Chapter 8

Commercial influence in newsrooms

Comparing strategies to resist pressure from owners and advertisers

Tales Tomaz, Joaquim Fidalgo, John Grönvall, & Josef Trappel

Abstract
The news industry in most democratic countries faces increasing commercial pressure. According to critical normative theories, this brings the risk of owners and advertisers influencing coverage and undermining the independence of the editorial staff, and thus the contribution of news media to democracy. In order to reduce commercial influence in newsrooms, several measures have been developed, both through theoretical analysis and journalistic practice. This chapter discusses two of them: the separation of the newsroom from ownership, management, and the sales department; and the diversity of revenue streams to ensure independence from single advertisers or sponsors. We assess to what extent these structural factors are upheld in leading news media across the 18 countries of the 2021 Media for Democracy Monitor (MDM). Our analysis shows that internal separation is still a reality in most news media, but economic pressure makes boundaries more porous. Some media reduced their dependence on single advertisers, but most outlets have become more susceptible to commercial interests as the advertising-based business model is proving to be less efficient.

Keywords: news media, newsroom, commercialisation, media ownership, ad-based business model

Introduction
The history of commercial news media is also a story of the permanent struggle to serve two different, very often considered antagonist, goals: serving the public interest and generating private profit. Whereas professional norms, public and internal regulations, and the existence of public service media do add some resistance against unchecked commercial power, the media are clearly becoming more market-oriented in most democratic societies. As such, the risk that private interests gain privilege over the public interest in the information ecosystem increases.
This chapter contributes to the question of the extent to which news media can actually uphold the public interest. We do so by assessing two structural factors that critical normative theories deem important for circumscribing the influence of commercial interests on privately owned news media: the separation of the newsroom from ownership, management, and the sales department; and the diversity of revenue streams to ensure independence from single advertisers or sponsors. These factors refer to the most direct implications of commercialism in news media, as summarised by Sjøvaag and Ohlsson (2019: 15): “Commercialism entails shaping stories to suit advertisers and owners”. If newsrooms can operate freely both from the internal influence of profit-seeking managers and from the external influence of advertisers looking for friendly coverage, news media can cope with pressure from unleashed commercialisation and are better equipped to serve the public interest. Utilising the data and results of the 2021 Media for Democracy Monitor (MDM), we address these structural factors by comparing leading news media across 18 countries. Data come from secondary sources and interviews with stakeholders conducted both in the 2011 and 2021 MDM projects. Individual country reports were published both in 2011 (Trappel et al., 2011) and in 2021 (Trappel & Tomaz, 2021c, 2021d), and here appear for the first time in a cross-country comparative study. (For a complete explanation of the methodology, see Tomaz & Trappel, Chapter 1).

MDM Indicators and related research questions addressed in this chapter:

**(F5) Company rules against internal influence on newsroom/editorial staff**
What is the degree of independence of the newsroom from the owners, management, and advertising sales department? Are there rules regarding this separation? Are these rules implemented? (Trappel & Tomaz, 2021a: 23)

**(F6) Company rules against external influence on newsroom/editorial staff**
What is the degree of interference by external parties (in particular advertisers and sponsors)? Do news media receive revenue from a multitude of sources? (Trappel & Tomaz, 2021a: 24)

This chapter is organised in the following parts. First, we narrate past relations between news media, on the one hand, and markets and commercialisation, on the other. Second, we discuss a normative basis for critiquing the commercialisation of the media, drawing on literature about the risks this poses for democracy. We then discuss the measures adopted along the way to counter the deleterious effects of news media commercialisation, focusing on the two structural factors previously mentioned. Finally, we analyse developments of both aspects according to the data provided by the 2011 and 2021 MDM projects.
Public interest expectations of news media and the rise of commercialism

The media have historically made commitments that “give rise to persistent expectations” about serving the public interest (Christians et al., 2009: 135). The landmark report of the US Hutchins Commission, published in 1947, argued that “the media have also a duty […] to serve the public good” (Curran, 2011: 9). Several scholars have provided their own accounts of which responsibilities should be assigned to these companies, or their professionals in general, from the classical *Four Theories of the Press* (Siebert et al., 1956) to more dynamic models such as Denis McQuail’s media roles (see Christians et al., 2009: 114–220). These accounts all recognise that news media are endowed with some responsibility to protect and harness democratic processes, and that a functional media system is a crucial aspect of a successful liberal democracy.

At the same time, while surrounded by these expectations – very often fed by the media themselves – news media have always existed within markets. Modern press began as a relatively individual activity, dominated by partisan publishers and media moguls, but early in the nineteenth century, and more decisively in the US, the press evolved into a professionalised, capitalist business sector, owned by shareholders providing capital in exchange for profit. Expanding readership became a priority, and operational costs increased, requiring ever greater levels of commercialisation, increasingly subsidised by advertising (Murdock, 2008a; Winseck, 2016). The media turned out to be, in the literal sense, a good deal.

