

The background of the entire page is a dense pattern of Euro coins. Some coins are in sharp focus, showing the '1' and '2' denominations, while others are faded or out of focus. The coins are arranged in a way that creates a sense of depth and texture.

**EBU**

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# **FUNDING OF PUBLIC SERVICE MEDIA 2020**

## PUBLIC VERSION

MEDIA INTELLIGENCE SERVICE  
DECEMBER 2020

# ABOUT THIS REPORT

This publication was produced by the Media Intelligence Service (MIS) of the EBU. It provides the main findings and a selection of charts and maps from the 2020 edition of the EBU's Funding of Public Service Media report, published in December 2020.

It provides a comprehensive and international perspective of the financial situation of Public Service Media (PSM) in the EBU area in 2019.



Please note that the full report – for EBU Members only – is available at: [www.ebu.ch/mis](http://www.ebu.ch/mis)

## 66 ORGANIZATIONS IN 49 MARKETS

*Funding of Public Service Media 2019* includes information on 66 PSM organizations in 49 markets, or 48 countries, in Europe and around the Mediterranean. The disparity between the number of markets and countries is due to the audiovisual environments of the French-speaking and Flemish Communities of Belgium, which have autonomous arrangements for regulations and public broadcasting. As a result, Belgium is treated as one country but two separate markets.

The report notably includes data on all EU countries.

## SOURCES OF DATA AND DEFINITIONS

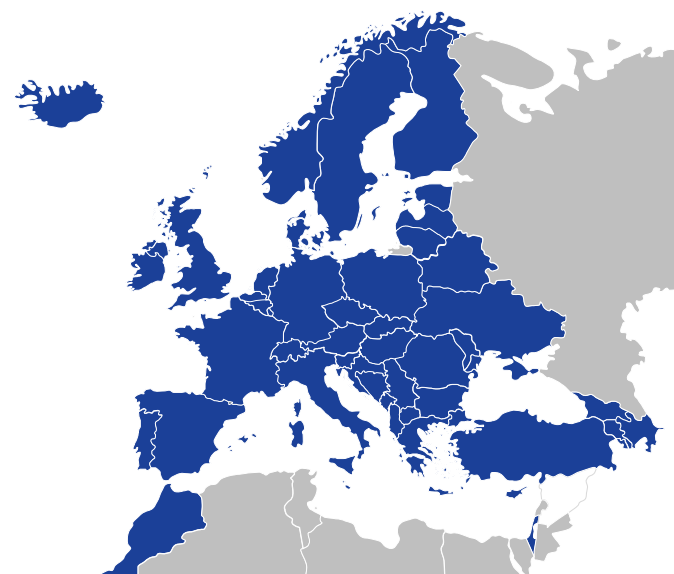
This report has been drawn up mainly using data provided by public service media organizations that are Members of the European Broadcasting Union (EBU). The information was collected during 2020.

The term PSM funding in this report refers to PSM operating revenues.

National currencies are used when calculating evolution over time to avoid deviations resulting from changes in the euro exchange rates.

For the historical series, the data is reported for the period 2015-2019, covering 5 years.

## COUNTRIES COVERED IN THE REPORT



Source: EBU.

