



**Institute for Broadcasting Economics
at the University of Cologne**

Manfred Kops

**The Influence of Market, State and Civil Society on the Media.
A Long-Term Study of the German Media System.
Short Version**

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The present paper provides insight into a study prepared at the Institute for Broadcasting Economics at the University of Cologne in a very succinct form. Its primary objective consisted of developing a methodology to describe and compare different media systems. The distinguishing feature here is the influence that market, state and civil society² exert on the media (Chapter 1). The influence of these *three principal provision methods*³ is determined separately for the different media types and the individual value levels of the value-added chains of the media, and subsequently summarized in a weighted average of the German media system (Chapter 2). The changes in the German media system from 1950 to 2020 are thereafter reported in a concise form (Chapter 3). Hence three central findings become evident: 1. State influence on the media over the entire period considered was relatively limited; 2. the number of media types increased throughout the period ("differentiation" of the media); 3. the influence of the market on all media types increased ("commercialization" or "marketization" of the media).

* The short version at hand is also available in German: "Die Medien in Deutschland zwischen Markt, Staat und Zivilgesellschaft. Eine Langzeitbetrachtung für die Jahre zwischen 1950 und 2020". It has been published in the Journal "MedienWirtschaft", No. 2/2014, pp. 14-27 (quoted as Kops 2014a), and in a revised and extended version also as No. 300kd of the series "Working Papers of the Institute for Broadcasting Economics" (<http://www.rundfunk-institut.uni-koeln.de/institut/pdfs/300kd.pdf>, quoted as Kops 2014b). The findings for the German media system can be garnered in detail from the long version of the report (Kops 2014c). Therein the empirical and methodical basis as well as the empirical analysis of the considered data sources are described in more detail.

A video animation with the main findings can be viewed at: http://www.rundfunk-institut.uni-koeln.de/institut/forschung/medienordnungen/Deutsche_Medienordnung_1950-2020_20-min.php.

The author thanks Dr. Olexiy Khabyuk und Simon Lange, M.Sc., for valuable help, especially for their support in creating the triangle graphs and in producing the video animation, and he thanks the collegiate staff of the Institute for Broadcasting Economics, that took part in the empirical encoding of the markets', states' and civil societies' influences exerted on the different media. Last not least many thanks go to Rose-Marie Couture for her meticulous translation of the text into English.

² In the economic literature also the terms "third sector" or "civil society sector" are used. Henceforth we will simply refer to it as "civil society".

³ Henceforth we continuously use the term "provisioning method" (sometimes only "method"), when we talk about these principal ways for the provision (inclusively the control) of goods in general and the media in particular. In the economic literature, also other terms are used, like "process", "procedure", or "instrument".

1. Theoretical Basis

1.1. Market, State and Civil Society as Principal Methods for the Provision and Control of the Media

Media systems can be described according to multiple characteristics. From a theoretical economic perspective, the influences of the principal methods which are available for the general provision of goods and for the provision of media in particular, seem most suitable for the description of media systems: i.e. the strength of the influences of the market, the state and civil society.

Figure 1:
Market, State and Civil Society as Methods for the Provision of the Media

Method for Provisioning	Who Decides?	How?	Based on which Legitimation?	Based on which Motivation?	Method for Provisioning is Suitable for:
Market	Market Participants	By (horizontal) Agreement	Private Property Rights	Extrinsic (primarily: Aquisitive-ness)	Marketable Goods
State	Agents of the State	By (vertical) Command	Sovereign Power (in Democracies: Majority of Votes)	Extrinsic (primarily: Complying with Sovereign Santions)	Non-Marketable, but Stateable Goods
Civil Society	Agents of Civil Society	By Agreement and Command	Societal Acknowledgment and Power	Extrinsic and Intrinsic	Non-Marketable & and Non-Stateable, but "Civil-Societable" Goods

Primarily, these methods differ with regard to the respective decision-makers (market participants/agents of the state/agents of civil society) and decision making (horizontal agreements/vertical commands/hybrid forms between agreement and command), also with respect to the legitimation of decision-makers (private property rights/sovereign power/societal acknowledgment and power) and their motivations (extrinsic quest for acquisitions/extrinsic complies with positive or negative sovereign sanctions/hybrid forms between extrinsic and intrinsic motivations). Due to these differences, the market is most suitable for the provision of marketable goods, the state for the provision of non-marketable, but "state-able" goods, and civil society for the provision of goods that are neither marketable nor "state-able", but rather can be provided by the voluntary sector, the civil society.

In order to implement these abstract allocations of competences politically, the suitability of a provision of goods by the market, the state and civil society must



be determined. For the media this is rather difficult (and hence is controversially discussed by scholars of economics), especially because of the “dual nature” of the media: As private economic goods, the media provide an individual benefit to their recipients, respecting consumers, satisfying their needs for information, entertainment and recreation; in this function the media are a marketable good.¹ As public goods (“cultural properties” in the broadest sense) the media provide a public benefit to *all* citizens (even those who do not use them), contributing to free public opinion and decision-making and hence to the efficiency of state and civil society;² in this function the media are largely unmarketable.³

Also the allocation of competences for the provision of media to the state is an empty formula. As with the definition of market-ability, a closer definition of the “state-ability” of the media is necessary - and extremely difficult. As a provider of media the state has some advantages (social legitimization, also for redistribution, high professionalism), but by the same token it also has serious shortcomings, especially its tendency to exploit the media for its political interests. For this reason, the suitability of the state provisioning or controlling the media is considered to be relatively low in the Federal Republic of Germany, at least in comparison to other countries. Hence the sphere of influence accorded to the state by German broadcasting and media legislation is respectively small. Above all the contribution towards free public (and especially free political) opinion-making expected from the media as a cultural good in the broadest sense is regarded as incompatible with state influence on the media. In our words: With respect to this function the media is regarded not only as non-marketable, but also as non-stateable. However, this evaluation is relativized when one considers, that a co-responsibility of the state is permissible and warranted for certain tasks, for example for particular “announcements” that serve to maintain public order and security, or for exercises of international and intercultural communication, also because of the professionalism and social legitimization of decision-makers that are thus achieved. For diverse functions of the media in

¹ However, the competitiveness of the media itself in its function as an economic good that provides consumer benefits, is limited too. See Kops 2005.

