

ERGA Report

Action Group 2

Economic impact of the COVID-19 crisis on the media and audiovisual sectors

2021



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TABLE OF CONTENTS

Table of figures.....	3
1-Background	4
2-European context.....	6
3-Economic impact of the COVID-19 on the media and audiovisual sectors – 2021 Questionnaire.....	8
3.1 Methodology.....	8
3.2 Support measures	10
3.2.1 Measures to support economy in place since the beginning of the pandemic	10
3.2.2 Measures to support the media sector in place since the beginning of the pandemic	12
3.2.3 Regulatory measures to support the media sector in place since the beginning of the pandemic.....	16
3.2.4 Measures deemed useful by stakeholders	21
3.2.5 European Recovery and Resilience Plan	23
3.2.6 Support measures from private enterprises and platforms	25
3.3 Compliance.....	26
3.3.1 Implications on compliance since the beginning of the pandemic.....	26
3.3.2 Overall repercussion of the pandemic over the media sector.....	28
3.4 Impact on the economic conditions.....	30
3.5 Media pluralism and new prospects	32
4-Conclusions & Recommendations	38

TABLE OF FIGURES

Fig. 1: SVOD market between 2010 and 2020 in the EU28

Fig. 2: List of NRAs which responded to the questionnaire

Fig. 3: The regulatory scope of respondents is mostly focused on traditional audiovisual media

Fig. 4: General measures adopted to fight the pandemic seem disperse among countries and types of measures

Fig. 5: Specific measures adopted to support the media sector were fewer than those applied to the economy in general

Fig. 6: Comparison between the number of general economic measures and specific support measures towards the media sector

Fig. 7: Support measures from regulators more related to qualitative than monetary measures

Fig. 8: Support measures from private enterprises and platforms, including at multinational level, were identified only in 8 respondent countries

Fig. 9: Quotas were the most difficult obligation to meet

Fig. 10: Adaptation of operations was a reality in most of the countries

Fig. 11: Evolution of the turnover and advertising revenues by segments in 2020

Fig. 12: The development of new business models and editorial strategies was a reality in most of the countries

Fig. 13: Reinforcement of digital capabilities was a best practice all across the respondent countries

1-BACKGROUND

The Action Group on the economic effects of the COVID-19 crisis (AG2) was created, in April 2020, following the note on the initiatives to address the pandemic situation adopted by ERGA – “The systemic importance of the media in times of crisis” –, in light of the unprecedented developments caused by the context and the acknowledgement of the vital importance of the media for providing trustful information to citizens and contributing for the survival of democracy.

One must highlight that this adverse circumstances further worsened the conditions of many broadcasters, publishers and radio stations already under financial constraints in a rapidly changing market. In spite of the audience’s need for reliable information, media outlets were affected by the economic effects of the corona crisis, specially, but not only, the decrease of advertising revenues. Furthermore, the functioning of media outlets was also affected by the restrictions of movement and other sanitary measures implemented to contain the spread of the virus.

Therefore, the creation of the AG2 enabled the constitution of a forum to exchange data and experiences on the effects of the pandemic crisis on the economic conditions of the media sector in the Member States.

According to the mentioned ERGA note, *“with a view to the different scopes and competences NRAs [National Regulatory Authorities] might have in this regard, such an exchange can be helpful and fruitful to collect economic and regulatory measures already put in place in the Member States, planned actions and envisaged tools to support the national media sector. The exchange could also take into account the impact of such measures on the compliance of media with regulatory obligations and on the capacities of the NRAs”*. This document also foresees the possibility of drafting *“recommendations that could inspire the European Commission and/ or Member States to take into account the media sector”*.

Following the creation of AG2, a survey was launched so as to help collecting information concerning measures and actions to support the media and audiovisual sectors. The first part of the questionnaire was addressed to ERGA members and related to the measures taken by public institutions and some basic economic indicators, having as reference the evolution between March and April of 2020. Seventeen ERGA members filled in the surveys aimed at regulators. The second part, dealing with more comprehensive economic indicators, was sent to the European trade associations. In autumn 2020 a second round of contributions was sent by both ERGA members and industry associations.

This initiative made it possible to collect fundamental information on the concrete impacts of the pandemic crisis, gathered in a report submitted to the European Commission¹.

A preliminary overview on the outcomes shows that the media sector as a whole was severely hit with very serious economic losses in most countries. Those who relied

¹ ERGA Report on the economic impact of the COVID-19 crisis in the audiovisual sector 2020 (version 21-4-2021).

mainly on advertising revenues – in particular commercial TV and radio broadcasters – have been the most affected with a worsening of their situation over time. The high level analysis pointed out that the impacts caused by the pandemic would endure and this context tended to accelerate and amplify previous negative trends. According to the report, the updates sent in the autumn showed that *“While the level of advertising revenues in some Member States came back to normal over the summer (...), it did not allow compensating the losses in Spring. ERGA members reported several signs such as liquidity problems, exceptional aid programs, state aids scheme, substantial wages cuts and restructuring plans”*.

In 2021 it was decided to continue the work of the AG2. In view of the preliminary results, three questions, which guided the discussion among the members of the AG2, remained fully up to date and merited further development:

1. A possible different impact among media players, depending on the size of the geographic market where they are active.
2. The assessment by the stakeholders of the sufficiency of the measures adopted to help the recovery from the crisis.
3. The assessment of the risk of media players exiting the market as a consequence of this crisis and the potential impact on pluralism that could arise in case such a threat materialises.

To this end, the instruments to collect information at a national level were re-applied – a new questionnaire allowing a comprehensive perspective of the year 2020 and the first quarter of 2021 –, whose distribution was centralized by the NRAs.

The AG2 organised two video conference meetings, in April and September. At the first meeting the 2020 Report was presented and discussed, in parallel with the agreement on next steps and tasks of the group, as well as the presentation of the outline of the 2021 questionnaire. During the latter a representative of the Unit on Audiovisual Industry and Media Support Programmes of the European Commission made a presentation on the subject “EU funding sources for audiovisual and media”. Considering the extension and duration of the crisis, it was relevant to understand the recent developments pertaining to the European support programs from which media and audiovisual stakeholders can benefit, such as the “NextGeneration EU”² or “Creative Europe” (which for the first time will cover the news media sector).

The share of experiences and information between members of the AG2, regarding their own territorial jurisdiction, became a structural axis for the present report and allowed the issuance of preliminary practical recommendations to be addressed to the European Commission and the Member States.

² Temporary emergency recovery instrument to help repair the immediate economic and social damages caused by the pandemic and to kickstart the recovery process.

2-EUROPEAN CONTEXT

The European media and audiovisual sectors were already facing drastic changes before the COVID-19 crisis, with the transfer of advertising revenues from media outlets to the global online platforms, the fast growth rate of Internet advertising comparing to TV advertising and the increased market share of Subscription Video on Demand (SVOD), challenging pay TV. In fact, before the pandemic, audiences were already going online to consume audiovisual content, which involved greater investments from TV broadcasters in OTT delivery services and broadcaster on-demand services.

According to the European Audiovisual Observatory (EAO) (*Yearbook 2020/2021 Key Trends. Television, Cinema and On-Demand Audiovisual Services – The Pan-European Picture*)³, in 2020 it is estimated that the audiovisual sector lost 10% on its revenues, or close to 15% if excluding on-demand services. This translated into a loss of original European production financing of over EUR 3 bn for the EU27, and EUR 2 bn excluding sports. In 2021 it's expected that the crisis impact may continue, with the recovery taking longer. Most profoundly, "*the crisis appear to have accelerated some existing trends – and the sector may emerge deeply changed*" (EAO, p. 6). EAO analysis points out that the European audiovisual market was already decelerating between 2015 and 2019 and on-demand services have been its growth engine (p. 34).

The sudden drop of advertising drastically affected the media most dependent on this source of revenue, such as television and radio broadcasters. Because of the lockdown, COVID-19 has accelerated the weight gain of e-commerce, which is retaining a larger slice of the Internet advertising.

Assessing specifically the news media, both legacy and digital have been impacted, but to a different extent. According to the report *Media Economy in the Pandemic: A European Perspective*, from the Robert Schuman Centre for Advanced Studies, published in April 2021⁴, the pandemic affected mostly the news media whose business model is exclusively or predominantly based on advertising, like commercial and radio stations. Exit from the market has not been massive in the first wave of the pandemic partly due to the extraordinary measures, mainly public, directed to the protection of employment and the support of companies.

On the other hand, many European households subscribe SVOD services and, in contrast, pay TV has been negatively impacted because of the cord-cutting phenomenon.

In a 10-year period (2010 to 2020), in the EU28, there were added over 140 million subscriptions of OTT SVOD, from 300.000 in 2010, to 140.7 million in 2020 (Fig. 1).

³ Cfr. <https://rm.coe.int/yearbook-key-trends-2020-2021-en/1680a26056>

⁴ Cfr.

<https://cadmus.eui.eu/bitstream/handle/1814/71004/Media%20economy%20in%20the%20pandemic%20-%20A%20European%20perspective.pdf?sequence=1>

Fig. 1: SVOD market between 2010 and 2020 in the EU28

Year	Subscriptions (in millions)	YoY growth
2010	0,3	-
2011	0,7	-
2012	3,0	-
2013	7,0	-
2014	16,5	-
2015	28,7	74%
2016	42,0	46%
2017	54,4	30%
2018	73,6	35%
2019	103,2	40%
2020	140,7	36%

Source: EAO, *Yearbook 2020/2021 Key Trends. Television, Cinema and On-Demand Audiovisual Services – The Pan-European Picture* (p. 51)

As mentioned above, the revision and strengthening of the EU funding sources for audiovisual and media are of outmost importance to support these sectors in the aftermath of the COVID-19 crisis, but also to encourage their adaptation and transformation in a new digital ecosystem. On December 3, 2020, the Commission issued a communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, regarding an action plan to support the recovery and transformation of the media sector in the digital decade⁵.

⁵ Cfr. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0784>

3-ECONOMIC IMPACT OF THE COVID-19 ON THE MEDIA AND AUDIOVISUAL SECTORS – 2021 QUESTIONNAIRE

3.1 Methodology

The 2021 inquiry maintained the structure of the survey conducted in 2020 based on three axis:

- 1) Existing or planned support measures for the media sector;
- 2) Implications on compliance & organization;
- 3) Impact on the economic conditions.

The collection of data was essentially coordinated by NRAs and is based on the answers provided by respondents.

The inquiry was distributed to all ERGA NRAs and answers were received between 9 of June and 3 of August. 16 countries responded to the questionnaire – 15 ERGA voting members and one observer, Turkey (Fig. 2).

