

DRAFT INDICATORS FOR MEDIA VIABILITY

SUMMARY CONTENT OF DOCUMENT

This document presents a draft set of indicators developed by UNESCO in close consultation with the Deutsche Welle Akademie to provide a tool for measuring the level of media sustainability in any given country. This set of indicators was developed following the same methodology as the UNESCO-IPDC Media Development Indicators (MDIs) and will be integrated, in a “lite” version, into the existing MDI framework in order to enable UNESCO and its partners to collect data on the viability of media businesses when evaluating national media landscapes. In addition, a more elaborate and detailed version of the indicators is proposed to enable comprehensive stand-alone studies on media viability.

These draft indicators have been discussed at a regional conference on media sustainability organized by UNESCO in Montevideo on 16 December 2014 and attended by 25 media experts from Latin America. They have also been submitted to an online international consultation process involving 58 media and media monitoring experts from all regions.

A French version of this document will be made available at a later date.

Call for comments: UNESCO invites all stakeholders, including the members of the Bureau of UNESCO’s International Programme for the Development of Communication (IPDC) to provide feedback to UNESCO on the draft indicators for media viability.

All comments should be sent by 30 June 2015 to Saorla McCabe, IPDC Secretariat: s.mccabe@unesco.org

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DRAFT INDICATORS FOR MEDIA VIABILITY

Based on a draft prepared for UNESCO by Prof. Robert Picard, Director of Research at the Reuters Institute for the Study of Journalism, University of Oxford, UK

This set of indicators concerns news media organisations, and does not take into account other entities such as those specialising in creative industries like cinematography, videogames or book publishing.

Within this perspective, viability is an underpinning component of a free, independent and pluralistic media landscape. Fostering such viability is an important pillar of media development.

The media covered by these indicators spans a range of platforms (eg. print, radio, online), ownership types (private, community, public, governmental) and reach (national, local, etc). The issue of viability may be very different in each of these, but at the same time all media outlets are part of a whole. Viability may be considered at the level of the whole, of a specific sector, or even an individual media entity. The point of these indicators is to examine the big picture, with as much attention as possible to the diverse parts and how they interact with each other to constitute the whole. Many of the indicators here can be analysed in terms of differentiations between media organisations within the media sector, and the details below make this point in regard to cases where this may be particularly appropriate.

An assumption for these indicators is that domestic economic, social, and political conditions must provide a supportive environment for the emergence, development, and continuance of news media, and the organisations themselves must act in ways that promote their survival. Promoting viability in this sense should be a recognised objective within media development efforts.

Assessing media viability involves evaluating conditions that support the existence of these media organisations and make it possible for them to obtain resources and capabilities necessary to maintain their activities. These conditions include a wide variety of socio-political, technical, production, market, and managerial issues.

Because of national differences, viability issues vary for large and small countries, large and small language groups, dominant and secondary languages, state, commercial and non-commercial media, large and small-scale media operations, and established and start-up media. All media face financial and management challenges, but the nature and scale of these vary.

Any picture of the state of media viability in a country will necessarily reveal a patchwork of conditions, including along the lines of geography, class, languages, etc., as well as media sector (eg. newspapers, websites) and media ownership type (eg. community radio, public service broadcasting or private media). There may be pockets of viability; and there can be viability in one part of the media at the expense of another. No single indicator on its own provides a key to the broader picture. The intention of these indicators is not to find an overall average situation, but rather to help actors to understand the complex totality and its parts. By so doing, a number of responses can then be developed to promote media viability across one or more axes, taking cognisance also of interconnections and interdependencies.

Many issues related to media viability are covered in other of UNESCO's Media Development Indicators (MDI), but media viability in economic, financial, and business terms raises a number of distinct issues regarding what viability is and what systemic, media industry and individual organisation factors support sustainability over a period. In the context of a full MDI study, these viability indicators would be under an added category of indicators – the sixth field of study. This

explains the numbering here. In a full MDI assessment, a number of indicators cited here (highlighted in green) would not need to be included, but would be cross-referenced to other places in the MDI categories. Nevertheless, for the purposes of conveying the scope of a comprehensive stand-alone study of media viability, the full range of relevant indicators is cited in this document.

