-oriented newspapers are in Greece. The electronic content could only be read by paid subscribers. In spite of the publicity and the advertisement, the results were poor and many innovative projects remained unfinished. For instance, Lambraki Publication Group (DOL) launched HELIOS project (an electronic stand) that allows visitors to download all the newspapers, magazines, books issued by DOL was never fully deployed. The same unfinished framework stands for the mobile applications. They were not popular and only few media actors supported this framework (Prwto Thema, Vima). Due to the crisis (lower salaries, unemployed), journalists started to show more entrepreneurial behaviour. According to Iosifidis and Boucas (2015), many journalists have started their own websites or made self-organized groups exploring, new entrepreneurial journalism with start up companies, They are not only providing informative content but also entertainment or commercial content.

1.2 Television

Also the broadcasting, radio and internet markets have changed but with a different pathway in comparison to the newspaper market. The Greek broadcasting landscape is relatively stable and highly concentrated with three or four channels sharing more than 60 % of total viewership and total advertising revenues (AGB, yearbooks, 2014; Leadros, 2010). Table 4 shows the audience market share of the broadcasters in the television market. The major players in the Greek television broadcasting market are Mega Channel, Ant1 and Alpha. These private channels are owned by businessmen who have interest in big public constructions, or shares in banks and other media companies. It should be mentioned that the Greek public channels (EPT, EPT2, EPT3) have very low percentage of viewership in comparison to the commercial channels and generally in comparison to the public television channels in Europe. The public television channels closed down in 2013 and were replaced by NERIT and NERIT Sport. For many years, they were financially viable because they received the revenues of the licence fees which were compulsory collected through electricity bills and advertising revenues. Due to their viability, they were able to develop capabilities and an infrastructure for innovative activities. However, in 2015, the government under the leadership of the (radical) left party SYRIZA re-opens four (ERT1, ERT2, ERT3, parliamentary channel) of the previous public television channels and three radio stations Proto, Sports fm and Cosmos.

Also the television market shows a paradox. Given the high level of concentration, it is expected that media companies can reach better quality (Lacy, Atwater, & Qin, 1989) and that the biggest players can invest heavily their profits in the research and development of new media product (Gustafsson, 1978) and therefore

Table 4 Annual audience market share of the Greek TV broadcasters (2004–2014) (in percentage)

	Year									
Station	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
ET-1	4.2	4.0	3.8	3.4	3.4	2.9	2.3	3.1	2.9	N/A
NET	9.1	10.1	9.6	10.3	9.4	8.6	7.6	8.1	6.2	N/A
ET-3	2.1	2.4	2.7	3.4	3.8	3.5	3.3	3.8	3.5	N/A
NERIT	–	–	–	–	–	–	–	–	4.0	5.7
NERIT Sports	–	–	–	–	–	–	–	–	–	2.8
MEGA	18.5	18.8	18.5	18.3	19.8	20.5	20.0	21.6	20.0	17.2
Antenna	19.4	18.0	16.5	15.2	14.8	15.8	17.0	16.8	17.8	17.2
Alpha	14.2	15.5	13.9	13.6	12.7	11.9	13.1	12.0	13.9	15.7
Star	11.5	10.4	10.8	10.4	10.0	9.8	10.4	10.7	10.7	10.7
Σkai	–	–	3.7	3.8	3.9	4.4	5.6	7.9	9.6	8.2
Epsilon									1.7	3.3
Alter	10.2	8.9	10.3	11.1	10.7	10.6	7.1	–	–	–

Source: AGB Nielsen Media Research (thanks to Mr Zavitsianos CEO) can achieve higher content diversity (Baker, 1997) and innovations. However, despite of a high level of market concentration, the reality is totally different. Most of the main players have homogeneous programs with low content plurality, and low level of innovation-orientation. The major force that drove the most innovation attempts in the television market was the launch of digital terrestrial television (DTT). Greek TV stations were now more able to create their own input.

Furthermore, the television market is also characterized by a large number of local television broadcasters without a licence. This has created a television market with intensity of completion and low cost strategies with less focus on research, development, and innovation. According to Papathanassopoulos (2015), the private television channels are marketing-oriented with a focus on entertainment programmes and less or no focus on educational and cultural programmes. Given the competition, they have replaced the in house production with cheaper prime time programmes from abroad.

The digital pay TV does not have a strong presence in the Greek television market. Pay TV in Greece has just a small percentage of Greek television market (Papathanassopoulos, 2015). The first pay TV channel Filmnet entered the Greek market in 1994. It is owned by Multichoice/Netmed Hellas. It offers blockbuster movies and football matches. In 2000, the company entered the digital market with the company NOVA. One year later, another television channel entered the pay TV market in Greece. It was the platform Alpha Digital coming from the private television channel Alpha TV. The strategy of the new provider was to offer higher contracts to the football teams in order to gain the football rights. However, the subscription fees and the number of subscribers could not cover the total cost of the new platform. It ceased its activities in 2002. After 10 years, a second digital pay TV channel OTE TV was launched by the telephone provider OTE in 2012.

The internet and new social media markets show relatively low developments in Greece (Greek Statistical Services (ELSTAT), 2013; Observatory Institution for Information Society (PKP, 2010)). As of today, only half of the Greek population has internet connection in their homes. Internet connection is still very expensive in Greece. Nine out of ten individuals using internet, are 16–24 years old and only one out of ten is between 65 and 74. Only three out of ten are using internet via mobile devices. Most of the individuals (70 %) use internet just for searching information, 62 % to send emails or to chat, more than 40 % to read newspapers or download music, 18 % for teleconference and telephone services and only 12 % for banking services.

1.3 Radio Broadcasting

The private radio stations are dominating the radio market. First attempt to set up a legal framework in the market was in 1997. In 2001, the Greek government provided licences only to 21 radio stations in Athens and 7 stations in Thessaloniki. As a result of this policy, many other existing stations have to wait for a second phase that is still pending. At least 1200 radio stations operate in the radio market and at least 2 or 3 commercial stations in every big city. Another characteristic of the market is that Athens's radio stations with high ratings have made special agreements with radios in the rest of the country to establish a Pan-Hellenic broadcast.

The development of the market is similar in comparison to the other news media markets. Due to the economic crisis revenues from advertisements have decreased dramatically (see Table 2). In addition, competition from non traditional sources such as internet stations have increased.

In general, Greek radios are part of large media groups and work as an additional media tool to promote their group's newspapers or TV stations. Another characteristic of these media groups is that journalists working in one media (e.g. the TV station) also have a radio programme. It is interesting to notice that radio stations with political agenda (especially against the austerity measures and the memorandum agreement, such as REAL FM) have increased their market shares in the last 2 years (Bari Focus 2015).

2 Regulations

The news media industry experienced two important interventions. The first major intervention was the launch of the Law 1866/1989 which ended with the Law 2328/1995 number p. 159 and Law 2863/2000 number p. 262. This law ended the state monopoly and introduced the free commercial radio and television markets. Furthermore, the law also established an independent regulatory body known as National Council for Radio and Television (NCRTV). The NCRTV gives licence only to those channels that serve content with public interest and fulfil some economic and financial criteria. The private broadcasters must serve quality programmes and reliable information and news, and they must promote cultural development. Foreign companies and investors are not allowed to own more than 25 % of the total capital of a Greek media company. A complimentary Law 2644/1998 number p. 233 regulated the pay TV and radio services through analogue or digital transmission either terrestrial, cable or satellite. According to the Law, the channels need a competitive licence only for terrestrial subscription radio or TV provided by NCRTV due to the scarcity of the frequencies. Greece has followed all European directives (television without frontiers 2000; new audiovisual media service directive 2009) concerning safeguard European TV productions, cultural diversity, protection of minorities, security from harmful content on the Internet and so on. However, the independent regulatory authority has theoretically the power but practically any decision for the licences are taken by the government. This situation does not create a stable environment. The licences are permanent which lead to anarchy of news media markets with many media companies to operate with permanent or without licence. However, this does not support any long run strategy which is precondition for innovative companies (Iosifidis and Boucas 2015).

The second large intervention was the launch of Law 3592/2007 number p. 161 about the basic media shareholder which regulates issues related to the level of concentration. This Law was the result of the other failed Laws (L. 3021/2002; L. 3310/2205; L. 3414/2005) that were introduced by the Greek government but were restricted by the European Commission. According to the Law, there are limitations aiming at hampering media concentration. The Law allows a person and his/her relatives up to fourth degree to own or participate in only a maximum of two daily political newspapers distributed in Athens, Piraeus or Thessaloniki, one daily financial and one daily sport papers circulated in the same areas, two non-daily local newspapers anywhere in the region and one Sunday edition. Concentration of ownership is restricted, according to the law, in broadcasting market. A media company can own 100 % of only one television and one radio station. The Law restricts cross ownership in more than one media companies but under specific conditions; the owner must not belong among the ten main shareholders of the media company. Consequently, shareholders in both media companies should not overcome 35 % of the same type of media source (two stations) or 32 % of two different types of media sources (newspaper and TV). However, this regulatory framework could not stop the high level of concentration in the news media markets. The largest four newspapers and television channels share more than 60 % of total readership or viewership and advertising revenues (Leadros, 2010; Smyrnaios, 2015). This Law was the result of a debate between two streams. The first group stressed that the industry needed a law to reduce media concentration in order to safeguard pluralistic content and to avoid monopoly power. However, according to the other group the Law should support companies to achieve economies of scales and scope. Due to the scale and related revenues, they are more able to offer better quality programmes and more content diversity without harming the freedom of news media markets and self regulation mechanisms (professional codes).

The government imposes a third large intervention. It would like to launch a new law to develop a national council for communication policy, to organise communication diplomacy and to make a database for the companies that operate in the Greek news media industry. Hence, the government wants to establish a very centralized and powerful institution under the supervision of the Greek prime minister that plan and control all governmental communication activities. The purpose of this law is also to establish a second institution named National Centre for Mass Media. This institution should support private and public companies that operate in the media and digital markets.

3 Media Innovation Policies

Greek news media industry shows a very low rate of innovations. This can be explained by different reasons. First of all, the people working in the Greek news media—journalists, technicians, administrators, managers, shareholders—are deprived of innovative and entrepreneurial culture, and in most cases they replicate methods and technology from abroad. After the economic crisis and the austerity measures imposed in 2008, many journalists lost their jobs and created e-news sites without any innovative idea. Sites were similar to print versions, because they knew how to generate high-quality content and how to inform, but they did not know how to sell it. They only were aware of the journalistic values but they did not know how to add commercial values (Picard, 2010).

Secondly, the economic crisis itself was an obstacle for the media companies in Greece to innovate in the age of digitalization and Internet development. The majority of media companies are striving to reduce costs instead of improving quality or stimulating innovation. In the last decade, most Greek media companies have been pursuing a short-term profit orientation strategy without developing an innovation-oriented strategy. It is obvious that innovation-oriented strategies require research, experimentation and relevant projects (Brekke & Nilssen, 2015), but Greek news media companies lack these elements since most of them are interested in hit and run profits and some limited innovative ideas have been implemented without adequate preparation and generally without a strategic plan.

Moreover, the Greek government with strong presence and influence on the economy, neglected to develop a regulatory framework or a professional body to guideline, either to corporate with other governments or to give some incentives (tax reduction or subsidies) for media innovations. On the contrary, the absence of a regulatory framework allows fierce competition which is another cause for the low level of innovation in the Greek news media markets. Given that most of broadcasters are operating with permanent or without license and the number of TV stations is higher than required, there exists intensive competition in the television market leading to low cost strategies and low innovation level (van der Wurff & van Cuilenburg, 2001).

4 Summary and Best Practices

The consequences of the crisis and the rapidly changing news media landscape with the significant growth of new technologies are the necessitate reforms in media polices and particularly in the regulatory framework in order to support the building of innovative oriented media companies. Nowadays, there is no central Law or a framework to trigger innovation, creativity, research and development for all types of companies and sectors. As a result, it is difficult to identify new trends or to describe best practices since all these are related with the economic parameters. Funding is extremely difficult since banks are not providing new loans and revenues from sales and advertisements are extremely low. Nowadays, despite the existence of rules supporting the development of large media companies, the news media markets are still experiencing fierce competition, are highly-concentrated and offering low-level of content quality and technological innovations. In most cases Greek media are just following approaches and methods from abroad sometimes without the necessary adaptations or a proper plan for implementation and modifications.

5 Innovation Policy Recommendations

According to Bakhshi and Throsby (2009), Camarero and Garrido (2012), Dogruel (2014) and Storsul and Krumsvik (2014), media and cultural innovations, experimentations, new ideas and changes are taken place at three main levels. The most important level is the content. Media organizations should innovate more with new types of genres, new types of programs, design, scenario, performance, exhibitions presentation, creation, aesthetic, art forms, arts expressions, new style of text, audio, video but prototype storytelling as well. Content is not a static output For instance, in the museum of acropolis, it is not Ancient Greece that is exhibited, but a storytelling visit aiming to help the visitor to feel how life was many years ago. This new approach is important not only for large media companies, but also for small businesses.

Another level is related to technological innovations and on tangible assets within media organizations, new resources such as platforms, medium, smart TV, tablets, mobile phones, micro cameras, mobile photos, online shops, wireless connections, multimedia tours, internet kiosk within museums, virtual reality galleries, social media uses, etc. All those tools are complimentary to news media, while content adds value and provides the audience with more accessible opportunities, better experience and more knowledge. This also means tighter corporation among people from different fields: artists, journalists, cameramen, and technicians within organizations. Hence, news media companies should collaborate more with arts organizations and telecommunications companies or software providers.

The third level entails the new business procedures, the know-how, and how to be creative and out of the box thinking. This gives the opportunity to all stakeholders to participate and interact efficiently and effectively. Media companies should also maintain better relations with audiences, donors, sponsors, volunteers, suppliers, distributers, governmental bodies, local communities etc. This stakeholder orientation influences positively media organizational innovations. The rationality behind this is that more stakeholder-oriented media companies are more innovative and very competitive in their markets. Furthermore, in general, they show a higher performance than less stakeholder oriented companies. Acropolis museum is a representative example showing how being innovative concerning business procedures can increase revenues from tickets, members, donors, complimentary services, merchandising, shops, participation in cooperation with other museums abroad or in Greece. Thinking innovatively means adding value in an efficient economic way.

Despite the general philosophy towards more centralized control and more active role of the state on the news media markets, we believe that two main problems can be indicated with the development of the law aiming to develop a national council for communication policy, to organise communication diplomacy and to make a database for the companies. The new Law will not enough trigger innovations in the news media markets. The main problem is that the new law does not distinguish between media content and media technology. There exists a difference between content innovations and technological innovations or know how. Media content today can be offered in different ways, on a tablet, a mobile phone, a computer etc. Most of regulations should be on the content and not on technology distribution in the age of digital technology. The second problem includes the lack of incentives for start-up media companies. The National Centre for Mass Media does not guarantee support but just deteriorates bureaucratic procedures. It would be better to have incentives with tax reduction for the first years of operation.

The policy must support companies, people, culture and leaders and as well industries and associations in the following ways:

1. Connecting media companies with universities. An efficient regulatory framework must encourage or compulsory impose those networks through research projects, educational training between media, arts organizations and universities.
2. The regulatory framework should organize and allow without bureaucratic dilates, connections between media, arts, private communication, and telecommunications companies.
3. An innovative Law should establish synergies among media and cultural organizations; common advertisements and so on.
4. A regulatory framework should give incentives for alternative funding, networks, hybrid, and ground funding and not only loans.
5. Media policies should support journalists with training; how to build a business plan and think entrepreneurially. For many years most journalists and artists were good at informing, educating, entertaining; now, they need to learn how to commercialize based on professional codes.
6. A communication policy framework should allow media and arts organizations to do audience research.
7. Research and development systems and experimentation approaches should be part of an industry policy set by the government. Any support such as a tax reduction or other government initiatives for a period of time (for example for the first 3 years) is more than welcome.

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Market Structure and Innovation Policies in Italy

Cinzia Dal Zotto, Vittoria Sacco, and Yoann Schenker

1 Market Structure and Media Ownership

In these last years, the Italian news media industry is facing structural changes and an increasing fragmentation of the audience favored by technological developments. These changes have led the industry to suffer a steady decline in total revenues since 2009, which is forecasted to continue, albeit at a decelerated rate. During the last 5 years the industry underwent a contraction of 2 billion euros, equal to a 16 % decline, its value declined from 16.6 billion euros in 2009 to 14.3 billion in 2014. In 2013 the total industry decline was 7 % (AGCOM, 2011, 2012, 2013, 2014, 2015). The downwards trend has first reached the publishing market, which is in continuous recession since 5 years, and was then extended—since 2011—to the broadcasting system (TV & radio). This trend does not affect digital media, which now represent the third source of information for more than 40 % of the population. Digital media though contribute with only 10 % to the total revenue of the industry. The shrinking traditional news media not only still counts for 90 % of the industry revenue, but still they represent the main source of information for the population. In particular, television is the first information source for nearly 80 % of the population, while 43.7 % inform themselves through newspapers (AGCOM, 2014).

The fact that such a large majority of Italians inform themselves via the television raises media pluralism concerns as ownership in the Italian television industry—both free and paid television—is highly concentrated, both in terms of

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revenue and audience shares. According to the value of the Herfindahl-Hirschman Index (HHI) the newspaper and radio industries still represent healthy competitive marketplaces. However, the HHI does not take into account the fact that many news media only serve regional or local markets and do not compete on the national level. In order for measurements of competition levels in news media markets to be more realistic, other indicators should be included in the analysis. Cross-media ownership is very much present in Italy as media firms, like in many other countries, are trying to diversify in other businesses. Some firms follow brand extension strategies while others simply adopt a multi-platform approach. An overview of the main news media markets as well as their evolution is presented below.

1.1 Newspapers

Even though daily newspapers show a rather limited rate of penetration among the population, they still represent the second source of information chosen by around 43 % of Italians. The gap with the television—more than 30 points—is drastically reduced if we compare local television to the local press. Furthermore, newspapers show a high level of customer loyalty. In fact, 68 % of individuals who chose newspapers as a source of daily information say that they would not renounce to that source.

However, in the recent years the daily press has registered a considerable reduction in the number of readers. This is particularly due to the raising importance of Internet as significant source of national and international news. The most important elements emerging from this trend are a decrease in the number of available newspaper titles, a decrease in volume of copies sold, a further decline of the free press, as well as the disappearance of some newspapers, especially those which were funded with government subsidies. The structural nature of the decline of printed newspapers is evident if one observes the circulation trend of daily newspapers published by Italian Federation of Newspaper Publishers (FIEG, 2013, 2014, 2015): circulation declined from more than 6 millions of copies sold in the year 2000 circulation to 3.5 million in 2014. Between June 2014 and June 2015 the circulation further diminished by 350,000 copies.

The first national Italian newspaper is Il Corriere della Sera (with an average daily circulation of 394,783 copies). It is followed by La Repubblica (391,681), La Stampa (254,212), Il Sole 24 ore (199,944), Il Messaggero (170,305), Il Giornale (153,596), Il Resto del Carlino (139,454), Avvenire (132,733), La Nazione (114,744), Il Fatto Quotidiano (93,803). Circulation for these newspapers declined by an average of 11.3 % between September 2014 and September 2015. In the same period, the circulation of national sport newspapers such as La Gazzetta dello Sport (305,723), Corriere dello Sport (240,142) and Tuttosport (153,960) declined only by an average of 4 %. The national sport newspapers are still enjoying a relatively high circulation compared to the national dailies (www.fieg.it).

With regard to the division of revenues between print and digital newspaper products, approximately 90 % still stem from traditional products. In particular, while in terms of advertising the web is now a significant source exceeded 10 % of the total advertising revenues in 2012, the direct sale of digital products still represented a marginal fraction (2 % of revenues in 2012 and 4 % in 2013). The composition of revenues from digital services is largely biased in favor of the advertising components (e.g. 69 % vs. 29 % of revenues from sales of digital copies in 2014). Conversely, in the case of printed newspapers the breakdown of revenues is more balanced, with a prevalence of revenues from sold copies (e.g. 49 % vs. 42 % of revenues from advertising in 2014), partly because of the recent price increases for these products and the contemporary drastic drop in the price of advertising (AGCOM, 2015).

The competitive structure of the newspaper market appears essentially unchanged in the last years (see Table 1). First, it should be noted that this market does not appear concentrated, with a HHI below 1.000 points (0.996) and stable over time. However, as many newspapers have local orientation, the diffusion of newspapers may appear more polarized in certain specific cases, thus determining a greater concentration level compared to the one suggested by the analysis conducted at the national level. Furthermore, the market appears stable over time also in terms of structure. The first two publishers (Gruppo Editoriale L'Espresso and RCS Media Group) hold a leadership position, jointly reaching a market share of 40 %. The other publishers follow with stable shares below 10 %. Jointly the top four players control slightly more than 50 % of the newspaper market, i.e. the threshold above which an undesirable degree of concentration appears evident.

Table 1 Daily publishers—evolution of market shares (in percent)

Publishers	Titles	2009	2010	2011	2012	2013	2014
Gruppo Editoriale L'Espresso	La Repubblica, 15 local newspapers	19.4	19.3	20.1	21.05	21.7	21.2
RCS Media Group	Corriere della Sera, Gazzetta dello Sport, local city editions	18.9	17.3	17.5	18.35	18.0	18.8
Caltagirone	Il Gazzettino, Il Mattino, Il Messaggero	8.0	7.9	7.5	7.29	7.6	7.3
Monrif	Il Resto del Carlino, La Nazione, Il Giorno	6.4	6.6	6.5	6.63	6.8	6.8
Il Sole 24 ore	Il Sole 24 Ore	6.3	5.9	6.3	6.12	6.0	5.9
Itedi	La Stampa	5.4	5.6	5.7	5.33	4.6	4.6
Amodei	Corriere dello Sport, TuttoSport	3.7	3.9	3.7	3.9	4.27	4.2
Others		31.9	33.5	32.7	31.32	31.03	31.2
Total		100	100	100	100	100	100
Concentration index (HHI)		0.953	0.892	0.927	0.989	0.979	0.996

In terms of cross-media ownership the three following publishers are the most active:

The Gruppo Editoriale L'Espresso, founded in 1955 and based in Rome, owns the second largest daily La Repubblica, 15 local newspapers, and publishes numerous magazines (including the weekly L'Espresso). The group further owns three national radio stations, Radio Deejay, Radio Capital and m2o and the broadcasters LaEFFE, Deejay Tv, Tv m2o, Radio Capital Tivù, Onda Latina, and MyDeejay. The group operates in the new media segment and is present in the field of training and professional services.

RCS Media Group operates daily newspapers, magazines and books, radio broadcasting, digital and satellite television. The group has operations in Italy, Spain, Portugal, France, the US, and China. Besides the national Corriere della Sera and La Gazzetta dello Sport, RCS publishes El Mundo, the business daily Expansion and the sports publication Marca in Spain. The group further operates in the magazine market.

Il Sole 24 ore is the media group which publishes the national daily business newspaper which holds the same name. The group is owned by Confindustria, the Italian employers' federation. The printed newspaper is presented as part of an integrated information system which includes: Radio 24 (a news/talks fm/online radio channel), Il Sole 24 Ore Radiocor (a business and financial news agency), ilsole24ore.com (the online newspaper) and Italianews (a News Web syndication).

1.2 Television

Currently, 85 % of Italians still has access to television through a traditional TV set able to catch the digital terrestrial signal. Besides digital terrestrial television, the satellite network represents the second most important diffusion platform which reaches 35 % of television viewers.

The industry is highly concentrated in terms of both audience and revenues. When considering the yearly audience on an average day, independently from the diffusion platform, the two main broadcasters RAI and Mediaset catch 70 % of the total audience. The third broadcaster, 21st Century Fox/Sky Italia lags well behind with an average audience of 6 %. In terms of revenues, the television industry continues to be characterized by a negative economic performance affecting in particular the free compartment. In the free TV market revenues fell from 5.6 billion euros in 2010 to 4.5 billion in 2014. This negative trend is almost entirely attributed to the advertising component, which now anyhow still counts for 64 % of the total. The pay TV market is more stable showing a slight decline from 3.4 billion euros in 2010 to 3.37 billion in 2014. Indeed, in this compartment advertising counts only for 11 % of the total revenues while 89 % of revenues come from the sale of pay offer (AGCOM, 2015).

RAI, Mediaset and 21st Century/Sky Italia control 90 % of the total market. The remaining 10 % is dispersed among a variety of broadcasters among which Cairo Communications and Discovery distinguish themselves with shares around 2 %.

Table 2 Free TV—evolution of market shares (in percent)

Free TV broadcasters	Channels	2009	2010	2011	2012	2013	2014
RAI	Rai 1, Rai 2, Rai 3, Rai 4, Rai 5, Rai Sport, Rai News, Rai Storia, Rai Movie	45.9	45.8	45.9	47.2	49.4	47.4
Mediaset	Canale 5, Italia 1, Rete 4, Iris, La5, Boing, Italia 2, TgCom24	41.1	42.3	41.2	37.8	35.1	34.7
Telecom italia media	La 7, La 7 d, MTV, MTV Music	2.6	2.6	2.9	2.9	–	–
Cairo communication	La 7, La 7 d	0.4	0.4	0.7	0.7	2.9	2.9
Discovery	Real Time, DMAX, K2, Fresbee, Focus	–	–	0.4	1.0	2.4	3.1
Other TV broadcasters		10.0	8.9	8.8	10.4	10.2	11.9
Total		100	100	100	100	100	100
Concentration index (HHI)		3.809	3.903	3.819	3.669	3.682	3.469

Cairo Communications, previously active only on the advertising market, entered the content production and distribution market in 2013 by acquiring La7 from Telecom Italia Media. The latter completely dismissed its TV operations by selling also its share in MTV Italia and MTV Pubblicità to Viacom. Furthermore, in 2013, Discovery incremented its market share through the acquisition of Switchover Media (AGCOM, 2014, 2015).

When looking only at free TV the revenue distribution among the broadcasters resembles the audience breakdown totalized through their channels. RAI is the first broadcaster controlling nearly 50 % of the market, while Mediaset follows with a 35 % stake (see Table 2). Cairo Communication is the third operator (AGCOM, 2014, 2015). The structure of the market is thus characterized by a very high and durable level of concentration confirmed by a value of the HHI well above the threshold of 2500.

About 30 % of the population has access to pay TV in Italy. Satellite is the diffusion platform chosen by more than half of subscribers; the rest of them mainly use the digital terrestrial platform. This market is controlled by 21st Century Fox/Sky Italia with a share of more than 80 % (see Table 3). In July 2014 BSkyB announced the buyout of Sky Italia, the acquisition was approved by the EU in September 2014. The second pay TV operator is Mediaset with a share of nearly 19 % that has been steadily increasing in the years and nearly doubled since 2009. The structure of the market for pay-tv, clearly affected by the magnitude of the fixed and sunk (endogenous) costs related to the production and acquisition of premium

Table 3 Pay TV—evolution of market shares (in percent)

Pay TV broadcasters	2009	2010	2011	2012	2013	2014
21st Century Fox/Sky Italia	81.5	79.2	76.5	79.1	77.8	80.2
Mediaset	10.6	15.1	17.0	17.8	19.1	18.6
Other TV broadcasters	7.9	5.7	6.6	3.3	3.2	1.2
Total	100	100	100	100	100	100
Concentration index (HHI)	6.761	6.542	6.140	6.563	6.415	6.778

content, is highly concentrated with a HHI that, stable well above the 6000 points, exceeds also the value shown by free TV.

1.3 Radio Broadcasting

On an average day 35 million Italians listen to the radio. The Italian radio market offers about 900 radio stations and more than 1100 radio channels which cover different national and local areas. This market is thus characterized by a large fragmentation. The national offer comes predominantly from relatively big publishing groups—Gruppo Editoriale L'Espresso, RAI, Mondadori, Il Sole 24 Ore—which are vertically integrated, advertising included, and active on multiple media industries. In addition to these operators, there are some independent commercial players such as RTL, Radio Dimensione Suono, Radio Italia and Radio Kiss Kiss, as well as some non-commercial broadcasters targeting a very particular segment of audience (e.g. Radio Radicale and Associazione Radio Maria).

Since 2009 the radio industry has been experiencing an economic downturn reaching a pick in 2012. After the turmoil, it experienced a decline in total revenues of 13.6 %. The major contraction has been registered by the advertising revenues which still today represent nearly 74 % of the total revenues of the industry (AGCOM, 2011, 2012, 2013, 2014, 2015). The decline is due partly to the negative economic cycle but mostly to the general progressive migration of investments from traditional advertising products to more innovative web-based solutions. Since 2012 the contraction of revenues has resized, and a trend towards consolidation can be spotted when analyzing the market shares of the major players (see Table 4). In particular, in 2013 Mondadori nearly doubled its market share by taking on the mandate to sell advertising space for some other radio stations through its own advertising agency. Nowadays, the group manages the advertising business for Radio Italia, an independent national player. For instance, it reached an audience of 4.6 million Italians in 2013. However, RTL 102.5 is the most listened Italian radio with an audience of 6.9 million people.

Despite the very large offer of different radio stations the radio industry appears concentrated. Looking at the position of the main operators in the radio market (see Table 4), RAI clearly dominates with a market share of nearly 24 % which has been increasing since 2010 and is far higher than the one of its competitors. Finelco holds

Table 4 Radio—evolution of market shares (percent)

Radio broadcasters	Radio stations	2009	2010	2011	2012	2013	2014
RAI	Radio1, Radio 2, Radio 3, Gr Parlamento, Radio International	22.9	21.4	21.8	22.3	24.4	23.9
Finelco	Radio 105, RMC Radio Montecarlo, Virgin Radio	10.3	10.4	10.2	10.7	12.2	12.7
Gruppo Editorial L'Espresso	Radio Capital, Radio Deejay, M20	10.1	13	12.7	10.9	9.7	9.8
RTL	RTL 102.5	7.7	7.6	7.2	7.6	8.8	8.7
RDS	RDS	7.1	7	6.8	6.9	6.1	6.1
Il Sole 24 ore	Radio 24	2.1	2.2	2.4	2.5	2.6	2.7
Mondadori	Radio 101	3.6	3.8	4.0	3.0	6.0	1.8
Other radio broadcasters		36.3	34.6	34.9	36.1	30.4	34.3
Total		100	100	100	100	100	100
Concentration index (HHI)		0.895	0.894	0.896	0.887	1.004	0.995

the second position in the ranking with a market share of 12.7 %, followed by Gruppo Editoriale L'Espresso and RTL with 9.8 % and 8.7 % respectively. Because RTL has consolidated its position over the years, both Gruppo Editoriale L'Espresso and RDS have been slightly contracting. Finally, in a very slight increase, Il Sole 24 Ore could reach a share of 2.7 % with its "all news and talks" radio station. As to Mondadori, it has been sharply contracting from the year before (AGCOM, 2014, 2015). In 2015 the group decided to sell its radio operations to R. T.I., a company belonging to the Mediaset Group (Corriere.it, 2015). The acquisition of RCS Libri followed this operation and allowed Mondadori to become the market leader in the book publishing business (Lastampa.it, 2015).

The market share data reveal a significant increase in the HHI between 2012 and 2013, which implies an increase in the level of market concentration. The structure appears to be still substantially competitive and characterized by a discrete degree of competition between the various players. However, considering the weakness of the HHI when applied to media serving local markets, a top four analysis seems to be necessary. Indeed, this analysis highlights that the top four radio broadcasters control more than 50 % of the market and thus an undesirable degree of concentration is present.

2 Regulations

Articles 21 and 41 of the Italian Constitution of 1947 protect the freedom of expression and the freedom of economic entrepreneurship respectively. The press received general (Law n. 47 of 8 February 1948) and antitrust (Law n. 67 of 25 February 1987) discipline before substantial concentrations could be established in the market. Law n. 67 regulated the abuse of dominant position, considering dominant when the undertaker printed products reach a circulation that exceed 20 % of the total national circulation—or 50 % of the total regional circulation. The law stated further that when growing organically the undertaker exceeding the limit of one third of the total national circulation would lose all public subsidies.

On the contrary, in the broadcasting industry a duopoly emerged due to the absence of any system and competition law. Only in 1990 a national antitrust regulation as well as the first systematic regulation for the broadcasting industry was introduced. The latter, known as the Mammì law (Law n. 223, 1990), regulated for the first time cross-ownership. It stated that (1) the owner of a national broadcasting license was not allowed to control a newspaper publishing company with a circulation exceeding 16 % of the total national circulation, (2) a company controlling a newspaper publishing company realizing a circulation of more than 8 % of the total national circulation was not allowed to own more than one national broadcasting license, (3) the owner of a newspaper publishing company was not allowed to own more than two national broadcasting licenses, (4) mergers or acquisitions resulting in a company with revenues exceeding 20 % of the total revenues of the industry were considered void, and (5) the number of broadcasting licenses assigned to one company could not exceed 25 % of the total licenses available. This last antitrust limit was considered as illegal because it violates the pluralism principle of art. 21 of the Constitution.