Some countries have several regulatory entities, such as Belgium. AGCOM – Autorità per le Garanzie nelle Comunicazioni send the answers of four representatives of the industry⁶. The number of responses reached 20, above the number of countries involved. Responses from different regulators or stakeholders from the same country were aggregated.

ALIA - Autorité luxembourgeoise indépendante de l'audiovisuel, despite not having answered the questionnaire, provided proper feedback in a written text, which is incorporated in the current summary as deemed appropriate.

Fig. 2: List of NRAs which responded to the questionnaire

NRAs	Country
Rundfunk und Telekom Regulierungs-GmbH (RTR-GmbH)	Austria
Agentschap Vlaamse Regulator Voor de Media	Belgium
CSA – Conseil Supérieur de l'Audiovisuel	Belgium
CSA – Conseil Supérieur de l'Audiovisuel	France
NMHH - Media Council of the National Media and Infocommunications Authority	Hungary
Landesanstalt für Kommunikation	Germany
NCRTV - National Council for Radio and Television	Greece
AGCOM – Autorità per le Garanzie nelle Comunicazioni	Italy
NEPLP - National Electronic Mass Media Council of Latvia	Latvia

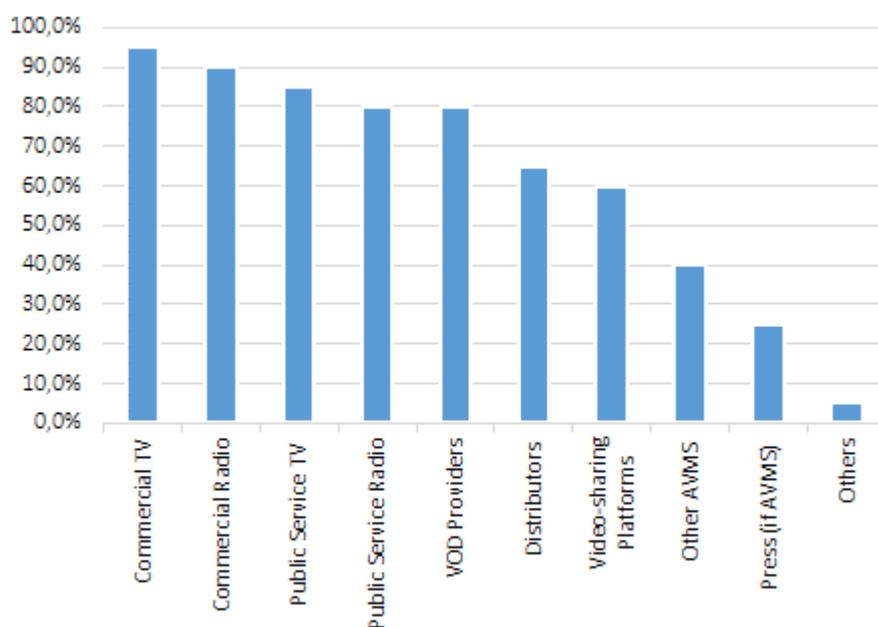
⁶ CRTV (Confindustria Radio TV): association of Italian radio and television broadcasters; AERANTI CORALLO: association of private radio and TV local broadcasters; APA: audio-visual producers association; UNIVIDEO: digital media and online publishers association.

ALIA – Autorité luxembourgeoise indépendante de l’audiovisuel	Luxembourg
Commissariaat voor de Media	Netherlands
KRRIT – Krajowa Rada Radiofonii i Telewizji	Poland
RVR - Rada pre vysielanie a retransmisiiu	Slovakia
AKOS – Agencija za komunikacijska omrezja in storitve Republike Slovenije	Slovenia
CNMC – Comisión Nacional de los Mercados y la Competencia	Spain
Myndigheten för press, radio och tv	Sweden
RTUK - Radio and Television Supreme Council of Turkey	Turkey

Respondents are ERGA members with regulatory responsibilities over audiovisual media companies. Internet based media are less frequently the scope of regulation in the respondents universe (Fig. 3).

Fig. 3: The regulatory scope of respondents is mostly focused on traditional audiovisual media

% Respondents by regulated audiovisual media



Source: Questionnaire responses. Elaborated by ERC. N=125

The lockdown periods, due to COVID-19 confinement, were similar among respondents and centred in the second and fourth quarter of 2020. 90% and 80% of responses indicated those periods as lockdown ones, the first quarter of 2021 came third with 75%

of responses. 60% of the polled also declared the first quarter of 2020 as a lockdown period in their countries.

3.2 Support measures

3.2.1 Measures to support economy in place since the beginning of the pandemic

Respondents were asked about



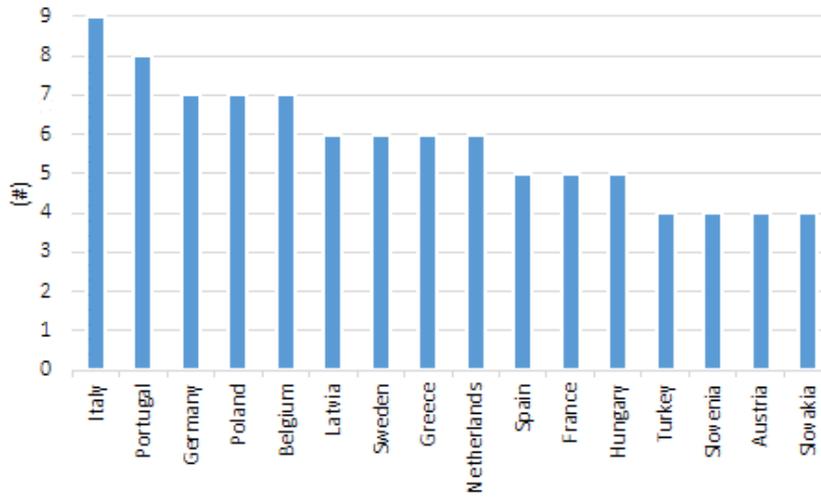
“Which general economic, legislative or regulatory measures were adopted by national/local Governments/Parliaments to support the economy and enterprises in the COVID-19 pandemic event”

All the NRAs that replied to the questionnaire stated that their countries adopted such measures. Within this group Italy stands out as the one in which a greater number of general economic, legislative or regulatory measures was decided, followed by Portugal.

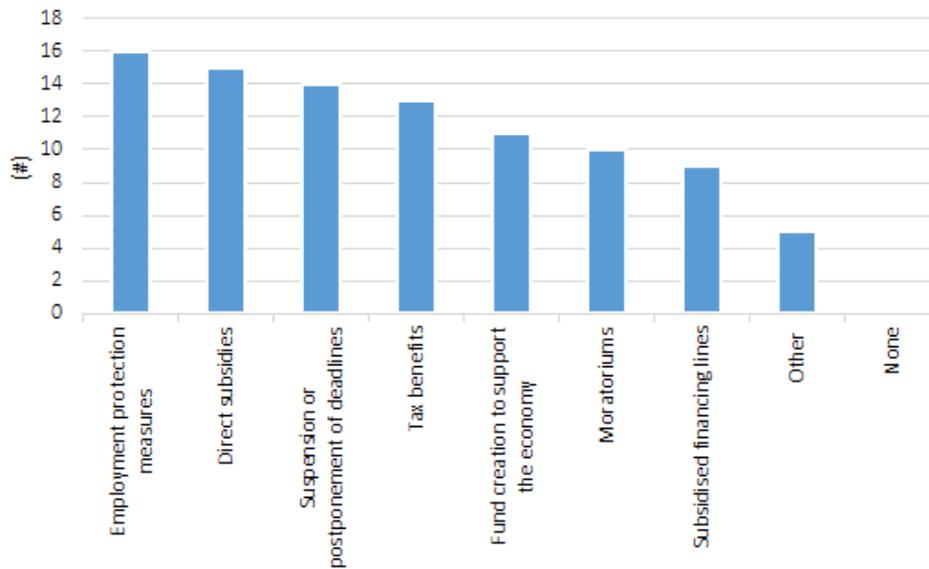
The measures referred to by a greater number of NRAs were “employment protection measures” and “direct subsidies” closely followed by “suspension or postponement of deadlines”. The majority of measures are still in force (Fig. 4).

Fig. 4: General measures adopted to fight the pandemic seem disperse among countries and types of measure

of measures adopted by country



of countries adopting each measure



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=93

In Belgium direct subsidies were applicable mainly for employment, restaurants, bars.

In Portugal a simplified layoff system⁷ was implemented and in Greece returnable advance payments were tax exempt.

In Poland, respondents highlighted the availability of extra care allowance for parents of children under 8 paid by the State.

3.2.2 Measures to support the media sector in place since the beginning of the pandemic

Respondents were asked about

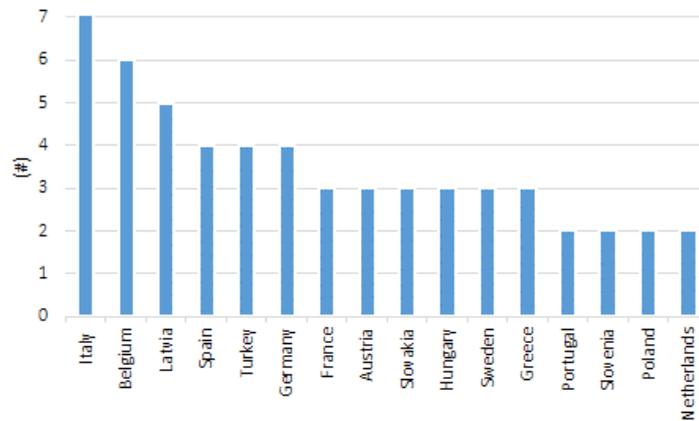
? **“Which specific economic, legislative or regulatory measures were adopted by national/local Governments/Parliaments to support the media sector – media of all types and geographic scope – in the COVID-19 event”**

Within the group of respondents Italy and Belgium were the countries that adopted a larger number of specific measures for the media and audiovisual sectors, while there was no country reporting it didn't adopt any kind of measure. The measures referred by more countries were “Suspension or postponement of deadlines” closely followed by “Fund creation to support parts or the whole sector” and “Employment protection measures”. At the time of completing the survey the majority of measures (75%) were still in force (Fig. 5).