# A SMALL COST FOR A GREAT VALUE

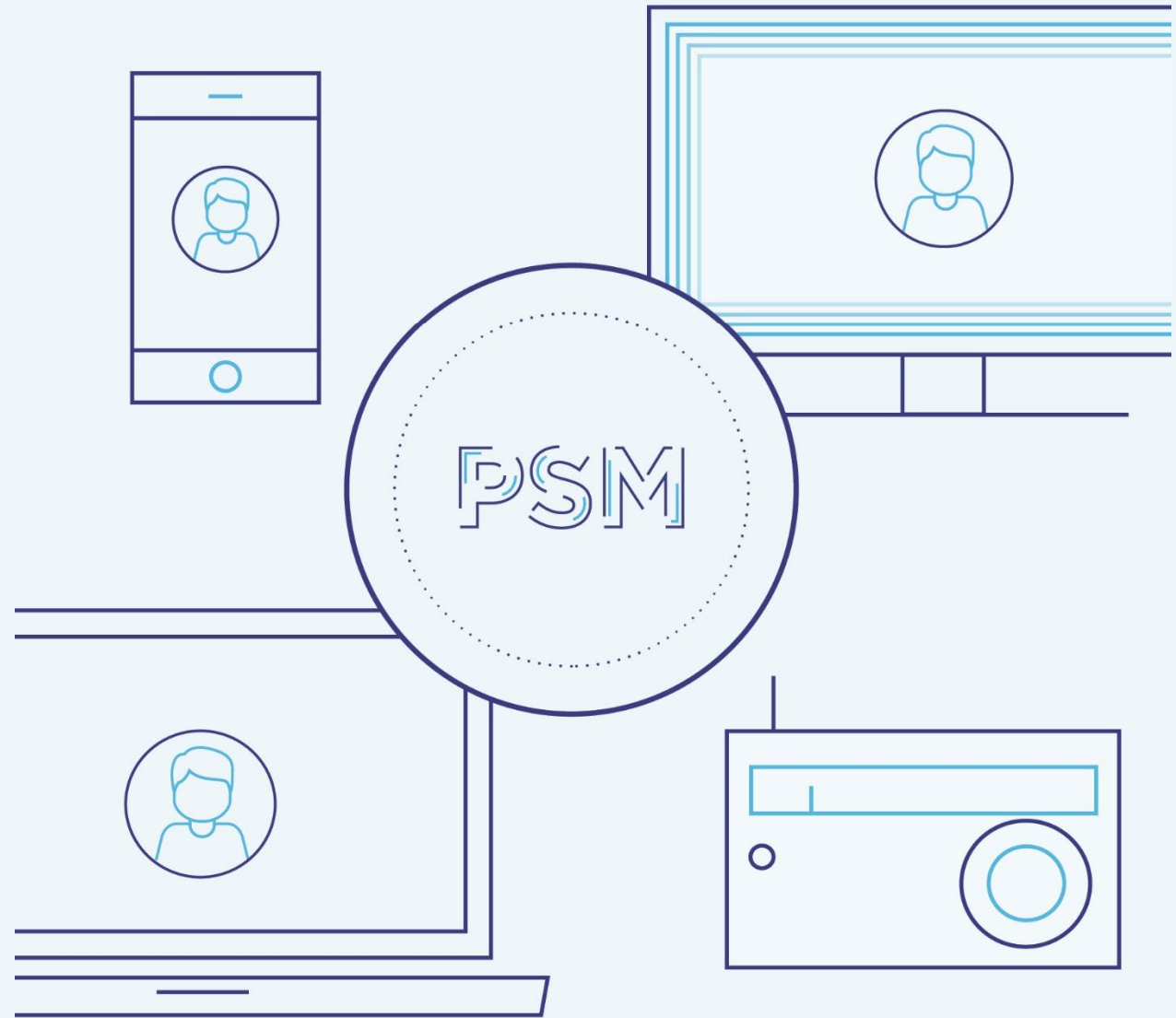
PSM INCOME  
AMOUNTED TO

EUR

**35.95**

BILLION

IN THE EBU AREA  
IN 2019



# TOTAL FUNDING OF PSM

## YEAR-ON-YEAR DROP

Total 2019 operating revenues of the 66 PSM organizations for which data have been gathered, covering 49 markets in 48 EBU countries, amounted to EUR 35.95 billion.

**EUR  
35.95  
BILLION**  
2019 PSM COMBINED  
OPERATING REVENUES  
IN THE EBU AREA

PSM funding increased by 1.1% in the EBU area in 2019.

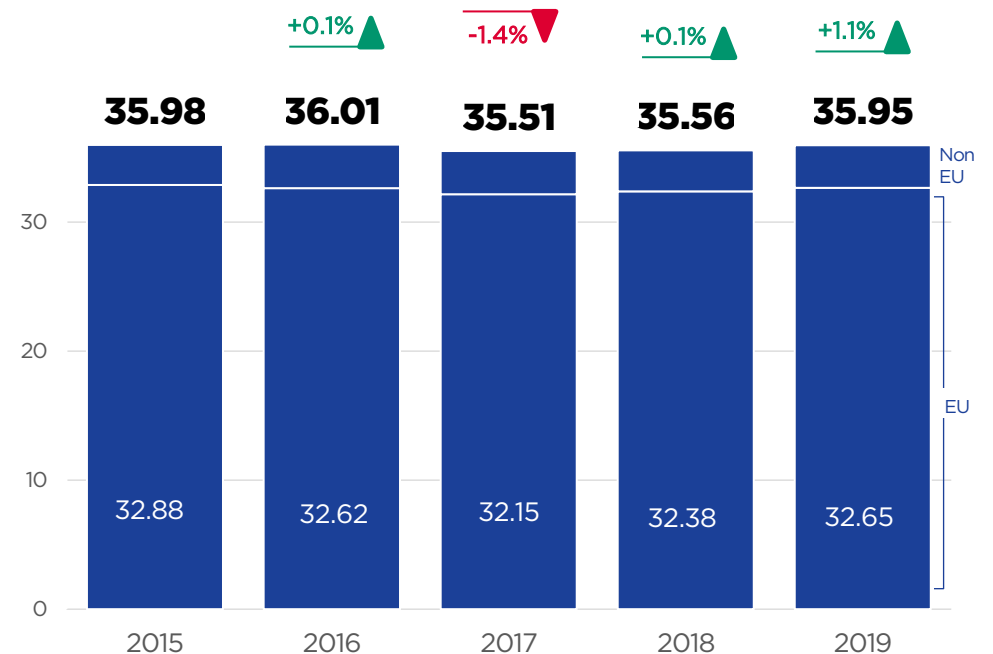
While still limited, this was the first year featuring a substantial funding increase since 2015, after four years of either stagnation (+0.1% in 2016 and 2018) or contraction (-1.4% in 2017).

The trend is nevertheless solid enough to conclude that, in 2019, PSM funding was finally starting to recover from the 2009 crisis and the subsequent decade of austerity it had to endure.

From a medium-term perspective, PSM funding remained remarkably stable. Overall, cumulative PSM funding dropped by 0.1% from 2015 to 2019, with total PSM resources decreasing from EUR 35.98 billion in 2015 to 35.95 billion in 2019.

Overall, the five-year change represents a compound annual growth rate of -0.02%, highlighting how insignificant the change in PSM funding has been in the EBU area over the past five years.

**CHART 1.**  
**PSM OPERATING REVENUES IN EBU AREA**  
(EUR MILLION, 2015-2019)



Note: based on 66 organizations in 49 markets.

Note: no 2015 data for BTRC in Belarus and IBA (now IPBC) in Israel.

Source: EBU based on Members' data.

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# PSM FUNDING EVOLUTION

## PSM FUNDING GROWTH BELOW INFLATION

At EBU level, the small drop in PSM funding (-0.1%) between 2015 and 2019 represents a significant contraction in financial resources when expressed in real terms: -5.8% for the whole EBU area.