In 1997 the law Maccanico (Law n. 249, 1997) followed which lowered the limit of license ownership to 20 % of the total licenses available. It was established that the networks exceeding that limit at that time would receive an exemption in order to move on cable or satellite. The Maccanico law further prohibited the owners of national broadcasting licenses to diffuse more than 20 % of the total programming and to achieve revenues exceeding 30 % of the total revenues of the national broadcasting industry. Finally, in 2005 the Gasparri law (Law n. 112, 2004) implemented some parts of the European Directive and introduced the Testo Unico della Radiotelevisione. This law grouped all media industries within one single integrated system of communications (SIC)—including newspapers, magazines, electronic publishing, radio, television, cinema and outdoor advertising—and in art. 43 it established that companies operating within the SIC could not realize revenues exceeding 20 % of the total revenues of the system. Paradoxically this increased the limit defining the dominant position as the value of the SIC is obviously higher than the value of the sole broadcasting industry.

Furthermore, Testo Unico also forbids national broadcasting operators with revenues above 8 % of the total SIC value or electronic communications operators with a revenue market share higher than 40 % to acquire shares of newspaper publishing companies in participate to the founding of a new newspaper publishing company, excluding online pure players. This prohibition was first set until the end of 2010 and was then prolonged till the end of 2014.

The Authority entrusted with the dual task of ensuring proper competition of operators in the market and to safeguard pluralism and fundamental freedom of citizens in the field of telecommunications, publishing, mass media and postal services is the Autorità per le Garanzie nelle Comunicazioni (AGCOM), created with The Maccanico Law in 1997. If the authority thinks that there is an abuse of dominant position and competition is at risk, it can intervene with the necessary measures to eliminate or impede that abuse. The Authority reports annually to the Parliament but acts also upon notifications coming from other actors. It works closely together with the Autorità Garante della Concorrenza e del Mercato (AGCM), the Italian Antitrust Authority (established in 1990). The two Authorities signed a cooperation agreement in 2013 to coordinate interventions within the industries of mutual interest, exchange notifications and advices, collaborate in investigations and interventions (Corrierecomunicazioni.it, 2013).

The action of the AGCOM is characterized also by its investment in research and innovation, considered as fundamental to improve the quality of market regulation and to guarantee the monitoring of relevant innovations. Within this framework the Authority regularly conducts studies in the fields of electronic networks and communications services, communication infrastructures as well as media content. Aim of those studies is to collect information on the evolution of media and communications industry focusing on the technological, economic and legal aspects. After detecting structural problems, a lack of transparency in economic transactions based on distorted mechanisms and altering allocation efficiency within the advertising industry, the Authority initiated a study on the industry of advertising collection. Results highlighted the concentration of the industry. Further studies for a deeper understanding followed in 2014, such as the study concerning the Internet services and online advertising, or a study concerning web-based information media business models, consumption and professions in Italy, as well as an investigation on market competition within the industry of media access. Aim of these studies is to constantly monitor the rising and innovative online advertising market and ensure competition by thoroughly analyzing costs and benefits of eventual interventions.

3 Media Innovation Policies

Clearly news media markets in Italy present a high degree of concentration being controlled by a small number of media companies that have diversified and spread their activities across industries. In other words, they have become multimedia companies. Although the newspaper industry appears to be less concentrated thanks to the presence of a substantial number of titles at local and national level—143 daily newspapers, i.e. 2.6 newspapers per million inhabitants—the fact that the top four media groups hold more than 50 % of the market share confirms an undesired level of concentration. The same holds true for the Radio broadcasting industry. There is no doubt about the high level of concentration of the TV broadcasting industry. A further distortion that increases concerns about the TV broadcasting industry concentration is the mismatch between the television and newspaper industry in terms of acquisition of resources. Indeed, the Italian TV broadcasters collect around 60 % of the total advertising revenues compared to a 15 % share collected by the newspaper publishing companies. This is not to be observed in other European countries where the amount of resources allocated in the two industries is reversed—newspaper publishers collect more advertising revenues compared to TV broadcasters—and less unbalanced.

This is not an ideal situation for innovation to be enhanced. With regard to the newspapers publishing industry we can recall that the current policy of public subvention does not stimulate innovation but rather supports incumbent operators. In Italy the publishing industry receives both direct and indirect public subventions. More precisely, publishers—those belonging to journalists' associations, foundations or representing linguistic minorities or political parties—that have been operating in the market for at least 5 years receive a fixed contribution equal to 30 % of their annual costs, with a limit of 1 million euros, and a variable contribution depending on the circulation of titles (AGCM, 2009; Law n. 250, 1990). Furthermore, publishers have been enjoying reduced postal tariffs for delivering their printed products to households, a 50 % discount on phone bills as well as an exemption from VAT on 80 % of sales, the difference being reimbursed by the State to the respective operator (Law n. 46, 2004). The reduction on postal tariffs has been suspended in 2012—as the postal service announced it was missing 250 million euros of reimbursement from the State (Ilpost.it, 2014).

Such subventions seem actually to support established publishers rather than stimulating starts ups to enter the market. In fact, new publishers are not entitled to receive direct public support for the first 5 years of their activity. On top of that, the fact that subventions are based on costs does not stimulate firms to keep expenses low and be efficient (AGCM, 2009). Last but not least, no temporal limit was established for the subventions, so that with time publishers became dependent on that source of financing. The aim of granting reduced postal tariffs was to stimulate the sale of subscriptions, however this measure failed completely. Only about 10 % of newspapers sales happen through subscriptions in Italy, publishers say this depends on the inefficiency of the Italian Postal service.

For these reasons an attempt to improve the situation came in 2012 (Law n. 103, 2012) when a modification to the law introduced (a) new criteria to assign the direct contributions, such as a minimum percentage of sold copies and a minimum number of employees, as well as (b) support for newspapers going digital and for small web-based titles. At the same time the total amount of contributions was progressively reduced, and in November 2013 a 120 million euros fund was finally created by the Letta Government to support innovation within established and new publishing firms, stimulate the hiring of qualified journalists within the new media industry and facilitate reorganization processes during the next 3 years. In June 2014 the Renzi Government decided the timing for assigning part of the funding during the following

3 years: 45 million euros in 2014, 20 million in 2015 and 2016. Furthermore, 5 million euros should be granted for technological innovation and to reward the most promising digital journalism start-ups (Corrierecomunicazioni.it, 2014a, 2014b; Fasi.biz, 2015). An agreement, greeted as a success by the Government, has been reached for a minimum of 20.8 euros as compensation for a 1600 characters long journalistic article (Lettera43.it, 2014). A recent measure which could further support the digital development of the newspaper publishing industry was launched by the AGCOM in December 2015. The Agency decided to publicly sell frequencies to bring broadband to remote areas through satellite dishes (Repubblica.it, 2015).

As we can see, policies to enhance innovation in the newspaper industry are timid and developing very slowly. So far attempts to launch new media products or enhance innovation have come from the private industry directly. We can recall here a few newspaper start-ups that have been launched during the last decade: Il Post, L'Inkiesta, Lettera43, Fanpage and Citynews, are only digital newspapers while Il Fatto Quotidiano, launched in 2009, has also a printed version and has become the third national newspaper in terms of digital readership. Inspired by the Global Investigative Journalism Network and the Organization Crime and Corruption reporting Project, some journalists founded the Investigative Reporting Project Italy: it is the first investigative journalism center in the country, fully focused on international collaborations and financed through grants and commissioned investigations (Ilfattoquotidiano.it, 2013). Established newspapers are starting to create internal Media Labs. La Stampa for instance conceived a studio that is now acting as incubator for experimenting innovative ways of digital storytelling, and further introduced an open-house strategy for social media management: well-known social media editors, recognized by online communities, are invited in rotation to bring in innovative approaches (Lastampa.it, 2013). Repubblica launched Repubblica delle Idee, a series of events organized by the newspaper with the aim of meeting the audience, discover its needs and ideas. Another initiative worth mentioning is the International Journalism Festival (IJF) of Perugia, launched in 2007 and gathering journalists, publishers, media professionals and scholars from all over the world. The event was financed through sponsorships and public contributions until 2 years ago, when public funding was cut and a crowdsourcing action, sustained by global brands such as Amazon and Google, saved the 2014 edition. The IJF has become a real annual think tank where media professionals and passionate exchange knowledge and ideas that stimulate innovation.

Concerning the TV broadcasting industry, a controversial measure has been taken at the beginning of October 2014 by the AGCOM. The Authority decided to change the criteria to establish the fee that broadcasters are bound to pay to use the digital terrestrial television frequencies. Previously broadcasters had to pay 1 % of their annual revenues, with the new rule the fee depends on the number and quality of frequencies used. This new rule favors the two major broadcasters, RAI and Mediaset, which have high revenues compared to the other broadcasters such as La7, Persidera and H3G that are younger, a lot smaller in terms of revenues but own the same number of frequencies. As a result RAI and Mediaset enjoy a discount of 50 % on the fee they paid until now while the new broadcasters have to face a 10 times higher fee (Ilfattoquotidiano.it, 2014a). Concerns expressed by both the

European Union and the Italian Government, and the protests of small broadcasters did not prevent the AGCOM to introduce the new rule (Ilfattoquotidiano.it, 2014b).

With the financial law that was approved by the Parliament in December 2015, the TV license fee will be now paid by Italian citizens through the electricity bill in order to avoid tax evasion. With this measure revenues from the license fee are expected to increase to 2 billion euros from the actual 1.5 billion. However, the revenues are not supposed to go directly to RAI, the Italian public service broadcaster, their destination will be decided by the Government. The law foresees already the use of part of the revenues to exempt low income citizens from the fee, and to finance a new Fund for Pluralism and Innovation of Information that is supposed to help about 305 (out of a total of 380) local radio and TV broadcasters currently cumulating a loss of 54 million euros. The conditions for assigning funds are not clear yet (Ilfattoquotidiano.it, 2015).

4 Summary and Best Practices

Besides a lack of specific innovation policies, until now the Italian news media industry faced an environment that was rather hampering more than stimulating innovation. Legislation prohibits growth through acquisitions above certain limits, and organic growth is discouraged by the subsequent loss of public subventions. Furthermore, public contributions to the publishing industry proved to be ineffective in stimulating new market entries and thus in promoting pluralism and innovation. A revision of the public subvention policy has been recently initiated. Even if it is more the result of a general public spending review, the direction has changed channeling public contributions towards specific support actions for news media firms going digital and restructuring their business as well as for new web-based media.

Among the signs of change we can also recall the Italian Digital Agenda, which follows the European directives with regard to digital growth and the development of digital infrastructure. In particular, we can mention the support to web start-ups, the ICT vouchers to enhance the introduction of new technologies within companies, and the public-private collaborations to stimulate research and the creation of innovation labs that have been set as priorities and could be relevant for the digital media industry in the near future. Last but not least in 2012 the Government passed the law 179, Decreto Crescita 2.0, to enhance the creation of innovative start-ups. It is a stimulation law for all industries. A register for the innovative start-ups was created and is kept constantly updated. Registered start-ups enjoy reduction of start-up expenses, tax reductions, relaxation of regulation in case of eventual losses, exemption from employment law, tax credits for employment of skilled employees, disposal of equity crowdfunding platforms, tax incentives for investors, and access to a fund that serves as guarantee for 80 % of start-up loans. The Italia Start-up Visa is a program introduced in 2014 to make the release of a visa for foreigners that want to start-up an innovative firm in Italy. Again, these are not media specific measures but media start-ups could well profit from them.

5 Innovation Policy Recommendations

Media innovation changes in several aspects the news media landscape—from the development of new media platforms, to new business models, to new ways of producing content (Storsul & Krumsvik, 2013). What brings innovation is not necessarily a new product or service, it can be a new combination of existing ideas, competences and resources (Schumpeter, 1934: 43). Based on previous findings (Francis & Bessant, 2005), in this chapter recommendations are related to four innovation types: product innovation, process innovation, position innovation and paradigmatic innovation.

5.1 Product Innovation

In a highly concentrated market such as the Italian news media market, product innovation could be the easiest way for media firms to reach a competitive advantage. Media companies can distinguish themselves by offering a new product or service to their audience. For this purpose some more pioneering Italian media companies could benefit from new technologies already implemented and tested in newsrooms in other countries. They could in this way minimize the risk naturally related to innovation while leveraging the rather strong interest of Italian citizens for news, as well as their high inclination to online news consumption (Digital News Report, 2015). Italian media companies could further develop existing platforms and formats for news delivering activities by taking into account the specific audience needs. For example, this can be achieved through news apps for tablets or smart-watches. However, this type of innovation has to be accompanied by structural and organizational changes. Integrated newsrooms with media professionals having different expertise and backgrounds become a necessity and imply an increase of newsroom capacity and resources as well as training programs.

5.2 Process Innovation

It refers to changes in the way in which products and services are created and delivered. In an era where citizens are more and more involved in the political debate. This type of innovation is of great interest to increase audience engagement and participation. This seems particularly relevant for projects which aim at promoting a more collaborative way of creating news. In the first stage, such projects can require a small amount of resources. Italian media companies can use existing online and digital platforms to add participatory tools and social components to their existing products and services (e.g. social networks or curation platforms). This path would be worth exploring as Italy is characterized by a strong participatory culture. Indeed, it is one of the countries with the highest levels of sharing of and commenting on news (Digital News Reports, 2015). Drones, which are not commonly used for journalism practices yet, could be another new technology to be applied for increasing participation in news production processes. Furthermore, collaboration among members of newsrooms in different countries on common interest topics could represent another form of process innovation that would be worth enhancing. Some steps in this direction have been taken on a private basis by some of the major European newspaper titles—Le Monde, The Guardian, Süddeutsche Zeitung, La Stampa, El País and Gazeta Wyborczawhen—with the launch of the project "Europa" (EJO, 2013). Most recently the Guardian, El País, Le Monde and China Daily agreed to share climate change content to raise awareness about the recent UN summit in Paris (Theguardian.com, 2015). Italian newspaper titles were however not involved in this initiative.

5.3 Position Innovation

This type of innovation involves changes in how products and services are positioned within specific contexts. Key activities in this case are advertising, marketing and packaging as they allow firms to reposition their brand. This is already true for established media companies operating in the Italian news media landscape. Throughout the chapter we saw that most media companies decided to diversify their portfolio or refocus in order to target new audiences/consumers or excel in a specific niche. Furthermore, repositioning news distribution using video seems to be valuable to target the Italian news media markets as the audience consumption is very video-oriented. However, high loading time and pre-roll advertising seem to be a serious obstacle to this development in Italy (Digital News Report, 2015).

5.4 Paradigmatic Innovation

It is defined as changes in an organization's mindset, values and business models. Indeed, the newspaper industry at Italian and international level finds itself in a process of paradigmatic innovation. Its focus is no longer primarily on print but increasingly on online services. This is certainly the most challenging type of innovation because it requires changes in culture, leadership and vision. Perhaps, this could be the key type of innovation to shift ground within incumbent news media, which at present are suffering the most. For instance, a digital native newspaper such as Citynews has reached break-even in 2014 and starts making profits after its launch in 2010 (EconomyUp, 2015). On the contrary, print circulation of incumbent newspapers is decreasing at the rate of 10–15 % a year (FIEG, 2014, 2015). The digital component of traditional information is not able to compensate for the income losses registered for the classic products, which still represent the bulk of revenues.

To conclude, we can say that obstacles to innovation are still substantial within the highly concentrated and regulated Italian news media industry. Breakthrough innovations seem unthinkable. However, different measures could be taken in order to enhance incremental innovations within any of the above mentioned categories and thus help the news media industry sail through the digital transition. We have seen that in order to stimulate product innovations newsroom capacities, financial resources and training are needed. Without opting for direct subventions which in Italy did not particularly help the industry to innovate neither to reduce its concentration, the government could intervene by for instance creating and promoting educational and training programs responding to the emerging competence needs. Furthermore, freelance journalists should be ensured a normal compensation in the form of state funded grants when their work gets published. This would ease the pressure on media firms for not paying freelancers adequately for their collaboration and at the same time indirectly contribute to newsroom capacity needs. Incumbent news media firms could be further encouraged to be creative by providing subventions or tax reductions on product innovation projects.

State financed grants could further stimulate process innovations. Collaboration between media firms, both at national and international level, can help media companies to reduce their production costs. The organizational development of media firms towards collaborative networks allows them to concentrate on their core competences, exploit synergies and by reaching network economies of scale and scope to become more competitive in an increasingly globalized market. The Fund that the Italian Government established in 2013, and that has been timidly activated in 2016, could for instance include rewards for collaborative projects. This fund also seems to include some grants to reward media start-ups. This is very positive, as long as the rewards are sufficient to really allow a start-up to move from an idea generation stage to product launch. Indeed, a key success factor of Citynews—a venture capital funded start-up—was access to capital. However, what made investors believe in the adventure was the track record of the founders. A responsibility of the state is also to provide the possibility to talented and creative people to gain experience, for instance by helping to bridge financial gaps when private rounds of financing are not sufficient, or by promoting initial stage startup competitions. Such actions can stimulate innovation in all the above mentioned categories. In particular, it can be determinant in engaging a cultural change.

Last but not least, in order to stimulate innovation at paradigmatic level, the state needs to become more entrepreneurial itself (Mazzucato, 2013). This specifically means for the state to invest in research and development, thus in education so that not only the technological base but also technological competences are granted. A recent study conducted by Technology and Innovation for Smart Publishing (TISP), a EU funded network, found out that 77 % out of the 120 respondents are developing new products and services. However, innovation is being strongly limited by barriers such as access to finance, lack of scale and lack of infrastructure. Some respondents also pointed out the need for a new mindset that embraces innovation. 67 % of the respondents involved in a collaborative project. EU funding was perceived as a possible instrument to enable access to finance and research, however only if rapid access is possible. Once again, if the state is willing to help the news media industry thought the digital transition so that information is ensured to citizens, the state should become more entrepreneurial not only in thinking about possible solutions but also and especially in acting timely.

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Market Structure and Innovation Policies in Luxembourg

Bernt von zur Mühlen and Andrea Zweifel

1 Market Structure and Media Ownership

The Grand Duchy of Luxembourg (Luxembourgish: Lëtzebuerg) is one of Europe's smallest, but at the same time one the world's richest countries (Global Finance Magazine, 2015). It is located between Germany, France and Belgium. Luxembourg has a population of about half a million people, of which about 40 % are foreigners (biggest community are the Portuguese) and many cross-border commuters. Luxembourg is officially tri-lingual. The national languages are Luxembourgish, German and French. The multilingualism is reflected in the availability and consumption of mass media as well. According to a survey from Eurobarometer (2014) around 89 % of Luxembourgers feel as citizens of the EU whereas on the average in EU only 63 % of the citizens have this feeling.

Freedom of speech and the press have a long tradition as constitutional rights. Freedom of speech and press was introduced in 1869. Luxembourg ranked No. 19 in the 2015 World Press Freedom Index (Reporters without Borders, 2015). It felt 15 places in a single year. The legal proceedings against the journalists who have been involved with the so-called "LuxLeaks" disclosures exposing Luxembourg's advance tax ruling deals with multinationals in late 2014 was the main reason for this development. Furthermore, the country is renowned for its liberal media policy. Although it has a long tradition of providing radio and television services to European audiences, the written press also plays an important role in getting news on (European) political matters.

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Luxembourg has an attractive media market for national and international media companies due to its regional economic policy, the highly skilled workforce and the multilingualism. The Grand Duchy is a mainly service-based economy. It hosts a renowned international finance centre and important EU institutions. It also offers an attractive investment climate for multinational companies from different industries for instance, finance and the information and communication technologies (ICT). European headquarters of international companies like Amazon.com, Ebay, Skype and iTunes are located in Luxembourg. Furthermore, Europe's biggest broadcaster *RTL Group* (*RTL* stands for: *Radio Télévision Luxembourg*) has its roots in Luxembourg. Its headquarter is still based in Luxembourg. Also *SES*, one of the world-leading satellite operators, is based in the Grand Duchy as well. It provides satellite communications solutions to broadcast, telecom, corporate and government customers, reaching 99.0 % of the world's population.

1.1 Newspapers

Given the number of inhabitants, Luxembourg has a surprisingly high number of daily and weekly newspapers. Five paid and one free sheet daily newspapers are published in the Grand Duchy. These newspapers have supposedly close ties to political parties or trade unions. They receive support from the state. The government provides a generous public aid scheme both in a direct and an indirect way to support all daily and weekly newspapers. The daily newspapers are mainly published in Luxembourgish, German and French, and one weekly newspaper is published in Portuguese. Another feature of the newspapers in Luxembourg is that they combine a local, national and European approach. Newspapers are very popular in Luxembourg: The daily newspapers reached daily on average 66.5 % of the population 12 years and older in 2014–2015 (was 68.8 % in 2013–2014) whereas the readership of weekly newspapers consists of 60.4 % of the population.[1]

Considering different publishing houses, Groupe Saint-Paul Luxembourg is the owner of Luxembourg's oldest and most popular newspaper Luxemburger Wort (founded in 1848) with a daily reach of almost 36.0 % of the population 12 years and older. It is mainly published in German and also appears as e-paper (reach: 3.1 %) and a website (reach 17.0 %). The media company belongs to the Catholic Archbishop of Luxembourg and is has a close link with the conservative party, called CSV (Christian Social Party). In 2011, Groupe Saint-Paul Luxembourg

[1]A characteristic of the media research in Luxembourg is that the main publication is a yearly study which is called Plurimedia (conducted by TNS Ilres) and focuses on the daily/weekly reach of newspapers, magazines, radio and TV channels. It offers competitive results across different media types which is especially important for this small market with limited competition in specific media sectors. Therefore the market share within the different media types which is an important market indicator in other markets does not play a big role and is not even officially published in Luxembourg.

discontinued its French newspaper La Voix du Luxembourg after 10 years. The company is also the publisher of the most successful weekly publication Télécran (weekly reach: 20.0%).

The second largest newspaper Tageblatt is published by the publishing house Editpress. This publishing house is owned by socialist trade unions. It has a close tie with the Socialist Party (LSAP). It has a daily reach of 10.6 % among the readers of 15 years and older. The third newspaper Le Quotidien focuses mainly on the French speaking population. In 2001, Le Quotidien with a daily reach of 6.1 % has replaced the Luxembourg edition of Républicain Lorrain. It belongs to Lumédia which is a joint venture between the publisher of the Lorraine newspaper and Editpress, the parent company of Tageblatt. The forth daily newspaper is the Lëtzebuerger Journal with a daily reach of 1.5 %. This newspaper is owned by the Liberal party (DP). The Communist Party (KPL) owns The Zeitung vum Lëtzebuerger Vollek. It has a daily reach of 0.6 %. Finally, Green party founded the weekly newspaper *Woxx* with a weekly reach of 1.0 %. Table 1 presents an overview of the newspapers in Luxembourg.

In 2007 two free sheet newspapers were launched in Luxembourg of which only L'Essentiel owned by Editpress is still existing. It has a daily reach of 28.4 %. The

Table 1 Overview of daily newspapers in Luxembourg 2014–2015

	Main language	Publisher	Readers 12 years and older	Percentage of the population
Daily newspapers				
Printed version				
Luxemburger Wort	German	Groupe Saint-Paul Luxembourg	168,700	35.9
Tageblatt	German	Editpress SA	50,000	10.6
Le Quotidien	French	Editpress SA	28,700	6.1
Letzebuerger Journal	German	Editions Lëtzeburger Journal S.A.	7200	1.5
Zeitung vum Lëtzebuerger Vollek	German	Communist Party of Luxembourg	1900	0.4
e-Paper version				
Luxemburger Wort	German	Groupe Saint-Paul Luxembourg	14,700	3.1
Tageblatt	German	Editpress SA	4100	0.9
Le Quotidien	French	Editpress SA	1700	0.4
Daily freesheet				
Printed version				
L'Essentiel	French	Editpress SA	133,000	28.4
e-Paper version				
L'Essentiel	French	Editpress SA	6700	1.4
Others				11.3

Source: Plurimedia TNS Ilres 2014/2015

other free sheet Point 24 published by Groupe Saint Paul was discontinued in late 2012.

Gross advertising revenues of the daily newspapers accumulated to 69.76 million euros. Their advertising revenue corresponds with a market share of 49.7 % of the advertising market in 2014. Although, the predominance of the newspapers has been declining, it is still high.

1.2 Television

Luxembourg is a pioneer of commercial broadcasting in Europe. It established the roots for commercial radio and TV in several other European countries. Unlike most other European countries the Grand Duchy has never established a general public TV broadcaster. Already in 1929, the Compagnie Luxembourgeoise de Télédiffusion (CLT) was granted a broadcasting monopoly first for radio and later for television as well. In 1955, CLT started its first TV broadcasting station and established RTL Télé Lëtzebuerg. The RTL Télé Lëtzebuerg media family has been in a predominant position as a market leader in radio and TV. It also owns the website www.rtl.lu. It has been the most popular website of the country for many years. RTL Télé Lëtzebuerg's activities in radio, TV and online reach 82.0 % of Luxembourgers aged 12 years of older on a daily basis (RTL Group, 2014). RTL Télé Lëtzebuerg became the nucleus of different TV stations among them the most popular private German TV station RTL Television (formerly RTL Plus) and Belgium's first commercial TV station RTL-TVI. Today, RTL Télé Lëtzebuerg is part of the RTL Group. This group holds interests in 55 television channels and 29 radio stations in ten European countries. Since 2001, its major shareholder is the German multimedia company Bertelsmann AG which ranks among the ten biggest media companies worldwide. It owns 75.1 % of the RTL Group.

In 2016, the flagship of RTL Télé Lëtzebuerg is the 30-min news bulletin called *De Journal* which is broadcasted in Luxembourgish. The gross advertising revenue for television in Luxembourg was 12.6 million euros in 2014. Tracing back to the high significance of the press in Luxembourg the TV market share within the total gross advertising revenues is only 9.0 %, whereas the daily newspapers share is 49.7 %.

Since 1991 there have been different attempts to establish other national TV stations targeting the audience in Luxembourg independently from RTL. Due to the small market size and the therefore limited advertising expenditure all these initiatives to failed. Furthermore, the early adoption of cable TV in Luxembourg and the availability of a many foreign TV stations also reduced the opportunity to enter the market successfully. According to figures from TNS Ilres Plurimedia study from 2014/2015, RTL Télé Lëtzebuerg attracted about 23.8 % of the population as viewers daily, whereas TF1 from France ranked second with 13.3 %. German programs are popular as well: The German public broadcaster ARD reached 11.2 % of the population as viewers on a daily basis and RTL Television

Table 2 Overview of most popular TV broadcasters in Luxembourg in 2014–2015

TV channels	Land of origin	Public or private	Number of viewers of age 12 years and older	Viewers 12 years and older as percentage of the population
RTL Télé Lëtzebuerg	Luxembourg	Private	116,300	23.8
Den 2.ten RTL	Luxembourg	Private	10,000	2.1
TF1	France	Private, formerly public	65,100	13.3
ARD	Germany	Public	54,600	11.2
RTL Television	Germany	Private	49,200	10.1
ZDF	Germany	Public	48,100	9.9
PRO 7	Germany	Private	47,400	9.7

Source: Plurimedia TNS Ilres 2014/2015

10.1 %. Table 2 presents an overview of the most popular television broadcasters in Luxembourg.

In 1996, two regional licenses have been granted for two initiatives Uelzechtkanal and Nordliicht. They offer their programs via cable and only broadcast a few hours a month. In 2001, Chamber TV was established. It broadcasts live and recorded parliamentary debates from the Chamber of Deputies, the Luxembourg parliament. Other broadcasters are the Open Channel DOK—den Oppene Kanal (founded in 2004) and 'paperJam.TV' (founded in 2011) focusing on financial and economic news (Hirsch, 2015).

1.3 Radio Broadcasting

Whereas the first radio broadcasts were aired in Luxembourg in 1924, already in 1929 the CLT—Compagnie Luxembourgeoise de Télédiffusion (today RTL Group) was granted a broadcasting monopoly for radio. In 1933, it started to broadcast in French, German, Dutch and English language on long wave and went on air in 1959. The long wave service was discontinued in late 1991. Radio Luxembourg has been the most popular radio station in Luxembourg for decades, and has written European radio history. It was the biggest commercial radio station in Europe for a long time and had a formative influence on generations of listeners and radio programmers.

Today Luxemburgish is the language of choice for most radio broadcasters in the Grand Duchy. RTL Radio Lëtzebuerg which is owned for 100 % by RTL Group is the undisputed market leader with a daily reach of 37.6 %. The second radio station which is also owned for 100 % by RTL Group is known as RTL Radio 93.3 & 97.0. It has a daily reach of 8.8 %. It RTL Radio is the successor of the German Radio

Table 3 Overview of most popular radio broadcasters in Luxembourg in 2014–2015

	Language	Public or private	Listeners age 12 years or older	Daily reach (in percent)
RTL Radio Lëtzebuerg	Luxembourgish	Private	183,500	37.6
Eldoradio	Luxembourgish	Private	109,000	22.3
RTL Radio 93.3 & 97.0	German	Private	42,800	8.8
Radio 100,7 (Radio socioculturelle)	Luxembourgish (mainly)	Public	22,700	4.7

Source: Plurimedia TNS Ilres 2014/2015

Luxembourg station and was based in Luxembourg until summer 2015 and is now produced in Berlin. Another popular radio station in the Grand Duchy is Eldoradio with a daily reach of 22.3 %. It uses a contemporary hit radio format. The owners of Eldoradio are the RTL Group and Editpress.

In 1991, new legislation was introduced. This law made new frequencies available to other broadcasters. In 1993, the only public radio station entered the radio broadcasting market in Luxembourg. The public socio-cultural Radio 100,7 received a license. The Établissement de Radiodiffusion Socioculturelle du Grand-Duché de Luxembourg (ERSL) is operating this public radio station. Its daily reach is around 4.7 %. Furthermore, the Grand Duchy's biggest publishing house Groupe Saint-Paul Luxembourg owns the radio station Radio Latina with a daily reach of 3.8 %. In May 2015, RadioLux SA, a consortium of Edita SA (publisher of free sheet L'essentiel) and the owners of the Belgian radio station Must FM, was granted a license for a French radio station called L'essentiel Radio to replace Radio DNS which was operated by Groupe Saint-Paul Luxembourg. Table 3 presents an overview of the radio broadcasters in Luxembourg.

The high importance of radio within the advertising market is displayed by the gross advertising revenue market share of 16.9 %, which is significantly higher than in the other European countries (Source: Nielsen & Espace PUB, 2015).

2 Regulations

The Luxembourg's media regulation style especially for broadcasting is characterized as "minimalist liberal" which means that the government is very reserved in establishing and enforcing regulation. Ownership or cross-ownerships regulations do not exist in Luxembourg. According to Arnold (2015) the reason for a lower priority for ownership restrictions is the small market size and the existence of a relatively small number of media companies.

In Luxembourg the Ministry of State is responsible for media and telecommunications. Since 2014, Luxembourg's media regulation for audiovisual media has been carried out mainly by the Autorité luxembourgeoise indépendante de l'audiovisuel (ALIA). Before 2014, different authorities had been involved in the regulation of news media industry. For instance, the Independent Broadcasting Commission (Commission Indépendante de la Radiodiffusion) was in charge of granting broadcasting licenses and the National Program Council (Conseil National des Programmes) was an advisory program commission. Another important regulatory institution is the Luxembourg Institute of Regulation (Institut Luxembourgeois de Régulation, ILR). It is a body which regulates and coordinates the use of radio frequencies, but also the utility sectors telecommunications, electricity, gas, railways and post (Binsfeld, Whalley, & Pugalis, 2014).

The monopoly of RTL was formally abolished with the introduction of the Law of 27 July 1991 on electronic media. In 2010 Luxembourg finalized the implementation of the EU Audiovisual Media Services Directive with adopting the Law of 17 December 2010 Amending the Modified Law of 27 July 1991 on the Electronic Media.

In broadcasting the most significant agreement is still the concession contract between the Grand-Duchy of Luxembourg and the RTL Group which legitimates RTL Télé Lëtzebuerg to continue its service as privately financed public TV broadcaster for Luxembourg. The latest version of this agreement was signed in 2007 and runs until 2020. Its connection between the local and international media policy is emphasized by the commitment of the RTL Group (back then called: CLT-Ufa) to remain its headquarters with about 660 employees for the full term of the agreement in Luxembourg.