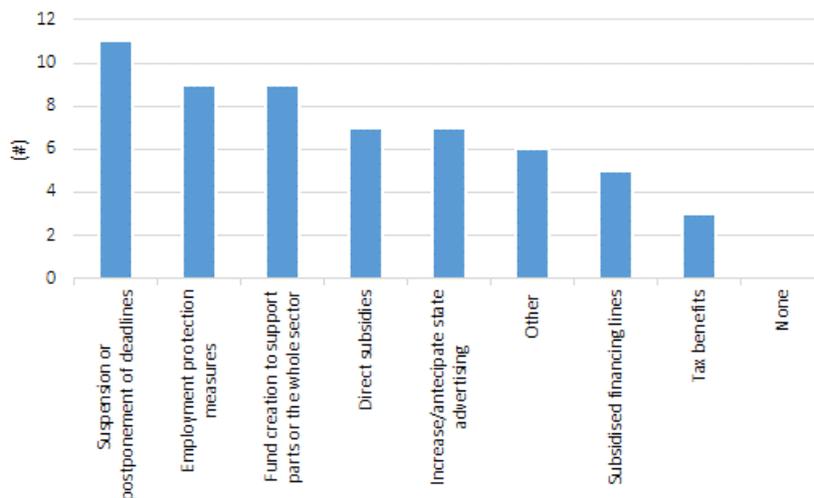
⁷ The purpose of this measure is to ensure the maintenance of the employment contracts in the companies affected by the pandemic. The State grants a support of 70 percent of the salary, while the employer is responsible for the payment of the remaining 30 percent.

Fig. 5: Specific measures adopted to support the media sector were fewer than those applied to the economy in general

of specific measures adopted by country



of countries adopting each specific measure



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=57.

In Portugal, Government anticipated institutional paid advertising in the amount of EUR 15 million as an attempt to support the media sector.

In Hungary, in 2020, the most important measure for media service providers was the exemption of the licence fee payment obligation, through Government decree. This suspension was prolonged from the 1st of January onward until the end of the state of emergency. State advertising rose almost 11.4% in 2020 compared to 2019.

In Belgium the CSA pointed direct subsidies, which amounted to EUR 3 million: 25% allocated to TV; 23% to radio; and 52% to the press. It also pointed, as a measure, the transfer of fees from national public broadcaster to private commercial radio.

Still in Belgium, the VRM noted that direct subsidies were attributed to certain media companies, and employment protection measures materialized through financial support for freelancers. Fund creation to support parts or the whole sector led to more money being allocated to the Flemish audiovisual fund and an increase in State advertising was made through special governmental campaigns. Suspension or postponement of deadlines were also conceded by the regulator.

In Italy, Cofindustria – the association of Italian radio and television broadcasters – mentioned that some direct subsidies for news media were placed at regional level; and that tax credit for advertising targeted commercial radio and TV. It also pointed that national and local radio and television companies, not owned by the State, were granted the benefit of tax credit on advertising investments. However, with regard to this measure, it should be noted that it is addressed to (ad) investors, not directly to broadcasters. Legislative Decree 34/2020 (so-called “relaunch decree”) recognized, for the year 2020, an extraordinary contribution in favour of local radio and television broadcasters that undertake to transmit institutional communication messages relating to the COVID-19 emergency (EUR 50 million). A few regions (Lombardia, Calabria, Lazio, Sicilia, Campania) granted funds (one-off) to local news media including radio and TV. Still in Italy, AERANTI CORALLO, the association of private radio and TV local broadcasters, pointed that in 2021 a specific emergency fund was created for local TV and radio broadcasters, amounting to EUR 20 million. Direct subsidies existed in some regions, but probably not in all. Specifically for local broadcasters, Art. 195 of DL n. 34/2020 recognized, for the year 2020, an extraordinary contribution of EUR 50 million for local radio and TV broadcasters of the so called “fondo emergenza emittenti locali”. An additional EUR 20 million has been planned for the year 2021. In addition, some regions provided specific contribution for local broadcasters (among others, Lombardia, Piemonte, Lazio, Emilia Romagna, Sicilia).

In France, CSA highlighted as important measures those targeted at advertising and relaxation of some rules. Coverage of broadcasting costs for radios and local TVs were also in place⁸. On top of national initiatives, some local ones existed as well. Concerning the coverage of broadcasting costs for radios and local TVs, despite the measure being announced in 2020, the decree implementing it was published on April 11, 2021⁹. After several months of exchanges with the European Commission, this scheme was included in the framework of the temporary framework scheme for business support authorised on 16 March 2021, thus allowing its implementation. This measure aims to enable media service providers to maintain the activity of their services by covering part of their broadcasting costs. Local television and radio services should be able to file a grant application with the Directorate-General for Media and Cultural Industries, the entity responsible for managing the system and hearing applications.

In Poland, a special support fund for cinemas and film production from the Polish Film Institute (PISF) was set up as an additional measure. Authors and artists in a difficult

⁸ As described in last year’s publication: *ERGA Report on the Economic impact of the COVID-19 on the Audiovisual sector 2020*.

⁹

Cfr.

<http://traduction.culture.gouv.fr/url/Result.aspx?to=en&url=https://www.culture.gouv.fr/Presse/Communique-de-presse/Nouveau-dispositif-de-soutien-au-secteur-audiovisuel>

financial situation can apply to the Ministry of Culture for social assistance from the Cultural Promotion Fund.

In Greece other measures highlighted by the NRA were the capitalisation of annual licensing fees (national broadcasters) and rent reduction of DTT network operator.

In the Netherlands, the government made an extra EUR 19 million available to the national public broadcaster to cover the costs it has had to incur this year due to the outbreak. The additional costs were the result of certain programs that were on schedule but could not be produced (teams were not allowed to come together) and new programs had to be made to broadcast. The government has introduced a leniency scheme with regard to the 10% norm for reserves for the media reserve production. This means that the surplus RMA 2019 and 2020 (part that is reclaimed if the capacity exceeds the established maximum) will not be reclaimed by the CvdM so that the public broadcasters can use this for any shortfalls that may arise as a result of COVID-19 (as a result of disappointing advertising revenues, postponement of delaying productions, etc.). Still in the Netherlands a temporary support scheme for local media was set up such as door-to-door papers (free local papers) and local public broadcasters that have been hit by the corona crisis. This measure, that meanwhile ended, has been introduced to prevent people becoming deprived of local information and news. The amount they can apply for depends on their circulation and reach. The Dutch government decided to extend the temporary support measure for local media until the end of 2020. This extension was divided into two terms. The first term ran from 15 June to 15 September, the second from 15 September to 15 December 2020. The extended support for local media was meant for local public media services (broadcasters), door-to-door papers, local newspapers and independent local news websites. The support amounted to:

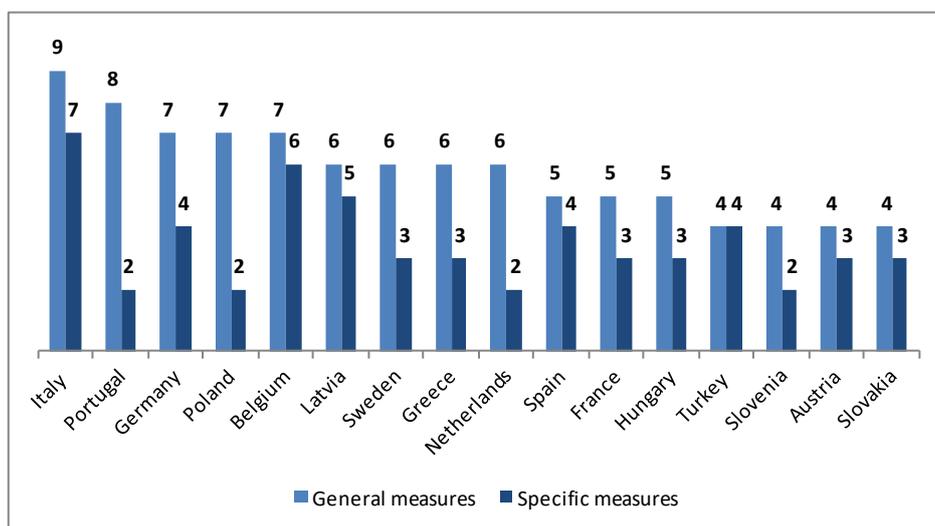
1. for local public broadcasters €0.33 times the number of households in their service area,
2. for door-to-door papers published at least once a week or published at least once every 2 weeks accompanied by a website that is updated at least twice a week €0.66 times the circulation number,
3. for door-to-door papers that published less than once every 2 weeks but more than 9 times per year and are accompanied by a website that is updated at least twice a week €0.33 times the circulation,
4. for local newspapers €0.33 times the circulation,
5. for independent local news websites €4,000. The support is at least €4,000 even if the calculation as described amounts to less.

Some conditions were required to be eligible for this support measure, such as the main activity must be gathering and publishing news and information for the general public; the company has a vital role in providing local news and information; or the continuity of the supply of news and information is at risk as a result of the COVID-19 measures. At first, the support will come as a credit and retrospectively it will be assessed whether the company applicant spends the funds properly. If this is the case the credit will be converted into a subsidy and the receiver will not have to repay.

General measures, covering all economic sectors, were in larger number than the media specific ones. Among the respondents, Portugal and Poland were the countries where the difference between the number of general measures to support the economy and

the number of specific measures to support the media sector was larger. On the other hand, the general measures tend to be in place for a longer period of time.

Fig. 6: Comparison between the number of general economic measures and specific support measures towards the media sector by country



Source: Questionnaire responses. Elaborated by ERC.

3.2.3 Regulatory measures to support the media sector in place since the beginning of the pandemic

Respondents were asked about

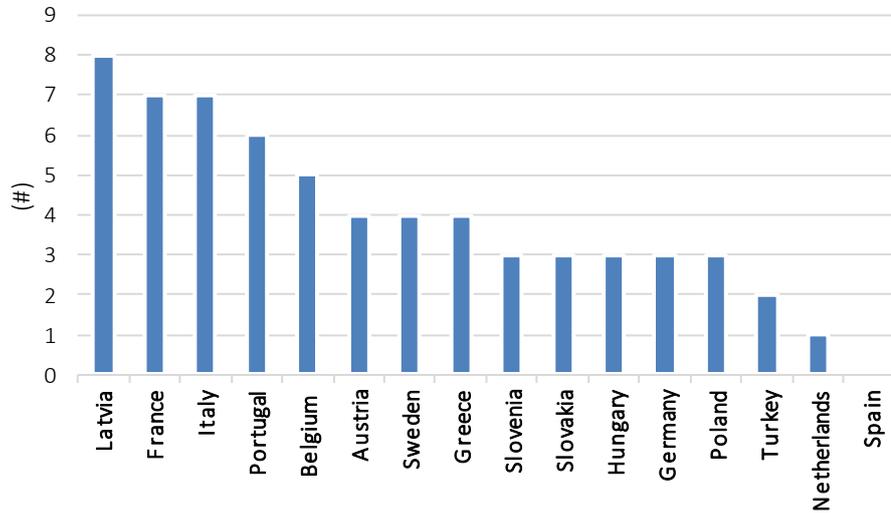
“Which measures have been taken by your audiovisual regulatory authority to ease the burden from the pandemic situation” considering all types and geographic scope of media

Within the respondents Latvia, France and Italy were the countries where a greater number of measures were adopted by NRAs. The measures are mostly still in place, according to respondents.