But a profit-oriented business favours private interests, suggesting a contradiction with the requirements of public service. The liberal idea that markets are synonymous with freedom has been the instrument used to reconcile this commercial logic with democratic responsibilities, consecrating the concept of a “free marketplace of ideas” (Pickard, 2020). According to this conception, “only the market and the laws of supply and demand should govern what is published” (Christians et al., 2009: 124). Granting media the freedom to do business would automatically mean upholding freedom of expression and democracy.

Despite such an ideological justification, commercialisation in media systems has always been met with resistance. Since the end of the nineteenth century, an early generation of European and North American critics rang the bell on how the influence of commercialism on the media and communication industries could entrench the power of economic elites, and they called for state intervention. Among them, the Frankfurt School acquired special visibility, employing the Marxist tradition to develop systematic criticism of the profit imperative and instrumental rationality in the media industry. But critique was not limited to this perspective and was also being voiced by scholars, politicians, journalists, and activists within a broad range of theoretical backgrounds (McChesney,
In fact, even after entering its highly capitalised phase, media outlets never operated in absolute market freedom. In the US, for example, governments actively subsidised the printing and distribution of newspapers in the early nineteenth century (McChesney, 2003). Antitrust and pro-competition policies were introduced in many countries, imposing limitations for companies and influencing capital accumulation in businesses for most of the twentieth century (Pickard, 2020; Winseck, 2016). Public alternatives – and sometimes even public monopolies – emerged in many media sectors to insulate news producers and distributors from commercial pressure and to harness the public, not the private, interest (Baker, 2004; Picard, 1985), despite the fact that more often than desired these public alternatives have also been instrumentalised by governments to favour a particular political interest (Hallin & Mancini, 2004).

As a result, the influence of the market in media industries assumed varied roles around the world. Following the categorisation by Curran and colleagues (2009), media systems in rich countries ended up evolving into three different models concerning the penetration of commercialism: the public service model, in which the principles of public service largely dominate both public and commercial media enterprises, exemplified by the Nordic countries; the market model, in which supply and demand rules are considered the only legitimate means of distributing communication resources, as in the US; and a dual system, combining both strong public service broadcasting organisations and deregulated media, which is the case in Britain and most countries in continental Europe.

Within these systems, further nuances emerged. Print media turned out to be mainly a private, commercial enterprise in almost every country, even in those following the public service model. Broadcasting, on the other hand, displayed a more diverse arrangement, with both commercial and public offers. Public intervention has often been justified on the basis of scarcity (of spectrum, in the case of broadcasting) and market failure, as reporting in the public interest tends to be underprovided in market relations (Baker, 2004; Hamilton, 2016). However, even commercial players self-reportedly rely on values of public service and democracy (Kovach & Rosenstiel, 2007). The dominant paradigm in news organisations does not acknowledge that the market might be structurally flawed in providing sustainable journalistic quality (Brüggemann et al., 2016).

But capitalism relies on ever expanding commodification and market relations, and the forces to liberate cultural industries, particularly the media, to more commercial exploitation have never been absent (Murdock, 2008a). From the 1980s, in the wake of the consolidation of neoliberal ideology, media systems in most liberal democracies began to face unprecedented pressure towards commercialisation (Curran et al., 2009; Hardy, 2014). Media and communication industries entered a phase of significant deregulation or, as some argue, re-regulation. Lines of business separation eroded, increasing cross-sector
competition. Public monopoly over broadcasting was gradually dismantled in Western European countries. Cable television created a new environment for competition among privately owned broadcasters for fragmented audiences. In the 1990s, the Internet began to accept commercial interconnections and, especially after the bubble burst at the turn of the century, introduced further commercial choke points in the public information environment, such as news aggregators, search engines, and social networks provided by global digital platforms. Hence the argument that most media systems in Western countries are under stronger commercial pressure than during the majority of the past century. The question is to what extent this creates a problem for democracy.

Risks and shortcomings for democracy

According to neoliberal ideology, individual self-fulfilment is the highest desired goal, and this can be best achieved in the market. In this sense, the tendency to commercialise media is not a problem: The marketplace is a prerequisite for a well-functioning democratic society.

However, scholars have long pointed out the shortcomings of these assumptions and, consequently, of the idea that unrestricted commercialisation in the media industries facilitates democracy. First, there are theoretical shortcomings in this neoliberal ideology of the press. It assumes an idealised social ontology of equal and autonomous individuals and ignores that the competition imperative of the capitalist market is prone to creating inequalities. Moreover, this ideology fails to address other structural exclusions, such as racism and sexism, which also undermine the existence of a level playing field. Finally, it prioritises individuals’ private property rights over the collective needs of society, privileging at the end of the day not a diversity of voices, but the voices of those who own valuable goods in society (Karppinen, 2013; Pickard, 2020).