3 Media Innovation Policies

Especially because of the small news media market size and the high number of competitors from neighboring countries Luxembourg's government wants to ensure a certain variety of newspapers in the Grand Duchy by financially supporting newspapers with about 7.5 million euros per year. The subsidies can aggregate to more than 1 million euros per year for a larger newspaper. The financial support contributes substantially to the income for a smaller newspaper (Grand Duchy of Luxembourg, 2013). The press aid was introduced in 1976 and specified in 1998 by law. The press subsidies consist of two components. One component is an identical amount for all newspapers and the other component is based on the number of published pages. Since 2014 there is a discussion about extending the support to online media activities. A reallocation of financial support will create problems for the newspapers. It is likely that newspapers with a relatively small market share would be in immediate danger without press aid, whereas other newspapers could get in trouble in the near future. To deal with the survival issue of newspapers, the suggestion is to split the existing press aid between print and online publications. In autumn 2015, another suggestion arose to introduce additional funding for online publications on top of the current press aid (Luxemburger Wort, 2015).

Besides from subsidizing traditional news media, the Luxembourg's government promotes research, development and innovation (RDI) activities and implements strategic initiatives to promote the diversification of the economy, to increase the competitiveness of its businesses and to create a knowledge-based society. Therefore, the government established Luxinnovation to stimulate research, development and innovation in 1984. It is a National Agency for Innovation and Research, and is now a European Economic Interest Grouping (EEIG). The public budget for RDI has increased from 28 million euros to 326 million euros between 2000 and 2014. The goal is to raise the expenditure on RDI from 2.3 to 2.6 % of the GDP by 2020 (Luxinnovation, 2015). Other authorities involved in the countries innovation policies are the Ministry of Economy, the Ministry of Higher Education and Research, the Chamber of Commerce, the Chamber of Skilled Trades and Crafts and Fedil—Business Federation Luxembourg.

Information and communication technologies (ICT) are one of the key industries for Luxembourg's innovation policies. Other areas include life sciences, eco-technologies, materials and production technologies, space technologies, young innovative businesses, skilled crafts and automotive components industry. Within the ICT sector Luxembourg's objectives include the development of telecommunication infrastructures, support for innovation and access to finance start-ups, innovation in services related to the financial sector, promoting e-skills, establishing e-administration. In recent years Luxembourg has been successful in developing businesses in e-commerce, digital content, cloud computing, big data and e-payment. This is represented by companies like eBay, iTunes, KABAM, PayPal, Rakuten, RealNetworks, Skype and Vodafone which all contribute to Luxembourg as an important European ICT location.

In 2014 a few initiatives were launched to regroup the main public research actors in Luxembourg which include the University of Luxembourg, the public research centre Luxembourg Institute of Science and Technology (LIST), focusing on Environmental Research and Innovation, IT for Innovative Services and Materials Research and Technology and Fonds National de la Recherche Luxembourg and Luxinnovation.

Another important Luxembourgish initiative is Digital Lëtzebuerg. It was launched in October 2014 with the goal to strengthen and consolidate Luxembourg's position in the ICT field on the long run. The guiding principle behind the initiative is to diversify the economy to the benefit of the citizens and all socio-economic sectors.

However, in November 2014, Luxembourg faced international criticism following media revelations based on leaked documents, so-called LuxLeaks, which pointed out a scheme for advance tax ruling. An investigation of EU tax authorities in 2015 has lead Amazon to the decision to stop to channel their revenues through Luxembourg (Businessinsider UK, 2015). It is unclear which influence this EU investigation will have on the regional economic policy, its agenda on RDI and the multinational media companies based in Luxembourg.

4 Summary and Best Practices

Luxembourg follows a combined approach between the regional economic policy to settle international media companies in the Grand Duchy and to ensure a variety of multilingual media for the citizens and commuters. The press plays still an important role in the news media landscape in Luxembourg. A specific press aid system exists in Luxembourg that supports all newspapers. As a consequence, a relatively large number of newspapers appears in Luxembourg given its population. Nowadays the importance of online news platforms is recognized as well and there is a legislation under discussion to subsidize these types of media as well.

The focus on commercial broadcasting with the still predominant role of the RTL Group and the lack of existence of a strong public broadcaster is a unique characteristic of the country. Moreover, news media have a high priority in Luxembourg. For instance, the prime minister himself is responsible for the media policy. Media policy is viewed holistically as a part of the ICT sector where infrastructure policy plays a major role. The country has a leading role in the ICT development in Europe.

5 Innovation Policy Recommendations

In April 2015, the World Economic Forum ranked Luxembourg ninth of 143 countries regarding the Networked Readiness Index, which measures the predisposition of countries to exploit the opportunities offered by the ICT sector. With the 'Digital Lëtzebuerg' initiative, which was launched in 2014, the government plans to further develop the digital economy, promote e-government and encourage the uptake of digital skills. In terms of infrastructure Luxembourg belongs to the leading European countries and reaches already a broadband coverage of 100 %. With a national strategy to establish ultra-high-speed rates of 1 Gbps for the entire population by 2020 the government exceeds the objectives of the Digital Agenda for Europe (World Economic Forum, 2015).

In terms of media innovation there is a special focus on digital media. These developments should also be relate to maintain or even improve Luxembourg's position as an important European finance center. Moreover, Luxembourg should continue to invest in enhancing the skills of its workforce and in enhancing its capacities for academic research.

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Market Structure and Innovation Policies in the Netherlands

Hans van Kranenburg

1 Market Structure and Media Ownership

The news media in the Netherlands have a long tradition. Concerning media freedom, the Netherlands ranked in the top 10 in the 2012 Reporters sans Frontiéres ranking. In 1848, the Netherlands was among the first nations to guarantee fundamental rights and liberties such as freedom of the press, freedom of opinion, and freedom of information. The country's media profile is one of an economically advanced, mature and stable democracy where traditional news media are still relatively strong. Newspapers, television, magazines, and radio, respectively, reach more than 70 %, 95 %, 93 %, and 70 % of the population in any given week (Zenith Media, 2011). All of these news media sources also have their own publicly accessible websites. Reading online dailies and magazines, listening to Web radio, watching Web television, and participating in activities related to obtaining and sharing audiovisual content are popular activities among Dutch citizens (Commissariaat voor de Media, 2011, 2014). Additionally, the Netherlands has one of the highest percentages in the world of regular Internet users. More than 96 % of households in the Netherlands are connected to the internet (CBS, 2014).

1.1 Newspapers

Print media is currently highly concentrated in the Netherlands. The number of daily newspaper titles has declined from 55 to 25 in the last 20 years. Recently, the two freesheet newspapers merged into one newspaper. Newspaper circulation declined from 1.460 million in 2004 to 1.017 million in 2014 (Commissariaat

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Table 1 An overview of the market share of the main newspaper publishers in the Netherlands

Publishing company	Market share in percentage			
	2011	2012	2013	2014
Telegraaf Media Groep	37.0	36.9	35.7	35.2
Mecom Group	22.4	23.5	23.9	19.7
De Persgroep	20.9	22.8	23.8	24.9
Others	19.7	16.8	16.6	20.2

Sources: Instituut voor Media Auditing (2014) and Commissariaat voor de Media (2014, 2015)

voor de Media, 2015). Given the substantial population growth in these years, the ratio of newspaper sales to total population shows an even more substantial decline. Both subscription and single-copy sales have dropped in the last two decades. Today, the daily newspapers are published by nine publishing companies, of which the largest three have an aggregate market share of 79.8 % (Table 1). The market share of the Telegraaf Media Group (TMG), Mecom Group (Wegener), and De Persgroep is 35.2 %, 19.7 %, and 24.9 % respectively.

TMG publishes the largest and most popular daily newspaper, De Telegraaf, with a market share of around 15 %. It is the only publisher with a free daily newspaper, Metro, which focuses mainly on young professionals commuting by public transport to and from work. With its regional newspapers, TMG has a relatively strong position in the provinces of North and South Holland (Telegraaf Media Group, 2014). It is one of the most innovative and diversified traditional Dutch news media companies. The company also owns a majority share in the Sky Radio Group. It is also active in the new media and on the internet with websites and apps, and digital music stations. TMG's main business activities are concentrated on the markets in the Netherlands.

The other dominant publisher, De Persgroep Nederland, is part of the diversified media company De Persgroep, headquartered in Belgium. It is active in the newspaper market and new media in the Netherlands. Its largest paid-for daily newspapers are AD, De Volkskrant, Trouw and Het Parool. The company owns Q-music radio station, and the parent company also has broadcasting companies in its product portfolio (De Persgroep, 2014). Recently, De Persgroup has become the largest publisher of newspapers. In June 2014, De Persgroep announced that it had the intension to acquire the newspapers from the Mecom Group. Based on a preliminary investigation about the consequences of the acquisition for customers and competition, the Dutch antitrust authority—'Autoriteit Consument & Markt' (ACM)—decided that it needed to further investigate the ramifications of the acquisition. The publishers applied for the permission on 8th October 2014, so that ACM could continue their investigation (ACM, 2014). On 11th of February 2015, ACM conditionally agreed with the proposed acquisition (ACM, 2015).

The British Mecom Group became active in the Dutch newspaper market in 2007. It entered the Dutch media market with the acquisition of Koninklijke Wegener N.V. It was the largest publisher of regional daily newspapers and free weekly door-to-door newspapers in the Netherlands in 2014. It had a dominant market position with its mainly paid-for daily newspapers (e.g. De Gelderlander, De Twentsche Courant Tubantia, Eindhovens Dagblad and PZC) in the east and south of the Netherlands, each daily has on average of eight local editions (website Mecom). Daily circulation ranges from 45,000 to 120,000 (Mecom Group, 2014). The company also publishes content in online, mobile and e-paper form such as the real estate website Funda. Mecom Group has approximately two million unique monthly online users in the Netherlands. Furthermore, the Mecom Group operates two printing plants in the Netherlands, one in the city of Apeldoorn and one in Best, with capacity largely used to print the Mecom Group's own daily and weekly publications. Despite their strong market position, however, the Mecom Group has sustained losses in the last few years. In 2014, Mecom sold its business unit Media Groep Limburg (publisher of two daily newspapers in the province Limburg) to Belgium publisher Concentra. It also is one of the owners of NRC Media Holding which publishes the newspapers NRC Handelsblad, and nrc.next.

1.2 Television

The television landscape in the Netherlands has also changed significantly in the last decades. Since the beginning of the 1990s, the Netherlands adopted the dual system of public and commercial broadcasters for its television market. The national public broadcasters mainly compete with two large national commercial broadcasters for the audience in the Netherlands and less on commercial activities. This latter can be explained by the fact that the public broadcasters in the Netherlands are predominately state-funded although the grant funding is declining. The largest commercial broadcaster is RTL Netherlands which runs operations on four television channels, RTL4, RTL5, RTL7 and RTL8. It is a subsidiary of the Luxembourg-based RTL Group. The parent company is the leading European media and entertainment company, Bertelsmann. The second largest commercial broadcaster SBS Nederland which operates the channels SBS6, Net5, Veronica and launched another channel SBS9 in January 2015, is also owned by a foreign company, Finland's Sanoma Group. In 2011, Sanoma Group became the owner of SBS Broadcasting. Talpa Media Group also is a shareholder in SBS Nederland. At the national level, the three largest broadcasters together hold on average three-quarters of the Dutch television market share. The Dutch public broadcast associations organized in the Nederlandse Publieke Omroep (NPO) has about one-third of the audience share, RTL Netherlands one-quarter and SBS Nederland with less than 15 %. Regional television has a relatively small market share of around two percent. In total, in 2011 there were 13 public broadcasters at the regional level and around 340 at local level (Commissariaat voor de Media, 2011; OLON, 2015). Table 2 presents an overview of the market share of the main broadcasters in the Netherlands.

The total viewing time of the Dutch population has shown a clear upward trend since 1989. For instance, it increased from 167 min/day in 2001 to 200 min/day in

Table 2 Market shares in the Dutch television market

TV broadcasters	Market share in percentage			
	2011	2012	2013	2014
Nederlandse Publieke Omroep (NPO)	32.0	34.6	31.9	33.2
Bertelsmann (RTL Netherlands)	26.2	24.4	24.6	24.1
Sanoma Group-Talpa Media Group (SBS Nederland)	15.9	14.0	14.0	13.5
Others	25.9	27.0	29.5	29.2

Sources: Stichting Kijkonderzoek (2011, 2012, 2013, 2014, 2015) and Commissariaat voor de Media (2014, 2015)

2014. The viewers predominantly tune in to the national public broadcasters or to the commercial broadcasters RTL or SBS.

Many people are connected to cable to watch television. The Netherlands has the highest density of cable connections and the highest percentage of households that use cable for their television reception in Europe (Commissariaat voor de Media, 2015). A fast-growing development in the market is digital television. In 2014, the three largest TV cable and digital operators had an aggregated market share of 79 %. The market share of Ziggo, KPN, and UPC is 33.8 %, 28.6 %, and 16.6 % respectively. However, Liberty Global announced in January 2014 its intention to acquire Ziggo. Liberty Global is the US parent company of UPC. After an in-depth investigation, the European Commission approved the proposed acquisition of Dutch cable TV operator Ziggo by Liberty Global, under the EU Merger Regulation. The approval is conditional upon the implementation of a commitments package (European Commission, 2014). The commitments package should guarantee that the consolidation should not hinder competition by removing two close competitors and important competitive forces in the Dutch market for the wholesale of premium Pay TV film channels, and should not hinder innovation in the delivery of audio visual content over the Internet. The new combination covers around 90 % of The Netherlands and currently command between 60 and 70 % of Dutch Pay TV subscriptions. The acquisition has given Liberty Global an increased buyer power position vis-à-vis TV broadcasters, in particular Dutch TV broadcasters.

The development of pay television is still in its infancy. It is likely that the development of pay television will be stimulated by the entrance of Rupert Murdoch's News Corporation to the television broadcasters market in the Netherlands on 8th of August 2012. Fox International Channels, a subsidiary of News Corporation, acquired a majority share of 51 % in the pay television channel EredivisieLive for more than 1 billion euros for 12 years (NRC Handelsblad, 2012).

1.3 Radio Broadcasting

Many broadcasters also fully or partially own radio stations. The radio market also shows a high concentration in media ownership. The majority of national radio stations are owned by the public broadcasters or other Dutch media companies.

Table 3 An overview of the market share of the main suppliers of radio stations in the Netherlands

Radio broadcasters	Market share in percentage			
	2011	2012	2013	2014
Nederlandse Publieke Omroep (NPO)	33.2	32.3	31.7	32.0
Telegraaf Media Groep (TMG)	15.2	16.9	17.2	16.1
Talpa Media Group	16.6	16.0	15.4	12.5
Others	35.0	34.8	35.7	38.4

Source: Commissariaat voor de Media (2014, 2015)

Overall, public broadcasters, including regional broadcasters, have a market share of 41.7 %; commercial broadcasters have an aggregate market share of 54.2 %; and the rest category has a market share of 4.1 % in 2014. Broadcasters owned by foreign companies have around 10 % of the market of which De Persgroep is the largest, with a share of 8.8 %. Only a few companies dominate the market of radio stations. The three largest companies have a combined market share of 61.6 %. The market share of national public broadcasters, Telegraaf Media Group (TMG), and Talpa Media Group is 32.0 %, 16.1 %, and 12.5 % respectively (Table 3). Talpa Media Group is the holding firm that incorporates John de Mol's media activities, and the company has a minority share in SBS Nederland. Radio stations Radio 538 and Slam FM are fully owned by Talpa Media Group. In addition, Talpa, holds a minority share in the radio corporation 100 % NL.

2 Regulations

For many years, the Netherlands had different rules to constrain media cross ownership in the news media markets. It also posed restrictions in granting broadcasting licenses. These constraints were initially laid down in the various Media Acts. From January 2011, specific legislation on media concentration (such as media cross ownership) no longer exists in the Netherlands (Commissariaat voor de Media, 2011). The ongoing increase of alternative news sources provides sufficient counterweight against the larger media companies and provides enough opportunities to maintain or even increases quality and diversity of information provision to the society. As for the prevention of dominant positions of media companies, general competition law also applies to the news media markets.

Nowadays, the Dutch Media Authority called Commissariaat voor de Media enforces the rules formulated in the Dutch Media Act as well as in the regulations based on this act. Although the Media Authority operates and takes decisions independently, it is accountable for its decisions and actions to the Ministry of Education, Culture and Science. It is responsible for audiovisual content and distribution matters. It grants licenses to broadcasters, registers VOD services and systematically monitors compliance with the rules on quotas, advertising and protection of minors. Furthermore, it can issue warnings, impose fines, reduce broadcasting time and suspend or revoke a license. Penalties and corrective actions take place after a breach of the regulations has occurred; the broadcasting organizations are themselves responsible for the form and content of their programs. Money from fines is transferred to the state budget but has to be used for purposes of media policy (in the widest sense).

In the Dutch television system, there is no limitation on the number of national broadcasting licenses a broadcaster may hold for commercial broadcasting, as long as a company complies with the general competition law. However, a broadcaster can only hold one public national broadcasting license which is granted by the Ministry of Education, Culture and Science. The dominant position of the national public broadcasters has been phased out. Recently, a consolidation has taken place among the public broadcasters due to pressure from the Dutch government.

There are limitations on the number of licenses for regional and local public television broadcasting. Only one person or legal entity can be licensed for local public television broadcasting within the same geographical area (i.e. municipality). Similarly, only one person or legal entity can be licensed for regional television broadcasting within the same geographical area (i.e. counties). More than 50 % of their broadcasting time should be focused on information, cultural, and educational programs.

3 Media Innovation Policies

To save pluralism of daily newspapers, the Dutch government intervened in the Dutch daily newspaper market on several occasions. In 1962, the Dutch government imposed a rigid price policy for daily newspapers through a tight link between subscription prices and advertising tariffs. The newspapers had been required to annually increase subscription prices and advertising tariffs by a minimum percentage agreed on by all publishers to guarantee the plurality in the daily newspaper market. This price policy for the daily newspaper market disappeared.

In reaction to the concentration tendency, in 1971 the Dutch government decided to install a press relief fund to financially support newspapers that struggled for survival. This fund, known as Het Bedrijfsfonds voor de Pers, became a foundation in 1974, and still exists today. It seems that the exit barrier enhancing policies to maintain multiformity may have delayed the concentration process in the newspaper market, but could not stop it (van Kranenburg, Palm, & Pfann, 2002).

In the last decade, the Dutch support system to the news media has gone through a continual process of rethinking and transformation. The choice of policy instruments has changed. The policy now focuses more on stimulating publishers and editors to deliver news across diverse media platforms (Lichtenberg & d'Haenens, 2013). The fund works at a distance from the Dutch government and experiences no political interference. In 2008, a temporary innovation commission Tijdelijke Commissie Innovatie en Toekomst Pers, also known as Commission Brinkman, was established. This commission was assigned the task of discussing the future of state support to the press and providing recommendations on innovation policies (Staatscourant, 2014). One important recommendation was the establishment of a temporary fund to stimulate innovation of the press and journalism—the Persinnovatieregeling. The Bedrijfsfonds voor de Pers (changed its name to the Stimuleringsfonds voor de Pers in 2007) became responsible for the implementation of the temporarily innovation fund.

As a result of these developments, the Dutch support fund recently changed its name to the Stimuleringsfonds voor de Journalistiek, or innovation fund for journalism. The fund focuses on supporting innovative activities of news media, in particular activities of smaller firms and start-ups, because they do have generally not the required expertise and resources for the development of the activities. Its focus is also increasingly on giving advice and organising workshops and events that aim to inspire people and bring different experts together.

Despite the relatively high number of successful projects (Wolfert, 2014), the fund is endowed with relatively little money. The fund works on the principle of matching funds, with projects having to match at most 50 % of the grant. The budget has significantly declined over the last 4 years. Initially, the fund received once-off cash injection from the state of 8 million euros for innovation in 2010. Nowadays, the fund works with a budget of around 2 million euros. More than half of the budget is allocated to support innovative activities and the rest is allocated to research and workshops and events.

In the same period, 4 million euros was temporarily earmarked to rejuvenate journalists' workforce. In particular, newsrooms could apply for funds to hire young journalist. After the end of the funding period, more than half of the young journalists were still employed by the newspapers (Plessing, 2014).

Also the policy to support the public broadcasters is changing. Recently, the government in the Netherlands decided to impose serious cuts on the budgets for culture and media for the forthcoming years. This means that public broadcasters are being confronted with serious budget cuts spread over the next few years. These reductions also influence the innovation activities of organizations given the fact that they can invest less in research and development. No alternative instrument has been designed to replace the budget cuts and promote the innovative activities of broadcasters.

The formulation of the innovation policy in the Netherlands also includes ultimate objectives. The government defined the creative industries as one of the leading industries for the Dutch economy and society. In particular, the selected industries receive support from the government and public organizations. The creative industries among the publishing, advertising, entertainment, music, broadcasting, visual arts, new media and gaming industry contribute substantially to the economic development of the Netherlands. The annual turnover of creative industries in the Netherlands adds up to more than 7 billion euros in 2012 (NLAgency, 2013). Government, knowledge institutions and companies are collaborating to facilitate research and to develop R&D facilities, new businesses and education. These collaborations are strong in particular regions in the Netherlands. For instance, the High Tech campus in Eindhoven and Hilversum and the Amsterdam Metropolitan Area are hotspots for broadcasting and the general creative industry respectively. Among the many collaborative initiatives to strengthen the creative industries is iMMovator Cross Media Network in Hilversum. It is a network organization that connects government, knowledge institutions and business to share knowledge and encourage collaborations to stimulate innovation in the media. Also the informal network organization Federation Dutch Creative Industries (FDCI) aims to strengthen the creative industries in the Netherlands.

The government has also developed various funding instruments and regulations for the creative industries. These instruments and regulations are primarily aimed at Dutch knowledge institutions and the Dutch creative small and medium sized enterprises (SMEs). For instance, the government has developed tax related instruments for research and development to foster the innovative power of SMEs. The goal of this innovation policy is to help the creative industries to gain an international top position. In the government's attempt to achieve this goal, the creative industries knowledge and innovation network (CLICKNL) has been established (Ministry of Education, Culture and Science, 2014). Members of CLICKNL are among others TNO (independent organization regulated by public law to enable business and government to apply knowledge) and Dutch Science Foundation (NWO). Their task is to develop and implement particular instruments and regulations for the creative industries. For instance, the Dutch government and Dutch Science Foundation (NWO) have established the creative industries program to facilitate research, to make knowledge accessible, and to encourage collaboration among scientists and entrepreneurs in the creative industry. Researchers can submit embedded or strategic research projects on behalf of consortia of companies and researchers (NWO, 2014). Also a similar program—Raak—has been established for the applied universities in the Netherlands.

Although the government defined the ultimate objectives for the creative industries, the translation into direct innovation objectives for the news media industry are not well-defined. These innovation objectives cannot be derived because the identification of problems in the news media industry from a policy point of view that are not solved by the industry itself has not yet been completed.

4 Summary and Best Practices

The evidence shows a tendency towards concentration in the traditional news media markets. It is expected that the concentration will further increase in the next period. The long term increase in concentration has been caused by changing commuting, advertising and reading habits, but also the trigger for such concentration was the information and communication technology developments. In the Netherlands, the newspaper market has reached a point in which opportunities to successfully establish a new newspaper is very low. The Dutch government has intervened several times in the newspaper market, yet these interventions could not stop the concentration tendency. The level of concentration is even higher when we look at the owners of the newspapers. In 2014, the majority of newspapers were owned by three large diversified media companies of which two had foreign owners. Recently, De Persgroep acquired the publisher Wegener N.V. As a result, the two largest owners of newspapers have an aggregate market share of 79.8 %. The few dominant media companies are active in various domestic and/or international media markets. Media cross-ownership is allowed in the Netherlands. It seems that the ongoing increase of alternative news sources provides sufficient counterweight to the larger media companies and provides enough opportunities to maintain or even increase quality and diversity of information provision to the society. As for the prevention of dominant positions of media companies, general competition law also applies to the media markets. The general competition law applies only in the case of abuse of market power or intended mergers or acquisitions, but not for organic growth of the firms.

Also the policy to support the public broadcasters is changing. The government continues to support public broadcasting although it is implementing severe budget cuts for the public broadcasters. This development influences the innovation activities of organizations given the fact that they can invest less in research and development. No alternative instrument has been designed to replace the budget cuts and promote the innovative activities of broadcasters.

In the last decade, the Netherlands has moved to more flexible temporary support (Plessing, 2014: 21). These models not only focus on traditional news media but also include new media development initiatives such as digital media. Furthermore, the government decided that the creative industry is one of the hotspots. It should be or become one of the leading industries in the Netherlands. The news media industry is part of the general creative industry, although underlying problems from a policy point of view and the innovation objectives of the news media industry have not yet been well-defined. As a consequence, the formulation and implementation of an effective innovation policy for the news media industry is difficult at this point in time.

The new policies are open to a greater range of media initiatives than the previous policies. Although the Netherlands invested much thought in revising its subsidy system, the main question that arises is how effective and efficient are the new innovative policies, given the relatively small financial commitment, the temporary character and unclear objectives of these policies?

5 Innovation Policy Recommendations

Technological change, convergence and a change in customer needs are elements in the news media industry that demand the media companies to change and consider new avenues for revenue, but also governments, policy-makers and politicians to change their traditional ideas and perspective on the industry. Although they are becoming more aware of these developments, the awareness and attention to the policy challenges associated with current changes are still relatively limited. They should be aware that the boundaries between the traditional news media industry with its different markets and related industries are blurring at a high pace.

In general, most of the media policies are developed with the aim of ensuring media pluralism and addressing potential market failures in content production (in particular in news journalism and domestic programming for television). The new policy initiatives more often supplement than supplant the traditional ones. In these new initiatives the inherited arrangements and interests of legacy firms are generally left unchallenged and the focus on innovation is limited. These policies are necessary but not sufficient to trigger innovation and to maintain a sustainable news media industry. Nowadays, media pluralism and diversity are not only related to the traditional news media industry, but also related to other related industries. This implies that the debate to achieve the policy objectives to ensure media pluralism and diversity should take place in a broader context than the traditional one. Not only digitalization and Internet but also computer science and statistics have become part of the news media ecosystem. Nowadays, computer journalism creates news items from sets of data that are indistinguishable from human written news (Clerwall, 2014). Computational journalism uses algorithms, social science and mathematical processes and systems for the production of news and information. This debate will also influence the development of innovation policies.

Although many different interests and objectives exist that need to be balanced in order to create commitment and successful implementation of policies, companies, government, policy makers, and knowledge institutions should translate the ultimate objectives for the creative industries (including innovation and media pluralism) into direct objectives for the news media industry. Before this can be accomplished, the industry should first complete the identification of the problems in the industry from a policy point of view by itself. This requires from all actors to behave less defendedly and to act mindfully.

The policy discussion about the public service broadcasting is about cost-efficiency, budget reduction and competition with the commercial broadcasters. This policy is not triggering innovation. Legacy firms are lobbying to maintain their current position and their revenues and their resources are mainly going to the restructuring of the organizations. This policy is mainly based on short term objectives. It would be recommended also to include long term objectives such as the transition from public service broadcasting to public service media. The debate should be more focused on the role the public service media can play to trigger innovation and thus in the sustainability of the news media ecosystem. The public service media organizations can also function as experimental labs and incubators. The media park in Hilversum has a great opportunity to transform itself into a social network news media cluster given the existing resources, knowledge base and infrastructure.

It is important for policy makers and other actors from the traditional news media industry to understand that the future news media ecosystem will radically differs from the existing one. This implies that the traditional routines, practices, rules of production and distribution will change. In other words, the rules of the game will change. The creation of the hotspot for creative industries is an adequate response for the preparation of the transition of the news media ecosystem. However, the policies for the creative industries should not only consider initiatives of organizations from the traditional industries but should also consider initiatives from organizations outside these industries. Creativity, inventions and innovations for the news media eco system are not only coming from inside the industries but also from outside. Furthermore, these policies should have a more structural character and should include all policy instruments and structural financial commitments to trigger innovation.

The news media industry is not only an economic interesting industry, but it has always played an important role in the (democratic) functioning of the society. This gives the industry a unique position in comparison to the other creative industries. Therefore, it would be recommended to include particular emphasize on the news media industry in the innovation policies for the creative industries. The innovation policies should include measures to encourage the diffusion and uptake of existing innovations to a broad range of news media firms and not only firms from the traditional news media industry, as well as encouraging new innovations. Hence, innovations should be more widely distributed in particular to the news media industry, with support for firms to develop their ability to search for new options, evaluate them, and successfully implement and adapt them to their specific context.

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Market Structure and Innovation Policies in Norway

Arne H. Krumsvik, Knut Kvale, and Per Egil Pedersen

1 Market Structure and Media Ownership

While the Norwegian market is not large in terms of population (5.2 million (Mln), ranked as 28th in Europe), it is ranked 2nd on the IMF list of the wealthiest countries in the world in terms of GDP per capita (International Monetary Fund, 2014). Among the Nordic countries, Norway had an estimated GDP per capita two thirds higher than that of Sweden (ranked 7th) and Denmark (6th), and more than twice as high as that of Finland (14th) and Iceland (16th). Norway also has one of the most digitally sophisticated markets in Europe. In 2014, 88 % of the population between 9 and 79 years of age reported daily use of the Internet. During "an average day" these Internet users spend 144 min on various activities at Internet, such as reading news online (75 in percent), reading e-mail (63 in percent) or checking Facebook (64 in percent) (Norwegian Media Barometer, 2014).

Norway is a typical example for the Democratic Corporatist media system in Northern Europe (Hallin & Mancini, 2004) in the sense that (1) the newspapers

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have high circulation and readers from a broad section of the population, (2) a strong party political press has evolved to become more commercial, and to a greater extent politically neutral, and public broadcasting with a great degree of autonomy, (3) a high degree of professionalization and institutionalized self-regulation, and (4) a high degree of state intervention through regulation and subsidies.

Freedom of expression and media plurality have been the two main objectives of Norwegian media policy. The state's responsibility to create conditions that facilitate open and enlightened public discourse was written into the Constitution in 2004. This provided a justification for the use of different policy measures to guarantee a degree of media diversity which is often assumed that the market would not be able to provide on its own (Krumsvik, 2011, 2013).

Digitization of media has lead to recent processes of change in three important areas of media policy: (1) press subsidies, (2) media ownership limitations, and (3) broadcasting licence privileges. Regulations in these areas have been rooted in the era of the party press and limited bandwidth for broadcasting. We argue that most of these measures have proven to be failed attempts to slow down unwanted developments (e.g. newspaper death and ownership concentration), and in the following we will discuss how the state interference in the news media markets has created barriers for media innovation, how reform of media policy in order to remove these barriers for innovation is negotiated between the authorities and the players in the media industry, and the relation to horizontal policies of relevance to all media and media platforms.

1.1 Newspapers

Schibsted Media Group is the largest media group in terms of revenues from the Norwegian market (see Table 1). This traditional newspaper owner has become a global player in online classifieds, and half of the total revenue was generated outside Norway in 2014. The second place was held by Egmont, a Danish media conglomerate involved in publishing, film- and video production, and owner of Norway's largest commercial TV group. On the next two places the Norwegian Government becomes involved. with telecommunications company Telenor, and public service broadcaster (PSB) NRK respectively.

The three largest newspaper groups in Norway, Schibsted Media Group, Amedia, and Polaris Media, controlled 93 newspapers in 2014, or roughly two thirds of the Norwegian newspaper market in terms of total circulation, as shown in Table 2. The forming of large newspaper groups (by means of mergers and acquisitions) has been one of the key strategies to utilize the economies of scale and scope in operations. The presence of non-Nordic ownership in the Norwegian (and Nordic) newspaper market is limited. (Ohlsson, 2015).