Economic, financial, and managerial requirements to ensure sustainable independent and pluralistic media

The viability of news media organisations requires conditions that make it possible for such media to obtain and manage resources and capabilities necessary to maintain themselves and be sustainable. The focus here is on financial, structural, market and managerial factors. The reality which they seek to assess is conditioned very much by legal, technological, and other factors, which are addressed in UNESCO's other Media Development Indicators (MDIs) categories, and will not be duplicated here.

While these viability indicators can be used in a stand-alone context, they are also envisaged as a 6th category of indicators that can be applied within the overall context of the existing five sets of Media Development Indicators. For that reason, it is signalled here which indicators are also covered elsewhere in the MDIs, and where cross-referencing would be useful in the context of an expanded MDI assessment.

Research methods and considerations

Countries have differences in regards to the availability of data relevant to these indicators. Even where data is available, a focus group of informed stakeholders may still be needed to provide informed estimates for certain indicators. Where it is not possible to gather information on the universe of media organisations, a credible sample of target population may yield the necessary insights for some indicators.

Because of wide differences among countries in terms of their geographies, languages, economies, media systems, and availability of data, this category has two versions between which researchers can choose based on those factors. The full version includes all the sections below (A-G) and can be used even if all the sub-indicators cannot be addressed with available information. The 'lite' version provides a reduced overview of viability and includes sections A, B, C, and F.

The viability indicators cover:

- A. Presence of a supportive economic and business environment
- B. Structure and scope of the media economy
- C. The media labour market
- D. The financial health of media operations, including advertising
- E. Capital environment for media operations
- F. Organisational structures and resources support financial and market sustainability
- G. Contribution to national economy

Information gathered under these indicators can lend itself to actions that improve the situation of the media industry as a whole, and often in respect of changes in policy or practice by various actors concerning at least a number of indicator areas.

A. Presence of a supportive economic and business environment

CONTEXT AND UNDERLYING ISSUES

Media viability requires that the overall economic and business environment provide conditions conducive for independent media operations by providing economic stability, fostering the ability of the public to consume media, and providing resources necessary for viability. In essence viability of independent media requires an open, functioning economy. This indicator looks at the overall economic environment as relevant to the media market as a whole.

KEY INDICATOR

6.1 The overall environment for business supports the viability of media organisations by generating levels of wealth, resources, and economic stability necessary to support free and independent media and to sustain media consumption by the public.

Sub-indicators

- The national economy creates opportunities for stable or growing revenue for media organisations
- Household income levels allow for the purchase of media devices, products and services,
- Household income levels allow for the purchase of advertised consumer goods and services
- The general business environment (legal, regulatory, taxation) is supportive of news media business initiatives (both private organisation and non-profit, and on all platforms)
- Media have sufficient and affordable access to necessary resources such as electricity, newsprint, production equipment, distribution systems, etc.
- The registration or licensing environment is conducive to the entry of new media organisations as well as to a plurality of media organisations
- Broadcast signal reception and Internet connectivity are sufficiently extensive to provide audience markets for media services using these platforms.
- Literacy levels amongst men, women and young people are sufficient to sustain text-based media.