Furthermore, the troublesome consequences of commercialism on the media in general and media content in particular have been deeply researched. An early culmination of this critique occurred in the 1980s, with Herman and Chomsky (1994), Robert Picard (1985), and Ben Bagdikian (1987) developing basically four arguments.

Following up on considerations in the 1970s raised by Raymond Williams, who viewed commercial press systems as being subject to undemocratic control, Picard (1985: 17f) claimed that developments after World War II made it clear that not only state control over the press can restrict freedom and democracy: The competition imperative in the market equally imposes restraints and pressures, restricting editorial freedom and thus democracy.

Second, commercialisation of the media system leads to media ownership concentration. In *Manufacturing Consent*, Herman and Chomsky claimed that
commercialism in the guise of media advertising would become the “second filter” for editorial news choices. Advertising, they argued, plays a “potent role in increasing concentration even among rivals that focus with equal energy on seeking advertising revenue” (Herman & Chomsky, 1994: 15). Media ownership concentration has become an issue of constant concern for critical scholars ever since. Bagdikian (1987) argued that “concentrated power over public information is inherently anti-democratic”. McChesney (2008: 427) later pinpointed commercialisation as a core tendency of a profit-driven, advertising-supported media system and the resulting concentration as a “poison pill for democracy”.

Third, critics argue that commercial media refrain from critical reporting and disturbing controversies as they protect the interests of advertisers, rather than defending the public interest. Such critique represents an additional facet of Herman and Chomsky’s (1994: 17) second filter, as advertising and commercial media only rarely engage in “serious criticism of corporate activities, such as the problem of environmental degradation”. Thereby, advertising changes the form and content of information provided by commercial media (Bagdikian, 2004).

Fourth, advertising-based media strive to address consumers with sufficient purchasing power, thereby neglecting large chunks of the entire population (Bagdikian, 2004). Such segmentation is inherently undemocratic, even if advertisers are interested in addressing large numbers of affluent consumers: “The idea that the drive for large audiences makes the mass media ‘democratic’ thus suffers from the initial weakness that its political analogue is a voting system weighted by income!” (Herman & Chomsky, 1994: 16).

More than 30 years later, after digital media and communication infrastructures have developed further, it is clear that the early critiques are still accurate and relevant and, in many cases, necessary. First, what has been called “restricted freedom” in commercial media has returned as growing inequalities in the digital sphere. Almost all popular digital applications are highly commercial, with zero revenue coming from sales of services. Digital platforms like Facebook, Instagram, and YouTube are entirely financed by advertising revenues, thereby converting their users into products in their business models. As users do not pay any cover price, their influence on product specificities is close to none.

Ownership concentration, the second theme of critique voiced in the 1980s, has increased into a major concern for communication scholars, but also in communication politics. In their Media Manifesto, Fenton and colleagues (2020: 104) argue that digital giants constitute the “largest concentration of power that the world has ever seen”. The digital giants’ enormous power raises “difficult questions about their governance, regulation, and accountability” (Barwise & Watkins, 2018: 21). Their purely commercial operations aggravate democratic control over media and constitute a problem for contemporary democracies.

Picard and McQuail have developed the third theme of critique about commercialism changing form and content of the media. In 2004, Picard reflected
upon the relationship between commercialism and newspaper quality, concluding that “newspaper and journalistic quality are recognized as central elements in achieving the social, political and cultural goals asserted for journalism in democratic societies” (Picard, 2004: 60). Commercialism infringes on news quality and thereby challenges democracy. McQuail (2010) asserts that commercialisation of the media leads to over-reliance on advertising and a loss of editorial independence, as well as content trivialisation and tabloidisation. Most recently, Victor Pickard (2020) develops the argument further by framing the permanent crisis of commercial journalism as a threat to democracy.

The fourth argument also retains its relevance in contemporary media systems. Advertising-financed news media still primarily address affluent consumers, following a commercial imperative rather than that of the public interest. As the news media’s focus on affluent target groups precedes the algorithmic filtering used by digital communication platforms, only such targeted news items are seen by the growing number of users who rely primarily or even entirely on these platforms for their news. Thus, the structural deficit has survived the digital transformation.

In summary, literature points out structural problems of commercial media in fulfilling the public interest, and there is no indication that digital infrastructures in general have mitigated these risks. On the contrary, the early optimistic hopes of participatory and democratic digital communication structures have vanished, and technological developments have brought additional concerns (Ghosh, 2020). The question remains of how to address these problems and increase the chances that news media will resist commercialising forces. In the following, we discuss some factors that, according to normative theories and empirical research, make media more prone to public-oriented reporting or, at the least, to counter the deleterious effects of commercial pressure.