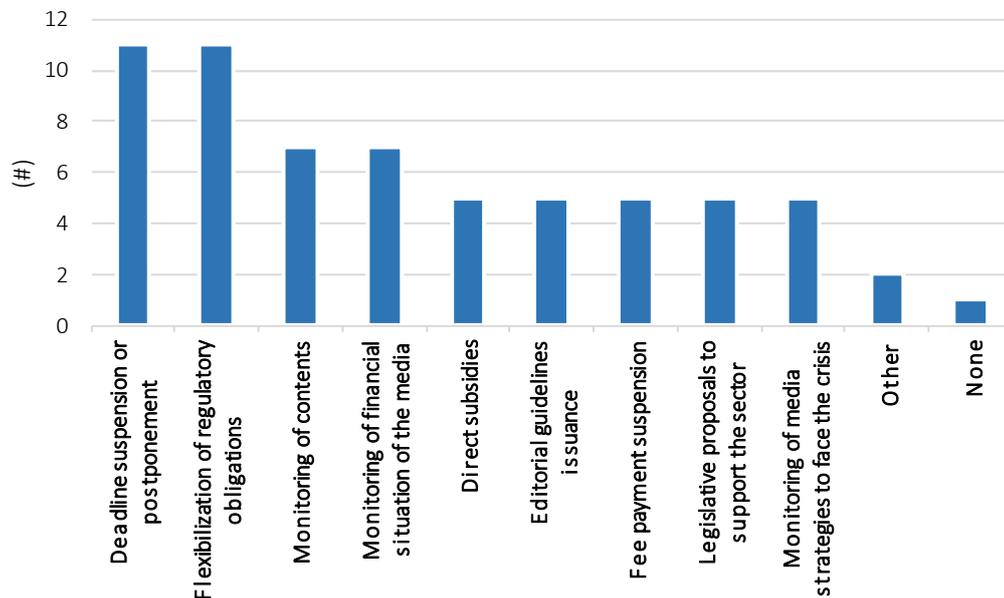
The most frequent measures indicated are “Deadline suspension or postponement” and “Flexibilization of regulatory obligations”, followed by “Monitoring of content” and “Monitoring of the financial situation of the media” (Fig. 7).

Fig. 7: Support measures from regulators more related to qualitative than monetary measures

of countries taking each measure



of measures taken by country



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=64

Spain responded that no measure was taken by the national regulator to ease the regulatory burden from the pandemic for media service providers because the law does not grant such competences to CNMC. Nevertheless, the Spanish Government and the ministry of Economic Affairs and Digitalisation adopted measures in this line.

In Latvia, direct subsidies were allocated to overall not specific electronic mass media and in order to distribute it the regulator organised a tender. Editorial guidelines were issued for public sector media.

In Italy, and according to Cofindustria, AGCOM provided for the deferral of the terms of payment of the contribution due to the Authority for the year 2020 (subjects operating in electronic communications and media services, with a turnover equal to or less than € 50,000,000).

In France, regarding deadline suspension or postponement, the CSA has accepted the postponement of the next launches of digital terrestrial radio (DAB+) new multiplexes by a few months, in order to help radio stations to cope with the steep drop in their advertising revenues in April 2020 (up to 80%). Without issuing “editorial guidelines”, the CSA has kept a continuous dialog with the media stakeholders about the treatment of information related to the pandemic. The French NRA has also flexibilized regulatory obligations, especially concerning rules about quotas and local programming of radios. Without actually issuing “legislative proposals” (which is not a power of the CSA), the CSA has made a number of recommendations in this field¹⁰. Monitoring of the financial situation of the media is closely followed by the French NRA, through studies regarding the impact of the crisis. For instance, until July 2021 it has published in the website a monthly barometer on the impact of the crisis on the audiovisual sector. CSA also published a study on gender equality on TV during the crisis¹¹.

In Poland, fee payment was suspended and, at the request of broadcasters, the KRRiT may install or redeem the fee for awarding the licence or part of it. Flexibilization of regulatory obligations was also in place, as broadcasters may temporarily suspend broadcasting their programmes. During the pandemic, the KRRiT did not take any action in the event of the broadcasters waiving performance of their full programming obligations arising from their licences. The time of broadcasting messages regarding basic hygiene and medical principles related to the prevention of infectious diseases was not included in the permitted limit of ads and teleshopping (12 minutes per clock hour).

In the Netherlands, deadline suspension or postponement was applicable and communicated on the regulator’s website. Two broadcasters have received a postponement for submitting their annual reports in 2020. The NRA grants permission for the launch of an event channel if it concerns an event at which the public is present. During the lockdown it was not possible to have events with public, for this reason there were no permissions granted during that period.

In Hungary, the National Media and Infocommunications Authority created a monthly report, from March to June 2020, on the effects of the crisis to the media sector, covering topics such as audiences, spot and news programs analysis. Media service providers were temporarily relieved of some of the obligations concerning contractual program quotas and data provision pertaining to financial and program information. In

¹⁰ See ERGA Report on the economic impact of the COVID-19 on the Audiovisual sector 2020 – CSA issued recommendations supportive of the media sectors. Most of them have been followed by the Government.

¹¹ CSA is doing a yearly barometer on gender equality and the COVID-19 situation would be taken into account in the next issue of the CSA’s barometer.

April of 2020 NMHH stated to local and regional service providers that it recognized the difficulties in complying with the requirements attached to financial support provided, considering they have to operate in extraordinary circumstances with reduced staff. Media stakeholders were informed that they could include new goals to their services, in order to continue to help their communities in providing public service content.

In Luxembourg, in the midst of 2020, ALIA has conducted a questionnaire directed to the media service providers in order to collect information on the following topics: news production and coverage; financial aspects; media consumption; prospective analysis; suggestions.

Respondents were asked about

? “Other regulatory measures adopted by other authorities in your country”

A total of 10 countries responded, among which 4 mention there weren't other regulatory measures.

In Belgium, a one-shot support of 21K€ per editor was targeted at those who asked for, from the Ministry. There were also some help from the COCOF - Commission communautaire française.

In Latvia, the Ministry of Culture distributed financing for media through Society Integration Fund, and in France, without being exhaustive, it can be highlighted:

- 1) ARCEP (Telecom): several communications tackled the issue of good internet connections and good use of the latter. With people massively working remotely, one of the goals of these messages was to maintain a stable workforce;
- 2) CNIL (personal data): throughout the duration of the pandemic, the CNIL offered fact sheets to guide professionals in the pursuit of their activity and to answer people's question about their rights. Although it is not a regulator, the initiatives of the CNC (film fund agency) may also be mentioned here as it is in charge of managing most of the emergency funds designed to the media sector

In the first half of 2020, in Slovakia, the Audiovisual Fund adjusted the conditions in the current programs and calls for the given year. For the provision of creative scholarships for the development of audiovisual works as well as for the support of the distribution of Slovak films, the Fund enabled the continuous submission and subsequent evaluation of applications. On the positive side, total distribution support in 2020 reached a record high of EUR 612,900. Another significant area of support was theatres. In order to improve their situation, the Audiovisual Fund processed applications from cinema operators so that it could provide 46 theatres in Slovakia with direct financial support as soon as possible, calculated according to the results of last year's attendance of Slovak films in the total amount of almost EUR 600,000. As part of its support activities, the Fund also focused on supporting technical equipment for theatres they would need after reopening - such as disinfection equipment, thermal cameras or other necessary

equipment according to the expected guidelines of the Public Health Office. In the structure of support activities for 2020, the Fund had allocated around EUR 400.000 for this program. Together with financial support for cinema attendance, the amount of support provided to theatres in 2020 represented almost EUR 1 million, which the Fund reallocated from its own resources. In 2021, it was visible a fundamental systemic change in the provision of creative scholarships. The Audiovisual Fund aimed to increase the flexibility of the administrative processing of applications and their subsequent peer review through the specific changes introduced. This should speed up the whole process of providing funding (in 2020, this form proved to be effective in mitigating the effects of measures against COVID-19). In addition, the Fund increased the amount intended to support applications for subsidies for the development of audiovisual works. As a result, the number of supported applications for production development was the highest in the last five years. Together with the long-term and continuously growing support of scholarships intended for the creative development of audiovisual works, the support of the Fund, which took place in 2020, promised further development of audiovisual culture in Slovakia. The Fund plans to continue this trend during 2021 as well, which will contribute to the implementation of projects even at the time of measures against the spread of COVID-19. The Fund has also taken a number of administrative measures to mitigate the effects of the COVID-19 pandemic on the audiovisual sector and on the recipients of grants from the Fund, taking into account market needs. These included the possibility of ongoing submission and evaluation of applications in several sub-programs, operational changes to the contractual conditions for events, which were prevented or significantly limited by general measures against the spread of the pandemic in 2020, deferral of loan repayments, recognition of expenditure incurred by measures, support of distribution, campaign for new Slovak films after the temporary reopening of cinemas, operative adjustment of billing dates and more. All the measures taken jointly contributed to mitigate the economic impact of the pandemic crisis on individual areas of audiovisual culture and industry in Slovakia. At the same time, the Fund increased several basic indicators of its support activity compared to the previous period, when the number of supported applications increased by a third compared to the long-term average and the total amount of supported applications increased by more than 15 %.

Similarly, in Poland, the Polish Film Institute (PISF) provided support for the industry.

The majority of interventions in Greece were centred in the easing of the burdens caused by the pandemic and centrally executed mainly through the Ministry of Finance. They included measures in the following areas: fees and taxes, employment and social security, loans and other financial support, market operations and procedural adjustments. Measures of more direct impact were processed through the General Secretariat for Information and Communication and involved public awareness campaigns related to the COVID-19, especially public health protection measures.