² See Kops/Sokoll/Bensinger 2009, pp. 79ff.

³ Since the private and social objectives of the media are partially in competition with each other, or at the least are not perfectly harmonized, a market provision of the media supports its character and objectives as a private good, and at the same time it impairs its character and objectives as a public sector good. Hence marketability and market shortcomings not only depend on the economic characteristics of media in a status quo, but rather also on whether the individual benefit of the media for consumers or its public benefit for all citizens is deemed of high importance: This decision influences the structuring of media systems and it thus influences and changes the economic and journalistic characteristics of the media. -- Regarding the relationship between economic characteristics of media, which determine its (lack of) marketability, see *ibid*, pp. 82ff.

general, thus not “state absence” but rather more or less “arms-length” (“state distance”) is warranted.¹

This viewpoint is also appropriate, since the influence on the media accorded to the state cannot be determined without cognizance of the suitability of the competing provisioning methods. For civil society this suitability is also evaluated controversially, as it depends on factors which are difficult to manage and control (such as transparency, trust and cooperation, cf. Ostrom 1990); furthermore civil society stakeholders and the intrinsic and extrinsic motives which propel them are often difficult to recognize, and ultimately civil society has neither profitable market revenues nor obligatory revenues at its disposal (so that resources needed to perform its duties efficiently are often lacking).² On the other hand, exactly those civil society stakeholders who are independent from commercial and political interests and guided by intrinsic (cultural, artistic or journalistic) motives can contribute significantly to the public benefit of the media. On the whole the proper degree of media’s provision by civil society is also difficult to determine for this reason, and opinions regarding it differ to a similar degree as those regarding the marketability and state-ability of the media.

From these interim results it should be noted that similar to the provision of goods in general, the provision of media by market, state and civil society exhibits specific strengths and weaknesses, pros and cons. Although opinions vary as to their nature and scope, it is not materially possible to find any media content, media types or even media systems, which use one of these provisioning methods exclusively. In point of fact this is always a matter of hybrid forms, by which all three methods are components of the provision, respectively of the control, of the media. The individual functions or partial tasks, which should be fulfilled by the media, are ceded to the one procedure that is most suitable. As a result hybrid provision is more efficient overall than any of the three “pure” methods.³

¹ For the classification of the media in Germany this was once again clarified by the recent judgment of the Federal Constitutional Court regarding the composition of the ZDF broadcasting council (see BVerfG, 1 BvF 1/11 of 25.3.2014, http://www.bverfg.de/entscheidungen/fs20140325_1bv00111.html): “In order to protect plurality, the legislator can include members from various levels of government alongside the members sent by other sectors of society. According to the principle of protecting plurality, the organization of public service broadcasting must comply with the imperative of being arms-length. Hence the influence of state and government related members in supervisory councils must consistently be limited. ... The proportion of state and government related members may not exceed one third of the legal members of the respective supervisory council in total.” See also below, p. 29, Fn. 1, in this matter.

² This is why Seibel 1994 speaks of the “functional amateurism” of the voluntary sector.

³ This economic finding complies with the demand for a “structurally diversified” procedure emphasized in German Media Law, which the state must safeguard and continuously optimize. Cf. BVerfGE 57, 295 (320); Hoffmann-Riem 2001, p. 21ff.; Grimm 2001, p. 25ff.



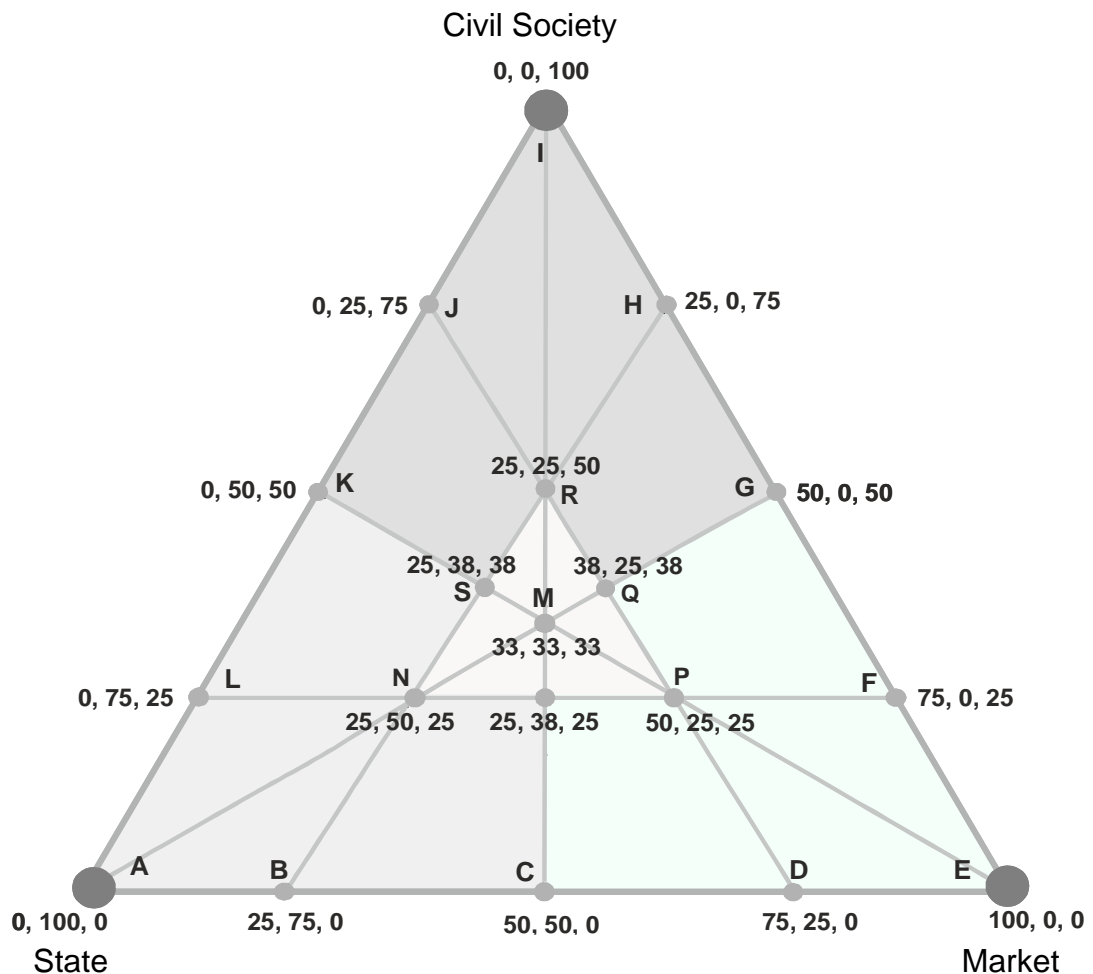
The influence that a society accords to the market, the state and civil society in the provision of media varies greatly from country to country, however; and within a single country it varies over the course of time. Thus the empirical determination of these varying proportions is enlightening, since it permits conclusions about how a society evaluates the efficiency of the three provisioning methods and whether it considers those functions of media important which can best be fulfilled by the market (the provision of media content that primarily provides consumer benefits), or rather those functions, which require a non-market provision and thus depend on the state or civil society (the provision of media content that primarily provides public benefits).