### Structural conditions for countering negative effects of commercialisation

As mentioned, common strategies for countering the predominance of private interests in the public information ecosystem include strong professional norms, regulation to counter media ownership concentration, and the establishment of public alternatives. Some of these structural conditions are addressed in other chapters of this book (see Trappel & Meier, Chapter 7, for regulation on media concentration; Thomass et al., Chapter 9, for public service media; and Ruggiero et al., Chapter 15, for a discussion on the journalistic professional ethos). This chapter focuses on two specific factors which directly impact the production and distribution of news in commercial settings: the separation of the newsroom from management and the sales department to ensure editorial
independence from owners; and the diversity of revenue streams to ensure editorial independence from single advertisers or sponsors.

With regard to the first factor, normative theories of journalism have historically maintained that newsrooms must have the freedom to decide independently on editorial matters. In order to secure this independence, newsrooms and journalists must be insulated from the influence of management and the sales department. Historically, this has been an organisational, and often physical, separation between news-related activities and business-oriented functions within media companies. For Coddington (2015: 67), among all boundaries that delimit the values and practices of journalistic discourses, this one – “often known simply as ‘the wall’” – is the single most “fundamental to the self-understanding of professional journalism”. While this separation can also be understood as rhetoric – even useful for the business model of commercial news media (Coddington, 2015; Nerone, 2013) – it managed to establish itself as an important shield from commercial influence, according to normative accounts on the matter.

The separation is justified exactly by the fact that “owners of media operations may exert influence over content and distribution in a variety of ways” (McAllister & Proffitt, 2009: 331). This influence of ownership has been heavily documented. Studies in diverse journalistic cultures confirm that newspapers give more attention to their owners’ companies and subsidiaries in comparison with competitors (Lee et al., 2020; Panis et al., 2015). When editors feel pressured by owners and management, positive coverage of people and companies related to parent organisations is even more prominent (Saffer et al., 2021). Internal regulations or a strong professional culture that prevents management from interfering with newsroom work might relieve this pressure and increase the chances of serving the public interest. Therefore, it is necessary to assess whether newsrooms are able to make decisions independently from management, countering commercial pressure that comes from the profit-orientation of the company, and to what extent the changing technological, political, and economic conditions of the last decade have affected this separation (see also Trappel et al., Chapter 14).

The second factor analysed in this chapter is independence regarding revenue sources. Following the critique addressed above, most normative narratives of journalism utterly reject not only internal, but also external interference from advertisers, news sources, and organised pressure groups. It is generally accepted that diverse and stable funding predicts external independence, a principle already present in the Hutchins Commission report more than 70 years ago (The Commission on Freedom of the Press, 1947). On the other hand, when the financial resources of a media outlet originate mostly from a single large advertiser or sponsor, it is difficult to claim independence (McQuail, 1992).

Indeed, research in the US and Europe has confirmed that dependence on specific industries or companies for advertising revenues is conducive to posi-
tive coverage, questioning the independence of editorial content in news outlets that are not able to diversify their revenue sources (Rinallo & Basuroy, 2009). Considering this, current conditions do not seem to inspire optimism. Literature reports that increased competition for attention, related to the proliferation of news media both by political-economic deregulation and technological development, represented the loss of monopoly over audiences, leading to declining advertising revenues (Noam, 2016; Picard, 2010b; Winseck, 2017). This suggests increasing pressure on advertising-based outlets, leading to the rise of hyper-commercialised practices such as sponsored content and native advertising (Murdock, 2008b; Serazio, 2020). At the same time, there are accounts of alternative developments, such as the increase in direct sales and subscriptions (Jenkins, 2020; Winseck, 2020), which might counterbalance the pressure from declining advertising revenues. These developments justify monitoring how leading news media cope with a changing revenue structure and whether they are able to secure their independence regarding financial sources.

**Measuring editorial independence**

Each structural factor was codified in an MDM indicator. Indicator F5 addresses company rules and practices against internal influence on the newsroom and editorial staff. The research question posed is: “What is the degree of independence of the newsroom from the owners, management, and advertising sales department?” (Trappel & Tomaz, 2021a: 23). We answer this question by seeking out formal rules regarding this separation and whether they are implemented in the daily practice of media organisations. In addition, we are interested in finding out whether the formal leader of a newsroom also performs the role of publisher, which may indicate more direct pressure for commercial results.

Indicator F6 refers to company rules and practices against external influence on the newsroom and editorial staff. Here, the research question is: “What is the degree of interference by external parties, in particular advertisers and sponsors?” (Trappel & Tomaz, 2021a: 24). Empirically, we seek evidence of whether there are multiple and balanced income streams in commercial news media (such as sales, subscriptions, and advertising). The existence of sponsoring agreements with influence on content (such as “infomercials”) is also a matter of concern.