Norwegian press has traditionally been linked to the party system formed in the late nineteenth century. The conservative, labour and social liberal parties all had close ties to specific newspapers. However, the Norwegian press has been characterized by a gradually declining structural connection between the party and press spheres, and traditional owners with political aims have been

Table 1 Largest Media Groups in Norway, 2014 (in terms of sales/turnover)

Media group	Owners per 31.12.2014	Main media activities in Norway	Revenue in Norway (MNOK)	Revenue in total (MNOK)	Norwegian share (percent)
Schibsted Media Group	Blommenholm Industrier (Tinius Trust) (26 %), Folketrygdfondet (6 %), Nya Wermlands-Tidningens AB (4 %), Goldman Sachs (3 %)	National and regional newspapers, online classified	7801	14,975	52
Egmont Foundation (Denmark)	Foundation	TV, film, book publishing	6421	12,964	50
TV 2 Group	Egmont (Denmark)	TV (PBS)	3683	3683	100
Telenor (Telenor Broadcast)	The Norwegian Government (54 %), Government Pension Fund of Norway (5 %), Clearstream Banking SA (2 %)	Broadcast distribution	5995	9415	64
The Norwegian Broadcasting Corporation (NRK)	The Norwegian Government	TV and radio (PBS)	5510	5510	100
Amedia	Norwegian Confederation of Trade Unions (45 %), Telenor (44 %), Amedia AS (8 %), Fritt Ord (3 %)	Local newspapers	4306	4687	92
Modern Times Group, MTG (Sverige)	Stenbeck-family (Sweden) (via direct and indirect ownership)	TV and radio	2739	14,461	19
Get	TDC (Denmark)	Broadcast distribution	2635	2635	100
Discovery Networks Norway	Discovery Communications (USA)	TV and radio	1721	1721	100
Gyldendal	Erik Must AS (85 %), Fr Falck Frås (4 %)	Book publishing and retail	1678	1678	100

(continued)

Table 1 (continued)

Media group	Owners per 31.12.2014	Main media activities in Norway	Revenue in Norway (MNOK)	Revenue in total (MNOK)	Norwegian share (percent)
Polaris Media	Schibsted (29 %), Nya Wermlands-Tidningens AB (26 %), Must Invest (15 %), Sparebank 1 SMN (11 %)	Regional and local newspapers	1659	1659	100

Note: Cross Ownership: Telenor owner in Amedia, and Schibsted owner in Polaris Media. Discovery sold all their radio assets in Norway to Bauer Media Group (Germany) in 2015
Source: MediaNorway (2015)

Table 2 Newspaper ownership and market share (circulation), 2014

Owner	Market share (percent)		
	2004	2009	2014
Schibsted Media Group	31.0	31.2	29.2
Amedia	16.2	17.6	25.9
Orkla	16.2	10.0	–
Polaris Media	–	9.2	9.7
Aller (Denmark)	–	–	4.3
Other	36.9	32.0	31.9

Source: Norwegian Ministry of Culture (2012), The Norwegian Media Authority (2015)

followed by industrial newspaper owners with long term economical goals (Krumsvik, 2011).

For several decades, the Schibsted Media Group has enjoyed the position as Norway's largest newspaper owner, measured by circulation. It owns several of the largest media houses in Norway, including Aftenposten, Verdens Gang (VG), and the regional newspapers Bergens Tidende, Stavanger Aftenblad and Fædrelandsvennen. The Schibsted Media Group has been listed on the Oslo Stock Exchange since 1992. The Tinius Trust controls 26 % of the shares. The Tinius Trust was founded by Schibsted's previously largest owner, Tinius Nagell-Erichsen. His justification for setting up the trust was to consolidate his ownership interest in the Schibsted Media Group in order to create confidence that their media outlets would always be able to maintain their position as free and independent. Other large shareholders are the Swedish newspaper group Nya Wermlands-Tidningens, and the US investment bank Goldman Sachs. The Schibsted Media Group consists of two divisions: Media Houses and Online Classifieds. Media Houses comprises the group's newspapers in Norway and Sweden, as well as free dailies in Spain and France. Online Classifieds comprises websites in 31 countries.

In 2014, Media Houses accounted for 68 % of the group sales. However, online classifieds share of EBITDA in 2014 was 62 %, and went up from 44 % in 2013 (Schibsted, 2015).

The second largest newspaper group in Norway is Amedia (previously A-pressen), a company originally created in 1948 to consolidate the newspaper holdings of the labour unions and the Labor Party. Amedia, which is currently unlisted, has two major shareholders: the Norwegian telco Telenor (44 in percent) and the Norwegian Confederation of Trade Unions (45 in percent) (see Table 1). The Labour Party sold their shares in 1995. In 2012, Amedia acquired Edda Media, a newspaper group comprising 36 local newspapers, from Mecom, a British media investment group. These newspapers were acquired from the Norwegian industry conglomerate Orkla in 2006, and sold back to their main competitor Amedia 6 years later. Until 2012, the labour press owned 50 % of TV 2. The shares were sold for NOK 2.1 billion to the Danish media conglomerate Egmont. This sale paved the way for the acquisition of Edda Media.

Polaris Media, Norway's third largest newspaper group with 9.7 % of the national circulation in 2014, was founded in 2008 following a merger between Adresseavisen and the Harstad Tidende Group. This new media group was formed as a direct result of ownership regulations. Adresseavisen had partnership agreements with the other major regional newspapers, but could not be part of the consolidation process where these papers came under control of Schibsted Media Group, due to ownership limitations (1/3 of national newspaper circulation, see Regulations below). To avoid being marginalized, Adresseavisen (owning several newspapers in Mid-Norway) joined forces with the Harstad Tidende Group (in Northern Norway). Polaris Media is listed on the Oslo Stock Exchange. As of 2014, Schibsted Media Group (29 in percent) and Nya Wermlands-Tidningens (26 in percent) were the largest shareholders in Polaris Media (see Table 1). In 2013, the Danish media conglomerate Aller acquired Dagbladet, Norway's second largest single-copy sale newspaper.

1.2 Television

In exchange for licensing privileges, which have been justified by the shortage of frequencies, the Government has traditionally issued strict demands on TV and radio content. The strong position enjoyed by public service broadcasters (PSB) during the twentieth century was in part due to a lack of competition. According to Hallin and Mancini (2004, p. 41), public broadcasting is the most important form of state intervention in a media market. The Norwegian Broadcasting Corporation (NRK) only had one commercial competitor in the national television market since 1992: TV 2, which enjoyed a monopoly on national advertising sales in return for PSB obligations. Digitization of the distribution has fundamentally changed this. By closing the Norwegian analogue terrestrial network for TV broadcasting in 2009, the main competitors in the advertising market obtained equal distribution, and there is now a low threshold for establishing new, national TV channels.

Table 3 Television ownership and market share (viewership), 2014

Owner	Market share (percent)		
	2004	2009	2014
Norwegian Broadcasting Corporation (NRK)	44.1	39.0	37.7
TV 2 (Denmark)	30.0	27.9	28.2
Discovery (USA)	–	–	17.4
SBS (Luxembourg)/ProSiebenSat.1 (Germany)	9.5	9.5	–
Modern Times Group (Sweden)	6.4	10.1	6.8
Other	10.0	13.5	9.9

Source: Norwegian Ministry of Culture (2012), The Norwegian Media Authority (2015)

Because distribution is no longer a shortage factor, justification for the public service licensing demands fell away. The authorities feared TV 2 would move from Bergen to Oslo and follow the refocus of TVNorge, a competitor that has been transformed into a pure entertainment channel. An innovation in policy measures came out of negotiations between the commercial broadcaster and the Government: In 2010, TV 2 signed a public broadcasting agreement where they accepted certain PSB obligations in exchange for a must-carry regulation committing all cable distributors to offer TV 2.

In 2012, the Danish Egmont Group acquired the TV 2 Group. As a result, the entire Norwegian commercial TV market is controlled by foreign owners.

SBS Discovery Media was formed in 2013 as a result of Discovery Communication's acquisition of SBS Nordic from ProSiebenSat.1. SBS Nordic had been a major commercial broadcaster in Scandinavia since the 1990s. The combined viewing shares of these two broadcasters make SBS Discovery Media the second largest commercial television group in Norway (see Table 3).

Modern Times Group (MTG), a publicly traded media company controlled by the Swedish Stenbeck family, is the third largest commercial TV operator in Norway. The TV holdings of MTG include both free and pay channels transmitted from London by Viasat Broadcasting, hence bypassing Norwegian regulation on advertising. Both SBS Discovery and MTG are focused on entertainment programming.

Due to the level of digital sophistication, the Nordic region has been deemed an especially interesting market for over-the-top (OTT) content and services. Netflix, the American subscription-based movie and television program rental service, launched its service in Sweden, Norway, Denmark and Finland in October 2012. The Nordic markets were the first markets Netflix entered outside the English- and Spanish-speaking parts of the world (Ohlsson, 2015).

1.3 Radio Broadcasting

While the public service broadcaster NRK has a 37.7 % market share on television (Table 3), their position is even stronger in the radio market with a 66.1 share

Table 4 Radio ownership and market share (listenership), 2014

Owner	Market share (percent)	
	2009	2014
Norwegian Broadcasting Corporation (NRK)	63.6	66.1
Modern Times Group (Sweden)	23.1	20.0
Discovery (USA)	–	12.2
SBS (Luxembourg)/ProSiebenSat.1 (Germany)	11.3	–
Others	2.1	1.7

Note: Discovery sold all their radio assets in Norway to Bauer Media Group (Germany) in 2015
Source: Norwegian Ministry of Culture (2012), The Norwegian Media Authority (2015)

(Table 4). There are five national licences for FM radio, occupied by the Norwegian Broadcasting Corporation (NKR P1, P2, and P3), the Bauer Media Group (Radio Norge) and the Modern Times Group (P4). The latter two are commercial channels with various PSB requirements. However, the number of content-related requirements was significantly lowered in 2014, as part of the transition to digital distribution.

Norway also has 141 regions for local FM radio, comprising a total of 178 stations. These broadcasting rights involve a requirement of locally produced content daily.

Unlike the television market, where a significant share of the total turnover of the commercial broadcasters comes from audience revenues, commercial terrestrial radio depends on advertising as its sole source of revenue, hence exposing commercial radio broadcasters to the inherent volatility of the advertising market. With total ad sales of 81 million euros in 2012, Norway has the largest radio-advertising sector of all the Nordic countries, a fact that becomes even more prominent if population size and the strength of the PSB (NRK) are considered. The radio ad spending per capita was twice as high in Norway as it was in Sweden and Denmark (Ohlsson, 2015).

Major radio channels have national coverage in both analogue FM and Digital Audio Broadcasting (DAB), with plans underway to discontinue the analogue transmissions as early as 2017.

2 Regulations

The idea that ownership plurality leads to diversity of content has been dominating in Norway, and was used as justification for ownership limitations in the licensing agreements when TV 2 and radio P4 were established in 1992 and 1993, respectively, and for the introduction of ownership regulations for newspapers in 1999.

While subsidizing the press is a positive media policy measure, ownership regulation is a negative one. The similarity is that both measures aim to protect key parts of the *existing structure* and prevent unwanted development. The ownership law of 1997 was to a great extent made to fit the existing power structure. The media authority could interfere (1) if a owner controlled more than 1/3 of the daily press circulation, or (2) if an acquisition results in cross-ownership between two players who both control more than 10 % of this circulation, or 60 % of regional circulation (Norway is here divided into 10 regions). In reality this meant that it was very difficult for existing media groups to expand further. At the same time it has been fully possible for local media houses to establish a multimedia monopoly in a city or a municipality.

Since the introduction of this legislation, a conservative Government introduced more liberal limits in 2004. Radio, television and electronic media have been included in the law, and removed specific regulation of TV 2 and P4. However, a social democratic Government reversed these in 2005. Although the ownership regulation structure has been relative stable, ownership concentration has continued to develop in the Norwegian media markets. And growth limitation domestically has resulted in international expansion.

The two questions that influence the Norwegian debate on the need for ownership regulation most are: (1) is the threat to freedom of expression serious enough to justify strict regulation to be on the safe side, and (2) does specialized legislation in this area serve a purpose, or can competition regulations offer enough protection against misuse of market power? (Krumsvik, 2013).

In 2015, a conservative Government transferred the responsibility of ownership regulation from the Media Authority to the Competition Authority, and suggested removal of industry specific legislation.

While large media corporations are viewed as a problem for freedom of expression due to a potential limitation of media plurality, this kind of ownership might be a precondition for media innovations (see discussion of best practices below).

3 Media Innovation Policies

In order to determine how innovative are Norwegian media companies, we performed an analysis of Community Innovation Survey data in the period 2008–2012 on 174 newspapers, radio- and television broadcasting firms, and our analysis shows that they are significantly less innovative when it comes to product/service ($F = 16.14^{**}$) and process ($F = 4.47^{**}$) ($p < 0.01$) innovation than the other 5819 service firms in our data set. While 11.5 in percent of the other service firms had introduced new products/services in the period, only 1.7 in percent of the media firms had done so. For organizational and marketing innovation no differences in the level of innovativeness were found. Comparing media companies to the 1206 firms in the other parts of the Information sector, however, showed a significantly lower degree of innovativeness in media companies on seven out of nine types of innovation including product/service, process, organizational and marketing innovation.

Due to digitalization developments, media production and distribution becomes democratized and the boundaries between media and other digital services are blurred. This challenges current platform specific media policies, although these

Norwegian policies have been developed to pursue other societal objectives than innovation. Innovation policies may be designed as vertical/horizontal, broad/narrow, supply/demand driven, and financial/regulatory, just to mention some of the dimensions of the complex innovation policies of well-developed countries (Borrás & Edquist, 2013). No systematic media innovation policy in either the vertical or complex sense of the term is found in Norway. This issue was also raised by a Green Paper (NOU, 2013) in 2013. It found no lack of priority of the Information sector in public funding of innovation projects. Around 15 in percent of funding from Innovation Norway (the Norwegian Government's most important instrument for innovation and development of Norwegian enterprises and industry) and the Research Council of Norway (RCN) (a national strategic and funding agency for research activities) was given to Information sector projects even if this sector only represents 6.8 in percent of Norwegian GDP (newspaper publishing, television, and radio broadcasting estimated to represent 0.8 in percent of GDP). However, the news media industry as defined and covered in this book was significantly underrepresented in these funding schemes. News media projects are more often financed through humanistic programs where critical analysis of media innovation is more common than innovation support. For example, none of the 17 current research projects on business model innovation supported by RCN, totalling 60 million NOK, are dealing with innovation of business models in the news media industry. It is fairly obvious that this represents an imbalance in the use of supply side policy instruments to facilitate media innovation. It is difficult to determine if this imbalance is due to lack of relevance in the policy instruments or if the industry does not use these instruments for other reasons. The current Norwegian government favours horizontal and thus, industry neutral instruments, so it is not likely that vertical instruments correcting the identified imbalance will be offered in the near future.

However, the Government has addressed side effects of newspaper subsidies affecting innovation. Norway was one of the first nations in Europe to introduce this controversial governmental support in 1969 to ensure local competition of newspapers with different political party affiliations. 45 years later, most cities have a newspaper monopoly. While the market structure has changed, the policy measures have been stable, and the Media Support Committee's Green Paper (NOU, 2010) identified two main challenges for innovation and development as a result of the existing subsidies:

1. The distribution of production subsidies according to the size of the print circulation led to a situation in which newspapers receiving such subsidies lacked incentives to develop offerings on new media platforms because they were doubly punished if some of their readers chose to migrate from print to digital: Both the subscriptions and the press subsidies would in that case be reduced.
2. The difference between the zero rate for the print edition and the full VAT rate (25 in percent) for digital services meant bundled products would be charged full or partial VAT: As a result such offerings were not created, despite the fact that

the most likely strategy to allow charging for digital services was connected to the print edition.

These side effects of both direct and indirect subsidies are addressed by introducing platform-neutral criteria for awarding production subsidies and a possible harmonization of the VAT rates.

A positive side effect of the subsidy system has been the innovation of ultra-local newspapers. From 1972 to 1995 the communities served by a newspaper monopoly increased from 91 to 144. However, in the same period, the total number of newspapers increased from 199 to 218, most newcomers being ultra-local newspapers competing vertically with regional and national newspapers. This unintended effect has turned into one of the justifications of the system (Skogerbø, 1997).

Conditions for media innovations also are on the agenda as regulation of media ownership is debated. Inclusion of digital news media in the regulation limits new media growth of the major domestic media organizations, while international players such as Google and Facebook are increasingly gaining market dominance in the advertising market.

4 Summary and Best Practices

Our analysis shows that newspapers, radio- and television broadcasting firms are significantly less innovative in product, service and process innovation than the other service firms in the data set. The Norwegian Government is involved in the media markets through ownership regulation, subsidies, and ownership, however media innovation schemes do not exist. While regulations limit growth of media firms, size might be an important precondition for media innovations.

A recent study of strategies for iPad apps in Norwegian newspapers shows that the type of ownership is an important indicator of a newspaper's approach to innovation (Krumsvik, Skogerbø, & Storsul, 2013). Ownership was more important than newspaper size in explaining tablet strategy. In fact, only newspapers owned by media groups had plans for iPad apps. In addition, executives of newspapers owned by media groups were systematically more active and optimistic concerning new media development. In a situation where media companies faced the "innovator's dilemma" (Christensen, 1997), i.e. the choice between reinforcing their existing products or innovating, there was a significant difference between companies with different types of owners. Media groups may provide not only financial resources and joint product development, but may also be sufficiently distant from immediate concerns about the day-to-day-operations. They are more able to look beyond the mainstream markets for new opportunities. In other words, they not only have sufficient economic resources but also better strategic capability for innovation. The findings seem to indicate that these characteristics make newspapers more inclined to take risks and thereby be more innovative. This is an important factor that should be taken into account when ownership concentration is assessed (Krumsvik et al., 2013).

5 Innovation Policy Recommendations

Damvad (2012) identified 12 Norwegian laws and legislative regulations that directly affect innovation in Information firms including media companies. Three regulatory authorities strongly influencing media innovation add further to this complexity as almost all these regulations are enforced for other objectives than innovation (e.g. culture, equality and privacy). Innovation is mentioned in only one of the involved authorities' mission statement (NKOM). It is highly likely that simplification of this complex regulatory framework and the inclusion of innovation at least as a secondary objective of regulation would strengthen media innovation in Norway. As shown above, demand side regulations are implemented through the differentiation of VAT rates, but the way public broadcasting is financed may also be considered a demand side policy instrument. For example, there is an on-going debate if NRK as a public broadcasting company should be allowed to innovate in online services competing head to head with commercial service providers. Again, more deliberate consideration for the innovation implications of using these demand side policy instruments would make them more efficient parts of the complete package of media innovation policy tools.

6 Note

Market structure and media ownership data is based on information from Nordicom (i.e. Ohlsson, 2015), the MediaNorway database (University of Bergen), and the Norwegian Media Authority. The Community Innovation Survey (CIS) is part of the EU science and technology statistics.

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Market Structure and Innovation Policies in Portugal

Paulo Faustino

1 Market Structure and Media Ownership

1.1 Newspapers

The media market in Portugal consists of companies with (i) exclusive activities in the traditional media, (ii) with activities in new media, and (iii) with activities in the telecommunications business. In addition, as a new trend, especially in the last 3 years, the Angolan capital came to change the profile of the media partners or shareholders and, in some cases, with some repercussion in the news flow, paying more attention to economics, politics and African Portuguese-speaking society. In general, the owners of these companies are domestic groups and investors, except in the case of Media Capital, which in 2005 was acquired by the Prisa Group (Spain) and the Bertelsmann Group (Germany). Given the market shares of these large diversified media companies, it is clear that these companies dominate the media markets. Table 1 shows the relevant overall market shares and concentration indicators of the largest media companies in the news media industry. The four largest companies are Impresa, RTP, Media Capital and Cofina. These companies are dominated the broadcasting markets, except for Cofina. The concentration measurement C4 measures the cumulative relative weight of the four largest companies in the market (taking into account the turnover). Because this indicator was higher than 80 % in all years, the inherent conclusion is that the news media market shows a high level of concentration. The market can be characterized as a oligopoly. Furthermore, the findings also reflect the high weight in the business of television.

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Table 1 Market share of each company in the news media markets (in percent) and measurements of concentration, 2010–2014

	Companies	2014	2013	2012	2011	2010
Market share of each company in the overall sector (in percent)	Impresa	30	29	27	26	25
	RTP	27	29	30	33	28
	Media Capital	23	22	22	23	23
	Cofina	13	13	13	13	12
	Impala	3	3	3	0	0
	Grupo Renascence	2	2	3	2	2
	Controlinveste	0	0	0	0	8
	Público	2	2	2	2	2
	Total sector	100	100	100	100	100
Concentration measurements	C4	92.7	93.0	91.7	95.0	87.6
	Index Herfindahl	2319.6	2343.0	2285.9	2470.1	2125.3
	Noam	876.7	885.6	864.0	1008.4	867.7

Source: Elaborated by the author from data taken from annual reports and accounts

The C4 indicator has, however, the problem of not including relevant information, like the relative weight of each one of the four largest companies (even though the value of C4 indicator is equal, the concentration of the market is different if the weight of each one of the four companies would be equal, or if there is a huge gap between a dominant company and the other three companies with barely relevant weight). Thus, to cover the indicator C4 problems, it makes sense to use the Herfindahl Index. According to the values of the indicator, this market falls within moderate concentration (due to the index being between 0.15 and 0.25).

Table 2 presents an overview of the market shares and concentration measures of publishers in the daily newspaper market in Portugal. The two largest companies Controlinveste (that since 2014 is named Global Media Group) and Cofina Media have a market share in the newspaper market of 22 % and 65 % respectively in 2014. Cofina focuses mainly on the newspaper (Correio da Manhã, Jornal Destak, Jornal de Negócios, Record, Metro Portugal) and magazine activities. The activities of Controlinveste are mainly focused on the daily press (Diário de Notícias, Global Notícias, O Jogo, and Jornal de Notícias) and it has a relevant stake in Pay TV, especially sport channels. The concentration measure (C4) and HHI show a value of 96 % and 4723. These measures indicate that the market of newspaper publishers is highly concentrated. The four largest newspaper publishers have together a market share of almost 100 % in Portugal.

In the last decade, the circulation of national daily newspapers reveals that the average circulation of paid newspapers has stagnated or declined, as well as the total circulation (including paid and free newspapers). Although free newspapers had a remarkably positive performance in the last decade, it should be noted that in

Table 2 Circulation ($\times$1000) and market shares (in percent) and concentration measures of publishers in the daily newspaper market, 2010–2014

	2010		2011		2012		2013		2014	
	Circ.	Market share	Circ.	Market share	Circ.	Market share	Circ.	Market share	Circ.	Market share
Controlinveste	147	22.3	122	20.6	104	20.2	89	18.4	103	22.0
Cofina	427	64.8	391	66.0	343	66.4	318	65.5	312	65.0
Sonaecom	35	5.3	34	5.7	32	6.2	30	6.2	31	7.1
Megafin	23	3.5	21	3.5	16	3.2	30	6.2	17	3.9
Económico SGPS	16	2.4	16	2.6	15	2.8	13	2.7	12	3.0
I Informação	10	1.6	9	1.5	6	1.2	5	1.1	4	1.0
Index										
CR4	96.00		95.87		95.97		96.22		96.48	
HHI	4745		4832		4877		4711		4723	

Source: Elaborated by the author using data from APCT

2009 the free newspapers have also experienced a reduction in circulation following the crisis in the advertising markets.

In Portugal, there also exists an established cultural tradition of reading local and regional weekly newspapers (e.g. Expresso and SOL) and magazines (e.g. Visão and Sábado). These newspapers compete with national daily newspapers for readers and advertisements. Therefore, it can be concluded that the newspaper market is still competitive in Portugal due to the competitive pressure in the national Daily Press market.

Recently, the publishers are also expanding abroad, although the international growth of media operations of Portuguese media companies has been very slow and cautious, representing one of the most passive economic sectors. In the last 2 years, due to several factors, including the global economic crisis, these companies have started to be more proactive. The market for Portuguese communities abroad begins to regain more attention as a potential market for the internationalization of Portuguese media companies and products. The companies have been seeking business opportunities in African Portuguese-speaking countries (including Angola, Mozambique and Cape Verde), and Brazil. For instance, Ongoing Group specialized in economic news entered the Brazilian market. It launched the newspaper Brasil Econômico (although, this newspaper was not able to endure in the market and was closed at the end of 2014), bought the newspapers Dia and Correio do Povo, and has been showing public interest in joining the television market. This group has also created some partnerships in Angola, but was not successful. It closed almost all the operations in this geography. Cofina Media is an example of success, namely for launching the free daily newspaper Destak in Brazil about 4 years ago, and recently launched an operation in Angola Correio da Manhã TV.

1.2 Television

The TV broadcasting market is also highly concentrated. It shows a high concentration in media ownership. Only one public and two commercial media companies are operating on the traditional free-to-air TV broadcasting market. Table 3 presents an overview of the free-to-air market shares of the public and commercial media companies (excluding pay-TV companies) on the TV broadcasting market.

The largest broadcaster is the Rádio e Televisão of Portugal, SGPS (RTP). This is the only national public broadcaster in Portugal. The RTP group was established in 1957 and runs two free-to-air television channels RTP1 and RTP2 and three paid channels RTP 3, RTP Memória and RTPN. Since the beginning of the 1990s, Portugal adopted the dual system of public and commercial broadcasters for its television market. During the last year, it has been noticed a change in the share behaviour of the public broadcaster, which now shows a 4 % decrease of the audiences share for the RTP group (RTP1 and RTP2) in the last few years, and on the contrary an increase of 2 % and 2 % audiences share for the group Impresa (SIC) and Media Capital (TVI) respectively. As a consequence, RTP has structural financial problems for many years. Recently, the broadcaster was reorganized with

Table 3 Distribution of free-to-air market shares of TV broadcasters, 2009–2014

	2009	2010	2011	2012	2013	2014
RTP Group	36	37	35	31	29	32
Impresa	29	29	30	31	32	31
Media Capital	35	34	34	38	39	37
Index						
C3	100	100	100	100	100	100
HHI	3362	3366	3346	3365	3390	3354

Source: Elaborated by the author based on data obtained from Marktest

the aim to reduce the costs and to reduce the number of products and services. RTP mainly competes with two large commercial broadcasters for the audience in Portugal and less on commercial activities. The latter can be explained by the fact that the public broadcaster is predominately state-funded. However, the largest commercial broadcaster continues to be Media Capital with a market share of 37 % in 2014. This commercial broadcaster also is an important player in the daily newspaper market. It runs two channels, TVI and TVI24 (Grupo Media Capital, 2013). The second largest commercial broadcaster is Impresa which runs operations on one free-to-air television channel SIC and four paid channels, SIC Notícias, SIC Mulher, SIC Comédia and SIC Radical (Impresa, 2014). It has a market share of 31 % in 2014. This diversified media company has activities in television and radio broadcasting, newspapers, magazines markets. A group of financial companies from Portugal has a majority share in this company.

Another emerging development is the digital terrestrial television (DTT) in Portugal. The digital development attracted companies from the cable and telecommunications industry. Portugal Telecom and Sonaecom have demonstrated interest in the content industries, mainly through the development of Web platforms for paid content distribution. The development of the Pay TV provided Portugal Telecom with a new opportunity to invest in this business after the mandatory divestment of its cable activities due to antitrust issues. Portugal Telecom invested in Pay TV through the creation of the MEO cable TV system in 2008. MEO holds a significant position in the Pay TV market. The cable company Zon (NOS) has a market share of 50 % in the Pay TV market.

Table 4 presents an overview of the revenues and market share of broadcasters in the advertising market. It shows the dominance of traditional TV broadcasters in the advertising market. The total market share of the Pay TV was always lower than 9 %, although it shows a positive trend.

1.3 Radio Broadcasting

The radio broadcasting market also shows a very high concentration level. Table 5 presents an overview of the market shares of the broadcasters and concentration indices of the Portuguese radio broadcasting market. The National Radio

Table 4 Distribution of advertising revenues (×1000) and market shares in the TV broadcasting market, 2010–2014

	2010		2011		2012		2013		2014	
Groups	Euros	Market share	Euros	Market share	Euros	Market share	Euros	Market share	Euros	Market share
Media Capital	1862	49.2	1869	50.1	1712	50.4	1884	48.0	2271	50.0
Impresa	1043	27.6	1028	27.5	882	26.0	1245	31.7	1311	28.9
RTP	647	17.1	582	15.6	511	15.0	465	11.9	578	12.7
Others (paid TV)	232	6.1	253	6.8	291	8.6	329	8.4	379	8.4
Concentration Index										
CR3	93.9		93.2		91.4		91.6		91.6	
HHI	3510.4		3555.5		3515.5		3524.6		3568.9	

Source: Elaborated by the author based on data obtained from Marktest

Table 5 Market shares and concentration measure for the radio broadcasting market, 2009–2014

	2009	2010	2011	2012	2013	2014
RR Group (Church-owned)	53.3	49.2	48.5	46.4	42.2	34.2
Media Capital Group	26.9	32.1	33.5	37.5	39.1	34.2
RDP Group (Public)	13.9	13.0	12.1	11.0	12.9	n.a.
TSF	5.9	5.7	5.9	5.1	5.8	31.6
Index						
CR4	100	100	100	100	100	100
HHI	3796	3653	3656	3704	3506	3337

Source: Elaborated by the author based on data obtained from Marktest audience report

broadcasting is dominated by one state-owned media company and two private companies: RDP, Renascença, and Media Capital. In total, these broadcasters had a market share of 94.2 % in 2013. In 2014, data from the public broadcaster (RDP) are not exhibited, but we notice a significant increase in the market share of the broadcaster TSF, passing from 5.8 % in 2013 to 31.6 % in 2014. The group of the radio broadcasters (Grupo RR, Media Capital e TSF) possess 100 % of the market share in 2014. The Group RR and Media Capital dispute the highest market share place, having a percentage of 34.17 % and 34.23 %, respectively. The largest broadcaster Renascença is owned by the Catholic Church. This broadcaster runs three radio stations. The forth radio broadcaster is TSF, which is part of the diversified media company Controlinveste. It has a relatively stable market share of around 31.6 %.

2 Regulations

In Portugal, a specific sector regulation relates to news media ownership, namely the Portuguese law obliges the media companies to share relevant information about shareholders and economical and financial activities (new law of transparency/July 29, 2015). Besides being easier to identify the property ownership, this law can be important to better understand the financing sources of the media companies, as well as their respective financial fluxes, which will allow to reinforce the level of accountability in the sector of media in Portugal. Regarding ownership and media concentration, the laws that frame concentration have a sub-sectorial logic, for example, the Law of TV and the Law of Radio include objective/ quantitative limits; the Law of Press does not include quantitative limits. On the other hand, the concentration limits lie only in terms of the same sector of activity and not in respect to ownership of various media. Thus, in the case of the press, measures to combat monopolies in the sector that were patent in the legislation were replaced “by the requirement of transparency of ownership and the submission of changes in ownership of the publications to the general competition regime, upon binding opinion of the regulator, when the free expression and confrontation of differing points of view is demonstrably concerned" (Costa e Silva, Fidalgo, & Sousa, 2011: 85).

The absence of stricter barriers shows that there is a path towards liberalization of media ownership in Portugal. Ensuring transparency of ownership has become the most important factor and is considered one way of guaranteeing pluralism and preventing concentration. Therefore, the State, through its governments, has not considered the issue of media ownership concentration as crucial; however, there have been some legislative proposals to limit the concentration, which were rejected. In fact, the issue of the media concentration has been frequently debated by the Portuguese government, over the past few years. In 2008, the Socialist Party presented the Law of Pluralism and Non-Concentration of the Media. According to the daily newspaper Público, the law intended to "prevent the Government, the regional governments and the autarchies from owning media organs, with the exception of radio and television public service" (Público, 23/01/2009). It was proposed by the government, but rejected by the Portuguese Parliament in October 2008.

The proposal law presented by Socialist Party intended to respond to the constitutional provision that it is the State's responsibility to assure the independence of the media towards political and economic powers, and to prevent the concentration of media companies as well as to disclose media companies' ownership and means of financing (Article 38, paragraphs 3 and 4, and Article 39, paragraph 1, b) and c) of the Portuguese Republic Constitution). The opposition—the Social Democratic Party—stood against this bill and argued that it did not provide a clear, broad, and strong response to the needs of pluralism in an emerging participatory and deliberative democracy. They criticized this statute for being obsolete since the European Commission was already promoting the establishment of reliable criteria and objective indicators about pluralism. The national President raised this point to justify his veto of the law. Despite the rejection of the Law of Pluralism and Non-Concentration of the Media, the media concentration debate continues.

Regarding ownership concentration, the Communication Regulatory Authority may comment on it, but the Competition Authority has the decision-making power and acts the same way for all businesses and industries in the national scene. Not being specific to the news media industry, this economic regulation rests, then, to the Competition Authority.

Some authors (Cádima, 2007: 69) argue that media concentration requires specific regulation in Portugal and that is why a sector regulation is necessary, considering that the media "are not a sector subject to the pure and simple logic of markets" and, therefore, should not be ruled by the economic regulator (Competition Authority), but rather by a specific regulator for this sector. "In terms of concentration, the sector regulator would give priority, from the author's point of view, not only to economic issues, but also to the identity and ethical dimensions, pluralism and editorial freedom of the media". ERC should "undertake the framework for economic regulation of the media sector".