These findings are also of great interest because the proportions, by which the media is controlled by the three provisioning methods, comprise a special and especially important form of opinion-making: In mediatized societies where public communication is largely conducted via mass media, which opinions prevail in public communication and the public opinion-making influenced by them does not depend on the logical and persuasive power of the arguments expressed, but rather on their media presentation and promotion. And in turn these are largely determined by which influences the media is subjected to by market, state and civil society. Depending upon this, opinions in the media will be received and interpreted differently, broadened and deepened, simplified and abbreviated, or even distorted and omitted. From this point of view, the potential influences (or in our terminology: the proportion of provision and control of the media) are key to understanding how media functions and what its impact is. We utilize it in this study to describe the changes in the German media system between 1950 and 2020.

1.2. The Geometry of Hybrid Media Systems

A triangle whose corner points represent the three “pure” provisioning/steering methods serves as the basic conceptual and visual grid for our concept (Figure 2). All conceivable combinations of these methods can be positioned in it. They can be described by a vector $M = m, s, c$, which shows the influence of the market (m), the state (s) and civil society (c) on the media M . Thus point E represents a pure market provision with the vector $M = 100, 0, 0$, point A represents a pure state provision ($M = 0, 100, 0$), and point I represents a pure provision by the third sector, by civil society ($M = 0, 0, 100$).

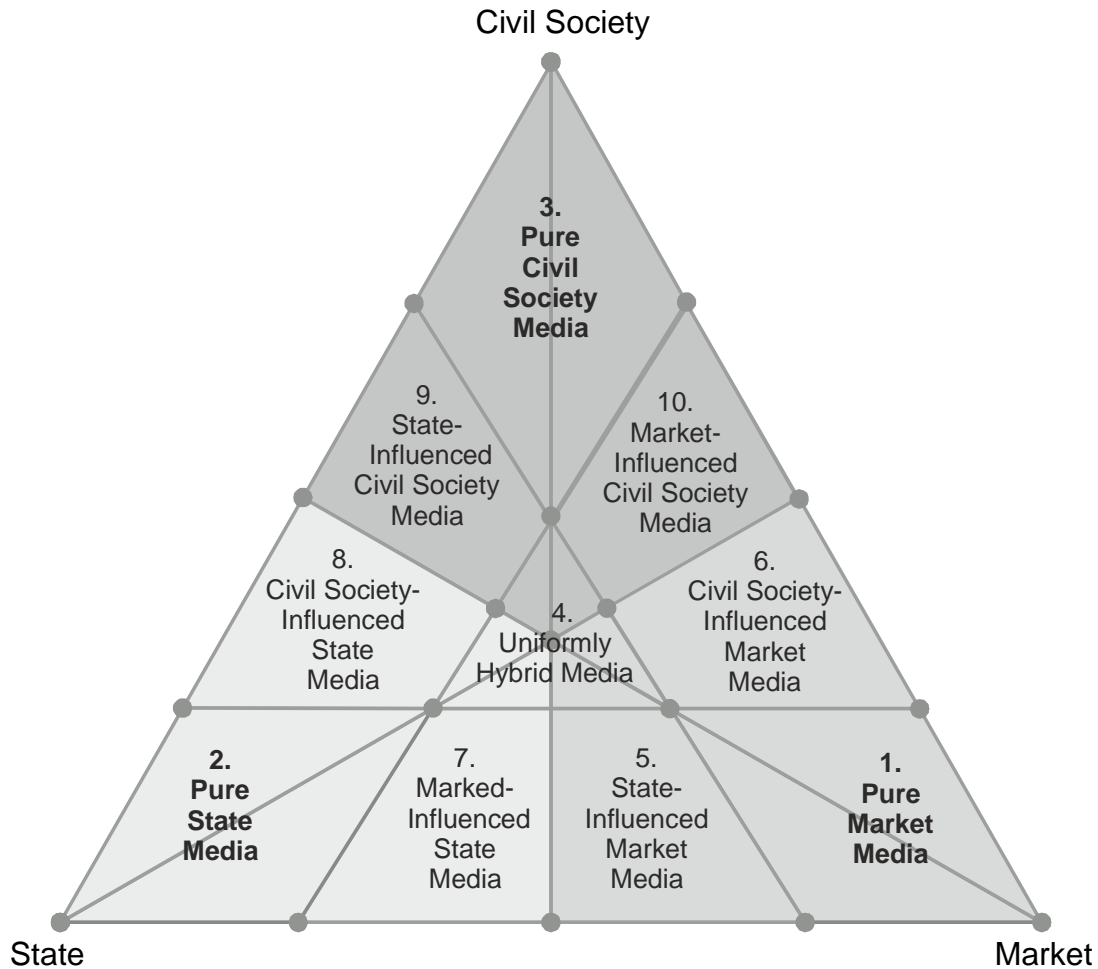
Figure 2:
The Influence of Market, State and Civil Society on the Media, Diagrammed



The edges of the triangle describe hybrid forms of two provisioning methods, whereby the distances from the corner points demonstrate their degree of influence: The points between E and A describe forms by which market and state share control, the points between A and I describe forms of state-civil society control, and the points between E and I describe forms of market-civil society control. The points placed inside the triangle pertain to hybrid forms with the participation of all three methods: The constellation located in the middle of the triangle (point M) denotes the same high influence of all three methods ($M=33,33,33$); the constellation described by point R denotes that the influence of civil society is twice as high as that of market and state ($M=25,25,50$), and the constellation described by point S denotes that the state and civil society have an influence of 38 % each and the market has an influence of 25 % ($M=25,38,38$).