In the MDM research project, these indicators were applied to all countries in our sample, both in 2011 and 2021. Our data come from secondary sources (such as reports of local media commissions or imprints) and interviews with reporters, editors, and editors-in-chief in leading media outlets of the analysed countries. We deal, therefore, with qualitative data, even though the MDM instrument also prescribes scoring media performance in each country on a scale from 0 (few or no requirements met) to 3 (all or almost all requirements
fulfilled) to facilitate cross-country comparison. This scoring has occurred in sessions with the participation of all country teams, in order to ensure the highest comparative potential of the MDM instrument.

The quantitative scoring of indicators F5 and F6 already offers some general insights (see Table 8.1). Considering the countries surveyed both in 2011 and 2021, stability stands out. After one decade, only Austria showed any change: on the one hand, improvement in conditions against influence of management and the sales department; on the other, deterioration of protection against influence of advertisers. The other eight countries participating both years remained stable overall in their scores, suggesting that, despite new digital-related commercial pressures, leading news media do not face a more challenging time than a decade ago.

Table 8.1 Internal and external influence on newsrooms, 2011 and 2021

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Comments: Scale: 0–3 points. The only country showing a trend from 2011 to 2021 is Austria, with an increase of 1 point in internal pressure, and a decrease of 1 point in external pressure.

Source: Trappel et al., 2011; Trappel & Tomaz, 2021c, 2021d

A cursory evaluation of performance variation among countries for each indicator also allows some preliminary observations. The 18 countries surveyed in 2021 display different patterns in both indicators. Performance regarding the
influence of management and the sales department seems relatively balanced – fourteen countries have 2 points, two have 3, and two have 1 – while dependence on revenue sources exhibits more diverse scoring – seven countries have 1 point, six have 2, and five have 3. Indicator F5 relies more on the internal functioning of companies and is therefore more subject to professional narratives and established practices. Indicator F6, in turn, is highly dependent on the external conditions of the whole market economy in which a certain media system is located. As economic conditions in different countries are expected to vary more than the profession itself (and are in themselves more volatile), there is more room for various realities regarding influence of single advertisers. If a cursory analysis already provides some general insights, in-depth analysis of the qualitative data helps to better understand how media professionals in private media around the world experience these two structural factors, and how the factors have evolved in the last decade.

**Laws, rules, and professional culture still maintain some separation**

Media professionals in almost all countries in the 2021 MDM sample present strong discourses in favour of the independence of the newsroom vis-à-vis ownership, reinforcing the rhetoric of the wall (Coddington, 2015). In general, these discourses do reflect actual practice; separation of editorial staff from business-related departments is a reality, even if not perfect. There are some differences worth noting, however. We can group all countries that perform well into two large clusters: those with strong rules at the national or organisational level against intervention of management or sales departments, and those with fewer or no legally binding rules (Trappel & Tomaz, 2021b).

**Strong laws or rules against commercialisation of media**

In the first cluster, Iceland stands out with very good performance. The Icelandic Media Act obliges all media to issue statements on editorial independence and publish them on the Media Commission’s website. Accordingly, all Icelandic media in our sample have strong and specific measures for the separation of newsrooms from management. Newspapers such as *Morgunblaðið* and *Stundin* establish rules for cautions and layoffs, and only editors are endowed with this power. The media company Torg even determines procedures to ensure the reporting staff’s independence when covering issues related to a board member or owner. In Icelandic media, staff from the advertising and sales departments are not allowed to participate in editorial meetings and, in general, have no influence in the performance of the newsroom (Jóhannsdóttir et al., 2021).
In other countries, editorial staff can rely on laws and rules, but have to concede some erosion of independence in practice. This is the case in Italy, Portugal, Sweden, and the United Kingdom. Portugal and Sweden enshrine the independence of editorial staff in their respective constitutions (Fidalgo, 2021; Nord & van Krogh, 2021). Italy also has an overarching regulation issued by the National Journalistic Employment Contract, stating that the publisher can appoint the editor-in-chief, but cannot have contact with the editorial staff (Padovani et al., 2021). Additionally, most private media in these countries have some internal rules in this regard. For example, the Guardian Media Group in the United Kingdom has a so-called constitutional separation of editorial and commercial arms of the organisation (Moore & Ramsay, 2021). However, the economic pressure in these countries has led to less distinct boundaries, the most visible manifestation of which is the increase of sponsored content (we address this issue in the section “Deterioration of the advertising-based business model”).

**Weaker laws and rules, but strong professional culture**
The second cluster of countries refers to those which do not exhibit strong laws or rules for shielding newsrooms from business-related activities, but still enforce separation in practice, which is usually explained by a prevalence of professional editorial culture over commercial interests. Austria performs especially well in this cluster. In spite of the absence of internal rules, its leading news media often succeed in sustaining the wall. As an example, the sales department and the newsroom of *Salzburger Nachrichten* are located in opposite sides of the building, giving editorial staff a sense of independence regarding the profit-seeking objectives of the publisher. As usual, the sales department still has some influence in news sections such as travel, leisure, and cars, but the autonomy of newsrooms has improved overall in the last decade (Grünangerl et al., 2021).

