

The economic case for a publisher's right at EU level

November 2016

The European Commission has proposed a Directive on Copyright in the Digital Single Market (COM (2016) 593). This includes a proposal for a "press publisher's right" (Article 11), which covers the rights of reproduction and making available to the public, as regards digital uses of press publications.

EMMA, ENPA, EPC and NME, representing the interests of newspaper, magazine and news media publishers across Europe, consider this right as a necessary and historically important step in guaranteeing the financial viability of media pluralism and as an essential basis for freedom of opinion and democracy in the digital world¹.

Press freedom is not just a function of the law. It also depends on a market that can generate sufficient returns for the huge financial investments required, and to cover the enormous legal and commercial risks of the news media business. A strong, plural market with meaningful rewards for popular success is an essential component of a strong, independent and free press.

A significant number of individual press publishers and their national associations from across Europe are also voicing their support via the website www.empower-democracy.eu.



www.epceurope.eu



www.enpa.eu



www.magazinemedi.eu

NEWS MEDIA EUROPE

www.newsmediaeurope.eu

Economic state of play of newspapers and magazines in Europe

The newspaper and magazine 'press' publishing industry in Europe is reaching more consumers than ever, as readers shift consumption from print to digital in the form of websites and apps. However, this shift presents some major challenges for publishers:

- i) Time spent reading print content is now being spent consuming digital content, with greater competition for eyeballs;
- ii) Revenue yields for publishers' digital content are much lower than for both content and advertising. This is because (1) freely available internet content, which includes content originating from publishers found on third party sites, creating a substitution effect, often makes it harder for publishers to capitalise on their content, and (2)

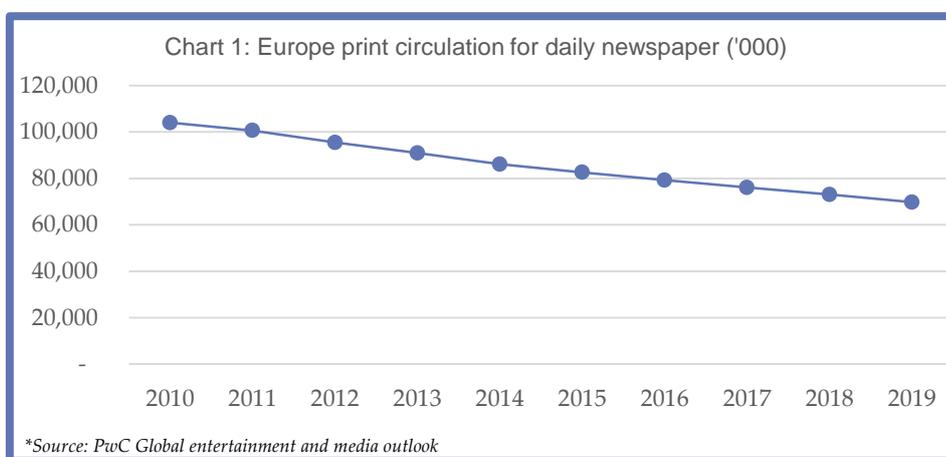
¹ See further information at: www.publishersright.eu

publishers must compete with technology giants such Google and Facebook for digital advertising revenues; and

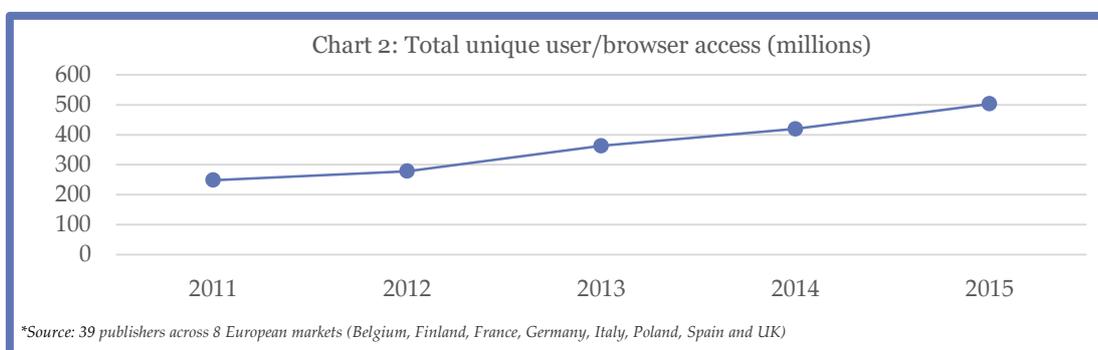
- iii) The growth of mobile exacerbates these trends since smaller screens are less well suited for advertising but are now the medium of choice for many when it comes to accessing news and magazine-style content. To put it simply, mobile advertising yields lower income.