Figure 3:
A Typology of the Media with Three Pure and Seven Hybrid Forms



On this basis different forms of media (and according to the examination and degree of abstraction media content, media types and media systems) can be distinguished. The typology illustrated in Figure 3 for example contains as (approximately) pure forms:

1. "Pure Market Media" (Field EFPD),
2. "Pure State Media" (Field ABNL) and
3. "Pure Civil Society Media" (Field IJRH),

and as hybrid forms:

4. "Uniformly Hybrid Media" (Field NPR),
5. "State-Influenced Market Media" (Field DPOC),
6. "Civil Society-Influenced Market Media" (Field FGQP),
7. "Market-Influenced State Media" (Field BCON),
8. "Civil Society-Influenced State Media" (Field LNSK),
9. "State-Influenced Civil Society Media" (Field JKSR), and
10. "Market-Influenced Civil Society Media" (Field HRQG).

In light of the strengths and weaknesses of the different provisioning methods the following basic division of competences is recommended: The provision of content, which mainly serves the preferences of the recipients and thus creates a high consumer value, should be left to **Market Media**. Regarding content with low market failures, this can be left to *“Pure Market Media”*; while content with higher market failures, for instance due to the particularities of their audience (i.e. children or youths), their topics (consumer advice and protection, political content) market forces must be countered or even over-ridden, for example by a regulated self-regulation with the participation of civil society (data protection, advertising content) or by government regulation (protection of minors, scope of advertising). Depending on the type and scope of the necessity for regulation, such regulated content is then to be provided by *“Civil Society-Influenced Market Media”* or by *“State-Influenced Market Media”*, or even by *“Market-Influenced Civil Society Media”* or *“Market-Influenced State Media”*.

Media (-content), which primarily serve(s) free public opinion-making and public communication of high public benefit, should be provided by **civil society media**, which are free from or at least less dependent on commercial and political interests, compared to those provided by the market or the state. However, since such content is provided neither exclusively (and financed by market income) nor on behalf of the government (and financed by compulsory government fees), civil society media lack profitable financing sources, and *“Pure Civil Society Media”* thus only function if they provide content with both a highly intrinsic motivation and when strict structural prerequisites are fulfilled (transparency, trust, solidarity). Since this is the exception, civil society media are dependent as a rule on the support of the state and/or the market: The state must allocate fees or taxes from its government budget, or confer the right to collect compulsory fees (i.e. media fees or contributions) to them; and/or the market must compensate them for attracting attention or putting excludable complementary goods at its disposal. Depending on the type and magnitude of this state and market assistance, the content which serves public communication is not provided by *“Pure Civil Society Media”*, but rather by *“State-Influenced Civil Society Media”* or by *“Market-Influenced Civil Society Media”*. In the event that the state obtains a very high influence on the media, for instance if it can use financial means via discretionary financing, *“Pure Civil Society Media”* can mutate to *“Civil Society-Influenced State Media”* or even to *“Pure State Media”*. And if (pure or market-influenced) civil society media depends too heavily on financial help from the market and no suitable precautionary measures against programmatic influence exist, then they can mutate to *“Civil Society-Influenced Market Media”* or even to *“Pure Market Media”*. For this reason civil society media is dependent on the state and the market, but must not consort with either of them too closely.



1.3. Optimally Diversified Media Systems as an Allocative Challenge and as the Object of Distributive Conflicts

Although the allocation of competences just described should probably be indisputable in principle, its implementation in media policy is extremely difficult and highly competitive. On the one hand the – preponderantly “soft” – characteristics of the relative suitability of the three principal provisioning methods are judged very differently, so that the structuring of an optimally diversified media system constitutes a demanding allocative task for media economists, for which they must refer to knowledge in other disciplines such as jurisprudence, communications and journalistic studies.

In addition this task is complicated by contentions surrounding distribution policy: The stakeholders that participate in public communications are namely not merely, sometimes not even primarily, concerned with the allocative quality of opinion building and decision making transported by media, but rather with the *distributive* effects of the provision and financing of public goods and services, which are decided upon by means of public media communication. According to their motivational structures the participants will also represent positions that are advantageous for them, but are sub-optimal for society on the whole.