The largest group of countries is where a professional culture of independence has played a meaningful role in safeguarding the newsroom from business-related interference, but economic pressure is making the boundaries more porous. This is the case in half of the analysed countries: Belgium, Canada, Chile, Denmark, Finland, Germany, the Netherlands, Switzerland, and South Korea. Although news media in these countries still uphold the value of separation – also in the absence of formal rules – their newsrooms are more subject to interference by owners or sales departments. Many of them report some attempts of direct intervention, but these are the exception, not the rule. Most common is the increase of indirect influence in the hiring and promotion of editorial staff. Another specific issue of concern has been the involvement of editorial staff with financial-managerial functions. News media in Chile, Germany, the Netherlands, and Switzerland systematically report some form of involvement. In many cases, editors-in-chief become part of the management board or even
the publishers themselves, an organisational merger of both positions. The reasoning behind this model is to give newsrooms a higher sense of financial responsibility, whereas the other side of the coin is even stronger commercial pressure penetrating editorial work. Finland features a telling reversal case. In 2011, three relevant news media had just combined the posts of editor-in-chief and publisher; since then, they realised that the model did not work and abandoned the experiment (Ala-Fossi et al., 2021).

**Poor practices for separating owners and newsrooms**

Finally, there are countries that fall outside the two clusters, as they struggle to maintain any separation standards, namely Greece, Australia, and Hong Kong. These countries perform poorly because of the continuous interference of ownership in the daily work of journalists. In Australia, hands-on owners such as Rupert Murdoch and the late Kerry Packer have ensured that media outlets follow their stance (Dwyer et al., 2021). In Greece (Papathanassopoulos et al., 2021) and Hong Kong (Lo & Wong, 2021), control is rather exerted by the owners’ choice of a subservient managerial class, staff decisions, and allocation of resources. If this is true in other news media across the world, the degree of interference reaches a much higher scale, undermining any serious claims of newsroom independence.

**Porous boundaries against external pressures**

Our second structural factor, which deals with pressure coming from revenues and advertisers, displays more complex results. Media organisations from all participating countries reported a decline in advertising revenues, which historically represent most of the income of the commercial news industry. This predicts an increasing risk of interference from single advertisers. Interestingly, however, several countries in our sample present a low or inexistent risk, namely Australia, Canada, Denmark, Sweden, and Iceland. Despite losses, Danish and Swedish private media do not depend on advertisements as much as their counterparts in other countries do. In Denmark, private media are mostly foundation-owned and financed by a mix of public media subsidies, sales, and advertisements (Blach-Ørsten et al., 2021). Swedish media have lost one-third of their advertising revenue since 2008, when it represented 65–70 per cent of morning newspaper revenues. However, a relatively high willingness to pay for news (27% of the Swedish population pay for at least one online service and 55% of newspaper revenues come from subscription) and the existence of a strong public subsidy system for the media attenuate commercial losses (Nord & von Krogh, 2021). Australia, Canada, and Iceland are more market-oriented media systems, all of
them experiencing sharp declines in advertising revenues (41% in Iceland between 2007 and 2019; Jóhannsdóttir et al., 2021). However, the nonexistence of dominant advertisers (in Canada and Iceland) or the strong economic power of the ownership (in Australia) diminishes external influence.

The countries in the middle range are Belgium, Chile, Finland, Germany, the Netherlands, and the United Kingdom. Despite vanishing advertising income, most of them still have various advertisers to ensure that news media are less subject to boycotts or other forms of financial pressure. But there are clear signs of erosion. In some of these countries, such as the Netherlands and Finland, regional media struggle to maintain independence from advertisers. In very small markets, such as the Belgian language communities and Chile, maintaining good relations with some advertisers is a matter of subsistence for most media.

Then there are the countries where news media face a high risk of advertising interference, namely Austria, Greece, Hong Kong, Italy, Portugal, South Korea, and Switzerland. In some countries, such as Greece and Portugal, media organisations must operate within small markets, making competition for advertising burdensome. Italian, Korean, and Swiss media are based in stronger economies, but which are dominated by a few huge conglomerates, making the media dependent on single advertisers.