Means of verification

- Data from credible agencies on gross domestic product per capita, median household income, percentage of persons with incomes above the poverty level and consumer spending information
- Information and observations from credible sources about the general business environment
- Laws that support the development of private organisation and consumer-goods markets
- Taxation regimes – if there are any concessions for newsprint, postage, broadcast or computer equipment.
- Numbers of media devices and access figures (eg. radio sets, cellphones, TV sets, internet connections, newspaper sales, subscription television penetration rates)
- Subscription and circulation data (newspaper sales, subscription television penetration rates)

DATA SOURCES

National statistics office economic and population statistics

International Telecommunication Union

World Bank, Doing Business report and rankings, <http://www.doingbusiness.org/>

Reports from chambers of commerce, consulting organisations, research institutions and NGOs on the economy and business environment

UNDP, *Index of Human Development*

B. Structure and scope of the media economy

CONTEXT AND MAIN ISSUES

The number of media organisations in a country reflects the amount of media that are sustainable given the range of factors affecting the ability of media organisations to operate and develop. This may rely on commercial mechanisms (such as advertising, sponsorship, sales) and/or non-commercial mechanisms (subsidies, patronage, foundation funding). Viability may vary at different levels of media, and between mainstream media and that serving minority groups or specialized interests. It is also recognized that viability issues vary for large and small countries, countries with multiple languages, commercial and non-commercial media, large and small-scale media operations, and established and start-up media. The nature and scale of the challenges vary, and a particularly high number of outlets may not be sustainable. However, general viability is evident if the number of media organisations is relatively stable or growing at levels concurrent with growth of market resources, while a declining or significantly fluctuating number may indicate diminishing viability. This observation is premised on the assumption that mergers and centralisation of ownership can indicate a trend towards monopoly, which is not conducive to the rise, entry and survival of new or small organisations. This trend may occur because the market cannot support existing organisations or because of anticompetitive behaviour.

KEY INDICATOR

6.2 Media economics can sustain a viable and pluralistic media sector.

Sub-indicators

- The number of newspapers, magazines, radio and television channels, and online and mobile sites producing news is relatively stable or steadily increasing in each sector from year to year
- There are not barriers to entry as a result of monopolies, cartels or concentrated ownership or collusion
- Media are sustained by their particular business models (whether commercial, non-profit, subsidized, hybrid, etc.). This indicator may be investigated at various levels, (national, regional and local), and ownership types (eg. state, private, community)
- Media in different languages, including minority languages, and minority media in general, exist on the basis of a viable business model (whether commercial, non-profit, subsidized, hybrid, etc.)
- Media attract audiences (measured by circulation and ratings) that are adequate to supporting or justifying their business model (whether commercial, non-profit, subsidized, etc.)

Means of verification

- Data from credible agencies on changes in the numbers of newspapers, magazines, radio and television channels, and Web and mobile sites producing news in national, regional and local markets in a country
- Reports of credible agencies or consulting organisations on market concentration levels in media sectors
- Documented cases of collusive behaviour among large media organisations
- Data on multilingualism and the population, literacy and income rates within language groups where available
- Reports from audience measurement organisations or researchers about distribution of audiences across media outlets and products

- Reports from media professional associations

DATA SOURCES

National media industry associations – data on trends in circulation, readership, viewership, listenership.

National statistics office

National broadcast/communication regulatory authority

International Telecommunication Union

International Film and Television Yearbook

World Advertising Research Centre, *World Advertising Trends*

FIPP, *World Magazine Trends*

World Association of Newspapers and News Publishers (WAN-IFRA), *World Press Trends*

C. The media labour market

CONTEXT AND MAIN ISSUES

In order to achieve viability, media organisations of all types require and need to retain skilled personnel. The number of employees in media and the wages they receive provide important understanding about the state of the industry. If the number of persons is stable or growing, the likelihood of viability is indicated; if it is declining or fluctuating significantly, challenges to viability may be evident. Viability is also evident when wages are sufficient to attract and retain good personnel, and where the organisation's business model does not rely on unprincipled behaviour in journalism and advertising.