In Portugal, ICA - Cinema and Audiovisual Institute, a public body aimed at supporting the development of cinematographic and audiovisual activities, kept and, where possible, accelerated the procedures concerning the grant of film and audiovisual support. ICA made amendments to the regulations of the support programmes in order to increase their flexibility (e.g., the first payment, corresponding to the signing of the contract, increase from the current 30% to 50%; or the digital submission of

documents). Among the measures adopted, ICA suspended until further notice the obligation of exhibitors to retain 7.5% of the sale price of cinema tickets. This amount is part of the cinema investment obligations of cinematographic exhibitors. ICA foresees the possibility for cinematographic works to have initial exploitation on television or on on-demand audiovisual media services. Regarding funding, ICA also increased the percentage associated with the category of general structural charges: from the current maximum limit of 15% to 30% of the amount of ICA financial support. This measure is limited to support for festivals and distribution. ICA provided the regulations from the Health General Directorate (DGS) concerning the use of cultural spaces for the deconfinement reopening. Beyond the guidelines of DGS for the use of cultural equipment, ICA has published the FAQs on rules to be observed for the reopening of theatres, movie theatres and outdoor cultural events. Still in Portugal AUDIOGEST has created a fund to support professionals in the field of music and show production worth EUR 500,000, which will be managed jointly with the GDA – Gestão dos Direitos dos Artistas to guarantee the jobs of music and show production companies and the subsistence of professionals in the sector. Within the frame of RTP's (Portuguese public media service broadcasting company) support programme for independent audiovisual production, it was increased the investment in the acquisition of stock content from independent producers and performing arts rights for broadcast on RTP channels and digital platforms. RTP also maintained the contracts for employees and service providers in a wide variety of content-related areas and anticipated the payment terms for cash settlement in the various products already delivered or for short-term delivery. A private organization specialized in copyright management, the Portuguese Sociedade Portuguesa de Autores, approved an intervention plan that allocates EUR 100,000 to a solidarity fund, as well as the modification of the amounts that guarantee the accessibility of the members to the different support and assistance mechanisms. A special fund of EUR 30 million was created for cultural programming at municipality level.

In Hungary, the State Secretariat of Culture in the Ministry of Human Capacities defined a set of provisions for alleviating the economic problems caused by the pandemic in the cultural sector within the framework of the Economic Protection Action Plan (Government Decree 1879/2020 of 4 of December). Among the support measures an amount of HUF 330 millions was established to support the film industry. Other programs included the support to artists in distress ("Thank you Hungary", HUF 1 billion); and to musicians with gypsy origin (HUF 1 billion). In spite of sanitarian restrictions, several programs were implemented with the purpose to maintain the cultural life, such as "Surrounded by Music" or "Warehouse Concerts". In addition, new regulations focused on the payment of contributions and salaries.

3.2.4 Measures deemed useful by stakeholders

Respondents were invited to



“Describe measures that stakeholders find useful to support the sector”

In Portugal, players think that State advertising paid in advance should be uniformly distributed through the year and further measures to protect employment, develop project financing and capitalize companies should be in place. Support measures to enhance the sector modernization should also be implemented, including direct subsidies and fiscal incentives. Fiscal benefits and other State incentives should target specifically local and regional media companies. Non-reimbursable funds should be granted to support modernization, investigative journalism, media literacy, disinformation and digital literacy.

VRM (Belgium) mentioned several radio stations provided more airplay for Belgian music to support the industry during the pandemic. Commercial television broadcasters provided Belgian advertising blocks.

Latvia mentioned that useful measures to support the sector could comprehend financial support for media and for content distribution, as well as public service remit content transfer to commercial electronic mass media.

In Spain, according to media service providers, such measures include maintenance of projects suspended by COVID-19, expenses compensation, promotion of new projects, direct subsidies, temporary reduction of spectrum cost, temporary reduction of employment costs, suspension or postponement of regulatory obligations (deadlines of audiovisual production quotas), removal or reduction of the legally established obligations on operators like fee or the European work financing obligations, and improve and increase audiovisual production tax incentives.

According to Italy’s UNIVIDEO – the Italian digital media and online publishers association –, VAT reduction from 22% to 10% for home entertainment in audiovisual industry could be a useful measure.

In Slovenia, during the COVID-19 lockdown, the NRA did not monitor samples of TV and radio channels regarding licences, in-house production and requirements for channels with the status of special importance. The reason was that the broadcasters had to adapt their program and content to inform the public about the epidemic and related measures. They also addressed to government and NRA appeals that due to the crisis it was unlikely that they would meet all legal requirements. Therefore, for example, the NRA made the decision to postpone the deadlines in open cases due to the declared lockdown.

In Hungary, the feedback from the media service providers was positive. The media representatives welcomed measures such as the suspension of the payment of fees, the suspension of financial and program reporting and deadlines and program quotas.

In Germany, it was useful for the broadcasting sector to be officially defined as critical infrastructure as well as systemically relevant. Measures found useful to support the sector were direct subsidies (e.g. for the commercial radio sector) to compensate distribution costs, support of the NRA in dialogue with politicians for subsidies, publicly

funded advertising campaigns, allocation of deficiency funds (Ausfallfonds) and public support of concerts and events in the field of culture and creative industries.

In Greece the following proposals were highlighted by responders: capitalization of loan facilities (returnable advance payments), low interest working capital loans, lower rents to DTT network operator, increasing government advertising expenditures, direct subsidies to regional and local electronic media, sponsoring of news programs from national and European authorities (particularly programs related to the continuing pandemic situation), tax relief schemes, reduction of third-party copyright and intellectual property fees, reduction of utility charges and subsidies for investments in content.

Therefore, this question received a variety of answers, somewhat difficult to summarize. Notwithstanding we propose the following systematization of measures:

- Reinforcement of State advertising
- Special attention from the State regarding local and regional media companies
- Employment protection
- Temporary reduction of employment costs
- Support for the capitalization of companies
- Reinforcement of project financing and tax incentives
- Maintenance of projects suspended due to COVID-19
- Direct subsidies to content production and distribution
- Fiscal incentives for consumers
- Temporary reduction of spectrum costs
- Suspension or postponement of regulatory obligations
- Official recognition of broadcasting sector as a critical infrastructure
- Reduction of third-party copyright and intellectual property fees

3.2.5 European Recovery and Resilience Plan

Respondents were asked about



“Does the European Recovery and Resilience Plan defined in you Member-State contemplates the audiovisual and media sectors”

A total of 14 countries responded to the question and the majority, 71%, answered “No”. Multiple responses from the same country were aggregated.

The Flemish Government is earmarking EUR 35 million for the recovery plan for the media sector. First it was included in the European Recovery and Resilience Plan proposal, but it did not make the final cut. So Flanders finances this plan itself, but it sticks with the underlying principles of the European Recovery and Resilience Plan. With this plan, the government envisages to stimulate the Flemish media sector to invest extra in digitization. Media players can respond better to changing media use and

increasingly fierce international competition. The plan focuses on better use of data, sharing strong media infrastructure, connecting with the media user, projects on disinformation and the transformation of regional broadcasters. Most of the budget (21.5 million EUR) is reserved for projects that the sector can put in place itself.

Spain, which responded “Yes”, said that the Spanish audiovisual hub¹² estimated total investment amounts to EUR 200 million. The goal is to foster Spain as an audiovisual hub in Europe, increasing the competitiveness of the sector and increasing the international relevance of the Spanish market as a top-tier production site. The intention is to increase promotion, modernisation, digitalisation and internationalisation of the audiovisual sector, boosting ecosystems of companies and professionals in the sector (including Videogames).

In Italy CRTV produced a sector-specific PNRR comprising investment dedicated to radio, TV (innovation, digitalization, new jobs, Gaia X) and audiovisual sectors (original production). The Italian PNRR refers to the editorial sector (M1C2: DIGITALIZZAZIONE, INNOVAZIONE E COMPETITIVITÀ NEL SISTEMA PRODUTTIVO - Investimento 1: Transizione 4.0).

France answered “No” but said that the country has prepared a recovery plan of 100 billion EUR. Included in this amount are EUR 40 billion from the European Recovery and Resilience Plan. This amount will be used in three fields: the “green transition”, which will be the main expenditure component of the 40 billion EUR provided by the EU; the improvement of competitiveness through the digitalisation of the economy; the strengthening of cohesion (for instance: job preservation, territorial cohesion, etc.). Even if media are not concerned as such by the EUR 40 billion provided by the EU, they might be by the full French recovery plan¹³.

In Greece, the RRP (referred to as “Greece 2.0”) is expected to have a positive spill over effects on the audiovisual sector, mainly indirectly through: the increase of advertising activities of private companies in those sectors that the RRP explicitly refers to (green, digital and innovation economy in particular); the increase of advertising needs of the public and private sectors which consist complementary targets of the plan and the deployment of the RRP's communication strategy itself.

¹² <https://portal.mineco.gob.es/es-es/TID/hub-audiovisual/Paginas/el-plan.aspx>

¹³ For more information, please see: <https://www.gouvernement.fr/en/european-aspects-of-france-s-recovery-plan> <https://www.gouvernement.fr/sites/default/files/locale/piece-jointe/2020/09/french-recovery-plan-press-kit.pdf> <https://www.economie.gouv.fr/files/files/PDF/2021/PNRR-SummaryEN.pdf>

3.2.6 Support measures from private enterprises and platforms

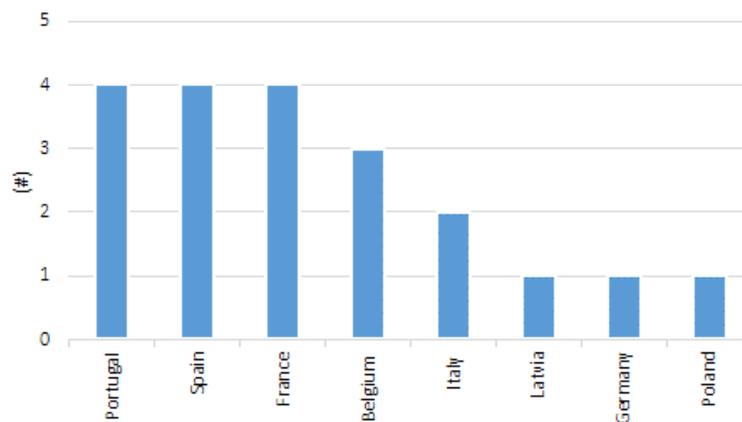
Respondents were asked about

? “Which specific support measures from private enterprises and platforms, including at a multinational level, were aimed at supporting the country media sector”

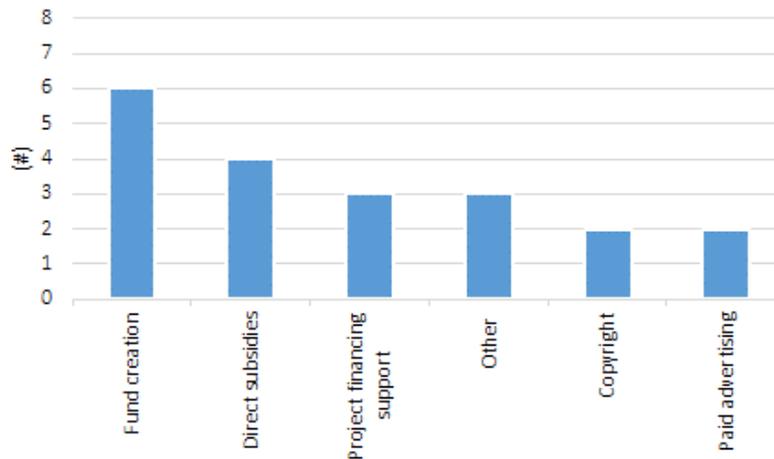
Only as few as 8 countries responded to the question, suggesting the remaining respondents didn't benefit from such support. Portugal, Spain and France were the countries with more support in place from private sector while the most common measure was “Fund creation” (Fig. 8).