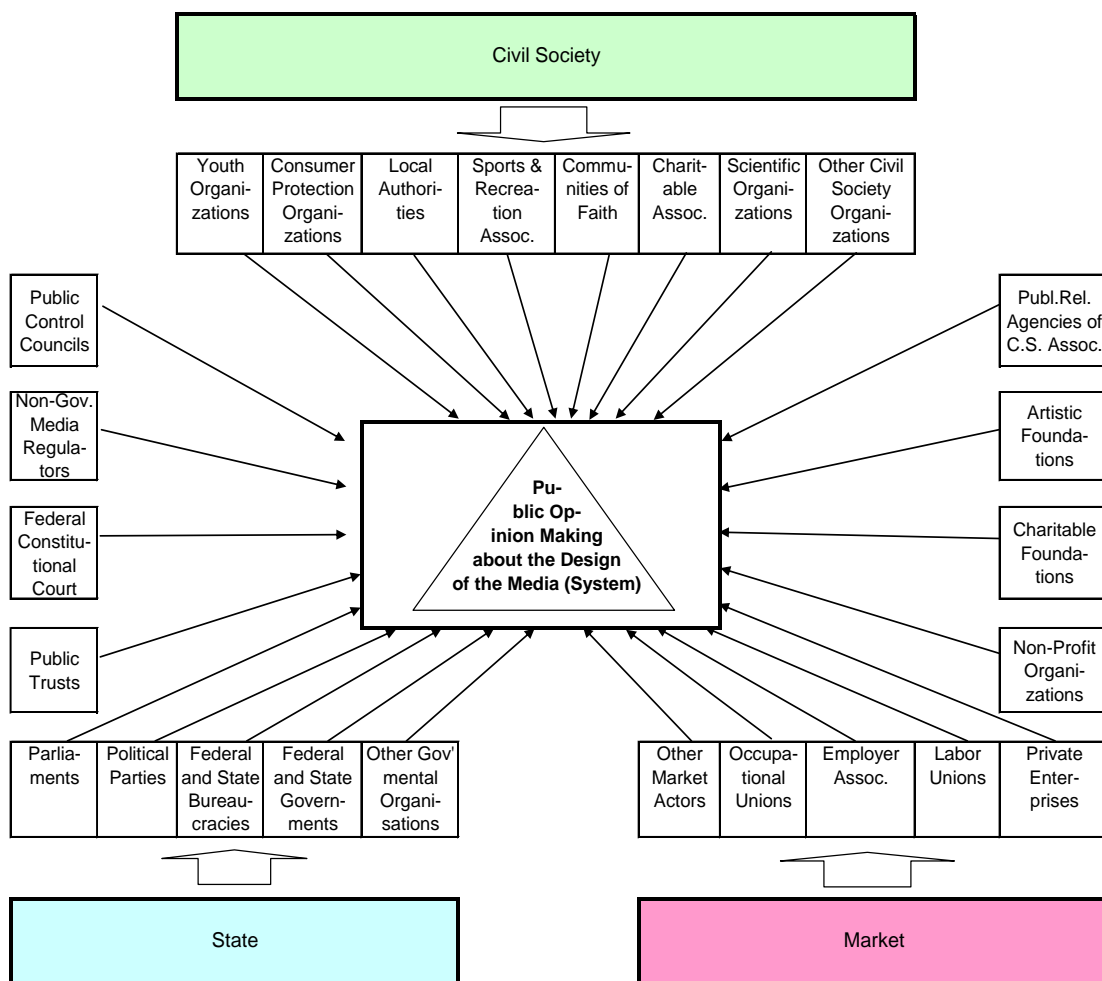
Likewise the structuring of media (systems) is also a public task itself. Media are therefore simultaneously stakeholders and objects of media policy. Therefore this is also designated as “meta-politics”, politics which “has to do with those media and infrastructures, through which further policy areas and political acts are evaluated and designed” (Hachmeister/Anschlag 2013, p. 9). Media policy is therefore also an especially important area and an instrument of public relations and rent seeking. Figure 4 names some of the participating media policy stakeholders, whereby these can partially be clearly assigned to the three provisioning methods, but are also partially located in the crossover between state and civil society or between market and civil society.¹

¹ For the role and types of the shareholders resp. actors of media and communication policy see Freedman 2008, Jarren/Donges 2000, Jarren/Donges 2002.

Potschka (2012, p. 7) considers the Federal Constitutional Court as the most influential actor in German media policy-making. And for the debate about the licensing of commercial broadcasters in Germany he assigns a key role to the KtK-Commission (comparable to the British Peacock Committee). As both of these expert groups were constituted out of academic and business experts, as well as political and bureaucratic agents, they also illustrate the difficulties to assign such collective actors exclusively to the interests of the market, the state or civil society. Instead, such collective actors themselves have to be considered as “hybrid”, representing and enforcing the different, partly competitive interests of their members. For the KtK-Commission Potschka (ibid, pp. 178ff.) interestingly unveils that these interests not at all were aggregated and articulated in accord with the members opinions, but that the chairman of this Commission, Professor Eberhard Witte, a leading business economist, managed to promote his own liberal ideas of deregulation and marketizing broadcasting.

Therefore regarding the influence exerted in designing media systems the danger also exists, that over time parts of the three steering methods will increasingly move away from the optimal allocative mixing ratio, due to distribution policy interests. Structurally conditioned opinionative power then leads to a reinforced structurally conditioned opinionative power, which again leads to an increased structurally conditioned opinionative power, etc. etc. If such a spiral is not broken a single control process will dominate in the end. As a general rule, in authoritarian regimes this is the state's power, and in mixed economic orders of the western world it is the influence of the market, which disposes of considerably more resources than civil society, sometimes even more than the fiscally increasingly overburdened state (McChesney 1999, idem. 2013, Freedman 2008, pp. 22ff.). Such a marketization of the media is in the interest of commercial media companies, and it enhances the private benefits of the media for recipients (in our terminology: the consumer benefits of the media). At the same time however, it diminishes the allocative efficiency of the media, its contribution to society's functionality and efficiency (in our terminology: the public benefits of the media).

Figure 4:
Designing Media Systems by Market, State and Civil Society Stakeholders





As expressed by the German Federal Constitutional Court in relation to broadcasting, a legal order is necessary, which "ensures that the plurality of existing opinion ... should find its expression to the broadest possible degree and as completely as possible, and that in this way comprehensive information is offered."¹ This is valid for all social political questions, whose answers are characterized by media influence on the suitability of provision by market, state and civil society. And it is particularly important for public opinion-making regarding the suitability of control of the media being exercised by the three provisioning methods, which first and foremost occurs in public discourse in the media itself.

¹ See BVerfGE 57,295 (320) FRAG.