**-5.8%**

2015-2019 REAL EVOLUTION  
OF PSM FUNDING  
IN THE EBU AREA

Having to operate under the constraint of almost frozen budgets means that most EBU Members are functioning with decreasing resources in real terms, when taking inflation into account.

Isolating inflation enables us to calculate the real change in PSM funding.

At EBU level, the small drop in PSM funding (-0.1%) between 2015 and 2019 represents a significant contraction in financial resources when expressed in real terms: -5.8% for the whole EBU area.

Illustrating differences in price trends, the spread between nominal and real growth rates differs drastically between the EU zone and the rest of the EBU area. The contraction in EU PSM funding expressed in real terms was -5.9% from 2015 to 2019, a substantial gap relative to the nominal trend (-0.7%). In the non-EU area, funding has been increasing at a faster rate than in the EU, but PSM there face more inflation. Therefore, the 6.1% increase in non-EU PSM funding from 2015 to 2019 turns into a 4.1% drop in real terms, revealing a considerable 10 percentage-point gap.

**CHART 2.**  
**5-YEAR NOMINAL AND REAL GROWTH RATES OF PSM OPERATING REVENUES IN EBU AREA**  
(%, 2015-2019)

2015-2019 PSM  
NOMINAL RATE

-0.1%

2015-2019 PSM  
REAL RATE

-5.8%

Note: based on 66 organizations in 49 markets.

Note: no 2015 data for BTRC in Belarus and IBA (now IPBC) in Israel.

Source: EBU based on Members' data, IMF and local sources.

# PSM FUNDING EVOLUTION

## STEADY EROSION OF PSM FINANCIAL RESOURCES

When placed in a broader economic perspective that takes GDP growth into account, stagnation in PSM revenues can actually be seen as an erosion of their financial resources, in both real and proportional terms.

# 0.16%

PSM FUNDING AS  
A PROPORTION OF GDP  
IN THE EBU AREA IN 2019

PSM funding is falling in the long term. The past decade saw a global financial and economic crisis in 2008-2009.

The contraction in PSM funding has since been proven to be structural, as PSM revenues have not recovered from these exceptional adverse economic circumstances.

Overall, cumulative GDP for the 49 markets covered in this report grew by 9.6% from 2015 to 2019, compared with the 0.1% drop in overall PSM operating.

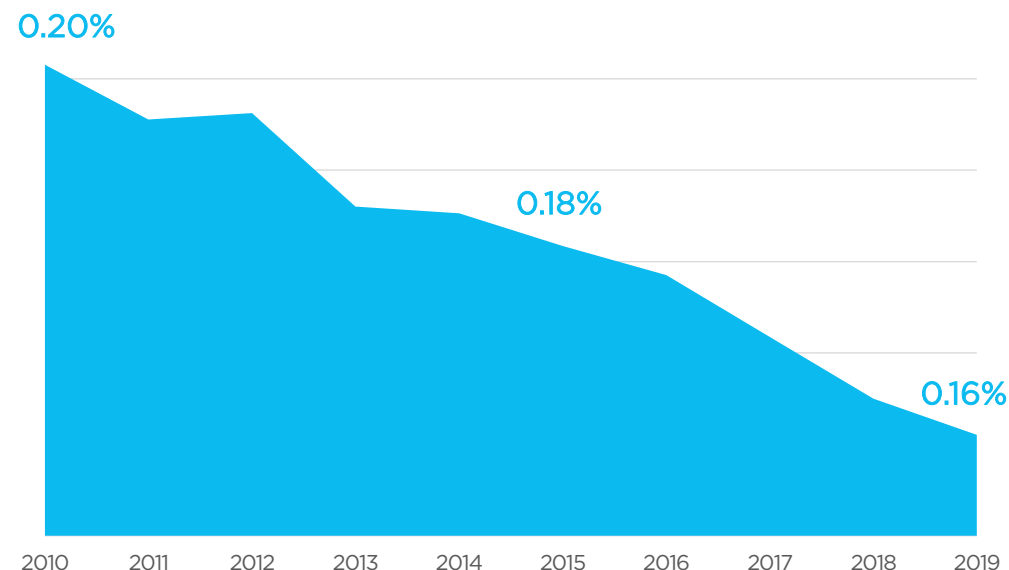
For a more accurate analysis of PSM funding relative to the size of economies, we can simply calculate PSM financial resources as a proportion of GDP.

PSM funding represented on average 0.202% of GDP in 2010, but this ratio had shrunk to 0.161% by 2019. Noticeably, as shown by Chart 3, this sidelining of PSM funding within European economies has happened at an increasing pace.

PSM funding did not benefit from economic wealth creation in Europe before the crisis hit in early 2020 but rather has been economically marginalized across the EBU area.

In such a difficult environment, the additional challenges of the COVID-19 sanitary crisis and the consequences of the likely recession in 2020 and 2021 cast a very uncertain shadow over the future of PSM funding.

**CHART 3.**  
**PSM OPERATING REVENUES AS PROPORTION OF GDP**  
**IN EBU AREA**  
(%, 2015-2019)



Note: based on 65 organizations in 48 markets.

Note: no 2015 data for BTRC in Belarus and IBA (now IPBC) in Israel. No GDP data for the Vatican.

Source: EBU based on Members' data, Eurostat, IMF and local sources.

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# PSM CHALLENGES

## MORE ACTIVITIES WITH LIMITED RESOURCES

Revenues of PSM organizations in real terms keep decreasing while the scope of their activities is expanding and certain specific programming costs, such as sport rights, are rising as well.