Fig. 8: Support measures from private enterprises and platforms, including at multinational level, were identified only in 8 respondent countries

of measures adopted by country



of countries adopting each measure



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=20

Netherlands mentioned that Facebook implemented the Facebook Accelerator Program, through which 10 Benelux publishers could participate. Three participants were from the Netherlands - Financieel Dagblad, RTV Horizon and LINDA. Under Google’s program The Journalism Emergency Relief Fund, Google News Initiative some support was also available. Netflix pledged USD 100 million to help entertainment workers impacted by the COVID-19 pandemic. The same company has also pledged EUR 1 million, which can be spent within the Dutch film and television world without additional conditions.

In Poland, some broadcasters, e.g. about 25% of local broadcasters associated in the Association of Polish Local and Regional Televisions, have received support from the Google Fund. Google has announced the launch of the Journalist Rescue Fund, thanks to which it was possible to provide financial support to local media providing reliable information and affected by the pandemic crisis.

3.3 Compliance

3.3.1 Implications on compliance since the beginning of the pandemic

Respondents were asked about how

? “Does the pandemic situation affect media players’ capacity to comply with regulatory obligations”

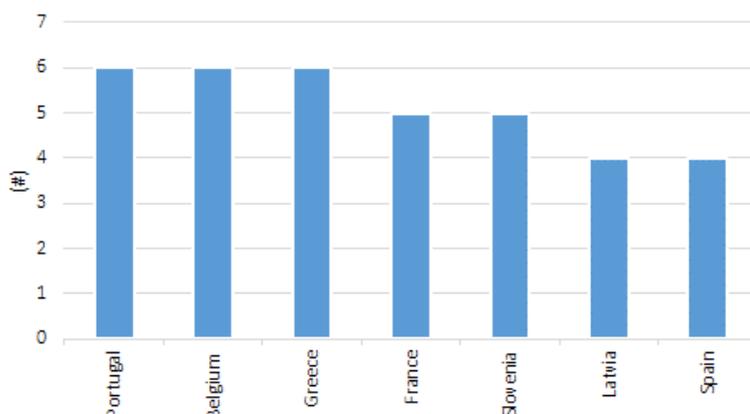
More than 80% responded affirmatively, that the pandemic situation affected such capacity of compliance. In these cases when asked “which obligations were more

difficult to meet?¹⁴ 5 countries didn't respond, either because they didn't know or because there was no priority attributed to a specific difficulty. In any case, these countries were excluded from the analysis of the question. "Audiovisual production and broadcasting quotas" were the most mentioned obligations, closely followed by "deadlines" and "fee payment".

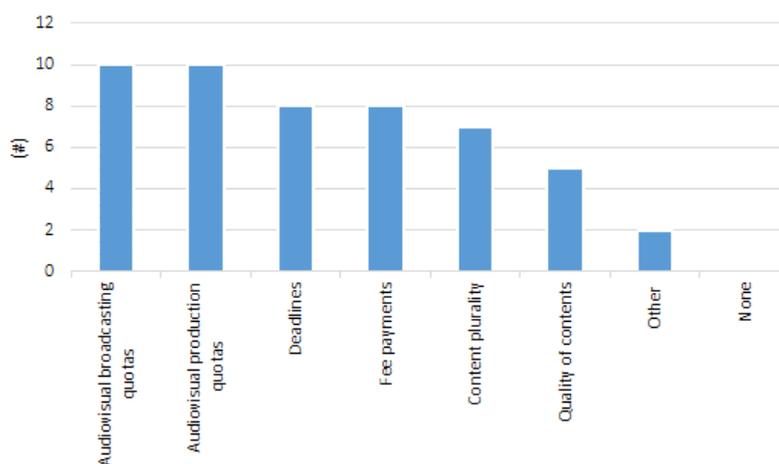
Portugal, Belgium and Greece were the countries reporting more difficulties (Fig. 9).

Fig. 9: Quotas were the most difficult obligation to meet

of measures reported as difficult to comply by country



of countries reporting difficulty in complying with each measure



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=50.

¹⁴ In the case of Spain this question was answered with the input of media service providers.

In Hungary some contractual quotas were hard to meet, for example home production quotas for radio stations, because program creations faced extreme difficulties during the crisis.

In the Netherlands, the public broadcasters had difficulties to comply with some agreements with the government. This has been written in their 2020 report¹⁵.

For Belgian CSA fee payments were the biggest challenge (one third of respondents didn't have any problem in meeting their obligation).

3.3.2 Overall repercussion of the pandemic over the media sector

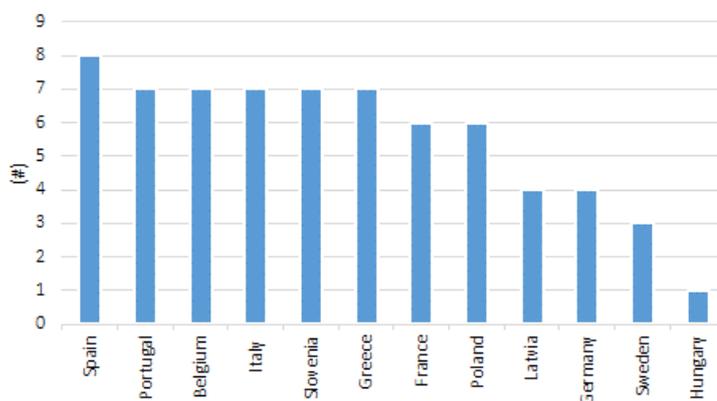
Respondents were asked about how

? “Did media players adapt the operation of activities since the beginning of the pandemic”

A total of 4 countries didn't respond. From those responding, no one selected the option “none”. Most of the countries selected more than five options of adaptation in operations which shows the severity of the crisis in the sector. “News – special information” was de most common adaptation, followed by “Live programming” and “Scheduling of programs” (Fig. 10).

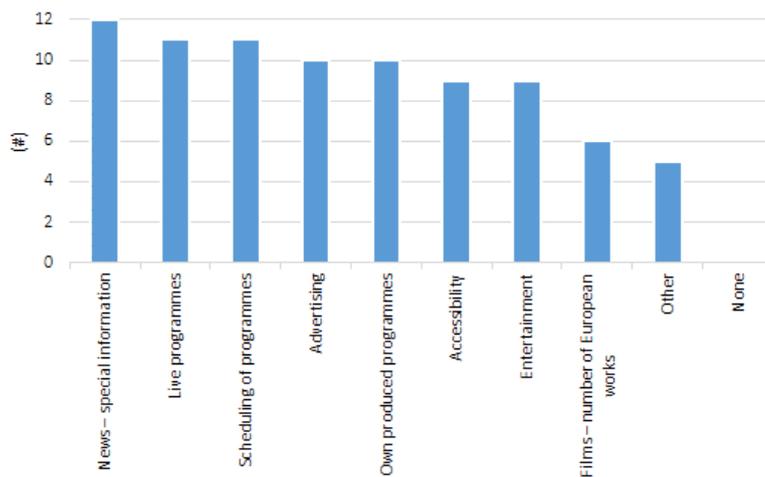
Fig. 10: Adaptation of operations was a reality in most of the countries

of adaptations by country



¹⁵ See Terugblik - Over NPO – For example agreement 22: “Due to the corona pandemic, it was not possible to produce the agreed number of 95 classical concerts” and agreement 31 “Due to the corona crisis and the restrictive measures, it was not possible to make pilots in the usual way, which means that the number is lower than usual this year. Many of these pilots will be postponed to 2021/2022”.

of countries reporting each type of adaptation made



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=83

In France, there was less advertising especially at the start of the pandemic. In entertainment, in the beginning of the corona crisis, some shows had to be shot without public and some live programmes had to become time-shifted ones. Live programmes like sport events that should have been broadcasted live were cancelled. News – special information - became a little bit longer than usual. Own produced programmes like shootings of programmes have been cancelled. On the other hand, more and new educational contents, fitness programs, live performing arts were broadcast.

Greece mentioned as an adaptation the events for the Athens private radio broadcasters.

In Netherlands, the accessibility through sign language and subtitling to many programmes has been improved significantly. In news – special information, the formats of many programmes changed so as to inform the audience in an adequate and timely manner. A good example was the programme “The Corona Virus: Facts and Fables” broadcasted by National Public Broadcasting which received excellent viewing rates. The frequency of news and current affairs programmes was increased (such as special editions of the daily TV news shows targeting youngsters of National Public Broadcasting). It is important to note that not only the PSM but also the private broadcasters launched many initiatives. The central government provided through the National Institute for Public Health and the Environment (RIVM) on daily basis accurate and up-to-date information on the situation used by all media (PSM, commercial broadcasters and newspapers) as a main source to inform the audience in an adequate and proper manner on all relevant facts and figures and new developments. All these are typical examples of positive actions to provide optimal circumstances for disseminating reliable and accurate information in order to debunk disinformation, fake news et cetera regarding COVID-19 fight on disinformation.

3.4 Impact on the economic conditions

Financial data collected was scarce, especially regarding the first quarter of 2021. Very few countries provided aggregated data for the audiovisual sector, even if providing information by segment, which limits the possibility of making cross country comparisons in an accurate manner.

To allow a smoother aggregation of data across segments and countries, we defined several categories representing brackets of growth or contraction, as follows:

CONTRACTION	EXPANSION
1: OVER 90% CONTRACTION	6: EXPANSION BETWEEN 1% - 29%
2: CONTRACTION BETWEEN 60%-90%	7: EXPANSION BETWEEN 30% -59%
3: CONTRACTION BETWEEN 30% - 59%	8: EXPANSION BETWEEN 60% - 90%
4: CONTRACTION UP TO 29%	9: EXPANSION OVER 90%
5: 0%	

In 2020, and regarding turnover, most segments of audiovisual shown contraction, in aggregate data for all contributing countries.

The few segments that delivered expansion refer to media outlets like Video-on-Demand (VOD) providers and Video Sharing Platforms (VSP) along with regional and local public service TV broadcasters, which may have benefited from local public support in such a time of crisis.

The public sector media, traditionally financed mostly, if not totally, by states, was also somewhat insulated from the crisis, delivering flat turnover in 2020.

Commercial audiovisual companies in general experienced contraction. Local and regional players were the most affected group (Fig. 11).