KEY INDICATOR

6.3 The media labour market supports the economic viability of media organisations.

Sub-indicators

- The number of employees in each industry sector of the media is relatively stable or growing over time in national, regional and local media
- Media organisations pay journalists wages that attract and retain qualified journalists
- Wages and compensation for journalists and other media personnel are similar to those for personnel in comparable sectors and positions
- Media find and hire staff, including women and individuals from marginalised groups, with sufficient knowledge and skills in the different areas (journalism, management, marketing, technology, sales etc.)
- Media employees, including women and individuals from marginalised groups, have received appropriate vocational, academic or industry training

Means of verification

- Reports from credible agencies and professional associations and unions for journalists and media professionals (such as publishers, advertising, and sales and marketing personnel, etc.) about the number of journalists and other media personnel employed at national, regional and local levels
- Reports from educational institutions, and professional associations and unions for journalists and other media professionals about the education, training and professional qualifications of the existing labour pool
- Data from credible agencies about average wages and wage growth of persons employed in media compared to other industries

- Reports from credible agencies and professional associations and unions for journalists and other media professionals about the impact of the available labour pool and wage rates on media quality and media ethics
- Reports from credible agencies and professional associations for journalists and other media professionals about journalist turnover rates in large and small organisations
- Discussions with stakeholder groups in the absence of available data

DATA SOURCES

National statistics office population and employment data
 National labour ministry employment and wage studies
 National media industry associations
 Journalists unions or professional organisations
 Data from selected large and small media organisations

D. The financial health of media operations, including advertising

CONTEXT AND MAIN ISSUES

All media organisations, both commercial and non-commercial, need to be financially healthy to be sustainable. Revenue (from any source), operating profit/surplus, and asset growth of organisations are key indicators of the financial condition of an industry and whether conditions of viability are improving or declining. Revenue indicates the income received from operations, operating profit/surplus indicates revenue minus expenses for operation, and assets indicate the value of the resources of the organisation (including fixed assets such as land, buildings and equipment). Higher revenue, profit/surplus, and assets indicate better viability. These figures are best assessed using a selection of larger and smaller media organisations.

Commercial media, as well as some non-commercial organisations, may generate revenue from sales to consumers and sales of content to other media, with advertising revenue often playing the greatest role. Other commercial activities may include hosting paid events and selling media-related services. Some media may obtain working funds from the state or community, foundations and non-governmental organisations grants, and patron contributions (including contributions from the audience). There is a diversity possible with some media relying mainly on one revenue source; others on multiple sources. General stability of financial revenue is important because it allows managers to plan for the future and not have to cope with the challenges created by rapid changes that reduce viability.

KEY INDICATOR

6.4 Revenues for media organisations (commercial and non-commercial/non-profit) enable viability.

Sub-indicators

- Overall revenues of organisations in different media sectors are stable or growing
- Media are able to consistently break even or achieve profits/surpluses
- The assets of media organisations show stability or steady growth
- Debt levels of organisations are stable or declining, with the exception of debt for long-term capital investments for necessary facilities and equipment
- The private advertising market is strong enough to contribute to the viability of commercial media, assessed at the local, regional and national levels
- Media organisations are not overly vulnerable through dependence on a low number of advertising clients

- Media are developing alternative sources of revenue beyond direct sales, advertising and government subsidies, such as foundation grants, memberships, other commercial activities, etc.
- The distribution of any state and non-state subsidies is fair and transparent and overseen by an independent body

Means of verification

- Annual reports or other financial reports from media organisations
- Data from credible national and international financial agencies such as credit-rating agencies, required filings with government agencies, and financial analysts
- Reports from credible agencies, professionals and experts about industry finances, debt-levels and financial stability
- Discussions with stakeholder groups in the absence of data

DATA SOURCES

- Company registries
- Credit reporting publications and agencies
- Business press reports
- Financial data reported to national regulatory authorities

E. Capital environment for media operations

CONTEXT AND MAIN ISSUES

This section focuses on the financial environment in which media organisations operate. Sustainable organisations require access to affordable capital for investment and reinvestment in facilities, equipment, and infrastructures necessary to establish and develop their operations. Capital may be provided by private sources, stock markets, banks, media development investment funds, or other sources, including grants from donors or public funds.

KEY INDICATORS

6.4 Media organisations as a whole have sufficient access to sources of capital required for investments, and there are stable and diversified revenue sources that allow managers to plan for the future.

