

HOW CAPACITY BUILDING CAN BUILD A SUSTAINABLE FINANCING BRIDGE FOR CCS

CULTURAL AND CREATIVE SECTORS GUARANTEE FACILITY

Webinar on the EU's Cultural and Creative Sectors Guarantee Facility
18 June 2020



To find out more information
visit our website:
www.eif.org

CONTENT OVERVIEW



- 1. Introduction – capacity-building under the CCS Guarantee Facility**
- 2. Key trends in the news media sector**
- 3. The digital transformation of news media**
- 4. Lessons learnt & lessons to learn from other cultural and creative sectors**

1. INTRODUCTION - CAPACITY BUILDING UNDER THE CCS GUARANTEE FACILITY



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THE CAPACITY BUILDING ACTIVITIES

Building a sustainable financing ecosystem for the CCS

- THE CAPACITY BUILDING ACTIVITIES SUPPORT THE FINANCIAL INTERMEDIARIES IN THE DEVELOPMENT OF IN-HOUSE SKILLS THAT ALLOW TO EXPAND THEIR ACTIVITIES IN THE FIELD OF CCS

**CCS specificities
and fast-growing
sub-sectors**

**Shift in input sources
(e.g. streaming, social
media, etc.) and
delivery models**

**Continuous changes &
increasingly faster
developments also for
Financial Intermediaries**

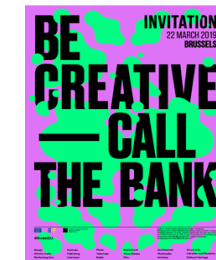


Practical and customised support

THE CAPACITY BUILDING ACTIVITIES

...but also in support of other important actors of / for the CCS

- Ancillary to capacity building for FIs, some activities under capacity building support also:
 - **CCS entrepreneurs** to
 - understand available financing opportunities and challenges through e.g. an e-guide to help entrepreneurs choose the right financing tool for their project and present their project to a bank;
 - establish dialogue with financiers and enhance mutual knowledge and understanding through e.g. dedicated events
 - **Policy makers and other stakeholders** to better understand the magnitude, evolution and needs of various CC sub-sectors through specific market analyses and data gathering



THE CAPACITY BUILDING ACTIVITIES

Different forms of Capacity Building and key metrics

FOCUS ON CB DELIVERABLES

1

Key figures/Numbers:

- 7 workshops conducted
- 8 market studies prepared (including 2 at EU level)
- 6 requests for support on sub-sector specific value chains analysis/risk assessment analysis

2

Market studies:

Purpose: Provide FIs with relevant CC sub-sector specific data

- 6 Countries covered*
- 6 CC sub-sectors covered**

*CC sub-sector coverage depends on country/FI
**EU not included

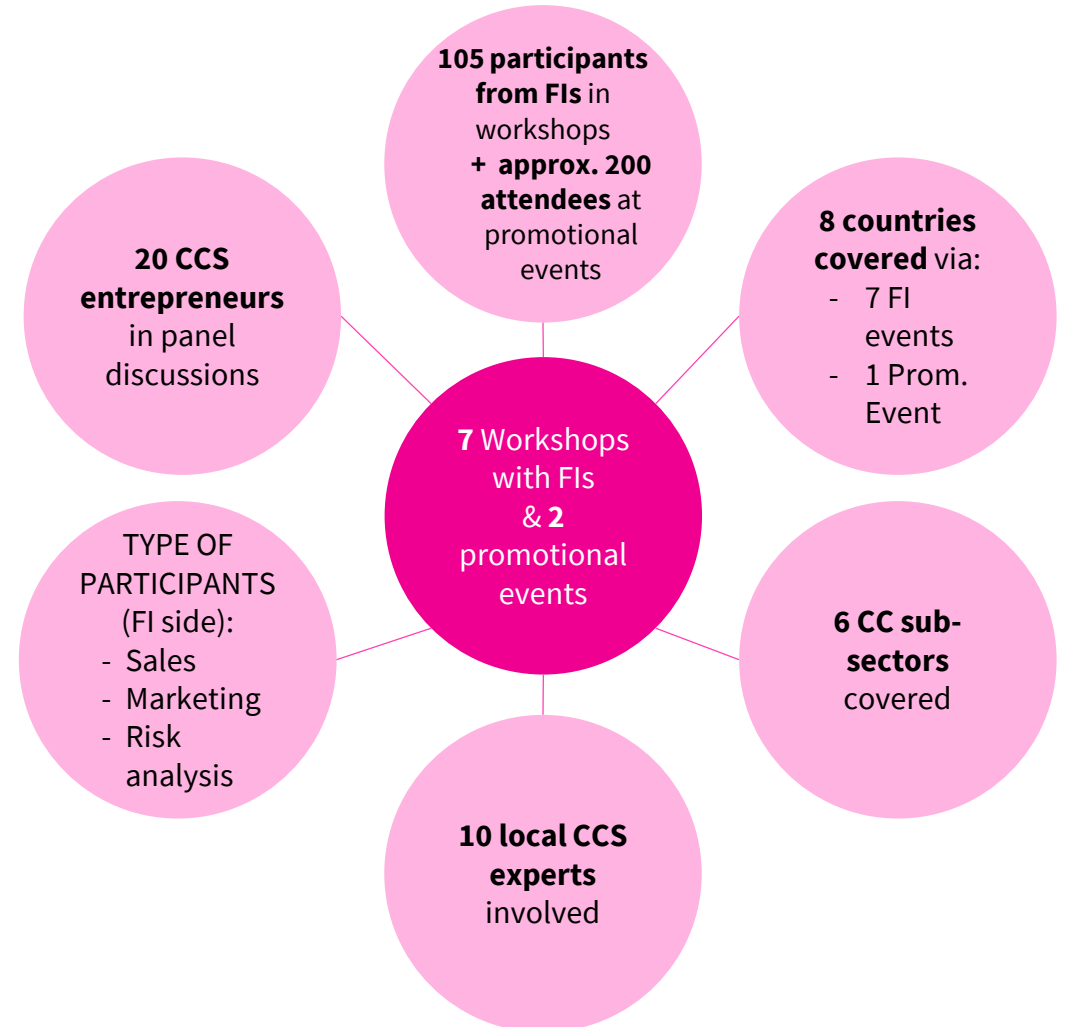
3

E-learning:

Purpose: Build common understanding of CCS among FI staff in local branches

- 2 e-learning trainings deployed
- Reach out: > 50 participants

FOCUS ON WORKSHOPS/EVENTS



2. KEY TRENDS IN THE NEWS MEDIA SECTOR



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KEY TRENDS IN THE NEWS MEDIA SECTOR

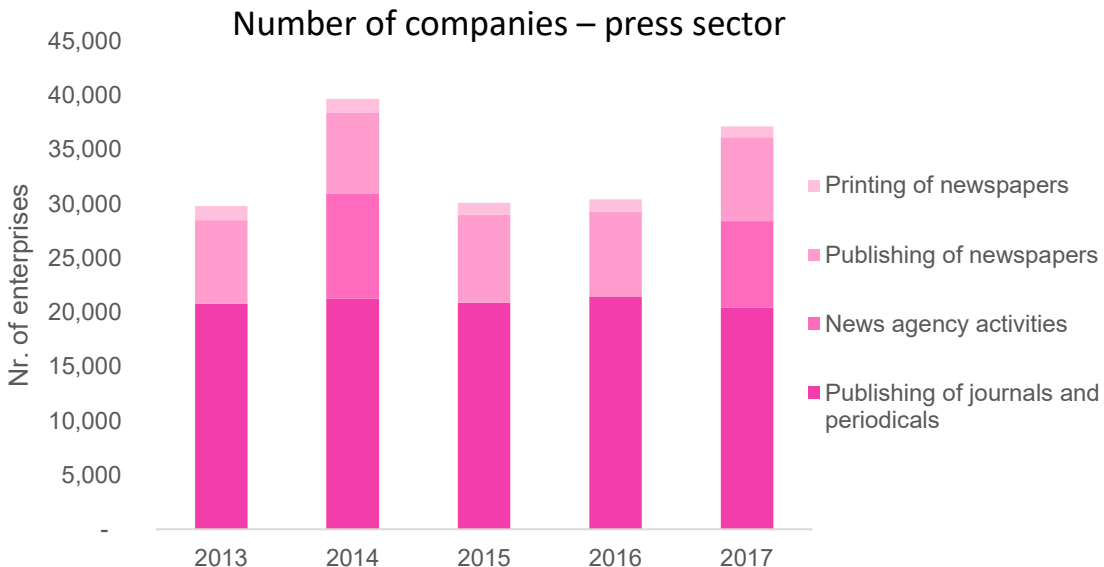
Snapshot - the CCS are comparable to other key economic sectors