For such indicator, most countries providing information indicated turnover contraction on average, for their regulated universe. The most common size of contraction ranged between 0% and 29%, not as severe as the values experienced in March / April 2020, when first lockdowns were established.

The results obtained when measuring turnover growth in 2020 were similar to those of advertising evolution, which is consistent with the predominant business model based on that source of revenue. The fact that very few countries reported data for public service television advertising is also consistent with the State based funding model of such companies.

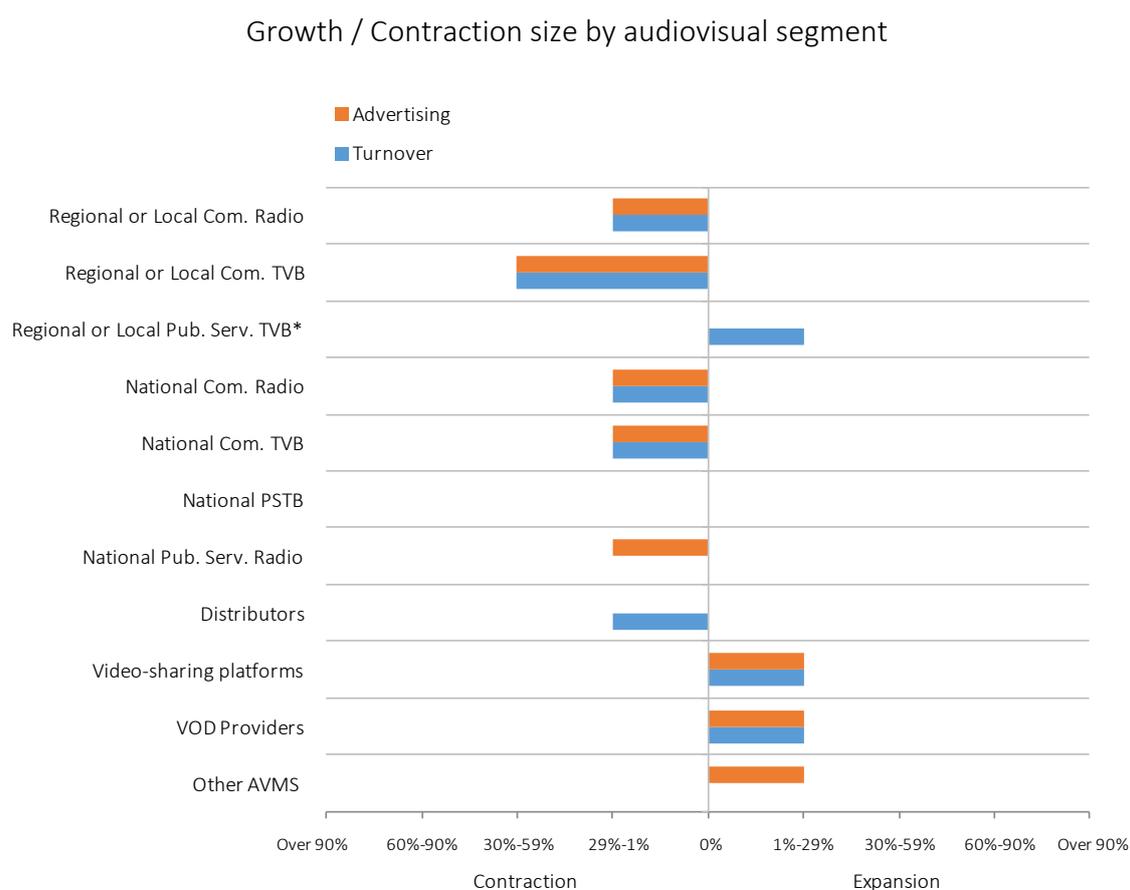
Turnover and advertising trends contrast with those of audiences. All segments of audiovisual experienced flat or growing audiences (0% to 29% range of growth) in 2020, as more people worked and studied from home.

Direct payments to audiovisual were a flashing point in the year as most segments of audiovisual recorded expansion, in the ranges 1% to 29%, 30% to 59% and 60% to 90%.

Radio segments didn't report information as their business model is unlikely to include direct payments. The number of respondents to this question was low, with N=19.

In terms of operating income, only regional or local commercial radio and television presented contraction. The remaining segments expressed expansion in the ranges 1% to 29%, 30% to 59% and 60% to 90%. Higher growth rates were a privilege of VOD providers and distributors, while regional and local commercial radio and television posted contractions, which is consistent with the turnover trend.

Fig. 11: Evolution of turnover and advertising revenues by segments in 2020



Notes: *No data available for Regional or Local Public Service TVB advertising and Regional and Local Public Service Radio advertising and turnover.

Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=70 for turnover and 54 for advertising.

In the first quarter of 2021 the situation seems to have improved, as all segments experienced turnover expansion, except regional and commercial radio and television, which contracted. Even higher growth rates were registered in VOD providers and Video-Sharing Platforms than those already experienced in the full year of 2020. The same was true regarding the advertising revenues.

Conversely, revenues from direct payments decelerated in most audiovisual segments, with contractions up to 29%. VOD providers and regional and local public sector television broadcasters followed by distributors and national commercial radio were exceptions.

Audiences, on the contrary, although decreasing, didn't contract in any segment.

No trend was identified in data regarding operating income in the 1st quarter of 2021.

3.5 Media pluralism and new prospects

Respondents were asked if

? **“The pandemic situation led to the exit of media players of your markets?”**

And if

? **“The pandemic resulted in the entrance of new service providers or new services?”**

73% mentioned that the pandemic situation didn't lead to the exit of media players from regulated markets.

78% responded that the pandemic didn't result in entrance of new service providers or new services.

Nevertheless, some exceptions stood out up. In Portugal, new or evolved services happened, such as:

- 1) New advertising packages at lower prices or bundling with other offers;
- 2) New distribution formats, with inclusion and reinforcement of digital channels;
- 3) Reinforcement of live stream offerings;
- 4) Special information campaigns and development of new programs and new formats, more adequate to a confined population – the promotion of physical activity and healthy habits, interactive programs with viewers, gaming shows.

In France, a free IPTV channel #àlamaison has been launched to help families with young children to review their lessons while watching educational programmes. These programmes came from various public and private TV broadcasters. It ended when schools reopened. Another example is Culturebox. Initially, Culturebox was a website for performing arts launched in 2008 by the French public broadcaster, France Télévisions. Following the closure of cultural centres due to the pandemic, the broadcaster offered Culturebox programmes as a DTT national channel. Meanwhile, its

channel France 4 – previously doomed to be closed –, offered educational programs. In the Spring of 2021, the French government decided not to close France 4 and to broadcast Culturebox on the same DTT channel (the Culturebox programs being broadcast during evenings and nights). During the pandemic crisis, the premium pay-TV channel Canal+ was free for one month. Disney+ was launched in France during the crisis (but not as a result of it).

In Italy, and according to Cofindustria, all broadcasters increased their offer and facilitated access to catch up and on demand services. The lockdown measures more than facilitating entry of new service providers reinforced the grip of multinational streaming services and OTT on the sector. Such operators registered increased subscription and advertising revenues.

Feedback provided from Greece is consistent with this idea, as in that country lockdowns boosted the penetration and viewing of platforms providing on-demand content and/or streaming services (like ERTFLIX platform: FOD streaming platform, CINOBO: Greek OTT platform). Amazon Prime Video entered the Greek market using Greek menu and subtitles.

Belgium (CSA) mentioned the entrance of just some web radios and VRM considered that the pandemic didn't lead to the exit of media players, but some media products were put on hold or cancelled, mostly free local magazines that solely rely on advertising income.

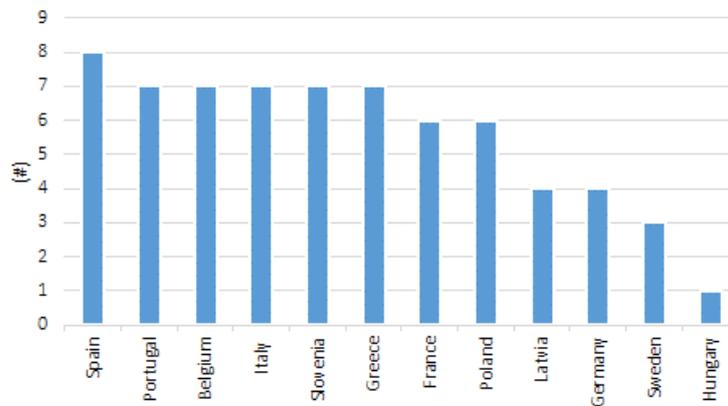
Connected with the previous, respondents were asked if

? **“The pandemic situation led to the development of new business models and editorial strategies”**

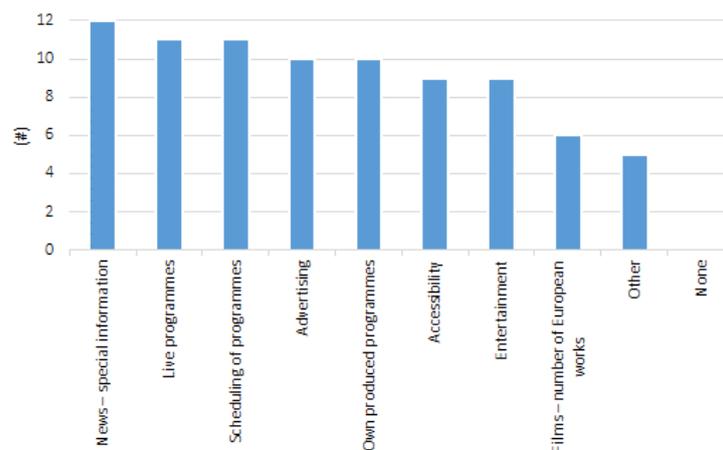
The countries which provided information all pointed to the existence of some kind of new development, and the majority introduced changes in most categories mentioned in the inquire. Adaptations to “News – special information”, “Live programs” and “Scheduling of programmes” were the most common (Fig. 12).

Fig. 12: The development of new business models and editorial strategies was a reality in most of the countries

of developments by country



of countries reporting each type of development made



Source: Questionnaire responses. Elaborated by ERC. Responses were aggregated for countries providing more than one answer to the questionnaire. N=86

In Belgium, the CSA pointed that the reinforcement of remote working was the main measure followed by teams reorganization and cost structure optimization as a third priority.

Canal+ was free for one month in France. Sports channels adapted their programming schedules and a lot of old programmes were rebroadcast as filming stopped (TV shows, TV games, etc.).

There is no monitoring of the use of business models and editorial strategies in the Netherlands but online use got a boost in all media sectors. 22 CEOs from Dutch media

organisations are more focused on business to consumer marketing, internal organisation and social responsibility¹⁶.