Hence, the regulatory entities involved in the media markets stand out: the Authority for Competition (AdC) focuses on economic market regulation, the National Authority for Communications (Anacom) focuses on the technical regulation of communications, and the Portuguese Regulatory Authority for the Media (ERC) focuses on media content regulation. ERC is administratively and financially independent from the State, though protected by the Constitution. Its executive board is formed by five members, chosen by the Parliament, for a non-renewable mandate of 5 years. Its functions are divided into several domains, namely the registration and licensing of broadcasting operators, the classification of contents, surveillance and supervision over the performance and contents presented, the response to complaints and queries, and the application of recommendations or sanctions (Sousa et al., 2012). Additionally, the "Media Companies Ownership Transparency Initiative", promoted by the ERC, forces the markets to provide transparent and detailed information about its finances and shareholder structures, also avoiding situations of monopoly or media manipulation that can prejudice the citizen's rights to a plural and impartial information system.

It is increasingly important to recognize the regulatory focus on the challenges resulting from convergence, especially between free-to-air and Pay TV and the transition from an analog to a DTT model in January of 2012. It may be appropriate to rethink the regulation model by examining the close relation between the audiovisual materials' content regulation (ERC) and technical regulation (Anacom). However, the proximity and cooperation of these entities may lead to the materialization of a model that promotes the creation of a third regulatory mechanism, which permits the integration of the technical and content regulation at the same time. These two aspects are not distinct and they need an integrated response from the regulatory framework (Cádima, 2007; Faustino, 2013; Feintuck & Varney, 2006).

3 Media Innovation Policies

In the last decades, the government has not been sufficiently proactive in designing public policies and strategic programs to stimulate innovation in the media sector in Portugal. However, it is still possible to identify some initiatives or programs created by the state that stimulate innovation, particularly in regional and local media, through direct subsidies in various fields (education, market research, innovation and technological modernization, among other possible policy areas) and indirect subsidies (support for postal costs in newspapers delivery). In any case, these supports have been progressively reduced and rethought in recent years, not only because their impact fell short of expectations (Faustino, 2013), but also due to the economic pressures brought by the adverse situation that the country has gone through since 2010, culminating in the intervention—rescue—from Troika. This circumstance has pushed the government to rationalize the use of financial resources in several areas, including public supports. In this context, also the state-owned media companies (RTP, and RDP) have been negatively affected in their development ability, namely (i) because they have fewer resources to invest in innovation, (ii) a certain degree of uncertainty about the media service model and (iii) a concern in recovering the accumulated debt of the public television broadcaster. Despite of the progressive reduction of the assigned amount, the State, through the Government's Office for the Media (GMCS), has been creating support models (direct and indirect), which have potentiated innovation and dynamism of the local and regional media markets. Direct support is given to newspapers and local radio or to specific media projects, in the form of a loan to purchase new equipment or to innovate and to develop a journalism project. The subsidies of direct selection aim to encourage new entries (companies) in the market, in order to reduce the barriers to the market access, or to enhance the markets' competition. In exceptional cases, this assistance may also have opposite effects. It has stimulated market consolidation and promoted cooperation between companies (even between competitors—coopetition—cooperation between competitors), in such way that it helps the strengthening of the market as a whole, since the excessive number of players operating in it, ultimately, can lead to a rejection of the companies without the minimum critical elements to develop its business (Carvalho, Faustino, & Martins, 2010).

In the case of private media companies of national coverage, the State intervention to stimulate innovation has been weak or even non-existent, especially with regard to the creation of specific programs for these news organizations. However, there has been some dialogue in the last 3 years, particularly between the Portuguese Media Confederation and the Government members responsible for the media area, in order to create specific programs within Portugal 2020 (national application of funds from Horizon 2020) for the media industry. The goal of the program, approved by the government in September 2014, is to support the transition to digital, new business models and internationalization of the domestic media industry.

In the past, news media companies did not have direct access to economic support programs, unlike other industries, which in many cases succeeded, innovated and developed with the help of public supports. There is no rational clear thinking about the reason of frequent exclusion of the media from State support to the economy. It can be explained partly by the fact that politicians and governors have never perceived the media as an industry, and by the idea that the government should have economic responsibilities only towards the public television service. Furthermore, the news media associative movement has been relatively fragmented—divided—and poorly skilled in technical and structural terms (there are radio associations, press associations, associations for regional newspapers, associations for private media, etc.), a circumstance that has not favoured the existence of a consistent, organized and strongly legitimated lobby, that induces the creation of structured policies and encourages the development of this industry.

Obviously, the non-existence of a public policy to support the development of the news media industry does not mean at all that this industry has not been able to innovate and evolve over the decades. Actually, considering some structural and economic constraints of the domestic market (small market size, low consumption power, weak economic growth, for example), the news media industry has made an effort to reinvent and innovate practices and business models. In this context, it can be said that domestically the Portuguese media market structure is part of a relatively dynamic and competitive market, although there are some structural weaknesses—lack of dimension and financial capacity—to internationalize; at this level, there have been few initiatives, although some are individual cases of success as, for example, some operations of Portuguese companies (Cofina, Ongoing and Impresa) in Brazil and Angola. Therefore, the development and innovation of private media companies have mainly resulted from the entrepreneurial skills of its founders and employees, and have been leveraged by the revenue generated by the business, as well as the investments of shareholders and other investors, including Banks, which in some cases have minority stakes in media companies.

Another aspect that should be highlighted is the absence of venture capital firms, including companies that are directly affiliated or financed by State funds in the media industry. These firms could help stimulate innovation and creation of new business models. There are several possible explanations for this, which have to do with (i) the low economic and financial profitability of the news media in Portugal, (ii) the policy guidelines for channelling funds for technology-based companies, (iii) the idea that the news media are a cultural industry without economic value; and (iv) short-term and conservative logic of venture capital firms. However, this situation may change in the coming years, especially as the relationship—and dependence—of media with technology-based companies, via convergence (business models, production models and distribution models), particularly in telecommunications, is growing. The economic value of this industry is becoming more valued (in particular the relationship between technology-media-telecommunications), because it is not only a cultural asset, but also a "commodity" that meets or satisfies certain needs of the market. So, in this context, public policies—and also venture capital firms supported by the state—are expected to pay more attention to new business models for the news media industry, facing it as a creative industry capable of generating financial returns to investors.

Finally, it should be noted that, despite the media innovation policy in Portugal does not reflect an explicit and proactive attitude from the State, its presence can be indirectly seen, particularly through research and education. The State, through the funding for universities, professional training and research, eventually makes an important contribution; however, at this level, it is necessary to rethink the funding models in order to encourage more cooperation between universities and companies, so that the impacts on the economy will be more visible, particularly for media companies. More concretely, three main types of indirect state interventions in the news media industry can be identified, through the teaching and research system, for example:

(i) The State, through the Institute of Employment and Professional Training, has funded the Professional Training Center for Journalists, an institution that has played an important role in the preparation of human resources for media companies, especially in the area of content production and journalism. One of the aspects that have to be improved is the lack of offer in the area of corporate media management.

(ii) The Science and Technology Foundation—State foundation to support research—has supported some projects, like the creation of research centres in the field of communication sciences that help to think about the role of media in society and to generate information on journalistic practices and market. However, the research centres should be encouraged to cooperate with the industry to do more relevant research for the industry, especially with empirical nature.

(iii) The universities and institutes, particularly the public ones (because they receive more State resources and have greater presence in the country), have played a key role in the training of professionals to support the value chain of media companies, from editorial, content production and multimedia technologies areas, to their management and marketing. It will also be important to strengthen cooperation with the media industry.

4 Summary and Best Practices

As the analysis of the market structure has illustrated, media cross-ownership is a common feature of the media landscape in Portugal. In general, the level of concentration is high in all media markets. Only a few diversified media companies are dominating the market. The concentration movements of media companies in Portugal can be explained by the need of companies to consolidate in the domestic market (which is very small), and to gain economies of scale to grow in overseas markets. No particular cross ownership policy exists in Portugal, except for the radio and TV, where limits do exist. Regarding ownership concentration, the Communication Regulatory Authority may comment on it, but the Competition Authority has the decision-making power and acts the same way for all businesses and industries in the national scene.

Similar to what is happening in other countries and media markets, the main challenge of the news media companies in Portugal is to innovate their business models, either through the improvement of processes and products (incremental innovation) or through the introduction of new products and new methods for the content distribution (radical innovation). Most innovative strategies and best practices are related not only to the need to gather resources to streamline processes, but also to invest in creating new products and to enhance internationalization. The news media industry in Portugal is hit by an economic recession and a structural crisis due to emerging of new media and technologies. As a consequence, limited resources are available to invest in innovation and development, which is a strategic key for the competitiveness of companies and pluralism of the media system. It is for this reason that the State should also play a more active role in the development of public policies that foster media innovation. In the Portuguese case, as stated above, the initiatives have been timid and restricted to local regional media and public service media. It is therefore necessary to design a new generation of crossover policies, extended to the private media companies, which have an accelerating effect of media innovation in Portugal.

We may even consider that the future of media companies in Portugal is dependent on the acceleration of international growth, because of the domestic market's stagnation, a circumstance that increasingly requires the adoption of good management practices and innovation in contents' formats, management and marketing. In this context, the Portuguese regulatory system can have an important role to promote healthy competition in the information market, and to stimulate innovation of news media companies. On the other hand, as described by Faustino (in Albornoz & García Leiva, 2013), the migration from analog to Digital Terrestrial Television (DTT) enabled a more efficient use of radio-electric spectrum, releasing significant resources—the digital dividend—, which have been used for the development of mobile broadband.

With the increasing evolution of media and social values, the regulation must be dynamic, attentive, and adaptable to each new issue that comes out. It is necessary to get a balance between healthy competition that foment of diversity and pluralism, competition and regulation, in order to protect and guarantee the future of the public interest and the fundamental rights of freedom of expression and freedom of information.

From the point of view of the role of the State, it is important to mention that the Portuguese government created the Media@Gov in 2010, an online database that allows public consultation of information related to state advertising. With the Law 95/2015 of August 17, the public local media are forbidden to have state advertising, except the PSM or the Agência Lusa. On the other hand, from the point of view of self-regulation, the different public and private TV operators have been cooperating—based on a protocol to promote social inclusion—to guarantee the access to certain programs (with subtitles or sign language) to some minorities, namely people with visual or hearing impairing, for example.

5 Innovation Policy Recommendations

Considering the context and specific characteristics of the news media industry in Portugal (small market size, low purchasing power and low profitability of media companies, for example), public policies that foster innovation and development of the industry play a crucial and more important role, than in other more dynamic markets. In fact, it does not consist in defending a policy that promotes innovation based on the state's role—generating dependence on benefits—but rather to stimulate innovation by providing initial and oriented support towards achieving results, as it happens, by the way, in other industries of the economy. In this context, the policy recommendations for innovation enshrine several levels:

(i) ***Institutional and Ecosystem Environment.*** The regulatory context can positively influence innovative attitude in businesses, when regulatory practices are designed and implemented in an educational logic, valuing co-regulation and self-regulation manner. Regulatory policies should also enhance both the economic role of the news media industry, together with its cultural, social and educational value. These factors may enhance the sustainability of businesses and creativity of its professionals and fundamental aspects to stimulate innovation. In fact, the state must also have an overview of the industry and link up with other public institutions to maximize use of resources in order to create a supportive environment for innovative initiatives, for example, public policies should be more integrated, The state should perceive the news media industry (audiovisual and print) as a whole, to gather, in one body, governmental institutes or departments, in a way to develop more consistent policies, sharing costs and resources. For example, it would make sense to create a Institute for Development of Creative and Cultural Industries (in this case it would also include other sectors of culture).

(ii) ***Industrial, cluster and cultural policies.*** In addition to the symbolic value of the news media as a cultural product, public policies should perceive the media industry as a cluster and as an activity capable of generating economic and added value, and promoting qualified employment. Therefore, the support of Portugal 2020 (a Portuguese state initiative in partnership with the European Commission to boost the economy) should also be directed to this industry, which should be considered a strategic sector, but simultaneously in a transition phase and in need of additional external resources. The support should be higher and cover aspects that directly or indirectly promote incremental innovation (improve of products or processes, for example) or radical innovation (creating new products for new and existing markets including internationalization). Fiscal policies, as well as support for research and training should also be part of these policies, which would likely generate innovation and entrepreneurship. At this level, it is also advisable to involve the AICEP—state agency supporting the internationalization of the economy—in the development and implementation of public policies to support the internationalization of the media, because of their market knowledge and their support structures in various geographical areas.

(iii) ***Innovation strategies within the companies.*** Companies need to "look out" with their traditional business and understand that they are not only in the media business (information and entertainment), but also in the communication and attention businesses, competing against time—attention—with other creative sectors. "Look out" also means having as strategic horizon to conquer new markets, particularly via international expansion, taking advantage of the Portuguese language as an economic and cultural value in certain niches, as a growing alternative to the saturated and small in size domestic market. However, the innovation of companies and respective media products involves an external look to promote a more active contribution of customers, including the encouragement of co-creation of content and new businesses. To strengthen their innovation capabilities, media companies should be more active in creating stimulating and knowledge generating environments, which means, for example, promoting telework with defined objectives, to work in networks with external experts (national or international) to absorb and share knowledge and enhance the skills of employees to potentiate the use of better technologies and overcome any internal resistance. Taking also into account that innovation in the media can also go through the ability to make coexist traditional media businesses with new media.

(iv) ***Cooperation with other companies and institutions.*** Nowadays, the ability to cooperate is essential—nobody can be alone in business or possess all knowledge. Such cooperation may exclusively involve working with competitors—coopetition—to develop a joint project to share risk and maximize human and material resources. For example, given the low investment capacity of national media companies, it can particularly make sense to join efforts to address foreign markets. The cooperative attitude of technology-based companies is increasingly critical to the extent that technological component is usually a weak aspect in the media, making irreversible to introduce innovation capabilities using technology (tools, platforms, communications, applications, databases, marketing, communication, production, management, organization, distribution and sale of products), particularly enhancing its scalability. Furthermore, cooperation with universities and research centers should be more proactive, for example, enhancing the market research, developing pilot products and improving skills in the creative (content production) and administrative (resource management) area.

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Market Structure and Innovation Policies in Spain

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1 Market Structure and Media Ownership

Spain is a democratic country, organized as a parliamentary government under a constitutional monarchy. In 1978, at the end of the dictatorship, a written Constitution was adopted. Since then, Spain is divided into 17 Autonomous Communities, each one having its own regional government. Concerning media freedom, Spain is ranked as number 33 out of 180 countries in the 2015 Word Press Freedom.

In 2014 the Spanish population was 46.7 million and 10 % of the resident population was immigrant, especially from Rumania, Morocco and Ecuador. Spain is a member state of the European Union since 1986.

Spain has been one of the European countries in which the recession has hit hardest since 2007 and, as a result, the news media markets have been strongly affected. The wave that swept the media in Spain has taken managers, firms and even entire markets by surprise. Due to the crisis, closures affected media companies of all kinds, including a multimedia group (Intereconomía), a commercial radio network (ABC Punto Radio) and a regional public service broadcaster (Radiotelevisió Valenciana). Furthermore, Internet's development and free consumption have diminished content value. As of today, there exists an abundance of substitutes in the news media markets. Consumers find news and entertainment without any cost and started "fleeing" some media outlets. As a consequence, Online-only news media continue growing (Elconfidencial.com, Eldiario.es, for example).

Television, radio, magazines, and newspapers, reach still more than 88 %, 60 %, and 40 % of the population respectively (EGM, 2015). All these news media sources also have their own online services.

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A decade ago, online audience started to engage with news in political blogs and forums, later in comment threads on news sites (40 % of users share a news story via email or social media). Although TV promotes hashtags recently, Twitter comes third to more personal networks. Some media sites are enabling direct WhatsApp sharing. Access to online media is becoming popular among Spanish citizens. In fact, Internets reach was 62 % in 2015.

1.1 Newspapers

Table 1 shows how concentration in the newspaper market has increased from 1984 to 2014: The C4 ratio almost doubled and Herfindahl-Hirschman index tripled. Such trend can be explained by two factors: firstly, the crisis in the industry affected both readership and advertising income fostered mergers and acquisitions of newspapers; and secondly the lack of regulatory obstacles. The largest newspaper publishers are Prisa, Vocento, and Unedisa have a market share above 50 %. Prisa publishes El Pais and Cinco dias., Vocento is the editor of ABC and regional newspapers, and Unedisa, owner of El Mundo, Expansión and Marca.

According to the Reuters Digital News Report (Levy & Newman, 2013), the print media industry in Spain declined in 2013, both in terms of market share and advertising income. However, the online versions of the newspapers were not fully able to compensate for the decline in circulation of the printed versions. As a reaction of this situation, three big newspapers El País, El Mundo, and La Vanguardia, decided to replace their editors.

Decisions to charge for online news content in Spain were adversely affected by memories of the audience decline caused by the hard paywall erected by El País in November 2002—which was withdrawn 3 years later. Since 2010, most newspapers have adopted a strategy of open and free-to-read websites, alongside e-replicas of print editions sold through digital newsstands. But inspired by the example of foreign newspapers, El Mundo introduced a soft paywall in November 2013, along with an evening app edition and a daily gossip tablet app. Some regional sites like Lavanguardia.com now offer premium content via their websites while online-only sites such as ElConfidencial.com, Eldiario.es and Infolibre (published from Madrid) and Vilaweb (a Catalan online pioneer) have voluntary paid membership schemes, with previews and benefits for subscribers.

Concentration in the magazine industry decreased slightly during the last decade (Sánchez-Tabernero & Artero, 2011). As Table 2 shows, indexes were down and the level of concentration is low. The main reason behind those two facts is a lack of strong entry barriers: the magazine industry is not a very capital-intensive business and the readers are not extremely attached to a particular title, in contrast with the daily newspaper industry.

Table 1 Newspaper publishers (market share by circulation)

Company	1984	1988	1992	1996	2000	2004	2008	2012	2014
Prisa	11.3	18.6	18.6	14.1	15.8	17.7	17.5	17.6	17.7
Godó	7.7	8.6	12.2	7.3	7.1	7.6	8.2	8.5	8.8
Prensa Española	6.9	9.3	10.9	7.7	7.1				
Vocento	5.8	7.1	13.5	14	13.2	18.7	18.3	18.3	18.5
Zeta	5.8	7.6	8.7	9.9	8.9	8.6	7.5	7.0	7.0
Diario 16	4.3	4.6	3.5						
Recoletos	3.1	7	11.7	13.5	11.4	10.4			
Unedisa	0	0	6.2	6.6	7.1	7.5	16.8	15.8	15.2
Prensa Ibérica				7.2	7.4	7.6	7.3	7.3	8.2
Planeta					1.7	3.5	3.9	3.1	3.5
Voz				3.1	3.0	2.9	2.6	2.7	3.2
Joly				1.4	2.4	2.3	2.0	2.0	2.9
Rest	55.1	37.2	14.7	15.2	14.9	13.2	15.9	17.7	14.6
C4	*32.0*	*44.0*	*55.0*	*51.5*	*49.3*	*55*	*59*	*60.2*	*60.2*
HHI	*330.9*	*687.01*	*1057.9*	*765*	*804*	*1028*	*1069*	*1089.7*	*1111.1*

Source: OJD/Introl

Table 2 Magazine publishers (market share by advertising revenue)

Company	2000	2004	2008	2012	2014
RBA	15.20	14.83	13.60	15.40	15.43
Hearst (formerly Hachette Filipacchi)	14.40	13.99	12.3	17.94	12.72
Conde Nast	3.23	6.08	8.69	13.54	9.50
Motorpress	4.20	6.52	8.01	9.56	5.12
Zeta	10.03	8.17	7.06	10.90	7.21
G+J	8.57	6.84	6.20	7.74	10.60
Unedisa	4.20	4.43	4.72	7.08	6.31
Hola	5.50	4.69	4.34	5.68	16.30
Prisa	2.10	2.80	3.25	3.10	2.68
Axel Springer	2.39	2.23	2.79	2.80	2.60
Heres	2.58	2.87	2.29	3.35	3.40
Rest	27.6	26.55	26.75	7.96	13.33
C4	*48.21*	*43.83*	*42.60*	*57.78*	*54.95*
HHI	*692.28*	*617.05*	*522.64*	*1,123.58*	*1,002.92*

Source: Infoadex

1.2 Television

Spanish television market follows the general path of the European news media markets. The only public broadcaster (RTVE) gets—through its two national channels—around one third of the audience. The three main commercial firms operating in the television market are Mediaset-Telecinco, Planeta-Antena 3 and Prisa Television. Also a large variety of regional, local and niche channels are operating in the market. Table 3 shows that the market has evolved from a public monopoly in the mid-1980s towards the present oligopoly (Artero, 2008).

The year 2010 was a key year for the television market: the analogue system was replaced with the digital one and new channels were launched. Furthermore, the government decided that the state-owned company RTVE would not be financed by the revenues of advertisements anymore (so far, it had a market share of 25 % in the advertising market for television). In the same year, Gestevisión-Telecinco merged with the national channel Cuatro, which had 7 % of the audience. One year later, Antena 3 acquired La Sexta.

The strategy of Telecinco and Antena 3 is quite similar: they try to protect their market share in spite of the fragmentation of the market. They are all the time looking for internal or external growth opportunities. During the late 1990s they got between 20 and 25 % of the market each with one channel; nowadays they need to accumulate several channels to keep such rates. Telecinco group, owned by the Italian firm Mediaset, operates with brands like Telecinco, Cuatro, La Siete, FDF, Boing and Divinity, among others. In 2012, it has a market share around 44 % of the advertising market. Atresmedia, owned by the Spanish group Planeta, operates Antena 3, La Sexta, Nova, Neox and Nitro, among others. In 2012 it had a market share of 41 % of the advertising market.

Spanish television companies are also involved in innovation. Traditional free to air television channels started offering online premium contents for any device. The three main television companies have created apps for their channels, smartphones and tablets (*atresplayer* and *atresmediaconecta* for Antena 3; *mitele* for Mediaset

Table 3 Market shares of television broadcasters (by audience in percent)

Company	1988	1992	1996	2000	2004	2008	2012	2014
TVE (RTVE)	85.0	45.5	27.9	32.4	28.2	22.0	18.9	15.7
FORTA	15.0	16.5	15.4	16.9	17.7	15.6	9.8	9.6
Antena 3 (Planeta)		14.7	25.0	21.5	20.8	17.1	25.8	27.7
Canal Plus/Cuatro (PRISA)		1.7	2.2	2.1	2.1	7.8	2.1	2.0
Telecinco		20.8	20.2	22.3	22.1	19.0	28.1	28.9
La Sexta						5.1		
Rest	0.0	0.8	9.3	4.8	9.1	13.4	15.3	16.1
C4	100.0	97.5	96.5	93.1	88.8	71.5	82.6	81.9
HHI	7450	2994	2054	2299	2034	1467	1995	1945

Source: Ecotel and Taylor Nelson Sofres

content; and +24, rtve.es, clan and +tve for TVE). In terms of business model innovation, Atresmedia has become more active in differentiating users, registered users and subscribers. The company tries to maximize the information for advertisers. It is exploiting different revenue streams: advertising, premium and pay per view. In this context, it is relevant to take into consideration that the costs of online delivery are very low. In the case of RTVE, its offering is rooted in its foundation as public service, and is available for free. Mediaset Spain has not been as active as Atresmedia because of its leadership in the free to air television (Medina, Herrero, & Guerrero, 2015).

In terms of Smart TV distribution, Atresmedia and RTVE also are the more active players. Nubeox, an online video store owned by Atresmedia, can be accessed directly through Smart TV, and the offering of *atresplayer* in Smart TV sets is likely to be working very soon. RTVE has also launched its Smart TV offering, called *Botón Rojo* [red point], which allows people with connected television sets to enjoy all the content available on the Internet.

Regarding pay television offering, there is only one provider in the market, Canal Plus. It was formerly owned by Canal France. As of today, Telefonica is the owner of Canal Plus. Telefonica, a multiplatform satellite provider, started in 1997, merged in 2002 with its competitor, and became the only player since then. In September 2013, the number of subscribers was 1,723,530, 5 % less than 1 year before. In October 2011, Canal Plus launched a service called Yomvi. This service allows its subscribers to access content anytime from everywhere. Yomvi also is available for Smart TV. It is the only digital pay service available for Smart TV and other mobile devices (Medina et al., 2015).

In the case of cable television, the decrease is even higher. The cable television market had in total 1,176,382 subscribers in September 2013, 11 % less than the year before. Although there are more providers in the market, they do not really compete with each other. The cable television market consists of three regional providers which operate in specific regions and ONO, the market leader that operates in many regions within Spain. ONO offers Tivo as an experience of smart TV, allowing subscribers to enjoy apps and Internet content from the television set thanks to a special fibre optic cable for the service. Recently, the market has experienced some merger and acquisition activities among the regional cable operators.

IPTV services is a relatively small player in the pay television market. It also is losing subscribers over the last few years. From September 2012 to September 2013, the number of subscribers decreased with 24 % to a total of 673,482 subscribers. Another main provider is Movistar TV. It is fully owned by the Spanish telecommunication provider Telefónica. In July 2013, it launched Movistar TV GO, previously known as "Imagenio" for its subscribers. Movistar TV GO follows the same format as Yomvi. It also allows subscribers to access content from different devices and at any time. Another provider Vodafone left the provision of audiovisual services in December 2012.

1.3 Radio Broadcasting

The Spanish radio broadcasting market is quite unique within the European context. The dominant firm is a private company, Unión Radio—owned by the multimedia PRISA group. It has with all its channels (e.g. Cadena Ser and Cadena 40, both leading the talk and music radio segments) more than 50 % of the audience market, (see Table 4). Spain has the highest concentration of a national radio broadcasting market in private hands in Europe.

The level of concentration in the radio broadcasting market has declined in the last decade. The C4 ratios and the Herfindahl-Hirschman indeces show a decline in the period 1992–2014. The high level of concentration in the market is due to a lack of legal restrictions: the main private operators—Ser, Onda Cero (owned by Planeta-Antena 3 Group) and Cope (owned by the Spanish Catholic Church)—can use their networks of local radio stations to provide national programs.

Furthermore, Prisa uses its more than 440 owned or affiliated local radio stations to offer six national programs: one "news talk" format and five music formats. Cope and Onda Cero have over 200 owned or affiliated local radio stations, and both of them have one news-talk and one music format. Another private competitor—Kiss FM—only has 70 local stations. The public radio Radio Nacional (RNE) has 7.6 % of the news-talk format audience but does not compete in the advertising market. In 1992 Antena 3 radio disappear in 1994.

Table 5 shows the level of concentration in the online news media market. The C4 ratios and the HHI indexes show an increase in concentration. One of the main reasons for the increase in concentration is that the three main players (Prisa, Unedisa and Planeta) implemented an external growth strategy. They acquired acquired offline media—mainly newspapers and TV networks—which have popular online versions. The online news media market is dominated by Spanish owned companies. Prisa, Planeta, Zeta, Godó, RTVE and Vocento are domestic

Table 4 Market shares of radio broadcasters (by audience in percent)

Company	1992	1996	2000	2004	2008	2012	2014
Unión Radio (PRISA)	43.0	50.1	51.8	49.1	51.7	39.6	38.5
Cope	14.0	21.2	16.7	12.6	13.9	10.5	11.8
RNE (RTVE)	19.3	15.6	16.8	0.0	8.7	7.6	7.1
Antena 3 (Godó)	13.1						
Onda Cero (Planeta)	10.6	12.0	11.1	10.8	12.9	13.7	14.1
Kiss FM	–	–	–	6.2	5.6	3.6	3.5
Punto Radio (Vocento)	–	–	–	–	2.2	–	–
Rest	0.0	1.1	3.6	21.3	5.0	25.0	25.0
C4	90.3	98.9	96.4	78.7	87.2	71.4	72.2
HHI	2749.67	3346.81	3367.58	2686.1	3113.4	1936.9	1882.8

Source: EGM

Table 5 Online news media

Company	2008	2012	2014
Prisa	17.5	26.1	21.8
Unedisa	7.8	18.1	16.2
Planeta	3.6	14.6	11.8
Mediaset	3.5	5.2	11.6
Zeta	3.4	5.4	7.1
Godó	3.4	5.7	7.2
RTVE	1.8	5.3	5.3
Yell	4.6	3.2	3.1
Schibsted	1.8	3.3	4.9
Vocento	4.3	4.7	5.3
Rest	48.3	8.4	5.7
C4	34.2	64.5	61.4
HHI	461.3	1381.6	1175.3

Source: EGM

companies, while Unedisa belong to the Italian company RCS, Mediaiset belongs to the Italian Homonymous Group and Yell the leading online Business Directory, is owned by the Norwegian company is Schibsted.

2 Regulations

In dealing with concentration issues in media, entertainment and telecommunications industries regulators deal with two main challenges (Llorens-Maluquer, 2001): on the one hand, technology changes the "rules of the game" very quickly and therefore legal frameworks are often outdated. Secondly, they need to balance excessive levels of concentration (that will lead to less market offerings, high prices for consumers, and lack of incentives for innovation) and excessive fragmentation of the industry (that will produce small companies, unable to compete in international markets) (Baker, 2007). Both concerns exist in Spanish media markets.

Cross ownership is allowed according to the Spanish regulations. Among the owners of media companies are banks, finance entities, investment funds and international media conglomerates such as Bertelsmann, Mediaset or Rizzoli Corriere della Sera. European companies see Spain as an opportunity to enter Latin American markets. Since 2000, most of the media companies participate in the stock market. Being listed in the stock markets has improved transparency in the management of media companies. But the possibility that economic pressures could eclipse the media companies' broad social functions and responsibilities could be a potential drawback.

The regulation for the Spanish news media concentration regulation evolved since the late 1990s from an "ownership model" to a "market share model" or "total audience model". During the age of scarcity of media outlets, policy-makers settled limits for ownership of radio and television broadcasting. But the launching of a variety of new audiovisual products made such legal framework old-fashioned. The relevant issue was not to have a given percentage of a media company but to reach a given market share, adding the audience of the different media products owned by the same firms.

The television market has been one of the most regulated. However, following the trend of other European countries, liberalization also started at the end of the 1980s. Private television was introduced in 1988. With the launched of the Law 10/1988, the Spanish Government decided to allow three new national television channels in the market. In 2005, the government decided to grant extra licenses for television channels. New media companies such as Vocento and Unidad Editorial, entered the television market.

In 2010, the former laws affecting the audiovisual market and the adoption to the European Directive TWF were unified in the General Law of Audiovisual Communication (law 7/2010). Among other reforms, it extended the licensing period from 10 to 15 years for television. Renewal is automatic by meeting certain requirements. The ability to lease or license any of the channels that are part of a recognized DTT multiplexes was also granted. It is possible to rent two, three or a full multiplex of licenses, only when they have passed at least 2 years from the award of the license. The payment of conditional access also is a right for licensees, limiting it to 50 % of the channels allocated to each license to ensure that there is an extensive range of free TV offerings.

Cross-media ownership rules also were liberalized in 2006. The law allowed participation in more than one television channel, although establishing some limits: a shareholder may not participate in more than two television licenses in the field of dissemination, and a company cannot hold a significant stake (more than 5 %) in more than one operator of equal coverage (Law 30/2005). Four years later the law became more flexible. The current audiovisual law (LGCA 7/2010) recognized the right to participate in the ownership of television channels, as long as they do not have more than 27 % of the audience share. However, a single company may not have significant interests in providers that accumulate more than two multiplexes, and in any case at least three state private operators must be guaranteed. In addition, owners from countries that are not members of the European Union may not own more than 25 %.

In 2013 it was established that the National Commission for Markets and Competition (CNMC) would also have a say in matters related to the media. A General Direction for Telecommunications and the Broadcasting Sector that replaced the State Commission for Broadcasting Media (CEMA), created by the Law 17/2010 was introduced. The General Direction deals with matters such as evaluations of abuse of dominant market position, complaints about non-compliance of the Self-Regulation Code about children TV content, or compliance with legal limits for advertising in television.

In summary, the Spanish news media markets are now experiencing a second evolution. The government tries to make compatible growth of national companies with protection of pluralism and free competition. More transparency is now requested; more attention is paid to external growth (M&A operations) than to launching of new offers in the market. Furthermore, vertical integrations are carefully monitored, in order to prevent bottlenecks that may lead to abuse of power due to dominant positions. And practices against free competition like blocking sales of products or pricing agreements between competitors in oligopolistic markets are also screened.