EUR  
**19.5**  
BILLION

PSM PROGRAMMING  
EXPENDITURES  
IN THE EBU AREA IN 2019

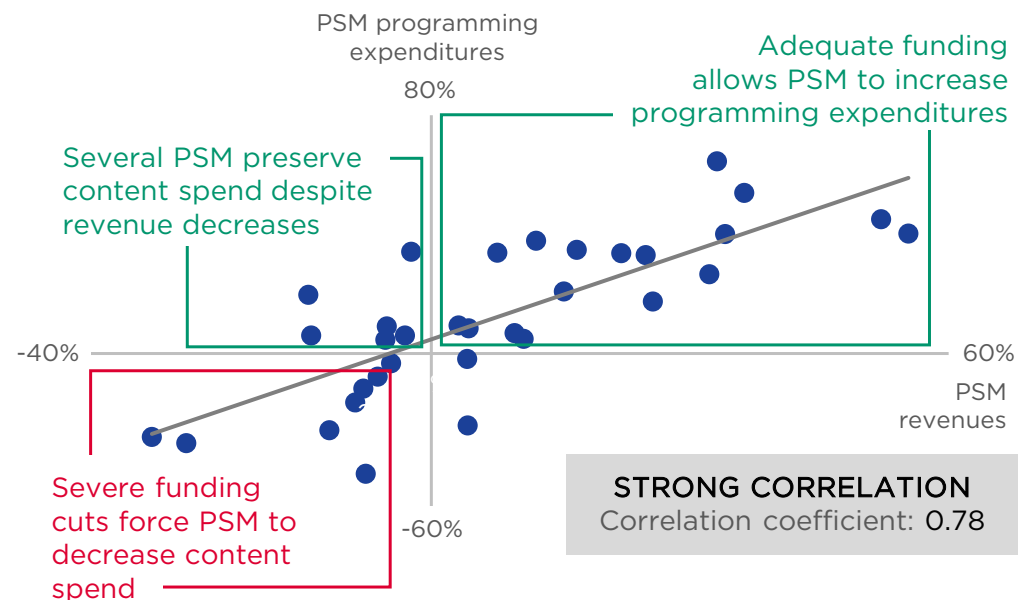
Financial attrition in PSM is all the more worrying since it does not reflect a decreasing role or remit for PSM organizations. On the contrary, this slump may damage PSM abilities to fulfil their growing missions, at a time when PSM continue to play an essential role within the European audiovisual value chain and in maintaining pluralism in globalized media markets.

EBU Members were operating 493 TV channels and 704 radio stations by mid-2019. Additionally, they were broadcasting almost 600 local radio and TV windows. PSM channels and stations have almost universal coverage. Above all, they remain essential players in their respective markets: in 2019, the weekly reach of public service TV in the EBU area was 61% and the equivalent data for radio was 45%.

### Massively investing in content

As most of their revenues are reinvested in European content, PSM organizations are essential contributors to European creative industries. Each year EBU PSM invest EUR 19.5 billion in programming. More significantly, 84% of PSM programming expenditure is spent on original productions. In particular, PSM massively support the European fiction and film industry, by investing in and broadcasting more European works than their commercial counterparts. PSM therefore emerge not only as major players within the audiovisual value chain, but also as key partners for the European creative sector.

CHART 4.  
PSM OPERATING REVENUES EVOLUTION (% , 2009-2019)  
VS. PSM PROGRAMMING EXPENDITURES EVOLUTION  
(% , 2009-2019)



Note: Chart 4 data covering 33 organizations in 26 markets for which complete and comparable historical series were available.

Source: EBU based on Members' data.

# FUNDING CUTS

## 40% OF PSM ORGANIZATIONS HIT BY 2019 FUNDING CUTS

PSM funding trends at country or organization level paint a very different picture from the overall impression, which – on the basis of aggregated figures – seems to suggest that funding for PSM has been stable in recent years. On an individual basis, however, some regions are seeing some alarming funding trends.

# 39.4%

PROPORTION OF PSM ORGANIZATIONS WHICH SUFFERED FROM A FUNDING CUT FROM 2018 TO 2019

In a large number of EBU countries, PSM funding has not only been questioned or put under pressure, but has actually been cut, in absolute terms.

Between 2018 and 2019, PSM funding fell in 32.7% of the markets considered (16 out of 49 markets). At organization level, 26 of the 66 PSM organizations had lower operating revenues in 2019 compared with the previous year (39.4% of the cases).

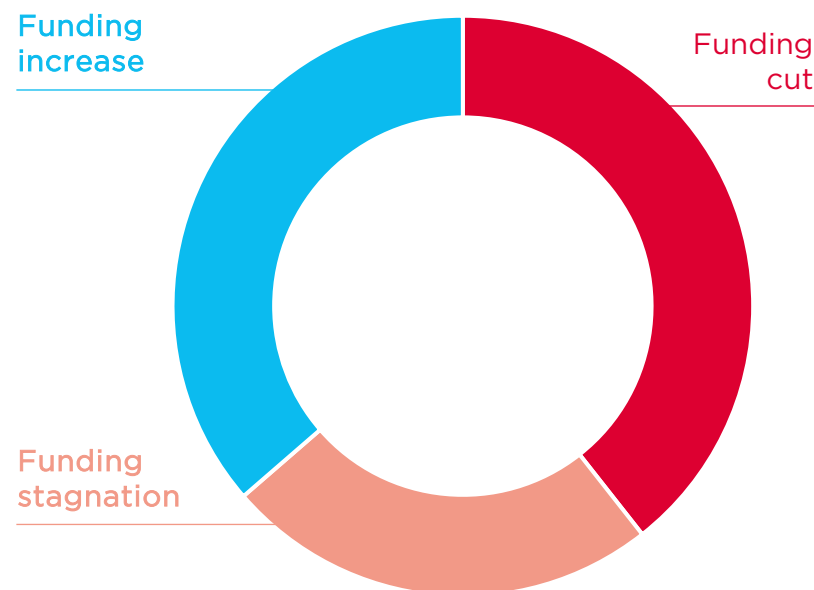
### Impact of funding cuts

Significant, repeated cuts cannot be fully compensated by efficiency gains. PSM organizations suffering budgetary restrictions need to adapt to their downsized resources.

