

Challenging (the) content – Europe’s cultural, media and creative industries and the digital world

The Advertising Information Group (AIG) is a European grouping of national advertising tripartites, representing advertisers, advertising agencies and the media in the UK, Germany and Austria. It exists to promote a genuine single market in commercial communications, supports responsible advertising self-regulation in the EU, and is an industry member of the advertising self-regulatory organisation, the European Advertising Standards Alliance (EASA).

The members of the AIG and the undersigned media and advertising associations, representing newspaper and magazine publishers, advertising agencies, broadcasting and radio outlets, and online and data-driven marketing would like to share their views on the questions raised by the Austrian Presidency questionnaire on Europe’s creative industries and the digital world. In particular, they would like to emphasise three points:

1. Advertising is crucial to the wider economy

Advertising is a driver of economic growth and competition. Research carried out by Deloitte on behalf of the World Federation of Advertisers (WFA) and the advertising sector shows that each Euro spent on advertising generates 7 Euros for the EU economy. Furthermore, 5.8 million jobs are created by advertising in the EU, representing 2.6% of all EU employment.¹

Advertising supports competition, drives innovation and increases consumer choice. Advertising also provides vital funding for media and internet services that consumers enjoy for free or at a reduced cost. For example, research from the Advertising Association in the UK shows that people value the media content funded by advertising at almost £10 billion a year.² Moreover, GfK’s survey of 11,000 internet users in 11 EU countries conducted on behalf of IAB Europe and the EDAA³ revealed that the free, advertising-funded business model is overwhelmingly preferred by European citizens: 83% of whom prefer free content with advertising to being required to pay, with 68% declaring they would never pay for news content online, even if no free content were available.

This vital income stream also contributes to the independence, pluralism and diversity of the European media landscape. The media rely on advertising and commercial communications to help them achieve the revenue necessary for creating independent editorial content. As evidenced by IHS Markit in a study commissioned by IAB Europe and the EDAA⁴, advertising is the single largest revenue source for European digital media, making up 81.5% of online revenues for publisher’s journalistic content and over 50% of mobile application revenues. A successful advertising industry, that is amongst other allowed to lawfully process personal data to deliver advertising in full compliance with the existing data protection framework, is a key factor in supporting a diverse and high-quality media ecosystem across Europe.

Advertising regulation should therefore be proportionate and evidence-based. Unjustified restrictions risk distorting competition, hampering innovation and reducing consumers’ choice. Reduced revenues of advertisers and advertising agencies could translate into companies investing less in original content and harm innovation.

¹ Research by Deloitte/WFA, <https://valueofadvertising.org/> (2017)

² Advertising Association, [Advertising Pays 3](#) (2015)

³ GfK, [Europe online: an experience driven by advertising](#) (2017)

⁴ IHS Markit, [The economic contribution of digital advertising in Europe](#) (2017)

2. The importance of maintaining an effective self-regulatory system

The advertising industry's self-regulatory model is an excellent example of how non-regulatory mechanisms can work. The system is funded by the industry and its credibility depends on businesses making a commitment to responsible advertising. Different advertising standards codes, designed by industry practitioners, complement European and national legislation, ensure a level playing field for businesses and reduce red tape.

Self- and co-regulatory systems are well-suited to rapidly changing and dynamic environments and can be adapted in a faster and more efficient manner than legislation. By monitoring the application and the effects of code rules, as well as changes in the context of those rules (e.g. new technology and techniques, or social or environmental concerns), the self-regulatory system ensures strong consumer protection as well as stability and clarity for businesses. Adjudications have recourse to the courts only as a last resort and are therefore both cost- and time-efficient for all stakeholders. This also ensures national cultural sensibilities are dealt with in the most appropriate way in each Member State.

It is crucial to continue to acknowledge the important role played by the self-regulatory system in maintaining a flourishing and innovative media ecosystem. We welcome the recognition of the value of self-regulation in the revised Audiovisual Media Services Directive and in the Commission's approach to tackling online disinformation.

3. The need for future-proof frameworks to tackle challenges

Finally, for the cultural and creative industries to have the legal certainty they need, it is essential that there is clarity and consistency between the regulatory frameworks that will impact the sector, such as the General Data Protection Regulation, e-Privacy, contracts for digital content, and consumer protection rules.

As technology develops, it is even more essential that the EU institutions maintain a truly evidence-based approach to EU policy that provides a balance between consumer protection and allows viable business models to emerge and European SMEs to flourish.

In particular, it is crucial that a full Impact Assessment is completed for every proposed policy. Legislative proposals should always consider the unintended consequences they may have on certain sectors. Furthermore, public consultations should remain neutral so as not to gear towards the adoption of a particular policy approach.

The undersigned media and advertising associations look forward to working with the Austrian Presidency to develop a long-term vision that will ensure that Europe's cultural, media and creative industries continue to flourish in the digital world.