3 Media Innovation Policies

In Spain the regulation and public policies to promote and foster innovation in the media industry have focused on fostering Digital Terrestrial Television (DTT), increase in competition in the audiovisual sector, fostering entrepreneurship and establishing intellectual property laws.

3.1 DTT and Digital Economy

The Spanish Ministry of Industry coordinated the works of AETIC (Association of Spanish Electronics, Information and Telephone Technology Companies) and the DTT IMPULSA plan with the goals of favouring the digital transition. AETIC represents around 1000 members; 300 are individual firms and the rest entities and business associations with activities related to Electronics, Information Technologies and Telecommunications. IMPULSA is the association that represents national and regional broadcasters and the operators of the national broadcasting network. An agreement was signed between the three parties in 2007 to facilitate the digital transition and steer its development. Both AETIC and IMPULSA committed to develop actions to foster the transition of the "analogue switch off" (2010). Campaigns with information for consumer about DTT were launched, DTT advanced services were developed and infrastructures of reception and transmission were set in place.

Furthermore, the Spanish government has also established funds to facilitate technological innovations in media companies and the production and distribution of digital contents. Learning initiatives related to creation, production, distribution or sales of digital content are also fostered, and the participation in seminars and events or the work to elaborate industry reports.

Another organisation that stimulates innovative practices in Spain is "Red.es". It is a public entity that works on the development of Internet's and new technologies' potential. Its goal is to increase employment by supporting the companies that aspire to be part of the new digital frontier, creating programs of learning and consulting for medium and small-size companies and entrepreneurs. It also has the duty to improve savings and efficiency by implementing new information and communication technologies in the public sector.

Public funding helps digital capabilities and professional training in the field. Specifically, these funds could also support master programs that offer technical and digital training. The National Observatory of Telecommunications and Information Society (ONTSI) works as a public initiative to research and analyse the telecommunications sector. It has recently published the report "Technologies oriented to mobility: trends and evaluation".

3.2 Facilitating Competiveness in the Broadcasting Sector

The "Law of urgent measures for the development of DTT, liberalization of Cable Television and promotion of pluralism" (10/2005) was signed to help the growth of the broadcasting market. It allowed a merger of television channels as long as their market share of audience was not higher than 27 %. Another law (8/2009) was also approved for the funding of RTVE Corporation. It suppressed advertising in the public television channels, leading a huge migration of advertising expenditures to the commercial channels (around 500 million euros). In order to compensate for the economic loss, commercial operators were required to allot a 35 % of their income to finance RTVE (the national public broadcaster). Besides, pay TV channels and telecommunications companies were also forced to use part of their income to fund the public corporation.

The General Law of Audiovisual Communication (LGCA) was signed to adopt the EU Directive 89/552. It repeals all the previous laws related to broadcasting and promotes European and independent production. At least 51 % of broadcasting time should be allocated to European film and broadcasting works and at least 10 % of total broadcasting time should be dedicated to independent production (at least half of them produced in the last 5 years). The Law also regulates subsidies for the film industry: broadcasting companies should devote 5 % of their previous year income to fund films and TV series.

3.3 Entrepreneurship

The Law 14/2013 (September 27) supports entrepreneurs and their internationalization. Following the law, public and private entities have put in place initiatives to create and finance new businesses. The Ministry of Industry, Energy and Tourism created CIRCE (Centre of Information and Network for Business Creation). Its goal is to help with information activities of innovation and entrepreneurship. A fund to help young entrepreneurs was also created.

Another key public initiative was the "Avanza" (Spanish for "move forward") Plan for the development of the Knowledge and Information Society. Between 2005 and 2008 the Plan received 5 billion euros to fund projects to develop products, processes, applications, contents and services related to ICT. Its basic priorities were promoting the use of Internet and the creation of digital content (Ministerio de Industria, Turismo y Comercio, 2009).

The Ministry of Economy and Competitiveness also created CDTI, a fund to finance technological innovation that helps innovation projects in large companies.

Some city and regional authorities have also fostered the creation of technology clusters around those lines. Barcelona Activa, Madrid Emprende, Tetuan Valley (Madrid), Moderna (Navarra) and Crecer + (Basque Country) are relevant examples.

3.4 Intellectual Property

The measures to protect intellectual property are assigned to the Ministry of Education, Culture and Sports. The online platform Filmotech, created under the initiative of Spanish producers EGEDA (Entity for the Management of Rights of Film and Broadcasting Producers) was approved by the Spanish Government to fight piracy. Filmotech distributes legally Spanish, European and American films. It has also fostered a number of information media campaigns and police actions against piracy.

In the last months there is a debate about whether a “Google tax” should be approved as part of the controversial project of the Law of Intellectual Property. With this law, the government seems to be yielding to the pressure of AEDE (Association of Spanish Daily Newspaper Publishers). However, according to a spokesperson of the government in the Senate, “it is a very controversial law, but it tries to avoid piracy and favour creative processes in the web, so that the efforts that are done in creative processes and elaboration of news receive their economic compensation.” The Spanish government has not decided yet about the procedure and the canon fee.

4 Summary and Best Practices

The Spanish government regulatory and policy actions are favouring more innovation in the telecommunications sector than in the media. Public action has been oriented more to technologies than to contents. A confusing knot of public initiatives and institutions make the promotion of innovation and entrepreneurship less dynamic and efficient for the news media industry.

The current environment underlines the need for some best practices. The digital transition is good for consumers and will be a force for the industry’s improvement. Initiative, innovation and risk are differential factors for leading companies that look for solutions, avoiding the creative paralysis caused by bureaucratic forces and the “status quo” in the news media markets (Pérez-Latre & Sánchez-Tabernero, 2014). The digital transition allows for increased levels of participation and interactivity, creating some opportunities (Picard, 2014; Wirtz, Nitzsche, & Mory, 2014). Social media like Facebook or Twitter teach old media to be relevant and flexible, engage consumers, listen to them, and use a conversational tone. Collaboration and a sense of community are fostered. Media companies should think more like consumers. Sometimes there is a tendency to paralysis that comes from a lack of ability to stand back and understand first the new conditions and choices of consumers, or to consider first why the competition is growing.

In this context, we recommend ideas that can be considered as best practices. The Spanish news media industry was hit hard by the financial crisis that eroded growth, and advertising revenues with it. It was the crisis inside the crisis. The need for daring solutions is pressing in a context with fewer resources to cope with change. Most Spanish news media companies, trapped by the conventional wisdom of their markets, still offer a “menu” that seems a mere imitation and repetition of “glories” of the past.

Some best practices from the digital and mobile transition in Spanish media are related to management. The digital transition brings with it flatter management structures, more flexibility, less intermediaries, easier operations and the end of some physical distribution networks. Second-generation Internet companies have organized their management around openness and flat and horizontal structures. They have shown that the more experienced managers are not necessarily the best innovators.

Technological improvements are beneficial: new products and services are developed from them, and growth occurs. But some of the old players have difficulties to cope with market transformations. Companies need to increase their capabilities for innovation and creativity, find the best management options available, and foster culture and leadership “revolutions” to get ready for change. The digital transition has updated company learning. Traditional ways of production are changed, and the workforce needs to be trained again. Some old and established players are threatened, and only learning companies make progress.

Spanish news media companies might also need to differentiate from one another not only by their content, but also by their distribution. Content distribution improvement is related to access, multiple distribution channels and easier transactions. As the music industry taught, added value is related to content distribution. Content should be distributed in multiple platforms: visual, text, podcasting, blogs, and so on. Consumers expect brands to be close to them: in this supply market brands are actively looking for users and not the other way around. Downloads create new brand relations: the amount of time people spend with media is increased and “word of mouth” and recommendations are fostered.

Spanish media outlets need to broadcast content that can reach audiences wherever they are. Many people do not have the time to read comfortably a piece of news at home, but could listen to an in-depth report in their commutes, while preparing dinner, or cleaning up the garden. iPads and tablets will bring new casualties with them. But the digital transition is good for consumers and will be a driving force for the news media industry’s improvement. Initiative, innovation and risk are differential factors for leading companies that look for solutions, avoiding the creative paralysis caused by bureaucratic forces and the “status quo” in the news media markets. The Spanish regulatory environment should be of better help to create the environment where those changes can take place.

A related field for best practices in Spanish news media is consumer understanding. Markets will be better served by listening more to consumers. Some companies still consider audience and clients reactions as a curse. In reality, they are a blessing. The capacity for analysis of consumer feedback allows news media companies to respond relevant questions such as: Who is the consumer? What is he or she buying? How often? What kind of event does trigger a consumer response? Which product version sells best? At which price? What is the most attractive package? What is the best seller for every audience? What is the best performing postal code? Are consumers satisfied?

Another set of good practices is related to improvements in marketing and advertising markets. Some initiatives include easier access and consumer transactions; better effectiveness for clients; more personalization and emotional implication; loyalty rewards. New media experiences should be created to increase levels of engagement. Contemporary audiences are fickle. But strong brands create powerful experiences in which the point of sale plays a role: some brand extensions could actually work for media brands that have solid relationships with its publics. Advertisers will demand better target audience knowledge and ask for precise intelligence about advertising and marketing campaign effectiveness; they will also want to use digital strategies and offers for several media platforms.

5 Innovation Policy Recommendations

Spanish public policy has been oriented more to technologies than to media content. We recommend a broader and more ambitious framework that includes the development of the "Spanish Digital Agenda". We should also be able to foster the growth of media labs and city technology media clusters, following successful international experiences.

The online transformation also entails a need to train the workforce and support initiatives to improve the formation of talent to navigate the new market realities (Salaverria & Negredo, 2008). We see the support of innovation research and development as one of the foundations for solid innovation policy, but the funding of those initiatives is still scarce.

Paradoxically, regulators have focused on increasing competiveness by setting limits to competition and fostering Digital Terrestrial Television (DTT). The support of DTT and the accompanying increase in the number of channels available for free has been successful and, in general (being Google in the advertising market the most notable exception), the levels of concentration are relatively low. However, the analogue switch off has arguably failed to give opportunities to new entrants (Fernández & Díaz-González, 2010). Hence, policy should focus rather than on forbidding and limiting, on boosting creativity, marketing strategies and facilitating formation in media management.

We have lacked a coherent innovation and entrepreneurship policy. The assumption of the tasks of "competitiveness" by the Ministry of Economy could be a step in the right direction, but its effects remain to be seen. The news media industry also faces an entrepreneurship problem. It is part of a larger problem. We recommend a different approach. It is still quite difficult and relatively expensive to create a company and hire people. That is why we recommend policies that facilitate a more entrepreneurial spirit.

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Market Structure and Innovation Policies in Sweden

Nicola Lucchi, Mart Ots, and Jonas Ohlsson

1 Market Structure and Media Ownership

The Swedish news media policy system stems from the Nordic idea of the welfare state, where the state has an obligation to enlighten its citizens and ensure equal social- and cultural possibilities for all (Duelund, 2008). Similar to its Nordic neighbours, the Swedish news media market is characterised by financially strong and relatively large public service institutions that enjoy high levels of public confidence and trust in society (Medieakademin, 2015). At the same time there is a developed commercial media industry that is protected by the rules of press freedom. In fact, the Swedish press freedom act, installed in 1766, is the oldest of its kind in the world. Historically high newspaper readership figures are now declining in Sweden like the rest of the western world. Traditional news media usage is shifted to digital services, where Sweden (alongside its Nordic neighbours) today have some of the world's highest levels market penetration of mobile broadband (UNESCO, 2015).

The Swedish media policies which were developed during the growth of the welfare state during the 1960s throughout the 1980s, are now trying to adapt to this new dynamic digital environment. Whereas the concepts of diversity, impartiality and enlightenment are still valid, policy makers are struggling to reshape them into a rapidly changing news media landscape.

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The Swedish news media market is dominated by a small group of large media corporations. The domestic newspaper, television and radio broadcasting industries are all characterized by high ownership concentration, a process that has gained momentum in recent decades. Several of the country's leading media groups are also vertically integrated and are active on a number of different platforms (see Table 1). This being said, it is worth noting that the main actors on the Swedish news media market are a relatively heterogeneous group, both in terms of origin and ownership. They include both old and well-established "media families" (such as Bonnier, Hjörne and Ander) and domestic and foreign publicly traded media conglomerates (such as Modern Times Group, Schibsted and Discovery

Table 1 Largest media groups in Sweden in 2014 (in terms of sales/turnover)

Media group	Main owner, per 31.12.2014	Main media activities in Sweden	Revenue in Sweden (MSEK)	Revenue in total (MSEK)	Swedish market share (in percent)
The Bonnier Group	The Bonnier family	Newspapers, television, magazines, book publishing, motion pictures	13,273[a]	23,702	56[a]
The public service group (SVT, SR, UR)	Förvaltningsstiftelsen	TV and radio (PSB)	7902	7902	100
Modern Times Group	Investment AB Kinnevik (48 %)	TV, radio, SVOD	5204	15,746	33
Schibsted ASA	Blommenholm Industrier (26 %)	Newspapers, online classifieds	5051	16,314	31
Stampen Media Group	The Hjörne family (87 %)	Newspapers	4563	4563	100
Com Hem	BC Partners (36 %)	Broadcast distribution	4481	4481	100
KF		Book publishing, book stores, magazines	2036	2036	100
Discovery Sweden	Discovery Communications	TV and radio	1990	42,963	5

Sources: Annual reports

[a]The Swedish revenues of the Bonnier Group in 2014 have been estimated based on 2013 sales figures

Communications). The list of the largest media groups also comprises the administrative foundation that owns the public service broadcasters. In the press, a significant number of local and regional newspapers are run by newspaper publishing groups owned by non-profit foundations.

1.1 Newspapers

The press is arguably the single news media industry that has been most directly affected by the ongoing digitization of the news media market and the entrance of new, global online competitors. In Sweden, a country traditionally characterized by its strong newspaper market, the consequences have been profound. Sales figures are down, as are readership numbers. Between 2008 and 2014, the Swedish newspaper industry lost a quarter of its sales volume—a result primarily of plummeting revenues from print advertising. Though online advertising is increasing at a steady pace, the growth does not make up for the loss in printed ads. Online revenues from the audience remain exceedingly modest (MRTV, 2015a).

Like most Western newspaper markets, the Swedish press is characterized by a concentration of ownership. In 2014, the eight largest newspaper groups controlled 89 % of the market in terms of (paid for) circulation. In 2004, the corresponding figure was 72 %. A list of Sweden's largest newspaper groups is presented in Table 2.

The Bonnier Group is the largest publisher of newspapers in Sweden, and has been for several decades. In 2014, the five newspapers of the Bonnier Group reported a joint circulation of approximately 650,000 copies daily, representing one fourth of the total newspaper market. The Bonnier newspaper division comprises Sweden's largest newspaper Dagens Nyheter, evening tabloid Expressen and the business newspaper Dagens Industri—all with national coverage—as well as regional newspapers Sydsvenskan (Malmö) and Helsingborgs Dagblad (Helsingborg).

Table 2 Evolution of market share of newspaper publishing groups (paid for circulation)

	Market share (in percent)		
Publishing group	2004	2009	2014
The Bonnier Group	27.0	25.9	25.4
Stampen Media Group	7.0	16.1	16.2
Schibsted (Norway)	16.4	16.2	12.7
Gota Media	4.9	5.5	9.3
Mittmedia	4.3	8.1	8.4
NTM Group	3.2	7.3	8.4
NWT Group	6.1	6.4	5.0
Herenco	3.5	3.6	3.8
Others	27.6	10.9	10.8

Comments: Market figures concern the circulation of newspapers published at least three times per week
Sources: Nordicom (TS Mediefakta)

The latter was acquired in 2014. In 2014, the newspaper division accounted for 20 % of the total revenues of the Bonnier Group, and reported a profit margin of 7 % (EBITDA).

Following a number of acquisitions of newspapers in the first decade of the twenty-first century, Gothenburg-based Stampen Group positioned itself as the second largest newspaper group in Sweden. In 2009, the group controlled 16 regional and local newspapers in western and central Sweden, representing roughly 16 % of the total national market (Sundin, 2010). Faced with increasing financial difficulties in the last few years, the group has been forced to sell most of its newspapers. In 2015, the eight newspapers of the so called Promedia Group, in which Stampen was the controlling shareholder, were taken over by the minority owners (in return for the groups' printing division). As a result of this deal, the newspaper division of Stampen has shrunk to six newspapers in 2015.

The number three position on the list of Sweden's largest newspaper group is held by Norwegian media conglomerate Schibsted, which since the mid-1990s owns the metropolitan newspaper Svenska Dagbladet and evening tabloid Aftonbladet. Not only is Schibsted the only foreign owner on the Swedish newspaper market, it also is the only newspaper owner in Sweden that is publicly traded. Aftonbladet is the dominant online news provider in Sweden, reaching approximately half of the population on a weekly basis and accounting for roughly one third of the total online ad sales of the entire Swedish press. Aftonbladet is, so far, the only Swedish newspaper for which the growth in online ad sales has offset the slump in ad revenues from print (MRTV, 2015a).

Positions four through six on the list of Sweden's largest newspaper groups are held by three foundation-owned regional newspaper groups: Mittmedia, Norrköpings Tidningars Media (NTM), and Gota Media. A common feature for all three groups is that they are almost exclusively oriented towards newspaper publishing. The increasing presence of foundation-ownership in the newspaper market is a significant characteristic of the Swedish press (Ohlsson, 2012). In 2014, foundations controlled roughly 30 % of the entire newspaper market.

Positions seven and eight, finally, are occupied by two family-run media corporations, NWT (the Ander family) and Herenco (the Hamrin family), which are two of the oldest newspaper groups in the country. For several decades, the NWT and Herenco groups have belonged to Sweden's most profitable media corporations. Whereas NWT has used its profits to invest heavily in the Norwegian newspaper market, Herenco has chosen to branch out into other, non-media, industries, making the newspaper division a dwindling part of the group portfolio.

1.2 Television

When it comes to the development of the so-called legacy media in Sweden in recent years, television stands out as the medium that has been coping the best with the increasingly tough competition on the Swedish news media market. Despite a small drop in terms of both total viewership and advertising sales in 2014, the

Table 3 Evolution of market share of television broadcasters (viewership)

Television broadcasters	Market share (in percent) 2004	2009	2014
Sveriges Television	41.0	32.8	34.6
The Bonnier Group	25.8	28.9	28.9
Modern Times Group	13.3	17.3	17.5
Discovery Communications (US)[a]	8.6	9.0	11.8
Others	11.2	12.4	7.2

Source: Nordicom (MMS)
[a]Figures for 2004 and 2009 concern the SBS Broadcasting Group, which was acquired by Discovery Communications in 2013

Swedish television industry has been able to retain and to some extent even increase its share of the audience and advertising markets in the past decade. In 2014, the average Swede would watch television for 2½ h/day. This means that Swedes did not watch less television in 2014 than they did 10 years ago (MMS, 2015). In 2014, television accounted for 17 % of the Swedish advertising market, an increase by 2 percentage points since 2004 (MRTV, 2015b).

Despite an increasing globalisation in the field of television, the Swedish television market is still dominated by domestic actors. In 2014, Swedish-owned channels represented over 80 % of the total viewership (MRTV, 2015b). A list of the largest television corporations in terms of audience shares is presented in Table 3.

Public service broadcaster Sveriges Television (SVT) maintains the position as the nation's biggest broadcaster. SVT reported a market share of 35 % in 2014. This means that SVT has lost roughly 6 % of the market since 2004, which was the year before the beginning of the gradual switch-off of the Swedish analogue terrestrial network. The introduction of digital terrestrial television, which in Sweden was completed in 2007, meant a dramatic increase in the number of channels available for the average TV viewer.

The second largest television network in Sweden, and the biggest commercial one, is the group of channels owned by the Bonnier Group. The group, which had a market share of 29 % in 2014, comprises 16 channels, including TV4, the largest commercial TV channel in Sweden. Numbers three and four on the list of Sweden's largest broadcasters are two publicly traded international media conglomerates, Swedish-based MTG, and US-based Discovery Communications. Both television broadcasting groups are offering a selection of channels and programmes that is of a distinct entertainment character.

1.3 Radio Broadcasting

The concentration of ownership is even more pronounced in the radio broadcasting market. The Swedish market for radio is divided between three actors. Public service broadcaster Sveriges Radio (SR) is by far the most dominant player, with

Table 4 Daily reach, listening time and market share of the largest Swedish radio broadcasters in 2014

Radio broadcasters	Daily reach (in percent)	Listening time (in minutes)	Market share (in percent)
Sveriges Radio	58.1	144	78.7
Discovery Communications (SBS) (US)[a]	24.9	60	14.0
Modern Times Group	14.6	53	7.3

Notes: The data is based on TNS Sifo's PPM (Portable People Meter) survey, which registers radio consumption with the use of mobile measuring devices. The table refers to average consumption in January (week 1–5) of 2014 for the age group 12–79
Source: MRTV (2015b: 81) (TNS Sifo)
[a]The Nordic radio division of Discovery Communications (SBS Radio) was sold to German Bauer Media in 2015

a daily reach of 58 % and a market share in terms of listenership of almost 80 % (see Table 4). Funded by licence fees, the annual revenue of SR is over four times that of the total advertising investments on the radio market. Radio continues to represent a very small part of the total advertising market in Sweden. In 2014, the advertising revenues in radio were only a tenth of those in television (MRTV, 2015b).

Swedish radio is a medium in slow decline as far as audience reach is concerned. Radio consumption is increasingly characterized by age gaps. Both the public service and commercial broadcasters are struggling to attract the youngest age groups. The analog terrestrial network holds four national channels, all of which are run by SR. The commercial industry is not entitled to any national channels, but assigned to some 100 local frequencies.

The Swedish commercial radio market is completely dominated by two networks, SBS Radio and MTG Radio. In particular, SBS Radio has strengthened its position in the past few years. Through acquisition and partnership agreements, the company has more than doubled its possession of local broadcasting licenses, from 31 in 2008 to 71 after 6 years. Measured in shares of the audience, SBS Radio was almost twice as big as its main competitor in 2014. In 2015, the SBS Radio group was sold by Discovery Communications to German Bauer Media.

The content of Swedish commercial radio is characterized by standardization. The programming of both networks consists almost exclusively of popular music and shows a distinct entertainment profile. The attempts that have been made to provide ad-financed channels with a broader and more varied programming have all failed as a result of poor profitability. In this respect, the decision of the Swedish government in 2015 to abandon the plans to introduce digital radio in Sweden was a setback for the radio industry. The digital technology would have opened up the radio market for commercial channels with a national reach.

2 Regulations

Media legislation in Sweden is based on a strong recognition of the freedom of the press. Sweden was in fact the first country in the world to adopt "the principles of publicity and press freedom" recognizing in its constitution of 1766—as part of the Freedom of Information Act—the freedom of the press and the right to access to official documents (Arriaza Ibarra & Nord, 2014: 60; Hallin & Mancini, 2004: 147; Olsson, 2011: 79).

The Swedish media system is essentially characterized—as in the other Nordic countries—by an institutionalized regime of self-regulation also described as the Democratic Corporatist Model (Hallin & Mancini, 2004: 170). This model is defined by a strong journalistic professionalization, a highly developed mass-circulation of newspapers, a substantial degree of state intervention in the structure and organization of the media, a system of press-subsidies and a strong tradition of regarding broadcasting as a public service (Hallin & Mancini, 2004: 144–45; Nord, 2008: 98). The regulation of the press is therefore not based on legislation but grounded on self-regulatory and voluntary measures. The system is basically supported by four national organizations: The Swedish Newspaper Publishers' Association; The Magazine Publishers' Association; The Swedish Union of Journalists; and The National Press Club.[1] These organizations constitute the Board of Press Cooperation, and are responsible for the Charter of the Press Council and the Standing Instructions for the Press Ombudsman.[2] They also participate in financing the Press Council and the Office of the Press Ombudsman.[3] The Swedish Press Council (Pressens Opinionsnämnd) was founded in 1916 and it is the oldest press council in Europe (Fieldenm, 2012: 5). It consists of a judge, a representative from each of the four aforementioned organizations and three representatives of the general public. It has the responsibility to determine irregularities in the press activities and protect press freedom from interference by third parties. Online-only publishers can also join the Swedish Press Council if they "have registered for a certificate of publication and have appointed a legally responsible publisher" (Fieldenm, 2012: 34). The Press Ombudsman deals with complaints about the editorial content of print media (newspapers, magazines and their website) made by the public.

As far as media ownership is concerned, concentration at the national level is the dominant trend both in the newspaper and broadcasting markets (Nord, 2011: 7). However, competition authorities have never intervened in this wave of mergers and acquisitions (Ots, 2010). In addition, the Swedish press market is supported—as it happens in the Democratic Corporatist media model—by state subsidies in

[1] The Swedish Press Council (Pressens Opinionsnämnd, PON). Available on line at http://www.po.se/english/how-self-regulation-works

[2] Code of Ethics for Press, Radio and Television in Sweden. Available online at http://www.po.se/english/code-ofethics

[3] Id.

order to ensure diversity and plurality of the newspaper market as well as to guarantee a wide dissemination of newspapers across the country (Hallin & Mancini, 2004: 161). An *ad hoc* public authority called Press Subsidies Council (Presstödsnämnden) was responsible for administering these subsidies according to specific criteria that however do not take into account the type of content. Press subsidies are currently based only on the newspapers' printed circulation. As of August 2015, the function of the Press Subsidies Council has been transferred to the Swedish Broadcasting Authority (MRTV). There are essentially two forms of support, one for the distribution of newspapers (distributionstöd) and one to contribute to the operational costs (driftstöd). However, these press subsidies have not been able to challenge the growing ownership concentration on the Swedish newspaper market (Ohlsson, 2014; Ots, 2009, 2012).

In the field of radio and television broadcasting, Sweden is characterized—as already mentioned above—by a dual system of public and private operators. The current broadcasting industry is dominated by a public service organization financed by a licence fee (Arriaza Ibarra & Nord, 2014; Gustafsson, Örnebring, & Levy, 2009) with a number of commercial broadcasters in a deregulated environment. Generally speaking, media ownership is still quite concentrated in the hands of a few conglomerates that are mainly nationally or regionally based (Gustafsson et al. 2009). Since the mid-1920s radio and, then television, broadcasting in Sweden has been dominated by the monopoly position of the public service broadcasters (SR and SVT). The end of public service broadcasting's monopoly occurred in the 1991 with the first government license assigned to a private commercial channel (TV4).[4] This has resulted in the creation of a dualistic broadcasting system with competing public service channels financed by compulsory license fees and private channels financed by commercials (Nord, 2008). The current national radio market is mainly dominated by public service broadcaster SR (Nord, 2011). On the other hand, the private national television market has essentially three main actors: Bonnier (TV4), MTG and Discovery Communications. Although there have been many debates about the necessity of regulations, Sweden has no industry-specific regulation against media ownership concentration (Nord, 2011: 7). It means that—formally—normal competition-based merger control applies to mergers and acquisitions or joint ventures if they were to occur in the mass media industry. In particular, chapter 4, article 6 of the Swedish Competition Act[5] provides that companies involved in a merger or acquisition must notify the Swedish Competition authority if "the combined aggregate turnover in Sweden of all the undertakings concerned in the preceding financial year exceeds SEK one billion, and at

[4]Sveriges Television Aktiebolag (SVT), Broadcasting history in Sweden. Available online at http://www.svt.se/aboutsvt/broadcasting-history-in-sweden

[5]See Swedish Competition Act (Konkurrenslag (2008:579)). Available online at https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/konkurrenslag-2008579_sfs-2008-579

least two of the undertakings concerned had a turnover in Sweden the preceding financial year which exceeds SEK 200 million for each of the undertakings".

The main agency that legally regulates commercial broadcast media is the Swedish Broadcasting Authority (MRTV). The public service companies are instead regulated directly by the government. The authority is empowered to decide on questions relating to fees, transmission of licenses and registrations required for commercial broadcasting. The agency was established in 2010 with an amendment to the Radio and Television Act.[6] The Radio and Television Act represents the main legal framework for commercial audiovisual media in Sweden regulating the licenses necessary to transmit radio and television in the terrestrial network (Arriaza Ibarra & Nord, 2014: 60; Swedish Broadcasting Authority, 2014: 122). It contains rules relating to the contents of the broadcasts, provides conditions for advertising, sets specific regulations to ensure the accessibility of the broadcasts to persons with functional impairments and provides other general regulations concerning the broadcasting of television and radio programs. Specifically, the act also includes two competition-enhancing policy provisions for commercial radio and television requiring the Broadcasting Authority to protect the public from possible excesses of market power. In particular, the act provides that "No one is allowed to hold more than one license to broadcast analogue commercial radio within a transmission area, unless there are special grounds for this".[7] In addition, license to broadcast commercial radio may be revoked if "a natural person or a legal entity, without the permission of the Broadcasting Authority, controls more than one license to broadcast analogue commercial radio in a transmission area, directly or indirectly through a company in which the acquirer has a holding which corresponds to at least 20 % of all the shares or participations, or has sole determining influence as a result of an agreement".[8] Finally, Chap. 4, Sect. 15 of the radio and television act specifies that a license to broadcast TV and Teletext may be transferred only if this is approved by the Broadcasting Authority and approval may only be granted if the transfer will not increase the concentration of ownership among those with licenses to broadcast TV and Teletext more than to a limited extent, and the transfer will not cause a reduction of diversity in the range of media services requiring a license.[9]

[6]See Radio and Television Act (Radio- och TV-lagen - SFS 2010:696). Available online at http://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/radio–och-tv-lag-2010696_sfs-2010-696

[7]See Radio and Television Act (Radio- och TV-lagen - SFS 2010:696), chap. 13, sect. 5.

[8]See Radio and Television Act (Radio- och TV-lagen - SFS 2010:696), chap. 18, sect. 5.

[9]See id., chap. 4, sect. 15.

3 Media Innovation Policies

In terms of concrete media policy measures, policy-makers have found media innovation difficult to address. One reason is that policy measures historically have been tied to specific existing business models, delivery channels, or market structures. Innovation—into products or business models that does not yet exist, or change towards an uncertain future—has been difficult to formulate in practical policy design. During some periods of time (most recently during large parts of the 1990s and 2002–2005), there has been a dedicated development support available for newspaper companies. The support, which has been budgeted at 15–30 million SEK annually, has been implemented to facilitate necessary investments in upgraded technical equipment and software. During the 1990s, the focus was on stimulating investments in printing and pre-press areas. Though the support was aimed at ensuring long term survival of newspapers, evaluations showed that the support mainly has been used to cover the most desperate needs of newspapers in acute financial difficulties (SOU, 2006: 8). On directive from the government, the Swedish Broadcasting Authority is currently designing a new innovation support with an annual budget of 35 million SEK that aims to be more platform neutral than its predecessors. The draft policy design that was presented in May 2015 proposed a subsidy which free sheets as well as subscribed newspapers could receive in order to develop electronic publishing services (Presstödsnämnden, 2015). According to the proposal, the state would via the subsidy cover up to 40 % of costs associated with electronic content development (e.g. staff training), innovations regarding electronic distribution or publishing (e.g. new formats for digital storytelling), or the development of digital business models (e.g. design and test of new digital sales models and paywalls). The broadcasting authority motivates the innovation subsidy with the democratic importance of the press, declining revenues from advertising and subscription, and the need for electronic development in order to follow shifting audience preferences and news consumption patterns (Presstödsnämnden, 2015). The initial response from the newspaper industry has been primarily positive and the companies recognize a huge need for improvements in areas where the subsidy could used for—mobile applications, live streaming, simpler subscriber logins, customer data management, automatization and personalization, just to mention a few. In order to come into effect, the new subsidy will have to be passed by the Swedish parliament and approved by the EU.

In the area of public service broadcasting, Swedish Television (SVT) Swedish Radio (SR) have been proactively extending their operations into the digital domain via digital archives, streaming services, interactive programming, and digital services. As an example, via its streaming service SVT Play, the public service broadcaster has been a forerunner on the Swedish VOD market. In 2010, the center-right government introduced public value tests that would ensure that the creativity of the public service institutions did not take it outside the public service remit. According to the policy, the public service broadcaster itself should announce substantially new services to the Swedish Broadcasting Authority which tests its market impact and public service value. Still in 2015, the Public Service companies have however not announced one single innovation to the authorities. This could be interpreted either as signs of very efficient self regulation from the Public Service companies, or just a practically ineffective soft policy design. The increasing dedication of public service funds by both SVT and SR to online operations have been openly criticized by the commercial broadcasters for distorting the market for online services.