Criteria	ICT	Accommodation and food services	CCS
Percentage of EU GDP (2015)	4% ⁽²⁰¹⁵⁾	4% ⁽²⁰¹⁵⁾	4.2% ⁽²⁰¹⁴⁾
Value added*	EUR 570 billion ⁽²⁰¹⁵⁾	EUR 252.9 billion ⁽²⁰¹⁵⁾	EUR 290 billion ⁽²⁰¹⁶⁾
Employment	6.3 million ⁽²⁰¹⁵⁾	11.1 million ⁽²⁰¹⁵⁾	6.7 million ⁽²⁰¹⁶⁾
Number of companies	1.1 million ⁽²⁰¹⁵⁾	1.9 million ⁽²⁰¹⁵⁾	2.45 million ⁽²⁰¹⁶⁾
Average company size (Employment /Number of companies)	5.73 employees per company ⁽²⁰¹⁵⁾	5.84 employees per company ⁽²⁰¹⁵⁾	2.7 employees per company ⁽²⁰¹⁶⁾

*Please note that the figure shown for *Value Added* is a conservative estimate based on Eurostat data. There are estimates that evaluate it to be significantly higher i.e. on par with ICT.

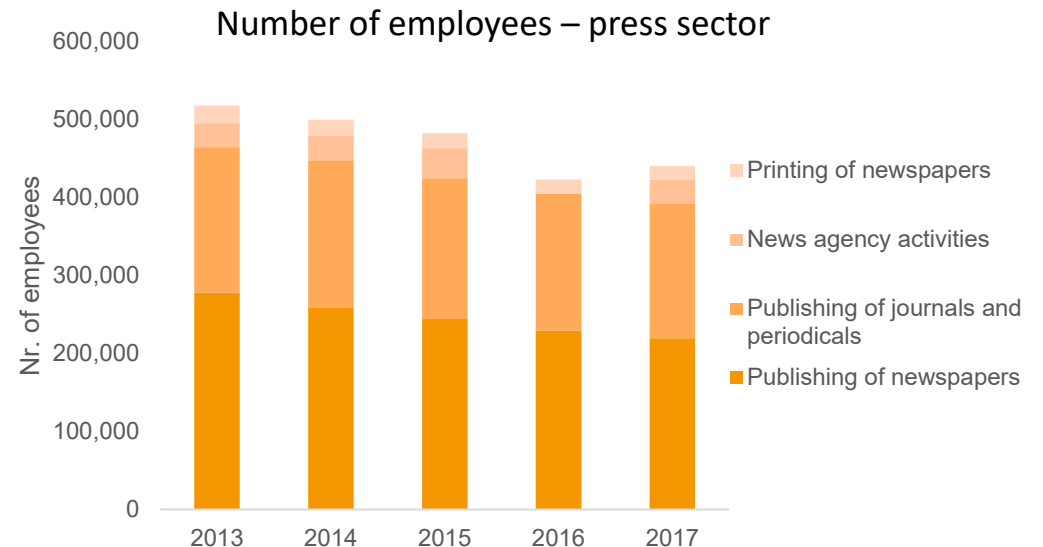
KEY TRENDS IN THE NEWS MEDIA SECTOR

Key economic data



Key observations

- The number of companies in the written press sub-sector decreased at a CAGR of 2.2% from 2013 to 2017 and reached 37,151.
- As of 2017, France had the highest number of written press enterprises (5,876), followed by Germany (4,483), United Kingdom (3,723), Spain (2,948) and Italy (2,716).



Key observations

- Employment in the written press sub-sector contracted at a CAGR of -3.98% between 2013 and 2017 and reached 440,103 employees in 2017.
- News Media remains one of the largest employer across the CCS.
- “Publishing of newspapers” was the activity which employed the highest number of people with 219,217 employees (approx. half of the people active in the sub-sector).