One of the first consequences are direct cuts in programming expenditures. PSM inject on average more than half of their financial resources directly into programming. Therefore, content spend is unsurprisingly negatively impacted by budget cuts and other austerity measures.

Another visible range of consequences are those affecting the portfolio of services offered: closure of radio stations or TV channels, reduction in the number of online services or apps, cancellation of R&D projects. This directly affects the diversity of content offered to citizens.

CHART 5. EVOLUTION OF PSM FUNDING BY ORGANIZATIONS (% , 2018-2019)



Note: funding cut defined as <0% evolution, funding stagnation as <3% evolution and funding increase as >3%.

Note: cuts were calculated in national currencies, and then converted into euros at their 2017 values, in order to minimize the currency fluctuation bias.

Source: EBU based on Members' data.



## PSM PERFORMANCE

# WELL-FUNDED PSM ACHIEVE A BETTER MARKET POSITION

Limited resources may not only jeopardize the central role of PSM in the European media environment, but may also damage their ability to fulfil their expanding public service remit.

Financial constraints have the potential to jeopardize PSM organizations' ability to stay relevant in evolving media markets. When facing budget cuts, PSM organizations may find themselves in a downward spiral, forcing them to take drastic action such as reducing programming expenditures or increasing repeat rates. Such a trend may in turn cause viewers to lose interest in their PSM, thereby weakening their position even further.

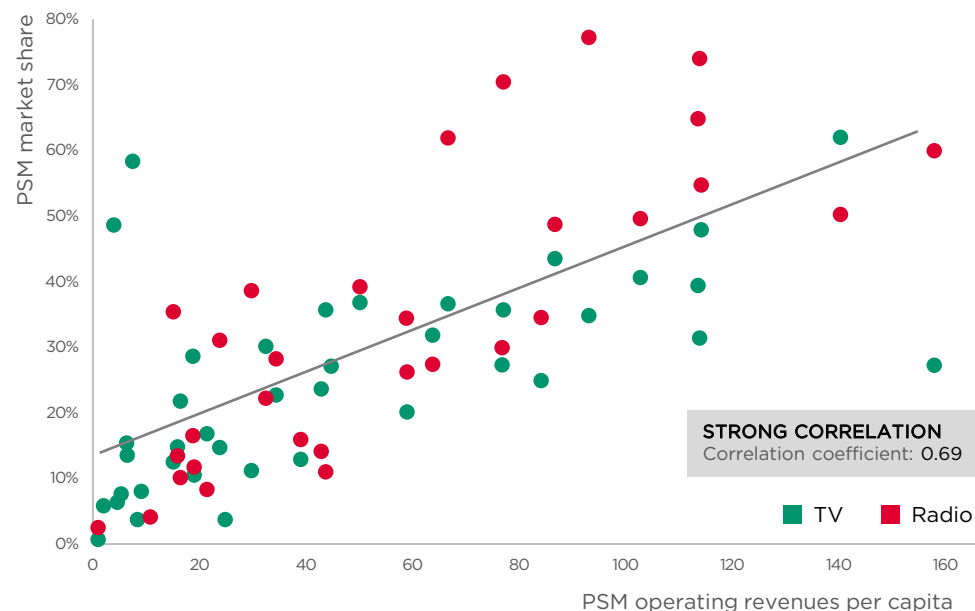
On the other hand, adequate funding is crucial if PSM are to continue as a trusted source of information; produce quality content, high-end fiction and innovative programming; acquire major rights in the sports sector as well as in entertainment; and pursue technical innovation, with its spill-over effects into other areas of the market. In other words, limited financial resources may not only jeopardize the central role of PSM in the European media environment but may also damage their ability to fulfil their expanding public service remit.

### PSM FUNDING AND PERFORMANCE

As shown in Chart 6, similarly to previous years, PSM funding per capita correlated positively with PSM TV and PSM radio market share in 2019. Putting it another way, properly funded PSM organizations in relative terms tend to perform better in their respective radio-and-TV markets, i.e. they are the ones able to attract a strong viewership and/or listenership. Correspondingly, the PSM with limited financial capacities in relative terms tend to have lower radio-and-TV market shares. Hence the importance of adequate funding.

The link is bi-directional. Properly funded organizations have the resources to better compete in their markets, develop appealing innovative programming and retain talent, thus allowing them to perform more strongly. But the opposite is also true: the more popular a PSM organization is, the more efficient it is in attracting resources and gaining support from its various stakeholders.

**CHART 6.**  
**PSM OPERATING REVENUES PER CAPITA (EUR, 2019)**  
**VS. PSM TV AND PSM RADIO MARKET SHARE (% , 2019)**



## FUNDING MIX

# PSM ARE ESSENTIALLY PUBLICLY FUNDED

In accordance with their public service remit and missions, PSM organizations rely on specific funding mechanisms, and their funding mix comprises a delicate balance between essential public revenues and supplementary commercial revenues.