Hypothetically, the public service value tests is a novelty in that it puts the state in a position to guide and restrict innovation and development within the public service institutions (Arriaza Ibarra & Nord, 2014). In the past, the clear separation between the state and the public service broadcasters has been regarded as a fundamental principle. This recent shift can be seen as part of a long term liberal tendency in Swedish media policy where the influence from commercial media companies has been allowed to grow (Ots, Krumsvik, Ala-Fossi, & Rendahl, 2016).

4 Summary and Best Practices

In times of rapid market change and digital transformation, Swedish news media policy has sometimes been accused of hindering rather than promoting innovation. Some policy initiatives such as the investments in broadband infrastructure, or supporting the adoption of home PC's, have been seen as having positive effect on the technological advancement of the Swedish news media market. Others, like the current Swedish press subsidies have been accused of creating market rigidities rather than change. Rather than pushing for innovation, subsidies tend to encourage production of media products with traditional forms of distribution, traditional subscription models, and traditional formats (Ots, 2013). Simultaneously it has put digital news media at a relative disadvantage. Policymakers are becoming increasingly aware of the need to stimulate innovation and change in the news media industry.

In conclusion, the policy makers are currently seeking for ways to adapt to the rapidly shifting conditions and structures of news media markets. There is a growing understanding of the needs for reform of the media policy system in the direction of innovative, technologically dynamic policies that looks to the democratic needs of citizens rather than those of struggling industries (Ots, 2009). A media investigation, initiated by the government, is currently exploring these territories, but if and how this translates into actual policy is yet to be seen. Though the investigation itself has the ambition to embrace the digital future, it has so far, purposely or not, dealt with innovation policies only in passing (SOU, 2015: 94).

5 Innovation Policy Recommendations

With regards to the impact of the market structure on the issue of media innovation, the prevailing notion within the Swedish news media market—the local press in particular—is that there is a need for the ongoing concentration (or consolidation) of ownership to continue. Unlike the commercial broadcasting industry, which is dominated by three major multinational corporations with relatively abundant resources (Bonnier, MTG, and Discovery), the Swedish newspaper industry is still mainly controlled by a handful of regional newspaper groups (e.g. Ots, 2012), which for obvious reasons are struggling to keep abreast with global players such as Google and Facebook, particularly in the advertising market. It is reasonable to believe that the process towards fewer but larger newspaper groups will continue.

We subscribe to the notion that media innovation policy should start from citizens rather than industries (see also Ots, 2009). Innovation policy in this sense should focus less on saving legacy media and more on providing equal opportunities regardless of content form, format or means of distribution. Based on this perspective, we recommend increased market *harmonization* where the similar regulations, subsidies, and taxation apply for all platforms and media sources. The practical focus of policy needs to shift from regulating industries or companies to incentivizing outputs that enable citizens to engage themselves in building a democratic society.

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Market Structure and Innovation Policies in Switzerland

Cinzia Dal Zotto, Vittoria Sacco, and Yoann Schenker

1 Market Structure and Media Ownership

Switzerland is a small country that has enjoyed a remarkably long and continuous tradition of independence and political neutrality. The federal structure grants considerable autonomy to the different cantons. With a population of about eight million, Switzerland's ethnic and linguistic diversity reflects its location relative to three major neighboring countries: Germany, France, and Italy, respectively. Ethnically, the Swiss German-speaking population is in the majority (approximately 65 %), followed by the French-speaking (22 %) and Italian-speaking (8 %) populations. This diversity, coupled with affluence, nearly universal literacy, and direct civic engagement has been fertile ground for a highly competitive and largely independent press. However, during the past two decades, the news media industry has been experiencing an increasing trend towards concentration of ownership mostly due to competition for decreasing advertising revenues. In addition to mergers, cooperative ventures and the increasing use of shared editorial, feature, and supplement sections effectively standardize the editorial image in national and international news reporting.

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1.1 Newspapers

At newspaper level the Swiss market is highly concentrated. In terms of advertising revenues, the three major media players—Tamedia AG, Ringier AG and NZZ Group, all based in Zurich—are controlling about 80 % of the market. Tamedia alone collects 50 % of the advertising revenues in the German and French speaking part of the country. In 2012, Tamedia AG, Ringier AG and NZZ Group controlled 78 % of the press market and 53 % of what is offered online across Switzerland (Jahrbuch Qualität der Medien, 2013).

Tamedia is a multimedia group that owns newspapers and magazines but also local television networks as well as e-commerce platforms. Tamedia reached a profitability of 14.3 % last year, with an increase in total revenues by 4 % and profits by 34 %. The digital business counts for nearly 24 % of total revenues and increased more than 16 % in 2014. Profits from the printed business grew 1 % between 2013 and 2014 (Jahrbuch Qualität der Medien, 2015). In line with a regional monopoly seeking strategy, in 2013 Tamedia acquired Ziegler Druck und Verlags-AG, the publisher of Der Landbote in Winthertur. Furthermore, the group is pursuing a strategy of vertical integration. It jointly owns the Swiss Printers group—a joint venture in the graphics business which shares are divided between Ringier (58.8 %), NZZ (25.2 %) and Tamedia (Edipresse) (16 %) as well as its own distribution and logistics services. In 2014, the Ricardo Group was acquired by Tamedia from the South-African Group Naspers (RTS, 2014, 2015a). With this investment, Tamedia strengthened its leading position in the Swiss Online market. The Ricardo Group indeed operates the leading online marketplace ricardo.ch with the Online Shopping Center ricardoshops.ch, the car platform autoricardo.ch as well as the general classifieds platform olx.ch. Furthermore, Tamedia owns the company tutti.ch and car4you Switzerland AG. The first is a small advertising website and the second is a portal for used cars classifieds, both have been acquired by Tamedia in July 2015 (Tamedia.ch, 2013, 2015). Tamedia is also present in the ticketing business with the platform "starticket.ch". Although Tamedia, is profitable, an increasing majority of profit comes from non-journalistic offerings nowadays. The same counts for the second largest publisher Ringier.

Ringier owns dailies, weeklies and magazines but has progressively extended its business to digital and mobile e-commerce platforms such as ticket selling, as well as job, housing and car classifieds. The digital business represents now 32 % of the company revenues, and it is growing: in 2014 profits grew with 20 % in comparison to previous year, while profits from sales and traditional advertising declined with 12 % and 9 % respectively (Jahrbuch Qualität der Medien, 2015). As a result, total revenues and profit decreased and profitability reached only 2 %. The company is mainly suffering from decreasing demand for the printed version of the boulevard magazines in the German speaking Switzerland. Ringier is the only Swiss firm to have expanded abroad reaching out to Eastern Europe, Asia and Africa. Furthermore, it is a vertically integrated company owning the largest printing plant of Switzerland as well as a part of the group Swiss Printers. In 2015 a joint venture was launched by Ringier and the telecommunications provider Swisscom, and the national public broadcaster SRG SSR (Le Temps, 2015). These companies decided to join forces to commercialize advertising. Each participant equally holds one third of the shares. On December 16th 2015, the COMCO approved the creation of this joint venture excluding any risk of damaging fair competition in the market (RSI, 2015). The Federal Office of Communication suspended though the operation until March 2016 to take time and examine if the participation of the public service broadcaster in the venture is interfering with the public service mandate of the SRG SSR or harming the development of other companies in the field (RTS, 2015b). This operation is the first one addressing cooperation as possible strategy to counteract the rapidly growing competition of technology operators in the Swiss media market. It has been though heavily criticized by other private media operators, in particular by the press that is accusing SRG SSR of unfair competition within the digital environment (Ticino Online, 2015).

The NZZ Group holds several daily newspapers in its portfolio as well as a dozen of magazines. The group is also present at multimedia level with three radios and two local TV channels. The group is pursuing a brand strategy investing heavily in journalism and addressing its offers to an elite audience. It has also recently launched an Austrian edition of its flagship newspaper. All this is reflected in a loss of CHF 40 million—nearly 10 % of its revenues—and a fall in profitability of more than 8 % in 2014. In order to focus on their core business the group has recently sold their printing plant.

Another large media company is AZ Medien. It was created from the merger of Der Aargauer Tagblatt AG and Badener Tagblatt AG in 1996. The Group owns several dailies and a weekly newspaper, it owns a printing plant, and has a diversified portfolio including a dozen of specialty magazines as well as four regional televisions. In 2014, AZ Medien invested CHF 7 million—corresponding to 42.5 % of the shares—in the pure online player Watson.ch. As a consequence, the group showed a loss of CHF 6 million and a decrease of 2.4 % in profitability in that year. Watson.ch's business model is based on advertising and shows both audience generating soft news à la BuzzFeed, as well as high quality hard news (Jahrbuch Qualität der Medien, 2015).

In the German speaking part of Switzerland the three main publishing houses control 83 % of the newspaper market and 63 % of the online market. During the last 10 years about a dozen publishing houses lost their status of news media outlets with wide circulation while the major news media companies increased their market share considerably. With regard to the offer on the newspaper market, the market share of Tamedia grew from 19 % to 38 %, the market share of Ringier from 21 % to 24 % and the market share of NZZ Group exceeded 20 %. Table 1 presents an overview of the evolution of market shares in the German speaking part of Switzerland.

The dominance of Tamedia is evident also when looking at the market share in terms of advertising revenues in the newspaper market. Tamedia AG reached a 50 % slice of the advertising pie in 2012, while Ringier and NZZ controlling each a share of 16 % and the rest of companies sharing the remaining 18 % of the pie (Jahrbuch Qualität der Medien, 2013).

Table 1 Newspaper publishers—evolution of market shares in German-speaking part of Switzerland (in percent)

Publishers	Titles	2001	2012	2014
German-speaking part				
Tamedia	20 Minutes, Tages Anzeiger, Berner Zeitung, Sonntags Zeitung	19	36	39
Ringier	Blick, Blick am Abend, SonntagsBlick	21	27	24
NZZ Gruppe	Neue Zürcher Zeitung (NZZ), NZZ am Sontag, Neue Luzerner Zeitung, St-Galler Tagblatt	7	19	21
AZ Medien	Argauer Zeitung, BZ Basel, Der Limmattaler, Schweiz am Sonntag	4	8	7
Others		49	10	9
Total		100	100	100

Source: Jahrbuch Qualität der Medien 2013–2015

Tamedia also dominates in the French speaking part of Switzerland. It controls almost 68 % of the newspaper market—and about two thirds of the digital newspaper market. Table 2 presents an overview of the evolution of market shares in the French speaking part of Switzerland.

The second publishing group is Editions Suisses Holding. Although mainly active in the regional press in the French speaking part of Switzerland, Editions Suisses Holding also expanded its business with e-commerce services, too.

The third largest publisher is Ringier. In 2014, it consolidated its position with the purchase of Le Temps, the reference newspaper of the region. Both Ringier and Tamedia had a equal share in Le Temps. As of today, Ringier owns 92.5 % of the shares of Le Temps. It acquired the shares from Tamedia in 2014.

1.2 Television

The Swiss Television industry is highly concentrated, too. The main operator in the market is the national public service broadcaster SRG SSR. The group is a non-profit organization, mainly funded through radio and television license fees (75 %) and making the remaining income from advertising and sponsorship. The holders of the broadcasting licenses that enable SRG SSR to operate are four regional associations: SRG idée Suisse Deutschschweiz (SRG.D), SRG idée Suisse Romande (RTSR), Società cooperative per la radio televisione nella svizzera italiana (CORSI), and SRG SSR idée Suisse Svizra Rumantscha (SRG.R). The group represents the largest audiovisual media organization in Switzerland with an average market share of more than 30 % of the television market, 60 % of the radio market and 11 % of the online market. Table 3 presents the evolution of the market shares of TV broadcasters in the three largest regions in Switzerland. In the German speaking parts of Switzerland local and regional Swiss TV networks are able to reach a considerable market share. In the other parts of the country the market share of these small private operators is stable around 1 %. The public operator SRG SSR

Table 2 Newspaper publishers—evolution of market shares in French speaking part of Switzerland (in percent)

Publishers	Titles	2001	2012	2013	2014
French-speaking part					
Edipresse		56	0[a]	–	–
Tamedia	Le Matin, le Matin dimanche, La Tribune de Genève, 24 Heures, La Broye, le Journal de Morges, Le Régional	0	68	67	68
Editions Suisses Holding	L'Express, L'Impartial, La Côte, Le Nouvelliste	2	11	11	11
Ringier	Le Temps	5	4	6	10
Other		37	17	16	11
Total		100	100	100	100

Source: Jahrbuch Qualität der Medien 2013–2015
[a]In 2011, Tamedia acquired the Swiss activities of Edipresse, a Swiss media group based in the French speaking Switzerland that is still

has experienced a slight decline in market share (also in advertising revenues) since the year 2000. However, between 2013 and 2014 the operator was able to recuperate and get back to a market share level of nearly 33 %. In the German speaking part of Switzerland the decline was due to and partly compensated by the growth of local private TV networks. The very same networks that are now suffering because of the audience move to digital media and the advertising windows of foreign operators. In the French part the loss of share has been caught by foreign operators, while in the Italian market SRG SSR has maintained or even reinforced its position.

Apart from SRG SSR the Swiss media landscape includes various regional and local TV network operators, which are far smaller in size and face a fierce competitive pressure. The total number of license holding operators in the TV industry declined from 27 in 1998 to 13 in 2014. Operators featuring news services not only compete with SSR SRG but also with other smaller Swiss operators focused on entertainment offerings as well as with the very powerful television networks from the neighboring countries speaking the same language. AZ Medien dominates among the commercial operators featuring information-based journalism in the German speaking part of Switzerland. The group operates two licensed radio stations (Radio 24 and Radio Argovia), two licensed TV stations (Tele M1 and Tele Bärn)—the maximum number allowed by the actual law—as well as two other TV stations: a local one, Tele Züri, and a national one, TV24, launched in 2014 (Azmedien.ch, 2014). The quality of its offerings is higher compared to the one of other private operators but lower compared to SRG SSR. This is mainly the result of content being shared among newsrooms within the group (Jahrbuch Qualität der Medien, 2015).

However, revenue levels for commercial broadcasters are very low and their survival depends on an ongoing support from license fees—CHF 34.6 million—which represents about one third of their revenue. Between 2012 and 2014

Table 3 TV broadcasters—evolution of market shares in German, French and Italian speaking parts of Switzerland (in percent)

TV broadcasters	Channels	2000	2012	2013	2014
German-speaking part					
SRF (SRG SSR)	SRF1, SRF2, SRF info + SSR	33.0	30.0	31.1	32.7
Private TV		6.0	7.3	5.6	5.3
German TV	RTL, ARD, ZDF[a]	n/a	12.6	11.7	10.7
Other foreign TV		58.0	50.1	51.7	51.3
French-speaking part					
RTS (SRG SSR)	RTS1, RTS2 + SSR	35.0	29.3	30.3	30.7
Private TV		–	1.5	–	0.5
French TV	TF1, M6	n/a	23.0	21.6	18.6
Other foreign TV		65.0	46.2	47.9	50.2
Italian-speaking part					
RSI (SRG SSR)	RSI LA 1, RSI LA 2 + SSR	34.0	36.8	37.8	38.0
Private TV		1.0	1.7	0.1	1.5
Italian TV	Rai Uno, Italia 1, Canale 5[b]	n/a	17.3	15.5	15.5
Other foreign TV		65.0	44.2	46.5	45.0

Source: SRG SSR, Rapport de Gestion Annuel (2012–2014)
[a]RTL and ZDF in 2012 and 2013, ARD and ZDF in 2014
[b]Rai uno and Italia 1 in 2012, Rai Uno and Canale 5 in 2013 and 2014

advertising revenues of private broadcasters decreased about 11 % to CHF 70 million (about 9 % of the total revenues within the industry), while the advertising slots of foreign TV operators managed to grow their revenues significantly and reached a share of 39.4 % of the total revenue of the industry. Furthermore, commercial broadcasters with a focus on entertainment are benefiting the most from advertising revenues, although it is generally not enough to be profitable. According to a study conducted by Publicom (2014), only three regional broadcasters were profitable, while the others were either underfinanced or deeply indebted.

1.3 Radio Broadcasting

The Swiss Radio market is even more concentrated than the TV market and shows the importance of public radio in comparison with private radios in the different linguistic regions. In the German speaking part of Switzerland two thirds of the market is controlled by SRG SSR with its different channels. Swiss local private radio stations control another 30 % of the market, while foreign radio stations lost half of their market share since 2001 and now only have a market share of 5 %. Table 4 presents an overview of the evolution of market shares in the radio broadcasting market.

SRG SSR also dominates in the French speaking part of Switzerland. It controls 66 % of the market, a share that increased since 2001 but that showed a slight but steady decline since 2009 when the group controlled a maximum of 68 % of the market. Private radio stations maintained a more or less constant share of 24 %

Table 4 Radio broadcasters—evolution of market shares in three main regions in Switzerland (in percent)

Radio broadcasters	Radio stations	2001	2012	2013	2014
German-speaking part					
SRF (SRG SSR)	SRF1, SRF2 Kultur, SRF3, SRF 4 News, SRF Musikwelle, SRF Virus + SSR	63.0	65.4	64.5	64.8
Private broadcasters		27.0	30.2	30.8	30.4
Foreign broadcasters		10.0	4.4	4.6	4.8
French-speaking part					
RTS (SRG SSR)	La Première, Espace 2, Couleur 3, Option musique + SSR	59.0	66.2	65.8	66.2
Private broadcasters		25.0	23.5	23.9	23.8
Foreign broadcasters		16.0	10.3	10.3	10.0
Italian-speaking part					
RSI (SRG SSR)	Rete Uno, Rete Due, Rete Tre + SSR	80.0	82.2	80.4	78.3
Private broadcasters		6.0	11.2	11.8	14.4
Foreign broadcasters		14.0	6.6	7.8	7.3

since 2001, while foreign radios experienced a decline in their market share of 6 points during the same period.

In the Italian speaking part of Switzerland the Swiss public broadcaster is even more dominant controlling 80 % of the market. Local private radio stations are less important than in the rest of the country. They gained market share along the years while the foreign broadcasters lost market share.

The law does not allow SRG SSR to collect advertising money. Thus, the total amount of advertising revenues within the radio industry belongs to private radio stations. According to the Publicom study (2014), although revenues grew to CHF 164 million between 2010 and 2012, about half of the radio broadcasters reported insufficient profitability. In 2014 advertising revenues decreased to CHF 150 million (Jahrbuch Qualität der Medien, 2015).

2 Regulations

It should first be noted that, unlike some countries, there are no laws in Switzerland governing cross-ownership policy of news media companies. The rules on competition and concentration are defined in a general law called The Cartel Act. Unlike the print industry, the audiovisual industry additionally has a specific law. Indeed, it is the Federal Act on Radio and Television (RTVA) and the Ordinance on Radio and Television (made under this act) which regulates the activities of the audiovisual media. According to section 1, "This Act regulates the broadcasting, processing, transmission and reception of radio and television program services". This law includes also measures against media concentration. According to section 74—Risks to diversity of opinion and offerings—a risk to diversity of opinion and offerings exists if a TV or Radio broadcaster abuses its dominant position in the relevant market. The media department of the ministry consults the Competition Commission (COMCO) to assess the dominant position as defined in Article 4 paragraph 2 of the Cartel Act of 6 October 1995. The latter, which is an independent authority, may publish its comments. According to section 75 of the RTVA—the one concerning the measures—if, after obtaining the Competition Commission's report, the department ascertains that a broadcaster or another undertaking active in the radio and television market has jeopardized diversity of opinion and offerings as a result of its abuse of its dominant position, it may take measures. As a rule, a decision is taken within 3 months from receiving the report. Measures may require so that the concerned broadcaster takes actions to ensure diversity, issues editorial statutes to ensure editorial freedom, or even adapts the business and its organizational structure in order to eliminate the abuse of dominant position.

As already mentioned, for the print news media industry there exists no specific law concerning concentration and/or competition of companies active in this industry. As for any other industry, also for print news media it is the Swiss Federal Act on Cartels that sets the rules on that matter. According to article 9 of the Act, all planned concentrations of undertakings must be notified to the Competition Commission (COMCO) before their implementation if in the financial year preceding the concentration (1) the concerned undertakings reported a turnover of at least CHF 2 billion, or a turnover in Switzerland of at least CHF 500 million, and (2) at least two of the concerned undertakings each reported a turnover in Switzerland of at least CHF 100 million. When receiving the notification of a planned concentration, on the base of "clues that could lead to dominance" the Competition Commission decides if there are sufficient reasons for conducting an investigation.

As of today, in line with the structural transformation of the industry towards digital supports and distribution platforms, most decisions concerned mergers, takeovers, transfers and joint ventures of web-based platforms. Swiss news media companies appear to have a growing interest in this emerging market.

With reference to the news media industry some measures have already been taken in order to improve the situation of smaller companies and strengthen competition on the market. In 2007, as a result of the revision of the broadcasting law (RTVA, art. 40), new criteria for the distribution of the license fee have been established. A fixed amount is being distributed each year to private broadcasters; since the revision of the law the amount went from CHF 9 million to 19.4 million for radio broadcasters and from CHF 6.5 to 34.6 million for TV broadcasters (OFCOM, 2014). Thus, the financial support that those private operators receive increased quite substantially. We must also say that that sum is now distributed also among fewer operators as for instance, following merger operations, the number of private TVs declined to 13 in 2014. The revision of the law also introduced some more conditions for the public broadcaster SRG SSR such as the obligation to diffuse regularly a certain amount of educational programs as well as to notify the authority when engaging in activities other that their usual programming (in particular concerning the online industry) that could damage other news media firms. Furthermore, local TV and radio stations can now advertise light alcohol drinks.

The further revision of the broadcasting law was further approved by a referendum held in June 2015 (OFCOM, 2015). The main change concerns the license fee which from now on will be collected from every household instead of depending on the possession of a radio or a television set as it was before. At the same time the fee for each household will decrease from the actual CHF 451 to CHF 400. The fee will also be collected from every firm with revenues greater than CHF 500,000. The new law will be full in craft starting from 2018 but some measures, such as the increase in the part of license fee to be distributed to local broadcast operators, can already be introduced in 2016. Local operators will now receive 6 % of the license fee instead of 4 % which will correspond to about CHF 27 million more. The revision of the law should allow saving money from the collection process, and to free it for financing training needs for the digital transition.

Print news media are not receiving any direct contribution coming from the state. However, as in many other countries, they are granted a reduced price of postal services for the distribution of print newspapers. The difference is paid to the Post by the state.

3 Media Innovation Policies

According to OECD, Switzerland is a small, prosperous, open economy, with outstanding strengths in innovation. It is therefore not surprising to find the country at the top of the major rankings on innovation and competitiveness. Indeed, according to the Global Competitiveness Report (2014–2015) Switzerland is the most competitive country in the world. Switzerland remains also the leader for the fifth consecutive year of the Global Innovation Index (2015). However, apparently most of the innovation activity comes from incumbent firms and not from start-ups. Switzerland is competitive in terms of offering excellent incubation and infrastructure facilities, as well as in terms of education offering, although the country is far less well off in terms of financial support offered to new firms such as direct subventions, fiscal easing or risk capital enhancement (Derder, 2015). Politicians are quite active in trying to change the situation and grant the possibility also for new firms to enter the news media industry (Swiss Federal Assembly, 2015).

Considering the structural crisis that the news media industry is undergoing and the fact that print circulation is constantly diminishing, the Government took action and in 2012 constituted an independent Federal Media Commission (FMEC) giving it the task to analyze the situation and propose alternative ways to support the media industry and thus ensure media pluralism (FMEC, 2012). The commission submitted a report in September 2014 which suggests several measures to support in particular the journalism industry, considered as essential to the democratic debate (FMEC 2014a, 2014b). The proposition is based on the conversion of the present indirect financial support in terms of reduced postal price for the newspaper delivery into financial support for other actions. First of all, the FMEC proposed to support the national press agency ATS, considered as an infrastructure for the whole industry. Then, financial support should go to the training of journalists and to the development of innovative media projects, ideally in collaboration with the programs of the Federal Commission for Technology and Innovation. Furthermore, the creation of media start-ups should be facilitated, while exceptional journalistic achievements as well as media research should be awarded and further sustained. The FMEC considers essential for granting independency to journalistic work that a foundation is created to manage the financial support made available from the state. The same Commission is now working also on alternative ways for the deployment of the broadcasting license fees (FMEC 2014a, 2014b). As of today, the private news media industry does not agree on this proposal and does not want to lose the indirect support to the print media distribution (Médias Suisses, 2014).

4 Summary and Best Practices

All in all we can say that the news media industry in Switzerland is particularly concentrated. However, before the economic downturn started in 2008 the industry could ensure sufficient resources to the big players and thus grant existence to many small local and regional newspapers and private broadcasters, now the situation has changed. Both the number of newspaper titles and commercial broadcasting media outlets diminished. Big media companies are in particular investing more and more in the digital industry but not directly in the online news media industry, thus slowly changing the nature of their core business. The online advertising market presents a certain level of competition, however this is due to the fact that online free news are provided not only by national but also by international players and other players coming from outside the industry (search engines, social media, telecommunications and software providers).

Media companies with less power than the big three (Tamedia, Ringier and NZZ) have little opportunity in the German and French speaking parts of the country to gain a foothold within the online industry and thus to establish relevant news websites. A need for high level investment, together with insufficient returns and strong competition from outside the industry are restricting the news website offerings available on the market and reinforcing the position of the big players. Indeed, most recently Tamedia and Ringier could increase their share in the national advertising market thanks to acquisitions of online search engines and/or electronic commerce operations. However, returns from online advertising are so far not sufficient to cover the decline in revenues from the print news media industry. On top of that we need to add that the Swiss are still not willing to pay for online news (WEMF, 2014), averse to online advertising and very skeptical towards more subtle forms of advertising such as native advertising (Publicitas, 2014).

The positive news is that the Government is aware of the situation and is reflecting on possible measures in order to change the situation. The Swiss Federal Council responded to the FMEC suggestions in December 2014 announcing that in the short run measures such as the alignment of VAT for print and online media products, the engagement for the continuing education of media professionals as well as the subvention of the Swiss national press agency ATS for the Italian and French (national) languages could be envisaged. In the meanwhile, the indirect subvention to the newspaper industry through the discount of postal services would still be granted in order not to worsen the situation. Furthermore, financial support for projects combining media research and product development through the offerings of the Commission for Technology and Innovation (CTI) could be stimulated (Swiss Federal Council Report, 2014). As to the FMEC proposal to set up an independent foundation for managing and distributing subventions to media outlets, the Swiss Federal Council is skeptical as there is no constitutional base to create such a foundation and questions concerning its content and organization are still open.

5 Innovation Policy Recommendations

As we have seen in this chapter, media assistance consists mainly of a direct form of subvention of local broadcasters as well as an indirect aid to the press. Indeed, the Confederation supports the distribution of press titles through discounts on postal rates. Since the report of the Federal Media Commission in September 2014, no concrete acts on its recommendations were made so far. Nevertheless, the various recommendations included in the FMEC 2014 report as well as the suggestions that the FMEC is preparing—concerning the broadcasting industry and the distribution of the license fee—seem to be a powerful instrument that could potentially trigger media innovation and contribute to the evolution of the whole news media industry in Switzerland. First at all, the idea of subsidies for innovation and development projects through the Federal Commission for Technology and Innovation (CTI) can earmark project funds for the initiation and evaluation phase for new journalistic activities, initiatives, ways of working, skills, or business models. As noted by the FMEC, the Knight Foundation in the USA could be taken as an example to foster entrepreneurial orientation and to develop new journalistic practices and formats as well as content production processes. For the moment the CTI finances applied research, but it does not have a dedicated media program yet. The creation of such a dedicated media program is not only desirable but necessary as the CTI representatives' technology oriented competences limit knowledge exchange and comprehension of journalism based needs, and thus potentially hinders the financing of media projects.

Moreover, the FMEC proposition to create subsidies for journalistic start-up businesses seems an interesting instrument. Swiss news media providers need an important innovative boost. In addition to the CTI projects, start-up finance could represent a fundamental catalyzer for innovative projects such as online news platforms. The same holds true for stimulating innovative partnership projects, in particular concerning big data and archiving issues, between media firms and research institutions such as universities. Such measures would not only support existing and new media initiatives but also ensure diversity of offerings within the Swiss news media market.

While the Government is reflecting on its intervention to support news media companies within this digital and structural transition, as we have already mentioned, last year the public broadcaster SRG SSR, the media group Ringier and the telecom operator Swisscom have "broken the ice" and launched a collaborative joint venture to commercialize advertising in the Swiss market. This measure is intended to counteract the global competition coming from technology giants such as Facebook and Google. Despite such good intentions, a strong polemic took place in the media right after the announcement of the operation, with a very critical position being expressed against the initiative by the Swiss publishers association Schweizer Medien. A direct consequence was the exit of the Ringier group from Schweizen Medien. Polemics calmed down as the Federal Office of Communication (OFCOM) decided to suspend the operation, even after approval by the Competition Commission, in order to reflect on the legitimacy of the public broadcaster's role within the joint venture.

Maybe worried about the outcome of the OFCOM decision or because it strongly believes in the initiative, the SRG SSR took action and diffused a press release on January 2016 (SRG SSR, 2016). The broadcaster explained the purpose of the collaborative joint venture specifying that such platform with all its advantages is open to all media operators. Furthermore, following the advice expressed by the FMEC in its 2014 report—which prompted the public service broadcaster to collaborate more with the private broadcasters for the development of audiovisual media in Switzerland—the SRG SSR also included a list of cooperation models addressed in particular to private broadcasters. These models include the opening up of (a) SRG SSR videos to publishers' online news sites, (b) training courses to media professionals of any Swiss media company, (c) its HbbTV platform to private TV networks; it further proposes (d) the sharing of Formula 1 broadcasting rights, (e) the reduction of its own band to free DAB space to other private operators, (f) the launch of a multilingual "Swiss Channel" on YouTube to give visibility to Swiss media production abroad, and last but not least (g) to offer at a very reduced price the possibility to diffuse up to 24 information bulletins a day on local TV networks (SRG SSR, 2016).

To conclude, we believe that an indirect intervention of the Government in terms of support to start-up initiatives, innovative projects featuring firms and research institutions partnerships as well as to competence development initiatives can not only have a positive impact on the evolution of the Swiss news media landscape, but it is a necessary action to allow a certain degree of diversity and pluralism to be maintained. Furthermore, we recommend that collaboration initiatives within public service and private media companies should be stimulated and enhanced as, in its most open and inclusive form. It is probably the only possibility for a variety of media companies to be sustainable within a small news media industry such as the Swiss one.

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Market Structure and Innovation Policies in the United Kingdom

Robert G. Picard

1 Market Structure and Media Ownership

Media innovation in the United Kingdom (UK) is taking place as part of its broader industrial development innovation and innovation policies. These policies have been developed within the context of a country that relies strongly on markets for development and growth and has instituted significant deregulation and reductions in government intervention in business in recent decades. Consequently, innovation policies tend to rely heavily on creating an environment that supports innovation and entrepreneurship, promoting commercial research and development, and forming government-industry innovation networks.

The political context is one of a United Kingdom made up of four "nations" (England, Scotland Wales, and Northern Ireland) with significant devolution of governing authority to Scotland, Wales and Northern Ireland—each of which have their own parliaments or national assemblies and governing agencies. There is a division of responsibility for different governmental functions between the UK government and the three devolved national governments. This has an effect on where different innovation policies originate and are funded.

The media environment of the UK is highly commercialized, with large strong enterprises with the resources and capacity to engage in innovation. Nevertheless, Europe's best-funded public broadcaster British Broadcasting Corporation (BBC) plays a significant role in radio and television markets and it is specifically mandated to play central innovation and industrial development roles for broadcasting. News media in many countries follow the lead of UK broadcasters, newspapers, magazines, and digital enterprises that are noted for early innovation.

UK consumers have access to and use leading digital media technologies. For instance, 97 % of homes have digital television service, 48 % of homes have DAB

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radio receivers (99 % have analogue/digital radio receivers), 82 % of homes use internet, 93 % of adults have mobile phones, and there is 73 % penetration of 4G services (Ofcom, 2014).

1.1 Newspapers

The United Kingdom has a strongly centralized market structure, with the majority of news media operating from the capital in London, augmented by regional media (including newspapers and broadcasting specifically for the three non-English nations and local newspaper and radio provision spread across the country).

In the United Kingdom, 11 major national newspapers are published with in total around 7.3 million nationwide paid daily circulation (Audit Bureau of Circulation, 2014). These national newspapers are owned by eight large multimedia companies. The four largest companies have a market share of more than 80 %. News UK accounts for one-third of the total circulation, the Daily Mail and General Trust for 23 %, and Trinity Mirror and Express Newspapers for about 13 % each (see Table 1).