The problem, however, that impacts news media in almost all countries in our sample is the increase of sponsored content. Denmark, Iceland, and Portugal report a rise in paid content, but which is produced by dedicated staff that, at least in theory, reduces harm to the newsroom’s independence. On the other hand, editorial staff in Belgium, Chile, Italy, South Korea, Sweden, Switzerland, and the United Kingdom have been involved in the production of sponsored content, such as native advertising. DPG Media, the biggest private media group in Flanders, Belgium (and also increasingly important in the Netherlands), clearly states that both journalistic and branded content can be created at the request of advertisers (Hendrickx et al., 2021). In Chile, one-fourth of journalists have covered stories related to advertisers (Núñez-Mussa, 2021), and in South Korea, paid awards and coverage are considered an ordinary part of the business model (Kim & Lee, 2021). Investigative reporting has revealed the infiltration of business lobbying in British commercial media news content through paid advertising or the juxtaposition of industry advertising alongside editorial content (Moore & Ramsay, 2021). If separation from owners and sales departments is the rule, most media in our sample must concede some degree of interference by advertisers. And this trend is increasing.

**Deterioration of the advertising-based business model**
The rise of sponsored content may be understood in the context of the growing competition for advertisers in a shrinking market (Ferrer-Conill, 2016; Lewis,
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2016; Serazio, 2020). A central theme in the media discourse over the last ten years has revolved around the crisis of the advertising-based press and news media in general (Brüggemann et al., 2016; Franklin, 2014; McChesney, 2016; Picard, 2010a; Trappel et al., 2015).

Our findings concur with this literature. In almost every country, circulation of print media is rapidly decreasing. In the United Kingdom, for example, print circulation has halved since 2011. Decreasing print circulation has been accompanied by a decrease in advertising revenues in all countries surveyed for the MDM project. As aforementioned, advertising has played a crucial role in the history of commercial media. Subscription and direct sales have been an important revenue for alternative press (Pickard, 2020), but never became a sustainable business model. The advertising-based model was sustained by specific economic and technological conditions, allowing newspapers to extract profits “3 to 5 times above the average for all industries in the 1980s and 1990s” (Picard, 2010b: 75). However, market segmentation, the emergence of the Internet, and the diminishing growth of developed economies have dramatically reduced advertiser demand in legacy news industries.

The Covid-19 pandemic seems to have accelerated this crisis. Sales of print newspapers fell sharply during recurrent societal lockdowns. Advertising declined dramatically as well, with loss figures ranging from 30 to 50 per cent in countries such as Denmark, Finland, the Netherlands, and the United Kingdom. Newspapers in Chile had 67.5 per cent less advertising revenue in May 2020 compared with the year before, radio advertising declined by 42.3 per cent, and television lost over 20 per cent (Núñez-Mussa, 2021). Advertising in Greek television declined 40 per cent in the first months of the crisis (Papathanassopoulos et al., 2021). Correspondingly, most countries in our sample report closures, ceased print distribution, and staff layoffs, with highly commercialised media systems, such as those in Australia and Canada, being hit the hardest. Since the demand for credible information rose during these months of doubt and insecurity, news consumption in television remained high, and people also moved to online news consumption, including an overall rise in subscriptions (offered at competitive prices). Still, the global financial balance of these changes did not improve the economic situation of most media companies, which continues to deteriorate.

A remaining question is the role of digital platforms in the erosion of the advertising-based business model of the news industry. Many scholars acknowledge how news media are being challenged by the digital global media platforms. Advertising is moving to platforms such as Facebook and Google, and these companies have acquired more than half of the digital advertising revenues in the US and Europe in the last few years (Ohlsson & Facht, 2017). However, it is important to keep in mind that, while dominant in the digital world, Facebook and Google have a more moderate share of advertising rev-
enues in the overall media economy, accounting for 31.6 per cent (Winseck, 2020). In addition, according to Picard (2010b), the advertising-based news industry has enjoyed an unusual rise in advertising expenditure in the second half of the twentieth century and, in this way, found a subsidy for a business whose demand and willingness to pay never corresponded to its costs. This allowed expansion beyond economic sustainability. With the stagnation of spending on advertisements in the twenty-first century and more competition for attention, advertising-based news media face the reality of the unsustainability of their business model.

Public intervention to relieve commercial pressure

We have portrayed a dramatic picture of news media trying to live up to the normative expectations of independence from advertisers and sponsors. To escape this commercial pressure, one possibility would be to seek funding from outside the traditional advertising-based model. As Winseck (2017) argues, advertising was a circumstantial means of financing something that actually is a public good – news – and it does not need to be this way forever. In this sense, our sample provides some interesting data. Denmark and Sweden have already loosened their dependence on advertising revenue thanks both to increasing digital pay and public funding (Blach-Ørsten et al., 2021; Nord & von Krogh, 2021). In Germany, direct sales went from 46.2 per cent (2008) to 64.4 per cent (2018) of total newspaper income, while advertising reduced its share from 45.2 to 31.1 per cent (Horz-Ishak & Thomass, 2021). Subscription revenues are higher than advertising income in Switzerland (Bonfadelli et al., 2021). Covid-related increases in online subscriptions in many countries signal a possible way forward for digital-only outlets. As Jenkins (2020: 5) discovered, local and regional newspapers in Europe are adopting digital strategies that aim at “building lasting relationships with readers who will pay for online content in the form of subscriptions, memberships, access to premium articles, donations, or micropayments”.