Sub indicators

- Media organisations have access to capital from stock markets, lending institutions or other reliable sources
 - Capital is available on the basis of business plans and operational performance rather than non-economic factors such as content supportive of particular political figures, parties, or policies
 - Capital for non-commercial media is available from public financing agencies, foundations, NGOs, or patrons
 - Transparency such as in ownership, investment, advertising rates, and audience penetration, is evident and conducive to market confidence in media organisations.
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- An independent and accountable advertising council or other body that sets standards for advertising practices
 - Sources of state and non-state subsidies do not constrain editorial independence.

Means of verification

- Reports from credible agencies about availability of capital from stock markets, banks, and other financial institutions
- Reports from professional media associations about sources of capital for media organisations
- Discussions with executives of large and small media organisations
- Annual reports of media organisations
- Reports from credible agencies, consulting organisations, advertising professional associations, and media trade associations about advertising activity and trends and the health of advertising markets Observations of advertising volume and distribution within media
- Reports from professional media associations about the different sources of revenue being used by media organisations
- Available financial data from credible agencies such as credit ratings of media organisations; budgets of state and public service broadcasters, percentage of total funding from advertising, amounts of grant funding, in-kind contributions; revenue from sales of content products to other media, and sales of other goods and services
- Discussions with stakeholder groups in the absence of available data
- The existence of laws or processes for media subsidies that are not transparent
- The existence of laws on media subsidies that clearly disadvantage certain types or groups of media
- Documented cases of unfair distribution of subsidies
- Documented cases in which subsidies from state or non-state actors have compromised editorial independence

Means of verification:

Reports from credible agencies or consulting organisations about the role of subsidies in media finance, the sources of revenues used by media, and the impact of these on the media organisation.

DATA SOURCES

Inspector generals' offices or supreme audit courts
 National statistics offices
 National financial regulators
 International Monetary Fund national reports
 Annual reports of major media organisations
 National media industry associations
 Journalists unions or professional organisations
 World Advertising Research Centre, *World Advertising Expenditures*
 FIPP, *World Magazine Trends*
 World Association of Newspapers and News Publishers (WAN-IFRA), *World Press Trends*

F. Organisational structures and resources support financial and market sustainability

In order to be financially sustainable media organisations require structures and organisational activities that focus on revenue generation, managers require access to market information for making effective decisions, and the organisations need to pursue revenue in ways that promote independence.

KEY INDICATOR

6.6 Media organisations engage in planning, structure their organisations, and operate in ways designed to achieve viability

Sub-indicators

- Media organisations have business and finance plans
- Larger media organisations have departments or personnel dedicated primarily to the generation of revenue. Smaller organisations have personnel with sufficient time dedicated to these activities
- Media organisations have regular access to market and audience research data to support decision making
- Media organisations have written documents specifying the general terms and conditions/advertising policy and standard procedures and documents (price lists, written contracts etc.)
- Media organisations are governed by boards with sufficient business, financial, and managerial ability to effectively oversee their strategies and operations

Means of verification

- Reports from professionals and experts about the existence of business and finance plans
- Reports from credible agencies, professionals and experts about the existence of advertising rate cards and standardized advertising policies
- Reports from credible agencies, professionals and experts about the existence of policies regarding internal content independence
- Review of organisational structures of media organisations
- Examination of market and audience data
- Discussions with stakeholder groups

DATA SOURCES

Media organisations (Annual reports and company documents)

Discussions with personnel from media organisations, professional associations and national media industry associations

G. Contribution of media to the national economy [OPTIONAL]

CONTEXT AND MAIN ISSUES

The contribution of an industry to the national economy is a means of assessing its significance to the country's economic activity and is a measure of sustainability. Such assessment corresponds with a vision of the role of free, pluralistic and independent media in advancing sustainable development. Such media are a direct contributor, as well as a key enabler, for many other areas of development. The international standard measurement of this is value added and it is a primary measurement used by national statistics office in preparing annual gross domestic product (GDP) figures. Better value added can be interpreted as indicating better productivity and better viability; reduced value added for declining viability.