The impact of these challenges:

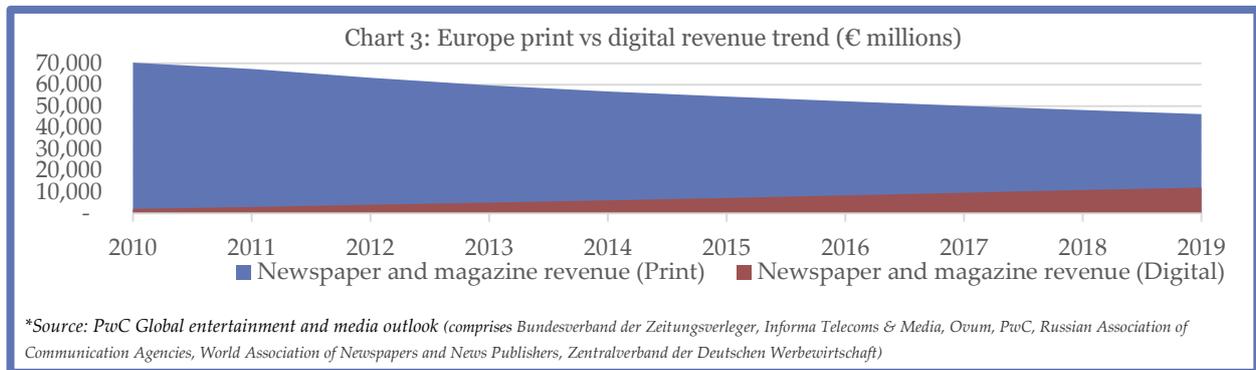
- Print circulations for daily newspapers across Europe, is expected to decline by 33% between 2010 and 2019. This is illustrated by Chart 1 below:



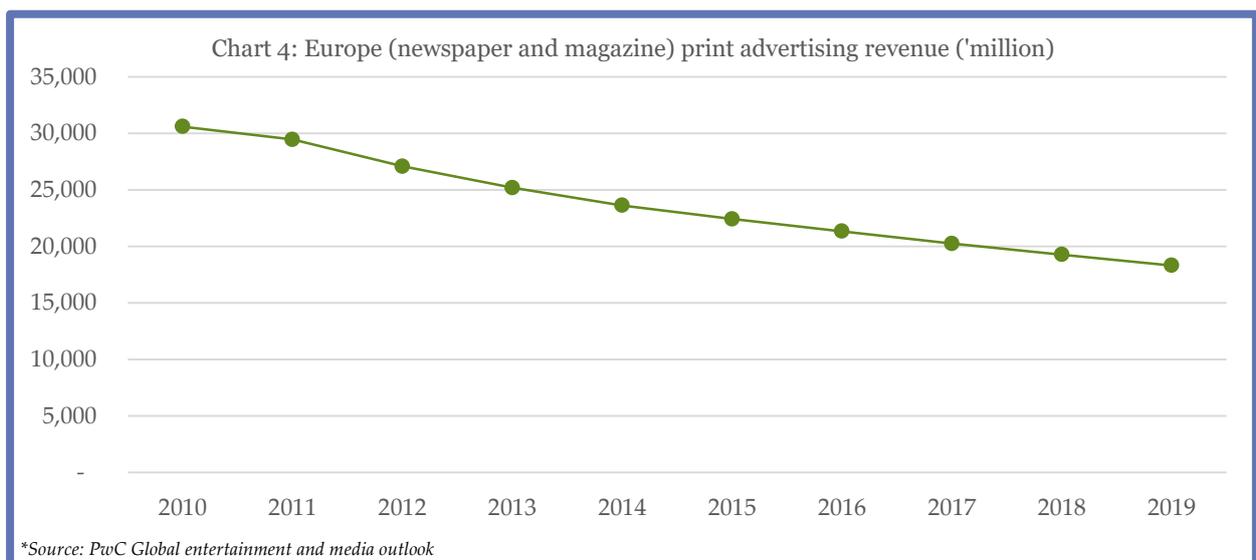
- Publishers across Europe have embraced technology change with investment in the functionality and content of consumer and business websites that now have major scale. Chart 2 illustrates this with the doubling of web traffic over five years:



