
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 País* and *Cinco días*., 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
<i>C4</i>	<i>32.0</i>	<i>44.0</i>	<i>55.0</i>	<i>51.5</i>	<i>49.3</i>	<i>55</i>	<i>59</i>	<i>60.2</i>	<i>60.2</i>
<i>HHI</i>	<i>330.9</i>	<i>687.01</i>	<i>1057.9</i>	<i>765</i>	<i>804</i>	<i>1028</i>	<i>1069</i>	<i>1089.7</i>	<i>1111.1</i>

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
<i>Rest</i>	<i>27.6</i>	<i>26.55</i>	<i>26.75</i>	<i>7.96</i>	<i>13.33</i>
<i>C4</i>	<i>48.21</i>	<i>43.83</i>	<i>42.60</i>	<i>57.78</i>	<i>54.95</i>
<i>HHI</i>	<i>692.28</i>	<i>617.05</i>	<i>522.64</i>	<i>1,123.58</i>	<i>1,002.92</i>

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 indexes 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	–	–
<i>Rest</i>	0.0	1.1	3.6	21.3	5.0	25.0	25.0
<i>C4</i>	90.3	98.9	96.4	78.7	87.2	71.4	72.2
<i>HHI</i>	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
<i>Rest</i>	48.3	8.4	5.7
<i>C4</i>	34.2	64.5	61.4
<i>HHI</i>	461.3	1381.6	1175.3

Source: EGM

companies, while Unedisa belong to the Italian company RCS, Mediaset 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 & Negro, 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 competitiveness 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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