2. Methodical Implementation

2.1. Measuring the Influences of the Market, the State and Civil Society on the Media

In spite of the media's enormous importance as the central institution of free individual and public opinion building and decision-making, and in spite of the extensive possibilities to influence societies by the design of media systems, a theoretically founded and suitably standardized methodology of description and comparison of media systems has been lacking to date.¹ The methodology suggested here has one key advantage, which could make it suitable for these purposes: As explained above, the strength of the influences of the market, the state and civil society are especially important both for the description of positive, existing media broadcasting systems and for the description of normative media systems, as they are recommended and aspired to by academics or politicians, and for cross-section analyses as well as for long term comparisons. Or, if one endeavors to use the terminology of the measurement theory of empirical social research: it has a *high validity*.²

Such complex comparisons are only possible because a characteristic is utilized regarding the impact of market, state and civil society influences that because of its generality can be applied to all elements of media systems. However, disadvantages can result from it as well: Media systems cannot be described as clearly and as practically as with more concrete characteristics, for which legal or organizational possibilities for their design are more evident. And due to its generality it is also a "soft" characteristic, whose empirical measurement comprises considerable uncertainties, and hence can only be measured with *limited reliability*.³

For our study this characteristic was encoded by scholarly and student personnel of the Institute for Broadcasting Economics under the supervision of the author, and the values also partly subsequently modified and justified by the author; hence, the author carries full responsibility for them. Within the framework of the limited temporal and financial resources available to the project, an attempt was made to take into account the instruments developed by empirical social research, in order to ensure that such soft characteristics were sufficiently reliably measured. For this purpose a catalogue of partly quantitative, partly qualitative indicators was compiled which were taken as a basis for the coding of the strength of the three sectors of influence; and in addition instructions were drawn

¹ In this regard, see Kops 2014c.

² Regarding the validity of quality criteria in social science studies, see for example Schnell/Hill/Esser 2009, p. 141ff.; Rössler 2010, p. 195ff.

³ Regarding the reliability of quality criteria in social science studies as well as the relationship between reliability and validity, see *ibid.* The substitutive relationship between both objectives requiring optimization is designated as "reliability-validity dilemma" in psychological test theory (cf. Lienert/Raatz 1998).



up, in which their appropriate encoding was described in general, as well as using concrete examples.¹

In order to encode the strength of influence of these three provision methods in a more reliable manner and to make this more comprehensible for third parties, various components of media systems were differentiated separately for this categorization, and thus in greater detail than for media structures as a whole. Firstly, the influential impacts were considered separately for different media types (section 2.2.); and secondly, different value levels of the value-added chains of the media were distinguished, within which the strength of influences from market, state and civil society were defined separately (section 2.3.). Finally, the partial results were aggregated "bottom-up" in order to express the influences exerted in the German media system as a whole (section 2.4.).

2.2. Media Type Specific Measurement

The media can be differentiated according to different qualitative characteristics; the choice determines the number of differentiated media types. In our study, media types were defined by a combination of interest in scientific insights, economic research deliberations, and aspects of the availability and presentability of the findings of the investigation. We proceeded on the assumption based on the conventional distinction between print media, broadcasting, and online media,² which are most suitable to describe the long-term changes in the German media environment – at least for the pre-digital era – and which are also the most readily available empirical data on the influence of various steering mechanisms and the pertinence of opinion formation. To the extent that these media types are influenced in very varying degrees by the three provisioning methods, we have however generated sub-types: Regarding broadcasting in Germany we considered public service broadcasting already introduced in the first years after the war on the one hand, and private broadcasting introduced from 1984 onwards on the other hand, as both differ significantly from each other in terms of their objectives and their forms of organization and funding. -- For online media that arose from approximately 1990 onwards, we generated three (sub) types: 1. commercial online media, 2. online media provided by public service broadcasting, and 3. online media provided by civil society stakeholders.³ In contrast

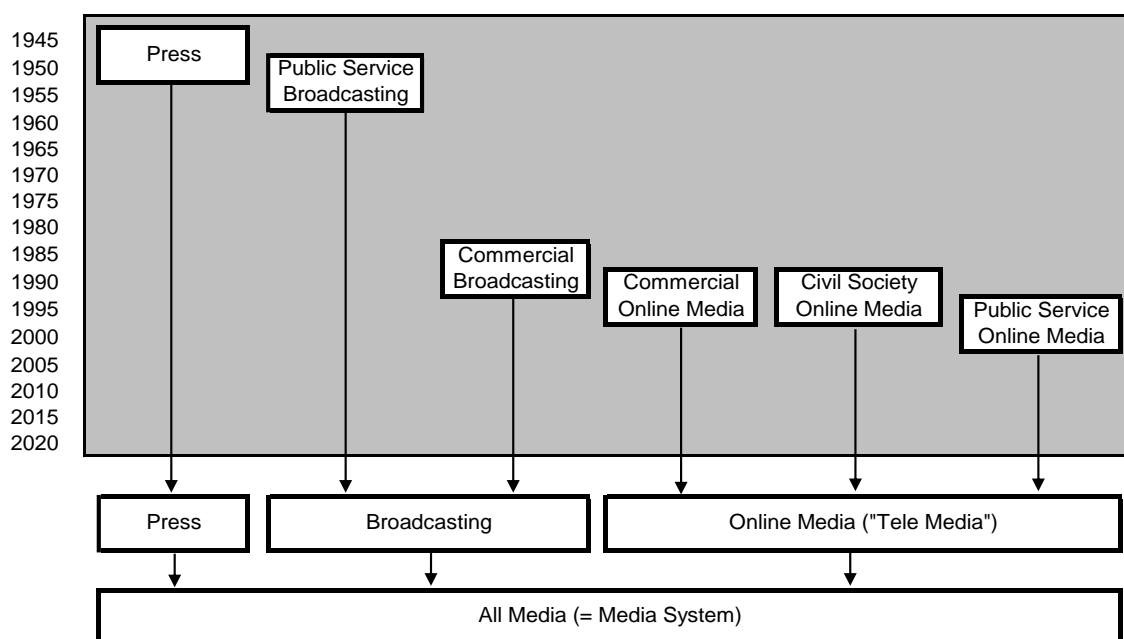
¹ Some determinants and influences still remain difficult to operationalize, so that they could only be coded more or less intuitively. They only fulfill methodical specifications described by social research to a limited extent. In this regard, see in more detail Kops 2014c. Regarding the assessments presented here and the calculation of measures of validity and reliability, an examination by a larger number of experienced experts would thus be desirable. However, this would be related to a demanding workload and respectively high costs, whereby these would increase with the quality, experience and reputation of participating experts and could probably only be financed within the framework of a publicly subsidized project.

² In the figures and partly in the text we use the term "telemedia" common to German broadcasting law as a synonym for the concept of online media.