KEY TRENDS IN THE NEWS MEDIA SECTOR

Opportunities across the European news media

High demand for news media content

- 4 out of 5 Europeans access news media on a daily basis in a variety of formats (printed, online, via radio or TV)
- Online access is the new norm: 72% of Europeans use the internet to access news more than once a week, and 45% access them every day

Emergence of new players

- Higher outreach of online news and lower entry barriers
- New access modalities (news aggregators, social media)

Vertical integration in the news media sector

- The publishing sector in Europe is strongly characterised by vertical integration
- These large groups have a structuring effect on the European industry, and their ability to innovate and remain competitive will be instrumental for the wider European ecosystem of SMEs

Diversification of revenues

- Large publishing/press companies have gradually extended their activity in connected sectors, such as VOD services, broadcasting, advertising, or even music and video games

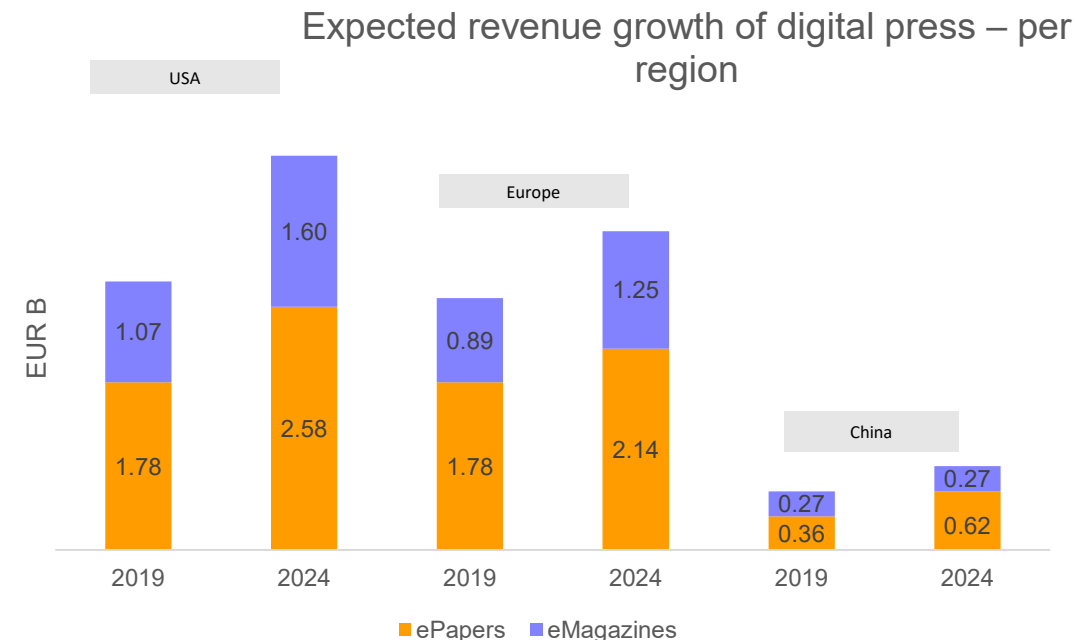
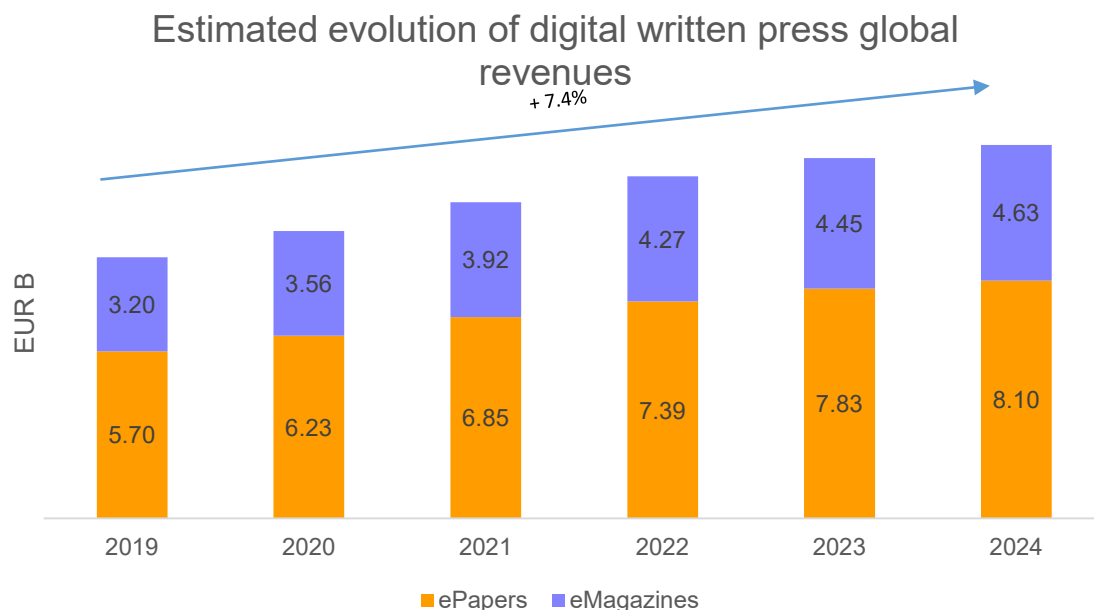
3. THE DIGITAL TRANSFORMATION OF NEWS MEDIA