# 77.6%

PROPORTION OF  
PUBLIC INCOME  
IN PSM FUNDING  
IN THE EBU AREA IN 2019

Public service media rely on a broad range of income sources that can be grouped into three categories: public income, commercial income and other sources.

PSM organizations are by and large publicly funded: in 2019, 77.6% of all PSM funding in the EBU area was public while commercial sources accounted for only 18.9%.

PSM's heavy reliance on public income throughout the EBU area clearly illustrates the uniqueness of PSM funding.

Thanks to public resources, PSM may be less subject to short-term market imperatives than their commercial counterparts. Nevertheless, PSM remain subject to other pressures and the public nature of their funding puts them under permanent scrutiny, either from politicians or directly from the public. The public nature of PSM funding makes PSM highly accountable to the citizens behind their funding.

### Licence fee as main source of income

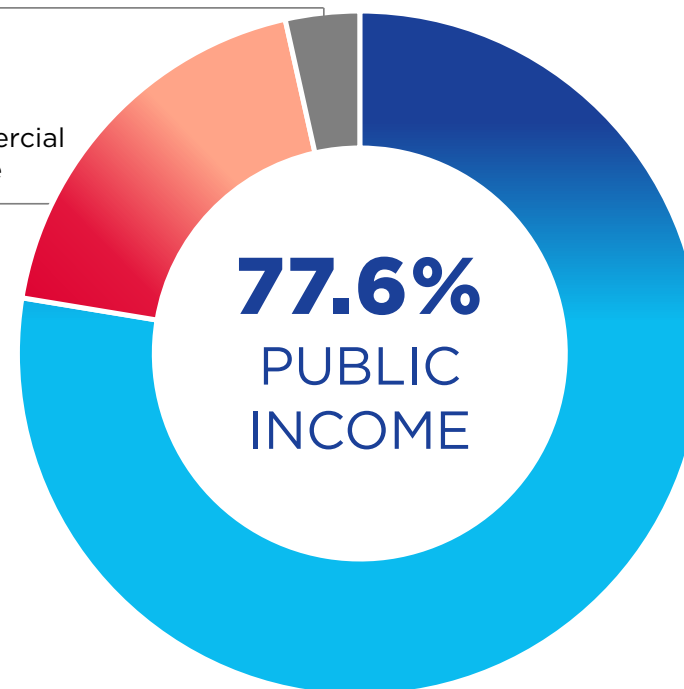
At EBU level, detailed analysis of PSM revenue streams clearly designates that the licence fee is by far the main source of income for PSM activities, contributing 59.9% to total funding in 2019.

It is however worth noting that the licence fee as a proportion of PSM's total revenue has steadily decreased, dropping from 64.7% in 2015 to 59.9% five years later.

**CHART 7.**  
**PSM FUNDING MIX IN THE EBU AREA**  
(%, 2019)

3.5% Other

18.9%  
Commercial  
income



Note: based on 66 organizations in 49 markets.

Note: funding mix based on the sum of the revenues, before the intra-group eliminations.

Source: EBU based on Members' data.

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# FUNDING MIX BY COUNTRY

## WIDE VARIETY OF FUNDING MODELS

Of the 56 PSM markets that make up the EBU area (i.e. adding to the countries covered in detail by this report markets such as Algeria, Egypt and Russia), 30 are mostly financed by public funds, 21 rely mainly on the licence fee, 2 rely on funds outside state budget, and 1 relies on advertising. Data were unavailable for only two markets.

### Public funds widespread in eastern Europe

Public funds (mainly state budget and grants) were the most widespread source of funding as they were the dominant source of income in 30 of the 54 EBU markets where the information was available for 2019 (55.6%).

Based on the rising number of countries relying on public funds, the total income derived from public funds at EBU level steadily grew from EUR 4.11 billion in 2015 to EUR 4.69 billion in 2019.

### Specific fund outside state budget in Finland and Sweden

A minor but growing source of PSM funding consists of an allocation from a specific fund located outside the state budget. This is the case whenever PSM financing stems entirely or partly from funds flagged, or earmarked, for that specific purpose.

The best-known example of a PSM earmarked tax in the EBU area is the Yle tax in Finland, introduced in 2013. A similar model entered into force in Sweden in 2019.