³ Due to the distance from state aspired to in Germany, state broadcasting and online offers can only be operated within strict limits, so that they possess no noteworthy

we did not generate sub-types for the press, which was quickly re-established in Germany after the war, and which was (and today still is) completely organized and funded by the market. -- On a further level we summarized public service and commercial broadcasting to “broadcasting (in general)”, and we summarized commercial online media, civil society online media and public service online media to “online media (in general)”. Together with the press, for which we dispensed with a differentiation due to the dominance of commercial offers, we remain with only three media types. These constitute “all media”, that is the “media system” (see the lower part of Figure 5).

Figure 5:
Media Types and Sub-Types
Included in our Examination of the German Media System



2.3. Value Level Specific Measurement

A transparent and replicable determination of the influence the three provisioning/control methods exert on the media necessitates not only coding that differentiates between the individual media types, but also coding that differentiates individual levels (spheres, steps) of influence that are homogeneous. In the field of economics it has primarily been business economics that has been concerned with the question of how to subdivide value added processes in such levels of influence and that has attempted to divide the value added processes of companies (initially particularly manufacturing and retail companies) into several value levels with similar business administration processes and requirements (see Porter 1986). These experiments have also been extended by specially developed business studies (i.e. "value chain management") to include public

power of opinion, hence we could leave them out of consideration when examining the German media system.



companies, non-profit organizations and also private households. Meanwhile such value-added chains are found in almost all manufacturing and service sectors. Numerous proposals can also be found in media economics' literature.¹

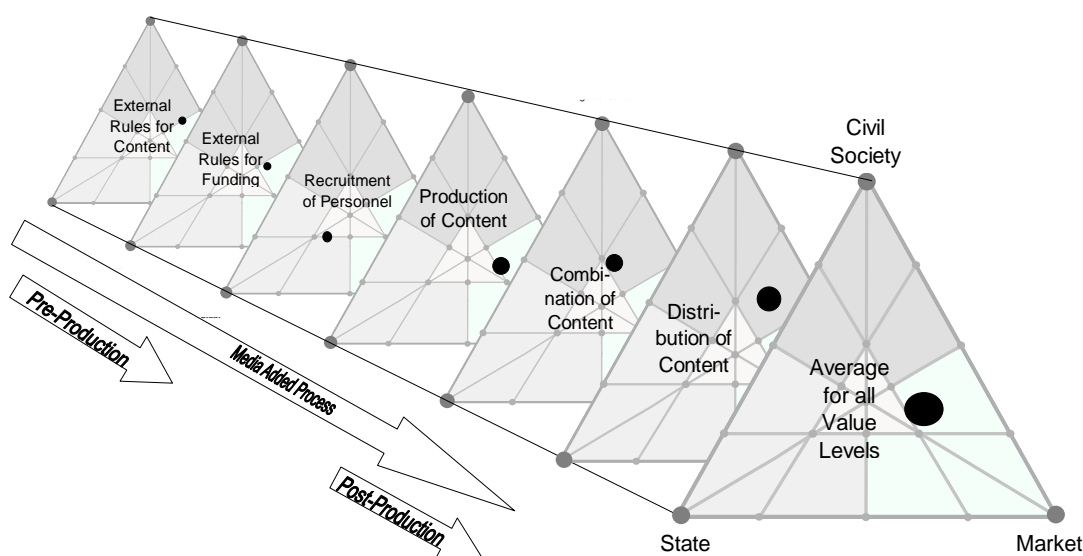
A first rough differentiation results from elementary value levels "procurement", "manufacturing" and "distribution", which are generally applicable to commodities. However for media content, which is traditionally offered as a "bundle of goods", the value level "combination" must be complemented by an additional value level, situated between manufacturing and distribution. In addition, media "procurement" includes very different factors whose influence by market, state and civil society can be better identified and more comprehensibly coded if these are regarded as separate value levels, namely: 1. regulations regarding the type and structuring of media content, 2. regulations regarding the forms of financing, and 3. regulations regarding the recruitment of personnel that is responsible for the production, combination, and distribution of media content.

Figure 6 shows the value-added chain structured in this way. The six differentiated value levels are placed consecutively in the established triangular form, beginning back to front with "external rules for content" and ending with the last value level of "content distribution". The drawing indicates firstly, that content production itself (Level 4) constitutes the core of the media value chain, and that within this value level the producers of media content (primarily journalists and editors) are subjected to influences from market, state and civil society, i.e. to bonuses and sanctions, which influence their mind-sets, actions and accomplishments – and hence also the media products and the effects on free individual and public opinion-making emanating from them.² It indicates secondly, that there are rules, primarily set up by lawmakers and regulators, concerning the content (Level 1), its funding (Level 2), and the recruitment of personnel (Level 3) that create framework conditions, which precede the production of media content (and hence have a direct influence on them), and that these pre-production value levels, too, are objects and targets for market, state and civil society to influence. It indicates thirdly, that with the combination and the distribution of content (levels 5 and 6) there are "post-productive" value levels, which again can be influenced by the three steering mechanisms – and which again have an impetus on the media products' effects on free individual and public opinion-making.

¹ In economic literature the value chain of the media is structured differently, e. g. according to the content (entertainment, education, information etc.), according to the funding (from journalistic content, from advertising, from sponsorship and product placement etc.), or according to the media representation (as text, as audio files or as media files). See for instance the value chains for the media in Gläser 2010 (p. 73ff., pp. 345ff., p. 393 f., p. 747) and Wirtz 2012 (p. 77, p. 105, p. 124, p. 218, p. 462, p. 718, p. 864). See also Ludwig 2011a, Ludwig 2011b.

² The influences and motives of stakeholders effective within the production phase (traditionally above all professional journalists) have been examined many times, especially by scholars of journalism and communications studies (cf. e.g. Pörksen/Loosen/Scholl 2008). However, these findings have yet to be conformed to economic theory (cf. Fengler/Ruß-Mohl 2003).