However, these are only a few glimpses of success; the bigger picture is still of an industry unable to find a way out of the crisis. This raises again the legitimate question of whether market relations are adequate means with which to provide the extent of journalism and news media that a healthy liberal democracy needs (Pickard, 2020). In the wake of the Covid-19 debacle, governments have strongly come to the rescue. In the countries of our sample, the most widespread strategy was to provide general subsidies to media companies. Austria, Denmark, Finland, Germany, Iceland, the Netherlands, Sweden, and Switzerland report this kind of support, with amounts ranging from EUR 2.6 million in Iceland – a small country with no history of public subsidy (Jóhannsdóttir et al., 2021) – to over EUR 50 million in Sweden (Nord & von Krogh, 2021). Another approach we identified was raising public expenditure
in advertising with campaigns in response to the Covid-19 pandemic. Greece spent between EUR 12 and EUR 20 million (Papathanassopoulos et al., 2021), Portugal around EUR 15 million (Fidalgo, 2021), and the United Kingdom at least EUR 41 million in Covid-related advertising (Moore & Ramsay, 2021).

These circumstantial strategies raise concerns of their own, but also spark the debate over legitimate models for long-term public funding of news production, distribution, and consumption, framed as the responsibility of the state to guarantee that information, as a public good, is supplied in abundance and in adequate terms. It is not always an easy task, as Svensson and colleagues (2016: 9) suggest: “The market pressure on media financing models and market-driven ideas that suggest the state should not ‘interfere’ in the media ecology makes journalism more vulnerable and less independent from commercial interests”. But, as we have argued since the beginning of this chapter, “journalism’s public service mission and its commercialism have always been in tension”, and, consequently, “de-commercialization” seems to be “an important first step toward democratization” (Pickard, 2019: 157).

Conclusion
The relationship between media and markets has no linear history. Far from representing a natural development, commercialisation of the media is rather a result of explicit policy choices, subject to intervention and political dispute. Furthermore, these tortuous developments are not neutral with regard to democracy, and different societies have developed multiple strategies to shield news production and distribution from commercial interests. In order to contribute to this discussion, we analysed two structural factors that should assist in countering commercial pressure in the private media: the separation of the newsroom from ownership and the sales department; and the diversity of revenue streams and independence from advertisers.

The large majority of news media surveyed for the 2021 MDM uphold a strong ethos of separation, whereby laws, internal rules, or professional culture – or a combination of these – create a significant barrier against interference from ownership, management, and sales departments. This wall of separation succeeds most of the time. However, economic pressure is already making these boundaries more porous, as the analysis of the second structural factor clearly indicates.

In fact, some countries still perform quite well regarding independence from external commercial interference. Public subsidies play a role in the stability of some, but others are more subject to market forces, yet even so managing to navigate pressure from outside. Nonetheless, news media in most countries are in danger of interference by advertisers. In almost every case, the decimation of the advertising-based business model can be pointed out as the main reason. But here
lies another complex situation. In itself, the erosion of this business model also provides an opportunity for news media to be less reliant on advertising, reducing the risk of external interference in editorial work. In fact, in some countries, news media have been successful in finding alternative revenue sources. The problem is that this does not guarantee non-interference, as sponsored content continues to increase even in those fortunate contexts. Additionally, the majority of news media have so far been unable to find a sustainable alternative revenue source, leading to the shrinking advertising market simply meaning more competition for advertisers and, as such, exposure to their commercial interests. The ethos of independence remains strong, but the risk of interference is increasing due to the fragility of the advertising-based business model.

A final remark must still be made regarding the scope of our research. We assumed that the prevalence of professional and organisational standards – such as “the wall” or a diversity of revenue streams – measure to a certain extent news media’s independence from direct commercial pressure. This is not to say that the media would not be affected at all by commercialisation if they perform well regarding these structural factors. As indicated above, the main influence of commercialism is likely systemic. Some scholars even argue that professional and organisational standards actually respond to the reproduction needs of the economic power in liberal democracies: “Professional norms and practices of journalism result in news that maintain and legitimise the existing political order” (Sjøvaag, 2013: 160). Explicit interference may be more harmful for the advancement of market-driven media and society than eventual bad coverage of some businesses, as this would undermine trust in commercial media, an important echo chamber of economic elites and their ideologies. In this radical critique, insulating professional journalism from commercial pressure through organisational measures is not enough, because the notion of professional journalism might be structurally flawed and biased towards the status quo (McChesney, 2003; Nerone, 2013). Our findings contribute to a better understanding of the current status of some of those standards that normative theories consider important for constraining commercialisation. But our results also suggest that, if we are genuinely interested in shaping media for democracy, we might need more profound changes at a systemic level.

References


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