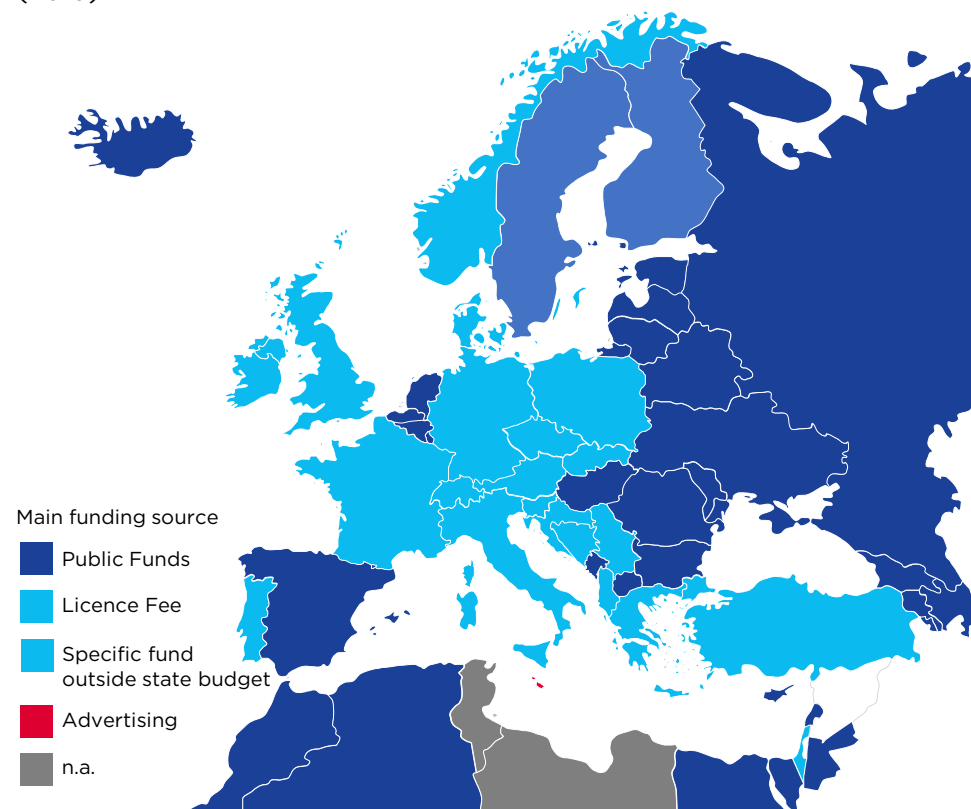
### Licence fee in western and south-eastern Europe

The licence fee was collected in 25 of the 56 EBU countries (44.6%) as at 1 January 2020. However, where it existed, the fee was not necessarily the main source of income for PSM. For instance, it remained a secondary source of income in several North African markets.

Consequently, when analysing 2019 revenues by source, the licence fee was the main source of PSM income in only 21 EBU countries (37.5%).

Four of the Big Five markets (France, Germany, Italy and the UK) mainly rely on licence fee revenue. That explains why the licence fee remains the main source of PSM income in the EBU as a whole, even if it is no longer the most widespread.

**MAP 1.**  
**MAIN SOURCE OF PSM INCOME**  
(2019)



Note: Several countries not covered in the report have been included for informative purposes.

Source: EBU based on Members' data.

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## PSM PUBLIC INCOME

# PSM IS MUCH CHEAPER THAN PAY-TV

PSM public revenues ultimately derive from citizens - either directly through licence fees or indirectly through taxation. Therefore, a monthly cost per citizen can be calculated, and used as a reference when comparing PSM with other commercial media.

EUR **0.10** PER DAY  
EUR **2.98** PER MONTH

2019 PSM CONTRIBUTION PER CITIZEN  
IN THE EBU AREA

Since citizens do not pay PSM commercial revenues directly, only public income constitutes a direct and/or indirect PSM contribution from citizens. As a result, the PSM contribution per citizen can be calculated by dividing PSM public income by population.

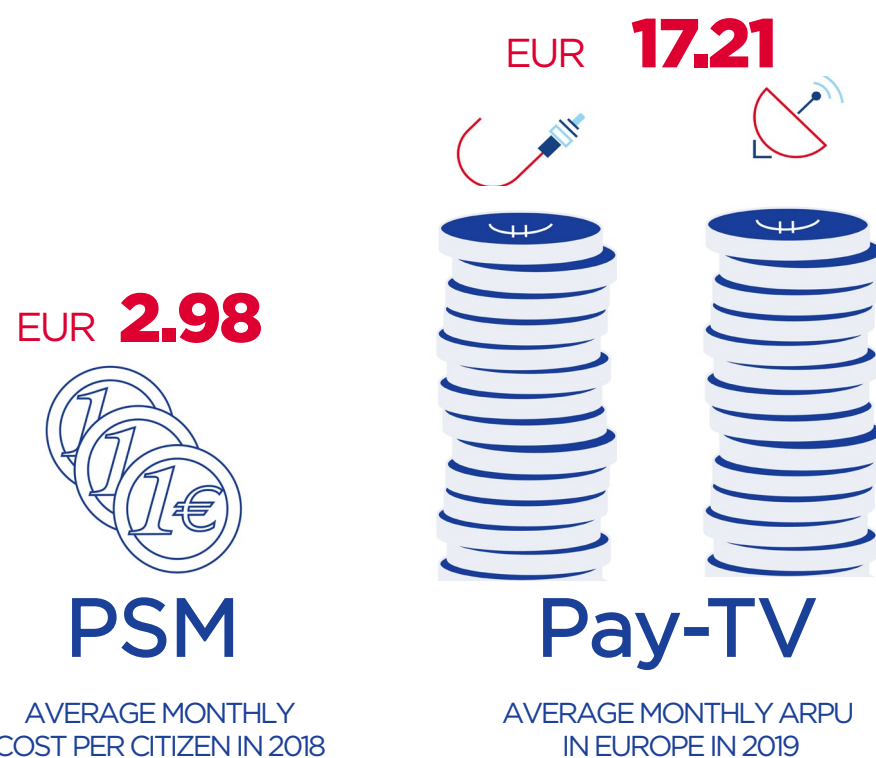
On average, in 2019, citizens living in the EBU area paid - directly or indirectly - EUR 2.98 per month to finance PSM in their respective countries.

This contribution per citizen represented only 10 cents per day, a minimal cost for the essential service that PSM provides to populations.

These amounts need to be put into perspective. In 2019, pay-TV operators' average monthly revenue per user (ARPU) stood at EUR 17.21 in Europe (source: Ampere Analysis, data based on 37 markets).