The largest multimedia company is News Corp UK & Ireland Limited (trading as News UK). It is a British-based American-owned newspaper publisher, and a wholly owned subsidiary of the American mass media company News Corp. It publishes The Times, The Sunday Times, and The Sun. The second largest media company Daily Mail and General Trust manages a balanced multinational portfolio of entrepreneurial companies that provide a diverse range of businesses and consumers with compelling information, analysis insights, news and entertainment. Trinity Mirror is however the largest national and regional multimedia content publisher in the UK, comprising national and regional news brands across the country. The fourth largest newspaper company is Express Newspapers. It is a subsidiary of British publishing and television group Northern & Shell Network Ltd. This company is wholly owned by business man Richard Desmond. Express Newspapers publishes among others the Daily Express, Daily Star and Daily Star Sunday.

The Telegraph Media Group is the parent company of The Daily Telegraph and The Sunday Telegraph. It is a subsidiary of Press Holdings Limited owned by the Barclay brothers, which controls the UK holding company Press Acquisitions Limited. Another large media company is Pearson PLC. It is a British multinational publishing and education company headquartered in London. It is the largest education company and the largest book publisher in the world. Pearson is organized into three main business groupings: Pearson School, Pearson Higher Education and Pearson Professional (includes Financial Times Group and Pearson English). The Guardian Media Group PLC owns various media operations including the newspaper The Guardian. The group is wholly owned by Scott Trust Limited. This trust exists to secure the financial and editorial independence of The Guardian in perpetuity. Finally, Independent Print Ltd is a UK-based subsidiary of Lebedev Holdings Ltd, owned by Russian businessman, Alexander Lebedev.

Table 1 Paid national daily newspaper circulation by owner in 2014

Owner	Newspaper	Circulation	Market share of national circulation (in percent)	Total market share of national circulation by owner (in percent)
Trinity Mirror				
	Daily Mirror	958,674	13.2	13.2
Daily Mail and General Trust				
	Daily Mail	1,673,579	23.0	23.0
Express Newspapers				
	Daily Express	479,704	6.6	13.0
	Daily Star	466,935	6.4	
Telegraph Media Group				
	Daily Telegraph	514,592	7.1	7.1
News UK				
	The Sun	2,033,606	27.9	33.4
	The Times	393,530	5.4	
Pearson PLC				
	Financial Times	220,532	3.0	3.0
Guardian Media Group				
	The Guardian	185,313	2.5	2.5
Independent Print Ltd.				
	The Independent	63,505	0.9	4.8
	I	286,356	3.9	

The company is increasing its presence in UK through acquisition of various national and regional newspapers. The company owns four newspaper titles in UK: the London Evening Standard, The independent, the independent on Sunday and i, a digital newspaper launched in 2010.

Leading innovators in the digital environment have been The Guardian, The Mail, and The Times and these are owed by three different owners serving different market segments. Both The Guardian and The Times serve educated and affluent audiences, but The Guardian has a left-of-center perspective and The Times a right-of-center perspective. The Mail is a tabloid paper with a right-of-center perspective. These three papers have been recognized for leadership in development of web-, tablet-, and smartphone-based news provision by the newspaper industry worldwide. The Guardian and The Mail are also known for their global expansion and The Times for its implementation of paid digital services.

Furthermore, about 1100 regional/local newspapers exist in the UK, most being small by comparison to national papers. Ownership of the local press is diffused by large group owners include Newsquest (300 titles), Johnson Press (248 titles), and

Trinity Mirror (155 titles). Nevertheless, these papers have been active in digital innovation and now operate more than 1700 local news websites.

1.2 Television

There are four main public service free-to-air broadcasters operating in the television market. The main public service broadcasters are the BBC, Independent Television (ITV), Channel 4 and 5. The latter three carry advertising. The BBC is the public broadcaster and it is funded through the collection of a universal license fee. The BBC has a total TV audience market share of around 33.3 %. It attracts about a third of the total TV audience. The main free-to-air commercial public service broadcaster, ITV, has about a market share of 25 %, and the rest is shared across many channels (EJC, 2015).

More than 90 % of UK households have multi-channel television, mainly subscription based. Nearly 500 channels are available. BSkyB, controlled by News Corp, is the major satellite provider. Sky operates 26 channels of its own, including 9 movie channels and 5 sports channels.

The UK television market produced 12.9 billion euros (15 billion euros) in 2013, 45 % of which was accumulated as subscriptions by platform operators, 21 % by public service broadcasters, 18 % by commercial public service channels, and 16 % by commercial multichannel broadcasters (Ofcom, 2014).

Significant public involvement accompanied the rollout of digital TV, with the BBC heavily involved in developing technology and systems in cooperation with commercial firms. The cooperation has also extended to the development and provision of catch-up television and other streaming services for PCs, tablets, and smartphones. Consequently, the UK is one of most advanced nations in Europe in terms of contemporary television and connected television services.

The BBC also received a specific mandate and special funding to development its online operations, bbc.co.uk, which has grown into one of the most successful news and information sites online.

Television broadcasting produced 3.7 billion euros in net advertising revenues in 2013 (Ofcom, 2014). With the largest amount 74.8 % going to advertising funded public service operators) and 26.2 % to private commercial channels (see Table 2).

1.3 Radio Broadcasting

Radio remains an important media in the UK, producing 1.2 billion euros in revenue in 2013. Two thirds of the revenues are for BBC radio operations and the remainder for commercial radio broadcasters (Ofcom, 2014). There are 25 national radio stations, 345 local radio stations, and 215 community radio stations. Radio is the strongest local medium in many communities.

The BBC operates ten national radio stations; the World Service; regional stations in Scotland, Wales and Northern Ireland (including stations broadcasting

Table 2 Percentage of net advertising revenue by broadcaster

Channel	Market share of advertising revenue (in percent)
ITV	33.0
Commercial channels	26.2
PSB portfolio channels	18.1
Channel 4	13.8
Channel 5	8.2
ITV Breakfast	1.3
S4C	0.1

in Welsh and Scots), and 30 local stations. In mid-2009, the BBC's overall share of the radio audience was 54.6 %: commercial radio had 42.7 %. However, the reach of local commercial radio is greater than that of local BBC services. The largest commercial radio group, Global Radio, with 33 stations, claims about 40 % of all commercial radio listening (19 million listeners) (EJC, 2015).

The UK has been a technical and provision leader in digital audio broadcasting (DAB), in great part due to the BBC development and operation of DAB services. Today, 48 % of radio listeners do so with a DAB radio in their household 48 %.

2 Regulations

Ownership and cross-media ownership of media are regulated by competition and media law, including the Communications Act and The Media Ownership Order. These effectively limit newspaper ownership about one-third of the newspaper market and limit each private TV owner to no more than 15 % of total television audience share. Private radio ownership is not limited per se. Cross-media ownership provide additional restrictions. Newspapers with more than 20 % of national circulation cannot own TV licenses and local radio ownership is not permitted where the owner also has a local newspaper with 20 % audience coverage of the broadcast area.

These restrictions have not prohibited the development of large commercial operators, but induce them to make choices about the mix of media in which they will engage and to carefully consider effects of acquisitions and mergers. Many of the commercial media firms affected by these regulations are in the forefront of innovation, however, so the regulation alone cannot be seen as a significant impediment in the UK.

3 Media Innovation Policies

The UK has made significant effort to develop and implement comprehensive innovation policies in the past decade (Department for Innovation, Universities and Skills, 2008; HM Treasury, 2004; Lord Sainsbury of Turville, 2007; National

Endowment for Science, Technology and the Arts, 2006). These emphasize creation of a supportive environment for innovation and increasing the capacity and support for innovation through innovation networks, skills training, access to private financing and an innovation investment fund, incentives for research and development, public support through research councils and regional development agencies, improvements to the intellectual property regime, and academic funding to improve innovation and knowledge transfer.

Specific activities supporting innovation are diffused through various relevant ministerial departments and agencies at both the UK and nations levels. A UK government-supported National Endowment for Science, Technology and the Arts (NESTA) is a leading player in encouraging and shaping innovation through public-private partnerships and addressing issues affecting innovation (for more information, see www.nesta.org.uk).

The greatest support has been given to areas including science, technology, and engineering. Innovation policy has been specifically coordinated with national economic and employment policies to support areas where greatest growth is perceived possible.

The number of media-specific innovation policies are limited, but media are regularly included within information economy, digital, and creative industries policies (Department for Business, Innovation and Skills, 2013; Department for Culture Media & Sport, 2013). The most enduring media policy is that the BBC has been directed to research and advance broadcast technology since it was established nearly a century ago. In recent years, regional development agencies have promoted media innovation and development by establishing a number of important media-related clusters, most notably in London, Salford (Manchester) and Glasgow.

UK industrial, trade, and innovation policies recognize the economic importance of the UK television programming and films industries (separate from their cultural roles) for their contributions to the domestic economy and exports and the policies encourage growth in those areas. Digital media and advertising industries are also seen as significant and given attention in such policies. These policies provide a range of advantages to media firms in pursuing new initiatives in terms of production and distribution innovation.

The country has also established and funded initiatives to make high capacity broadband available throughout the country and implement policies that assisted the transformation from analogue to digital broadcasting. These supported specific media innovations in products and services.

Government agencies have invested significant support in skills training in digital media systems and production, entrepreneurship for small media, support for media innovation networks, special funding for public service media, supporting cultural industries (dance, theatre, etc.) beginning media production and distribution, and providing export support for audiovisual products.

Academic research and education related to media innovation has been funded by the arts and humanities and economic and social research councils at leading universities. Most of the grants have been related to digital transformation and improving knowledge and development of systems, products, and strategies, and understanding consumption of digital media.

Direct support for commercial media innovation projects has tended to be limited to R&D incentives and support for exporting successful innovations.

4 Summary and Best Practices

In the UK, media innovation policies rely strongly on market forces but government policies are in place to promote and incentivize innovation and research and development in industries generally and the media industries. These include publicly financed initiatives involving agencies at both the UK and nations levels. These including supporting innovation networks and skills training, improving access to private financing and operating an innovation investment fund, incentives for research and development, public support through research councils and regional development agencies, improvements to the intellectual property regime, and academic funding to improve innovation and knowledge transfer.

5 Innovation Policy Recommendations

Developments in the UK experience also reveal the value of systemic thinking about innovation and the underlying conditions and needs for achieving it, such as developing the capabilities for innovation by improving training and education, addressing financial costs of innovation, and developing long-term technological expertise in public firms.

The performance of the UK in media innovation indicates that innovation policies do not necessary conflict with media ownership policies, as long as there is an impetus for innovation, incentives are in place for public and private owners to engage in innovation, and both public and private firms have sufficient scale and resources to engage in innovation.

The UK experience indicates that public/private partnerships in developing and implementing innovation can be effective for both types of media operators and that cooperation reduces resources and risk required of both.

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Summary and Best Practices

Hans van Kranenburg

1 Introduction

The European news media landscape is in transition. As a result of globalization, deregulation, innovations and digitalization, new media sources are developing, and content is becoming more and more mobile. The development of new media have even sped up the blurring of boundaries and the convergence of different traditional media industries into one (Kranenburg & Ziggers, 2013). Most technologies described as "new media" are digital and are often networkable, dense, compressible, and interactive.

Considering the importance of innovations, in general and for the news media industry in particular, the main objective of this book is to promote discussions on how innovation policies are currently supporting innovative activities, the levels at which they are doing so, and how innovation policies can help the news media industry to meet development needs in the future. These innovation policies are structural conditions for media innovations. In general, these policies contain a mixture of regulatory, economic and financial, and soft instruments. These instruments are tools to influence innovation processes and are used to achieve innovation objectives.

Although innovation policies to stimulate innovation in journalism and news media are not new, the policies and the different types of support offered to the news media are changing, particularly in social-democratic countries in Europe. Given the fact that the present innovation policies are relatively new, the effects of these policies on innovative activities are generally still unknown. A comparison of these policies can increase our insight into their efficacy and possibly reveal areas

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of improvement so that the policies can be adapted to become more effective. Therefore,

the objective of this research is to gain knowledge of best practices of innovation policies in European countries to trigger innovation in journalism and news media.

According to its objective, the book explores the importance and the types of media innovation policies formulated and implemented in 16 countries in Europe and include helps to identify and to evaluate how they are stimulating innovation in journalism and news media. Each country analysis presented an overview of the evolution of structure of news media markets and regulations in the recent years, and the formulated and implemented innovation policies to promote innovative activities in journalism and news media. Each chapter concluded with lessons learned and recommendations for the innovation policy for each country.

In this explorative study, we investigated the structure of the news media markets (newspaper, television and radio broadcasting), the regulation policies and the innovation policies in 16 European countries. The emphasis of this book is on a group of Western European countries (Austria, Belgium, France, Germany, Luxembourg, the Netherlands, United Kingdom), a group of Southern European countries (Greece, Italy, Portugal, Spain), and Nordic countries (Denmark, Finland, Norway, Sweden). Switzerland is linguistically connected to Western European group and the Southern European group.

The comparison approach is a well-known approach to learn from the experiences and good innovation policy practices. Although emulating the success stories and practices of various countries is not easy, the evidence shows that the types of innovation policies to trigger innovation do not exclusively depend on economic principles but also on social, cultural, and political principles. An overview of these policies can help us to determine what the best practices are to support innovation in a rapidly changing news media industry.

In most news media markets, it is now recognized that the current changes have to be seen as part of a larger structural change. For instance, many traditional news media companies are trying to combat a massive migration of advertising expenditure to the Internet. For this reason, the printed media need a high-quality Internet and new media presence in order to compensate at least partly for falling advertising and subscription revenues in the print media markets. The news media companies will have to command a multiplatform strategy—accessible to users wherever they are and presenting the contents in such a way that they can be called up with any device (Friedrichsen & Mühl-Benninghaus, 2013). This represents real added-value. Nevertheless, the news media markets are still in the middle of an experimental phase. Companies need to react fast now, but may have to make adjustments to their course at a later date. Hence, media companies, governments, regulators, network operators and investors are facing important decisions now and in the near future. The related uncertainty in the news media markets makes economic and social forecasts for companies, governments, policy makers and investors difficult.

2 Concentration

We continue to see increasing digitalization and media convergence as the main developments in the news media markets in all European countries. The strict separation of different media products and services have started to disappear. Furthermore, firms from other related and unrelated industries and unknown new entrants are coming up with drastic innovations that can (potentially) cause the collapse of demand for traditional news media companies' products. Hence, new techniques, new approaches, new technologies, new competitors are changing the rules of the game. Consequently, all news media markets in all European countries are subject to radical innovations, new requirements and demands, new competitors, and increasing complexity. To deal with these developments and opportunities, media companies have responded to these developments. Their ability to adapt and respond depends on the competitive situation of the firm, the commitment and leadership within the company, and the ability to develop essential capabilities, but also on the institutional environment.

We see a clear trend of consolidation of media firms in all traditional news media markets. These markets have experienced mergers, acquisitions and business partnerships in recent years. Traditional media companies are trying to diversify their revenue structure, spread financial risks but also to increase their opportunities and innovative activities and become increasingly involved in the value chain of other media markets. This has led to a major command of the industry by a small group of diversified media companies. We even see a few large news media companies operating in different European countries. Table 1 presents an overview of the concentration ratio of the three largest companies in the newspaper, television, and radio broadcasting markets in the European countries.

Our findings show a high level of concentration in the traditional news media industry. Most newspapers, TV and radio broadcasting, and cable markets are characterized by a relatively wide variety of different media products and services available to the public; control and ownership of these media is limited to a handful of companies. Most traditional news media markets can be described as oligopolies, with only a small number of media companies controlling the majority of the market either in terms of market share or revenue.

We see a gradual decline in the number of newspapers in all European countries. The newspapers are owned by private (commercial) companies, while we see a dual ownership structure in the TV and radio broadcasting markets. Each country has public and private (commercial) broadcasters. These broadcasters operate on a national and/or regional level. Many commercial broadcasters are part of multinational media companies. We see a difference between the broadcasting markets between countries. For instance, many TV and radio broadcasters operate on the regional level (Länders) in Germany, while in the Netherlands and Belgium the broadcasters mainly operate on the national level. In Germany, the broadcasting market is primarily controlled at the regional level, while in other countries the broadcasting market is more controlled at the national level.

Table 1 Overview of concentration ratios C3 for newspaper publishers, television and Radio broadcasters in 2013[a]

Country	Newspaper publishers	Television	Radio broadcasters
Austria	65.5	67.0	73.0
Belgium			
Flanders	100.0	80.1	89.5
Wallonia	100.0	62.8	86.6
Denmark	65.6	80.0	85.0
Finland	49.9	87.1	70.0
France	29.8[b]	45.9	28.6
Germany	36.6[c]	38.2	n.a.
Greece	n.a.	50.1	n.a.
Italy	46.4	87.4	45.4
Luxembourg	n.a.	n.a.	n.a.
The Netherlands	83.4	70.5	64.3
Norway	64.8	83.3	98.3
Portugal	90.1	100.0	94.2
Spain	51.7	72.8	63.8
Sweden	54.3	81.0	100.0
Switzerland			
German part	82.0	49.1	65.0[d]
French part	83.0	57.0	66.0
Italian part	n.a.	52.6	80.0
United Kingdom	69.6	58.3[e]	73.2

[a]See appendix for the definition of concentration measures
[b]The concentration ratio is only for national daily newspapers
[c]Source: http://ejc.net/media_landscapes/germany retrieved on 6th of January 2015
[d]The radio broadcasting market is dominated by the public radio broadcasters in the different linguistic regions
[e]The UK concentration ratios for the television and radio broadcasting are based on C2

Furthermore, these broadcasters need a license. The license is granted by the national or regional government or a media authority. In general, restrictions in granting licenses are still dictated by specific legislation in the countries.

A recent upcoming development in all European countries is digital television and pay TV, although the speed of development differs. For instance, pay TV is still in its infancy in the Netherlands, while the penetration ratio is much higher in Italy.

3 Regulation Policies

For many years, all European countries had different rules to limit cross media ownership and to control concentration and competition. The purpose of the media cross-ownership policy was to protect media diversity and societal access to news and information. However, because many media markets are undergoing rapid technological and structural changes that are blurring boundaries, specific legislation about cross-ownership and concentration and competition has gradually disappeared and no longer exists in most countries. The removal of cross-ownership constraints creates a more favorable climate for media companies to foster innovative activities and to adjust their organization to deal with the new requirements and needs. As for the prevention of dominant positions of media companies, the general competition law also currently applies to the media markets.

We also see another trend: the existence of internationally diversified media companies. These multinational media companies are owning subsidiaries in different countries. For instance, the Luxembourg-based RTL Group is operating in 28 countries and has a leading position in the European television and broadcasting markets. It owns stakes in television channels and radio stations in i.e. Germany, Belgium, the Netherlands and Spain. Furthermore, a recent development is the internationalization of Portuguese media companies. As a result of several factors, including economic crisis, they are looking for new markets and business opportunities in African Portuguese-speaking countries and Brazil.

Today, the Internet and new media allow new market models and pose challenges to media policy. To manage the partly antagonistic interests and forces in the news media markets, media policy must produce effective regulatory tools. The main tasks of media policy are to balance the various interests involved, create a functioning free and independent public sphere and to ensure viable and sustainable markets.

In the past decades, different intervention policies existed and support was offered to the news media. In general, the form and implementation of these policies and the selected instruments depended on the economic, political and social context of the countries. In general, we can categorize the economic and financial instruments into direct support (e.g. grant and loans) and indirect support (tax reductions or mandatory price increases) and general (applying to the whole market) and specific support (to support a specific media entity). In general, the aim of these policy instruments was to protect media pluralism and diversity.

All countries still agree on the fact that free and independent news media are intrinsic to a democratic society. This intrinsic character applies to traditional forms of press and broadcasting as well as electronic and new media. All countries require a state with a free, comprehensive and an objective news media system, in which no single group predominates and free and independent public discourse can take place. In many cases a legal control for the industry will continue to be necessary, so it is important to keep in mind the balance between competition and regulatory control for news media.

4 Innovation Policies

The role of the government in developing policies that directly or indirectly stimulate innovation has become increasingly important, since the news media markets in all countries are going through a time of great uncertainty and disruption of business models, and this requires more investment in innovation. However, the changes in the news media industry—which are deep in terms of production, distribution, consumption and commercialization of content—coincide with a global economic recession. The economic and structural crises have weakened the financial position of many media companies and states. Consequently, this development has limited the investment capacity of media companies and government expenditures in the European countries, in particular in the southern European group of countries.

In all countries, the state still controls at least one public TV and radio broadcaster. A state control does not necessary imply a restriction on innovative activities of the organization. It can be even more innovative than its commercial counterparts. An interesting example is the BBC in the United Kingdom. Significant public involvement accompanied the rollout of digital TV, with the BBC heavily involved in developing technology and systems in cooperation with commercial firms. They also extended this cooperation to the development and provision of catch-up television and other streaming services for PCs, tablets, and smartphones. Furthermore, the BBC received a specific mandate and special funding to develop its online operation, bbc.co.uk, which has grown into one of the most successful news and information sites online.

The intensity of competition for both audience and advertisements in the broadcasting markets has increased substantially in recent years. It is expected that the competition will further increase as a result of digitalization and pay TV. We also see a trend that governments are reducing the budgets of public broadcasters. As a consequence, the activities of these public broadcasters are more focused on restructuring their organizations than on innovative activities in the fast-changing environment.

In the past, many policies and support mechanisms did not had a specific orientation on innovation and were not made on the basis of effectiveness, but rather as a response to changing markets and for social and political reasons. Today, many of the existing policies and support mechanisms are considered to be outdated and less effective in the current news media landscape and have to be reformed or even discontinued. In the last few years, decisions have already been made to formulate and implement particular policies to trigger innovation in all European countries.

Our findings show that the governments in all countries are struggling with the question as to what degree the government can and should aid the news media industry and trigger innovation.

Evidence shows that countries differ in their innovation policies. Table 2 presents an overview of the main innovation policies in the European countries. For instance, media innovation in the United Kingdom is taking place as part of its broader industrial development of innovation and innovation policies. The innovation policies tend to rely heavily on creating an environment that supports innovation and entrepreneurship, promoting commercial research and development, and the production of government-industry innovation networks. In Austria, media innovation is considered as a confined task for media companies, rather than

Table 2 Overview of the main innovation policies

Country	Levels of Government in charge of policies	Type of innovation policy	Remarks
Austria	National	• General innovation policy	
		• News media innovation policy	• Focus on training and education and in particular on digitalization.
Belgium	National and Regional	• General innovation policy	
		• Industrial innovation policy	• Focus on the entire media and ICT sector;
			• Promotion of ecosystem of institutes and funding instruments.
Denmark	National	• General innovation policy	
		• News media innovation policy	• Support media innovation and adaptation to the digital era.
Finland	National	• General innovation policy	
		• Industrial innovation policy	• The support is technologically neutral, although the projects must be implemented in a digital environment;
		• News media innovation policy	• A temporary support scheme for temporary transition assistance.
France	National	• General innovation policy	
		• News media innovation policy	• Focus on stimulating debate among media actors and promote editorial, technological, and business innovations
Germany	National and Regional	• General innovation policy	
		• Industrial innovation policy	• Programs to strengthen the innovation activities of companies and areas;
			• Specific focus on regional development and infrastructure projects.

(continued)

Table 2 (continued)

Country	Levels of Government in charge of policies	Type of innovation policy	Remarks
Greece	National	• General innovation policy	
Italy	National	• General innovation policy	
		• Industrial innovation policy	• Focus on digital growth and the development of digital infrastructures;
		• News media innovation policy	• Specific support for media firms going digital and restructuring their business as well as for new web-based media.
Luxembourg		• General innovation policy	• Establishment of Luxinnovation to stimulate research, development, and innovation.
		• Industrial innovation policy	• Information and communication (ICT) sector is one of the key industries. Policy is also focused on digitalization
the Netherlands	National	• General innovation policy	
		• Industrial innovation policy	• The creative industry is defined as one of the leading industries;
			• Various instruments to stimulate innovation in the creative industry;
		• News media innovation policy	• Focus on traditional news media and new media initiatives;
			• Specific fund to stimulate innovation in the news media industry.
Norway		• General innovation policy	• Focus is on industry neutral instruments.
Portugal	National	• General innovation policy	• Media industry does not have economic support programs, unlike other industries;
			• No explicit and proactive attitude of the state.
Spain	National	• General innovation policy	
		• Industrial innovation policy	• Focus more on technologies than content;
			• Focus more on innovation in the telecommunications sector than in the media.

(continued)

Table 2 (continued)

Country	Levels of Government in charge of policies	Type of innovation policy	Remarks
Sweden		• General innovation policy	• Although media policy exists in Sweden, it is not focused on innovation.
Switzerland	National and Regional	• General innovation policy	• Focus on incubation and infrastructure facilities;
			• Less supportive of firms and industries in terms of financial support to new firms in the form of direct subventions, fiscal easing or risk capital enhancement;
		• News media innovation policy	• Consider to develop some measures to support the news media.
United Kingdom	National	• General innovation policy	• Focus on creating an environment that supports innovation and entrepreneurship, and promoting commercial research and development;
			• Focus on production of government-industry innovation networks.

a task for the state. The absence of a media innovation policy did not prevent media companies from investing in research and development. However, Greece showed another situation. Due to the absence of a regulatory framework in Greece, the intense competition between media companies did not stimulate innovation in the news media sector. Due to the economic crisis, the Greek government and media companies lack the financial resources to invest in research and development. Media companies in Portugal did also not have direct access to economic support programs, unlike many other industries, which in many cases succeeded, innovated and developed with the help of public support. Although direct media innovation policy did not reflect an explicit and proactive attitude from the state, its presence can be indirectly seen, particularly through research and education.

Also no systematic media innovation policy was designed and implemented in Norway. Although it has only developed a general innovation policy, public funding of innovation projects from the ICT sector are quite common. The traditional news media are significantly underrepresented in the funding schemes. The Belgium government however developed specific policies to stimulate innovation. In addition to the subsidy programs for news publishers and TV broadcasters, the Belgian government, in particular the Flemish government, is attempting to stimulate innovation in the media and ICT sector through an ecosystem of institutes and funding instruments. All funding and innovation policy instruments cover the entire media and ICT sector and no single instrument specifically targets innovation in journalism or news media. However, the innovation policies in Germany have mainly been focused on regional development and infrastructure projects. These policies were established after the integration of former West and East Germany in the late 1980s. Recently, a share of funds has also been allocated to promote innovation. In addition to the Federal government policy, all Länders are also offering programs to strengthen the innovation activities of companies and areas. In general, these programs do not have a specific media orientation. Hence, the objectives were well-defined in Germany in the past. However, the objectives for the new policy are less clear. For many years, the news media industry in Italy faced an environment that hampered rather than stimulated innovation. Recently, a revision of the public subvention policy has been initiated. Even if it is more the result of a general public spending review, the direction has changed channeling public contributions towards specific support actions for media firms going digital and restructuring their business as well as for new web-based media. Italy also adopted the Italian Digital Agenda, which follows the European directives with regard to digital growth and the development of digital infrastructure. Also Luxembourg stimulates the development of the ICT industry. In Luxembourg, the ICT industry is defined as one of the key industries for the economic sustainability of the country. The government of Luxembourg stimulates research, development and innovation activities and implements strategic initiatives to promote the diversification of the economy, to increase the competitiveness of its businesses and to create a knowledge-based society. To achieve its aim, it has developed specific innovation policies.

The Spanish government policies favor more innovation in the telecommunications sector than in the media. Public support and policies have been oriented more toward technologies than content. Furthermore, a confusing web of public initiatives and institutions make the promotion of innovation and entrepreneurship less dynamic and efficient for the news media industry. Another interesting country is Switzerland. It has a small open economy with outstanding strengths in innovation. It offers excellent incubation and infrastructure facilities as well as educational support. However, it is less supportive of firms and industries in terms of financial support to new firms in the form of direct subventions, fiscal easing or risk capital enhancement. Politicians are quite active in trying to change the situation. Some measures have already been taken for the news media industry. Recently, a commission suggested several measures to support the journalism sector in particular. Finland is already in the process of transforming its innovation policy. Recently, the Finnish government introduced a temporary support scheme for temporary transition assistance. The support is technologically neutral, although the project must be implemented in a digital environment. In the last decade, the Netherlands has adopted instruments with a more flexible temporary support focus. The support no longer only focuses on traditional news media but also includes new media development initiatives. In particular, the government continues to support public broadcasting although it is implementing severe budget cuts. In the last decade, the government decided that the creative industry, including the news media industry, should be or become one of the leading industries for the Dutch economy and society. Actually, the ultimate objective is that the Dutch creative industry should become one of the leading industries in the world. Hence, the formulation of the innovation policy for the creative industry includes ultimate objectives. The innovation policy contains a mixture of instruments from regulatory, financial and economic and soft instruments. In general, the financial and economic instruments have a temporary character. Consequently, the actual availability of funding, and the temporary character of the funding may put the overall effectiveness of the support into question. Furthermore, although the government defined the ultimate objectives for the creative industry, the ultimate objectives for the news media industry and the translation into direct innovation objectives are not well-defined. However, the Netherlands has established a fund for journalism to stimulate innovation in the news media industry. This fund not only focuses on supporting innovative activities of news media, in particular activities of smaller firms and start-ups, but also on giving advice and organising workshops and events that aim to inspire people and bring different experts together. For many years, the French state has developed media innovation policies. These policies include among others financial support for innovative and modernization projects. Despite these policies, the sector shows still a low level of innovation. Due to the lack of innovation spirit and initiatives in the news media landscape in France, the government decided to develop and implement new policy instruments for the news media sector. It established various new funds and programs. The aim was to stimulate a debate about innovation among all actors related to the media sector and to finance innovative activities. Although the Swedish media can also be characterized by an institutionalized regime of self-regulation and a substantial degree of state intervention in the structure and organization of the media, media innovation policy measures are not really defined and implemented. Recently, the government is developing a policy to stimulate innovation in the news media industry. Denmark is another Scandinavian country with an institutionalized regime of self-regulation. Although many news media companies in Denmark are private, public subsidies play an important role in their financing. Due to the changes in the media landscape, the Danish government launched a new legislation that supports media innovation and adaptation to the digital era in, especially, the written media more actively in 2014. This legislation includes a number of new measures to stimulate digitalization and to support media innovations.

5 Concluding Remarks

This book has shown that there are no one-size-fits-all solutions. Our findings are in line with the findings of other studies, for instance, Borrás and Edquist (2013) and Plessing (2014). Policies are formulated and implemented at different levels of government and public organizations. The division of powers across different levels of government and public organizations influences the extent to which the levels are in charge of specific policy instruments. The development and implementation of innovation policies depend on political will, commitment, conditions and on the entrepreneurial attitude of companies. Another interesting finding is that many innovation policy instruments are largely based on a continuation of previous schemes, or on lobby activity of specific interest groups, rather than on the well-defined ultimate objective or a critical assessment of the actual problems that need action. For instance, the innovation policies are mainly based on supply-side instruments. It would be interesting to explore the possibility to design and implement instruments by which a government or public organization place an order for a product or system that does not exist. The demand-side innovation policy instruments can be used to stimulate innovation. Examples of demand-side innovation policy instruments are public procurement, consumer policies and 'lead market' initiatives to address market and system failures in areas in which social needs are pressing (OECD, 2011). All European countries have recently started to rethink and transform their policies and support systems. Adapted or new innovation policy instruments and practices have just been implemented or are still in the design phase. At this moment, it is therefore too early to recognize the best policy instruments and practices to promote innovation.

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Appendix: Concentration Measures

Market structure is generally measured by concentration. The most commonly used concentration measures are concentration ratio (CR) en Herfindahl-Hirschman index (HHI).

The concentration ratio (CR)—calculated as the percentage of output accounted for by a small number, generally 4 or 5, of the largest firms in an industry (CR_4 or CR_5).

Concentration ratios range from 0 to 100 %. The levels reach from *no, low* or *medium* to *high* to "total" concentration.

No concentration

0 % means perfect competition or at the very least monopolistic competition.

Low concentration

0–50 %. This category ranges from perfect competition to oligopoly.

Medium concentration

50–80 %. An industry in this range is likely an oligopoly.

High concentration

80–100 %. This category ranges from oligopoly to monopoly.

The Herfindahl-Hischmann index (HHI) is a function of the number of firms and their market shares respectively.

No concentration

HHI below 100 indicates very low concentration.

Low concentration

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HHI below 1500 indicates low concentration.

Medium concentration

A HHI between 1500 and 2500 indicates moderate concentration.

High concentration

A HHI above 2500 indicates high concentration.

In general, the Herfindahl index emerged as a better tool to measure market concentration than the concentration ratios (CR) because it takes all the market players into consideration and not just a few large ones.