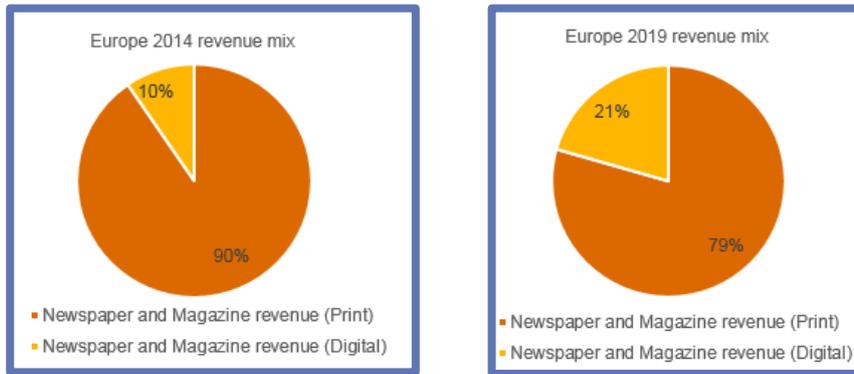
- So, the growth of digital audiences means newspaper and magazine content is more popular than ever. But digital revenues have not replaced the lost print ones due to smaller margins driven by competition for digital advertising revenues with news aggregators and social media platforms, as well as difficulty in charging for digital content due to availability of free online sources. This has been highlighted in chart 3 using actual revenue data up to 2015 and forecast data thereafter:



- Between 2010 and 2014, print revenues decreased €14 billion while digital rose to €4 billion, giving a net revenue loss of €10 billion for the European newspaper and magazine industry over just four years. This pressure means that despite audience growth, publishers are cutting editorial and operational costs while also struggling to funds digital investment.
- Print advertising revenue for both newspaper and magazine have declined by €7 billion between 2010 and 2014 as illustrated in Chart 4 below:



- In 2014 digital revenues comprise only 10% total newspaper and magazine revenues; this ratio will grow to 21% by 2019 but driven far more by falling print revenues than rising digital ones. “Analogue pounds for digital pennies” is a phrase widely used across Europe. Digital content from independent publishers is mostly difficult to charge for, given that it has to compete with freely available internet content including the public broadcasting services financed by mandatory taxes. Further digital revenues are being earned by other parties from unauthorised use of publishers’ content such as search engines and news aggregators.



Source: PwC Global entertainment and media outlook

Many publishers across Europe are therefore suffering increasingly unsustainable financial pressure. This trend will continue – and indeed, will hasten – without remedial action.

It is ironic that many publishers have never been read more widely – due to the popularity of their websites and apps, and also their content being reproduced and disseminated on third party sites and apps (but without fair payment) – but are still facing intense financial pressures. This will reduce the funds for high-quality editorial content and investigative journalism, with a consequent negative impact across Europe on society and democracy. It is therefore essential that a press publishers right is swiftly agreed.



Press publishers bear the high costs and risks for the production of journalistic content.



Publishers make substantial **investments in human, financial and technical resources** in order to ensure the **quality and credibility** of their works and to comply with applicable legal requirements.



Press publishers make a **creative contribution in selecting and editing** the individual works and other items created by journalists and others, **compiling and incorporating** them into published editions through **editorial direction and production processes**.



Editorial

Press **Publishers play a pivotal economic, cultural and societal role in Europe** by publishing professional content on any and every topic - under their **editorial responsibility** - in both print and digital forms.



Publishers are essential to the **functioning of a democratic society**, safeguarding freedom of expression and upholding ethical standards in public life