

A light blue background featuring a faint world map outline at the top. Below the map, a complex network of thin, grey lines crisscrosses the page, resembling a global communication or data network. The lines are more densely packed in the lower half of the page.

**REGULATORY CHALLENGES IN
TIMES OF DIGITAL
TRANSFORMATION: A VIEW ON
EUROPEAN PUBLISHING AND
PUBLISHERS**

Christoph Keese

Summary-Working Paper n° 27, July 2011



www.plataformademocratica.org

Regulatory challenges in times of digital transformation: A view on European publishing and publishers

Christoph Keese

Executive Summary

Publishers in Europe face a difficult economic situation in light of structural changes from print to online. While revenues from print advertising have been steadily decreasing and aggregate circulation is losing at a rate of 2-3% per year, substituting sales with online business has proven difficult. Financing of quality online journalism is putting additional strains on publishers since most editorial websites are not profitable. Nevertheless, publishers in most European countries want to keep their independence and do not want to become addicted to state subsidies. Many do not call for public support in a difficult situation but rather ask regulators and legislature to help create a level playing field and preserve an economic environment in which they can survive and serve their communities with quality journalism.

Unfortunately publishers to fend off many additional regulatory moves that further decrease their competitiveness in the market. I.e. extensive and unproductive data protection regulation drives up cost for direct marketing which stands at the center of renewing subscriptions and maintaining circulation levels.

The following initiatives have been taken on a European and on national level to help improve the situation:

- Enhanced respect for freedom of expression and freedom of the press
- Enhanced respect for copyright and remuneration of content owners
- Better legal protection of publishers rights
- Fair competition in the advertising markets
- Fair access to digital distribution platforms
- Freedom of commercial communication
- Balanced approach to data protection
- Zero VAT rate for newspapers on all platforms
- Ensure application of competition rules as regards the digital activities of public broadcasters
- Balanced approach to responsibility for user-generated content
- Promoting media literacy in the digital environment

All initiatives are detailed in the paper. They have reached different stages of completion and are in many cases very complex. I.e. the issue of “Fair competition in advertising markets” involves formal antitrust complaints about Google’s search engine and its unfair market behavior. These complaints have been answered by the European Commission which has started a formal investigation and is proceeding at high speed. Publishers are devoting much time, energy and money on the issue.

Over the course of the past years unity among publishers and their associations have been on a constant rise. They find that most policy issues cannot be resolved by individual companies and need undivided industry attention. This has given them extra thrust and they have achieved a number of goals that seemed hard to come by in the past. I.e. national legislature considers creating an amendment to the copyright law to strengthen the publishers’ position in following up on illegal copies of their works as well as improve their weight when selling licenses to B2B-costumers.

However, the challenges at hand cannot be met by legal means. Publishers need to innovate and be part of the digital change. Numerous business opportunities lie before them. They will materialize if publishers and editors are willing to re-organize, re-engineer and re-start much of their business. Some essential learnings from digital markets are listed in the paper.

Author

Christoph Keese, is a well known German journalist and media executive. He studied economics in Frankfurt and Marburg and graduated from Hamburgs “Henri Nannen School of Journalism” before joining Gruner + Jahr publishers as assistant to the CEO. Subsequently he became Managing Editor of “Berliner Zeitung”, editor-in-chief of “Financial Times Deutschland” and editor-in-chief of “Welt am Sonntag” and “Welt Online”, before assuming the editorial chairmanship the WELT Group of newspapers and websites. In 2008 he changed to the publishing side and currently holds the position of President Public Affairs at Axel Springer, Europe’s largest newspaper publisher and one of the industry’s leaders in digitization. His books include “In defense of Capitalism” (2004) and “Responsibility now” (2007). He works and lives in Berlin.