KEY INDICATOR

6.7 Media organisations are contributing to the economic growth of the country through contributions to its gross domestic product (GDP)

Sub-indicators

- contributions of newspaper publishing to the national economy
- contributions of magazine publishing to the national economy
- contributions of radio broadcasting to the national economy
- contributions of television broadcasting to the national economy
- contributions of online and mobile media to the national economy

Means of verification

- Revenues from newspaper publishing
- Revenues from magazine publishing
- Revenues from radio broadcasting
- Revenues from television broadcasting
- Revenues from online and mobile media
- Tax payments from newspaper publishing
- Tax payments from magazine publishing
- Tax payments from radio broadcasting
- Tax payments from television broadcasting
- Tax payments from online and mobile media
- Employment figures in all media sectors

DATA SOURCES

National statistics offices

Media associations with information on sector revenue, employment and taxation paid.

Wider questions

Considering how the viability of news media should be assessed forces consideration of a number of questions beyond the viability indicators, about how the sustainability of the sector and its component parts may be viewed:

- How should national differences be taken into account in determining viability?
- Must all forms of media platforms (print, radio, television, online) be present to determine whether media viability exists in the country?
- To what extent can viability exist if some forms of infrastructures are weak or absent?
- How many individual operators of media must exist to determine if media viability is present in a country? Is there an appropriate level given country differences?
- To what extent must media be present at national, regional and local levels to determine viability exists? How might this vary depending upon country differences?
- Must all media platforms be sustainable or are there certain platforms for which viability should be sought given individual country differences?
- Must all communication needs of society be served by traditional news media (operating across all platforms), or can social media play a journalistic role, and to what extent is its viability as important to assess?
- To what extent should start-ups and online media platforms be expected to be sustainable?
- To what extent is full-time employment of personnel required to assert the presence of media viability?
- Is commercial viability the most important component in a media economy?
- To what extent is media viability an issue within a country, as distinct from within a wider unit of reference related to international media organisations, regional advertising agencies, etc.?

Systemic questions

A number of systemic factors are related to media viability, but clarity in how to assess them is not self-evident. This raises questions such as:

- What general economic and social conditions are required to produce media viability?
- At what GDP does a society begin to provide sufficient advertising to support media viability? The same applies to paid-models.
- What level of personal income is necessary before the population is able to purchase media (single sales, subscriptions, paywalls, etc.) and media reception equipment at levels necessary for media viability?
- Absent state constraints, what barriers to entry exist for start-up media organisations and do these affect overall viability?
- Is dependence on any particular source of finance or revenue preferable to any others?
- Does having to seek multiple sources of revenue create viability challenges by requiring firms to focus on too many activities?
- At what wage level do journalists become financially independent and generally avoid conflicts of interest and corruption?
- What kinds of infrastructures and public services are needed to support media viability?

Media industry questions

The existence of a professionalised media industry is often cited as a factor in sustainability. Yet underlying questions about the relationship remain:

- Does the presence of trade and professional associations actually indicate that viability exists for independent media?
- What functions do trade and professional association actually serve that supports viability of individual organisations?
- What kinds of trade and professional associations and organisations must exist to support the view that media are sustainable?
- Are trade and professional associations a factor impacting on viability as regards all forms of media or only certain types and at certain levels (national, regional, and local)?
- What kinds of industry training are necessary to support media viability?

Individual organisation questions

Viability begins at the individual organisation level, so some basic questions need to be considered:

- Does the financial performance of individual media firms provide an indication of overall media viability in a country?
- What characteristics are evidenced on operating and statements and balance sheets of sustainable firms?
- Is the presence of revenue generating activities or functions within an organisation sufficient to judge it as sustainable?
- What managerial skills, knowledge, and capabilities are required to improve viability of a media firm?