The equivalent number for OTT SVoD (including Netflix and Amazon) was EUR 6.51 on average in Europe, a much lower price compared with pay-TV but still more than double compared with PSM.

CHART 8.  
PSM CONTRIBUTION PER CITIZEN VS. PAY-TV ARPU  
(2019)



## PSM COMMERCIAL INCOME

# PSM ADVERTISING INCOME UNDER PRESSURE

PSM advertising amounted to EUR 3.45 billion in 2019, representing half of all PSM commercial revenues (49.9%) and one-tenth of PSM total revenues (9.4%). Although advertising remains an important revenue stream for PSM, both these metrics have been steadily falling in recent years.

Several European PSM suffered from total or partial advertising bans in the past decade. Combined with the 2009 advertising crisis, these regulatory decisions fuelled a significant decrease in PSM advertising revenues across Europe.

In total, PSM advertising revenues fell from EUR 3.83 billion in 2015 to EUR 3.45 billion in 2019, a 10.1% contraction in the space of five years.

### PRESSURE FROM ONLINE ADVERTISING

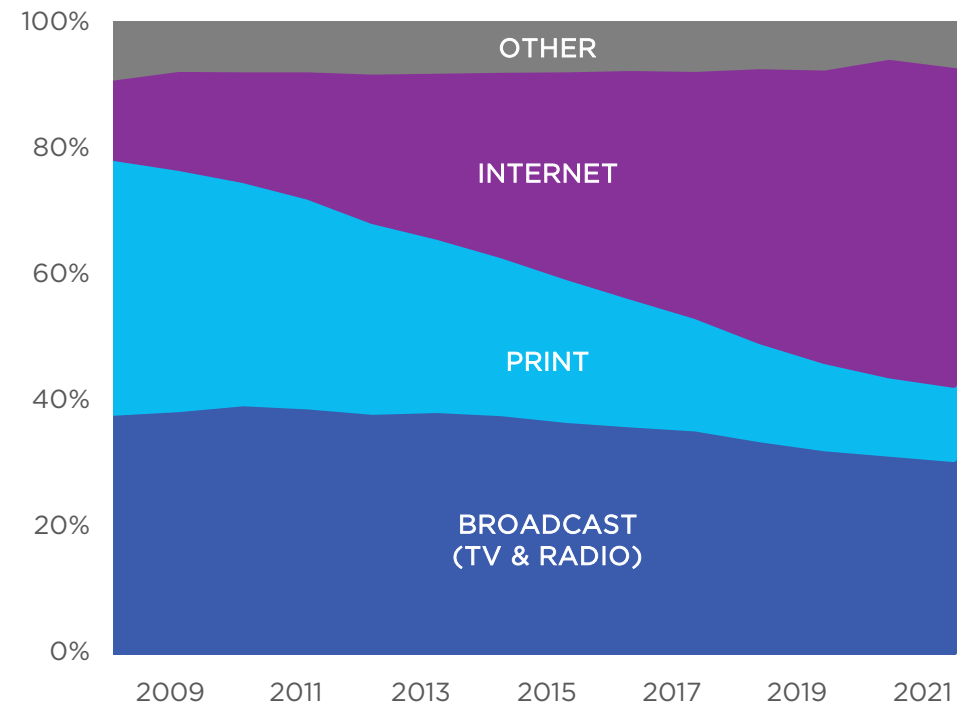
The European advertising market was worth EUR 131.42 billion in 2019. It had by last year fully recovered from the 2009-2010 advertising slump, expanding by 17.9% since 2015.

Pre-crisis expansion in European advertising markets was far from equally split between all media. Online advertising expenditures increased by 66.5% from 2015 to 2019. Since 2015, the internet has been the leading medium in terms of adspend in Europe.

Print media have been hit hardest by the broad shift to online advertising. TV and radio have been less affected but had been experiencing reduced growth. In the 2015-2019 period, ad spending for TV channels rose by only 3.2%. For radio, the increase was 5.7%. Those figures pale in comparison with online advertising but nonetheless point to some degree of resilience in European TV and radio advertising until the 2020 crisis.

The 2020 crisis is likely to exacerbate the pre-crisis trends and even undermine the relative resilience of broadcast advertising. Online advertising is expected to recover as early as 2021, whereas TV and radio advertising will probably continue to lag behind in 2021. The COVID-19 crisis is therefore expected to heighten the pre-existing pressure from online advertising on other media, including broadcast advertising.

**CHART 9.**  
**ADVERTISING EXPENDITURE BY MEDIA**  
(%, 2008-2021)



Note: figures based on 40 European markets.

Source: EBU based on Members' data and WARC.

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# WHAT SHOULD I READ NEXT?

## LICENCE FEE 2020



This latest publication highlights the vital importance the licence fee has for public service media (PSM).

Here you'll find out:

- About licence fee amounts across Europe and price trends;
- Which countries have dropped or phased-out the licence fee as well as those recently enacting reforms;
- About the comprehensive benchmarking of licence-fee collection systems, exemptions and evasion rates.

[Download full report](#) (public)

[Download infographic](#) (public)

## THE VALUE OF PSM CASEBOOK: CREATIVE INDUSTRIES



Discover examples of how to use impact data to build statements that emphasize the positive effects PSM have on the media, creative industries and particularly on national economies. This casebook covers three economic areas where PSM have a significant impact:

- Acting as a driver of the creative industries, and thus supporting local producers, publishers, musicians, artists and other creative minds;
- Creating jobs and sustaining high-skilled talent;
- Driving innovation.

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Our experts cover a broad range of topics, including TV and radio trends, new media developments, market structure and concentration, funding and public policy issues.

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