Regarding the example of best practices to overcome the negative implications of the COVID-19 situation, those described in Figure 13 were mentioned.

Fig. 13: Reinforcement of digital capabilities was a best practice all across the respondent countries

Country	Best practice described:
Belgium (CSA)	<ul style="list-style-type: none"> • Switch to digital content; • Upgrade of digital tools; • Change in the way of working of the different business lines.
Belgium (VRM)	In the first months of the COVID-19 pandemic several news organisations worked together to diminish the number of reporters at certain scenes.
France	The programming schedule on France 4 was a good example of best practices leading to its maintenance, together with the cultural offer Culturebox, and the channel #àlamaison was the result of a smart cooperation between broadcasters.
Germany	<ul style="list-style-type: none"> • In North Rhine-Westphalia (NRW) the media authority, the federal State government, the local radio broadcasters and the companies that supply the technical distributional infrastructure have agreed upon the “Solidary Pact NRW” that helped to fund the distribution cost of the sector for three months. Distribution costs incur irrespective of the content and thus funding of such costs fulfils the requirement that the media should be independent from any State influence. The main aim of this agreement was to ensure the diversity in the media sector of NRW and the local information distribution. In exchange for the financial aid the broadcasters ensured job security for journalistic and editorial employees until the end of September 2020 as well as to further employ freelance employees up to a similar ratio. This commitment by the local radio broadcasters – as a central part of the pact – was the foundation that enabled the Media Authority North-Rhine Westphalia and the State government to support the local broadcasters with the direct intention to ensure media pluralism by securing journalistic and editorial work places. This multi-party agreement has shown that it is possible to establish fast and efficient help; • In general, media companies have not overcome negative implications of the COVID-19 pandemic yet, but a best practice to reboot the advertising market is a moratorium on legal and statutory projects to avoid negative impacts on the media market as well as to secure media diversity.
Greece	Occasional discounts to subscribers, increased investment on digital campaigns, special promotional activities to engage subscribers, upgrade of Pay TV packages and radio content, one-month trials of selective pay TV packages, refund of subscription to business customers, new distribution channels for radios (web radios, mobile and smart TV).

¹⁶ Source: 22 media-CEOs: “Crisis zorgt voor trendbreuk speerpunten in 2021” (adformatie.nl).

Hungary	The State intervention via increased advertising activities along with the brought up measures mitigated the effect of the pandemic. The financial backdrop in 2020 (4%) was minor compared to the forecasted and to the European average.
Latvia	<ul style="list-style-type: none"> • Rapid response from the State to financially support the creation of quality local content, including news and analytical broadcasts; • Focusing the financial support to salaries for journalists, in order to support professional work in media industry.
Poland	<ul style="list-style-type: none"> • TVP, as a public broadcaster: provided current information on the spread of the coronavirus; informed about what should be done to reduce the risk of COVID-19; indicated ways of coping with being in quarantine; due to the closure of schools, it launched lessons on its channels and on the website, implementing with the Ministry of Education a special project "School with TVP", intended for primary and high school students; introduced additional transmissions of masses of the Catholic, Orthodox and Evangelical Church for the faithful who could not attend churches; broadcasted daily special live programmes on dealing with social distancing, home isolation, and loneliness in illness; • Public broadcaster (TVP) - practices related to advertising activity: production of free five-second material to supplement the existing advertising spot; broadcasting of the extended version of the commercial at the price appropriate to the original length; a special offer for SMEs (advertising campaigns at an extremely low price - a package of 4 emissions in the main channels, 30 emissions in thematic channels and 20,000 online exposures) and help in creating an advertising film; an offer of more advanced forms of selling advertising time without the need to declare the amount of advertising investment with the broadcaster for the whole year in advance; a new product - a joint package of emissions on general and thematic channels (previously these segments were sold separately).
Portugal	<ul style="list-style-type: none"> • Homeworking and inherent structural adaptations; • Cost optimization and work organization adapted to new realities; • Digital area reinforcement; • Virtual shows broadcasting; • Informative content reinforcement specially related with public health protection, brand awareness and fake news combat; • Proximity programs, based on affects and distant contact (telephone and social network); • Advertising packages tailored to customers.
Slovakia	<ul style="list-style-type: none"> • Effective economic and related administrative measures; • Fast and direct financial support of subject operating in media and audiovisual sector; • Continuing activities in the cultural and creative industries sector; • Postponement of the date of statement of the provided support; • The Ministry of Culture provides funding to cultural and creative industries through its grant scheme "Mitigating the impact of the COVID-19 pandemic on the cultural sector". In 2020, the Ministry provided to applicants financial support in the total amount of EUR 862,920. In 2021, it provided support through grant scheme intended

	<p>for non-profit organizations in the total amount of EUR 5,901,474 as well as support aimed at natural persons working in the cultural and creative sector. Within this call applications could be submitted until 30 June 2021. As of June 8, 2021, EUR 736,000 have been granted to successful applicants.</p>
<p>Spain</p>	<ul style="list-style-type: none"> • Operators put efforts to reduce the costs of the channels' programming grid, in order to adapt it to the reduction in advertising revenues; • Other practices include effective teleworking, access controls and anticovid control for the live programming production; • Enhance the offer of greater content in digital channel (PBS).

Source: Questionnaire responses. Elaborated by ERC.

4-CONCLUSIONS & RECOMMENDATIONS

As in 2020, the collection and analysis of information undertaken this year by ERGA's AG2 envisaged ultimately to draft recommendations directed to the European Commission and to Member States to take into account the media sector.

Recap of supporting measures during the pandemic

Considering the results of the questionnaire applied in 2021, and bearing in mind the diversity of approaches and performance among the Member States when facing the critical situation caused by the pandemic, **the most common general measures** to support the economy were the protection of employment, direct subsidies and the suspension or postponement of deadlines.

Focusing on the **media and audiovisual sectors**, the main **specific measures** were as well the suspension or postponement of deadlines, the protection of employment and also the creation of funds.

On the other hand, the **most frequent measures adopted by NRAs** included in the survey were deadline suspension or postponement, flexibilization of regulatory obligations and monitoring of content and of the financial situation of media.

Stakeholders themselves identified a variety of **measures deemed useful**, such as reinforcement of State advertising; special attention from the State regarding local and regional media companies; employment protection; temporary reduction of employment costs; support for the capitalization of companies; reinforcement of project financing and tax incentives; maintenance of projects suspended in the event of COVID-19; direct subsidies to content production and distribution; fiscal incentives for consumers; temporary reduction of spectrum costs; suspension or postponement of regulatory obligations; official recognition of broadcasting sector as a critical infrastructure; reduction of third-party copyright and intellectual property fees.

In what concerns the **support from private enterprises** and platforms, including at a multinational level, only as few as 8 countries replied that there were specific support measures for the media sector, specially the creation of funds.

Findings

More than 80% of stakeholders within the respondent Member States were affected in their capacity of compliance with regulatory obligations, namely the audiovisual production and broadcasting quotas, closely followed by deadlines and fee payment.

One widespread practice by media players in most Member States was the adaptation of their operations in many forms, even during the time period during which data was gathered for this report (mid 2021). In this vein the items most referred to as prone to

be adapted to the new reality were “News – special information”, followed by “Live programming” and “Scheduling of programs”.

In 2020, most segments of media and audiovisual presented contraction, in terms of advertising revenues and turnover. The few segments that delivered expansion refer to media outlets like Video on Demand providers and Video Sharing Platforms along with regional and local public service TV broadcasters, which may have benefited from local public support in such a time of crisis.

In spite of the scarce information received, one can infer that the environment for audiovisual media improved in the 1st quarter of 2021 although VOD providers and VSP benefited the most, closely followed by distributors. Regional and local private operators continued to face a challenging situation.

In what concerns the risks for media pluralism, 73% of respondents mentioned that the pandemic situation didn't lead to the exit of media players from regulated markets and 78% answered that the pandemic didn't result in entrance of new service providers or new services.

From what precedes, primarily based on the information ERGA has gathered via the survey, it is possible to conclude that **media and audiovisual players shown to be resilient, so the pandemic crisis did not bring a significant exit from market**, which was the worst scenario. The diverse support measures certainly contributed for this result, but also business practices put in place by media providers such as organizational restructuring and cost reduction. The dynamics of the market seems yet stagnated both in the entry of new players and in the offer of new services. Notwithstanding we observed as a best practice all across the respondent countries the reinforcement of digital capabilities, so the resilience of the media and audiovisual players also derive from self-adaptation. However it is still unclear whether the most affected media segments (those whose business models are more traditional and regional) will be able to adapt to structural changes in the sector accelerated by the effect of the COVID-19.

Recommendations

One cannot ignore the acceleration of certain trends identified previously to the pandemic context. These trends challenge in the medium and long term the sustainability of traditional media providers, entailing a substantial risk of market exit and the subsequent reduction of media pluralism at the expense of citizens. These realities have also aggravated the precariousness and vulnerability of the professionals that work in these sectors.

Although the media sector seems to have coped with crisis until the moment, the pandemic situation is not yet definitively overcome, so it's unpredictable if extra support measures will not continue to be needed.

Despite all of the aforementioned, 71% among 14 countries responded that the European Recovery and Resilience Plan defined in the respective Member State don't contemplate the audiovisual and media sectors.

It is widely known that the digital transition of the media sector is a challenging process, especially to more traditional and regional business models. As stated above, the pandemic has accelerated downward trends already in place. The role of the media to democracy is key, urging public policy makers to act. Therefore, we agree that, to put it in the words of the EAO (*Yearbook 2020/2021 Key Trends*, p. 7), “*designing the post-COVID-19 measures for audiovisual sector will hopefully bring a unique opportunity to clarify policy vision or at least carefully balance the sometimes diverging objectives it embraces*”.

Therefore, the **first recommendation** is to encourage the official recognition of media sectors as critical and strategic infrastructures in the event of a pandemic crisis.

That would make more likely the inclusion of these sectors in the national recovery and resilience plans, with an emphasis on incentivising investments that support the digitalization.

Secondly, the creation of a reserve fund specifically dedicated to the sector, to be used in extraordinary situations such as COVID-19, would also be advisable. Protection is due to companies and to employees. It should be envisaged a universal minimum protection scheme for all media professionals affected, regardless of their status as contracted or freelance.

As **third recommendation**, public subsidies, particularly in these critic circumstances, should be timely, swift, efficient and based on transparent criteria.

NRAs and other national competent bodies are committed to strengthening the sector by helping media to use available support funds and to further disseminate information about progress from the EC on this front.

Lastly, the monitoring of the market situation of media service providers in times of crisis by NRAs revealed itself as a very useful practice.

We finally **propose** to explore in the future the appropriateness to elaborate on the definition of common observational methodologies, approaches and mechanisms for this purpose.