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THE DIGITAL TRANSFORMATION OF NEWS MEDIA

Growth potential



Key observations

- The digital written press industry is estimated to achieve revenues of EUR 8.9bn (2019). ePapers represent 64% of this market (EUR 5.7bn) and eMagazines represent 36% of this industry (EUR 3.2bn).
- The overall industry is expected to grow at a CAGR of 7.4%, reaching total revenues of EUR 12.73bn in 2024.

Key observations

- The USA has the biggest digital written press market, with revenues estimated at EUR 2.85bn in 2019 and is expected to grow the most, at a CAGR of 8% reaching revenues of EUR 4.18bn in 2024.
- Europe is the second global market, with revenues estimated at EUR 2.67bn in 2019, and an expected CAGR of 4.8% reaching revenues of EUR 3.38bn by 2024.

THE DIGITAL TRANSFORMATION OF NEWS MEDIA

Investment needs to make the most of digital opportunities

1

Develop a user-friendly yet profitable online revenue model

2

Tech solutions to ensure fair remuneration & copyright protection

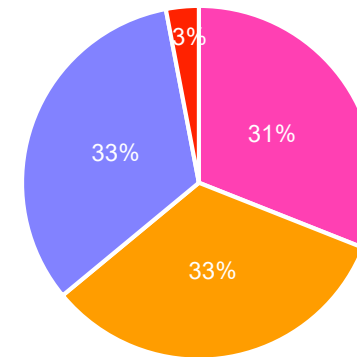
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Investment in the advertising market – alternative solutions to Google/Facebook

4

Investment in new content/formats (videos, podcasts)

Share of pay models in digital press worldwide in 2019



■ Free access ■ Freemium** ■ Metered paywall ■ Hard paywall

Key observations

- The news media sector is characterised by a diversity of business models, with different investment needs
- Investment needs to develop adequate, user-friendly and secure paywall systems (tech infrastructure investment)
- Investment needs require a balancing act between user acquisition/retention and development of additional revenue streams

4. LESSONS LEARNT & LESSONS TO LEARN FROM OTHER CULTURAL AND CREATIVE SECTORS



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LESSONS TO LEARN

How other CCS have worked around the digital shift

Digitalisation has reshuffled the CCS markets around key trends

And it offers **opportunities for the news media sector**

1

Increased consumption & ATAWAD model



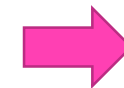
Optimal monetisation of large customer base

2

Shift from ownership (purchase of content) to access via streaming models

3

Prices/revenues per unit has gone down significantly – **replayability potential** is key



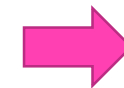
Diversification and vertical integration – monetise content across media

4

Multiplication of revenue windows/additional services for unique content

5

Willingness to pay for creative content is still important



Value of unique content offer

Reduced digitisation costs thanks to 1) externalisation of technological tools and 2) new entrants in the value chain (e.g. digital distribution companies)

Thank you!

For practical questions, call the bank!

For follow-up questions: Write DG Connect, Unit I3 via CNECT-I3@ec.europa.eu

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