Figure 6:
The Aggregation of the Influences of Market, State and Civil Society
within the Different Value Levels of the Media



2.4. Aggregating the Influences of the Market, the State and Civil Society on the Media, across Media Types and Value Levels

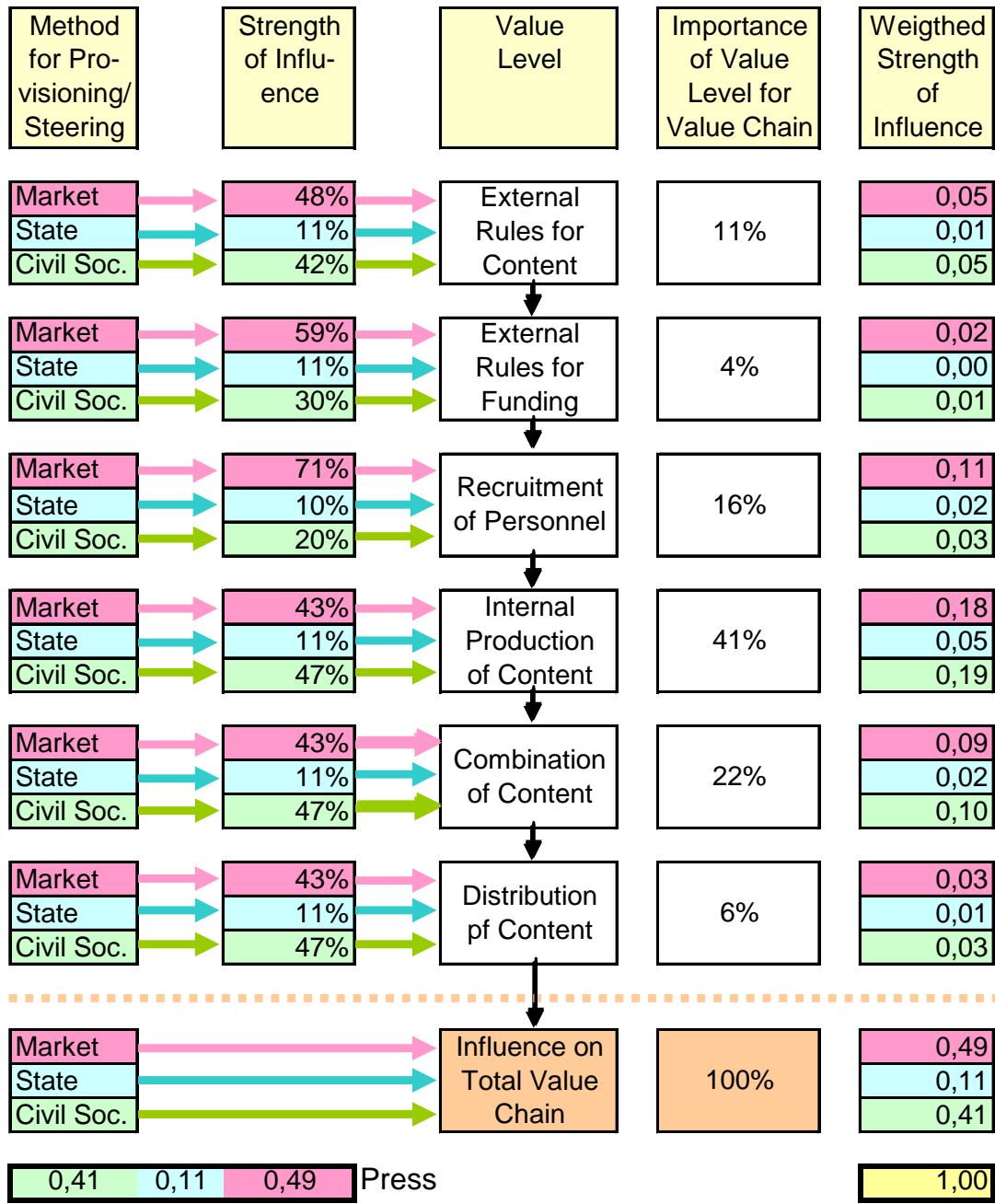
For the long-term and cross-section comparison of media systems the influences of markets, states, and civil societies ascertained for the different media types and different value levels must be aggregated (Figure 6 illustrates this by means of the aggregated triangle which is located at the front of the succession of triangles). To this end the value level specific vectors must be summarized into an “overall value level” (but still media type specific) vector; the significance of pertinent individual value levels within the value chain must be taken into consideration as weights. Finally the media type specific vectors must be summarized into a “type comprehensive media” vector; here the power of opinion of the different media types constitutes the weighting.

Figure 7 describes the method based on the values considered for an exemplary media category (press) and an exemplary chosen year of examination (1970): In the first instance the influence on each of the six value levels which market, state and civil society exert on the press, is quantified. For the first value level “external pre-setting for content” this amounts here to 50 %, 10 % and 40 %, that is the media type specific and level specific vector $M=m, s, c$ comes to $M=50,10,40$. For the second value level it amounts to $M=60,10,30$; for the third value level to $M=70,10,20$; and for the fourth, fifth and sixth value levels to $M=40,10,50$ each. In order to determine the influence on all value levels, the specific economic vectors must ultimately be weighted with the significance inherent to each individual value level within the value-added process.¹

¹ With the example shown in Figure 7 the first value level has a 12 % influence on the value chain (recorded in the second last column of Figure 7). If the influence which



Figure 7:
Value Level Specific Determination and Comprehensive Value Level Aggregation
of the Influences of Market, State and Civil Society on the Media
(with Empirical Figures for the Press in 1970)



market, state and civil society possess within the first value level (50 %, 10 %, 40 %, recorded in the second column), is weighted with this value, a weighted strength of influence of the three control modes is obtained, in the example it amounts to 0,06 %, 0,01 % and 0,05 % (rounded values, recorded in the last column of Figure 7) – For the other years the relevance of the individual value levels can be abstracted in Figure 8 and the power of opinion of the individual media types in Figure 9; the relative strength of influence of market, state and civil society can be approximately abstracted from the triangle graphs in Section 3 and in the appendix. All values for all the years considered in the study are recorded in tabular form in Kops 2014c.

Which significance is inherent to the individual value levels is a question which has barely been addressed in relevant literature. Quantitative data can hardly be found, at least for the long-term period and the differentiated media types considered in our study. Therefore for the present study we have valued the weighting with recourse to available, preponderantly qualitative studies restricted to individual media types.¹ Figure 8 shows the results: Over time the significance of individual value levels for the media value chain has changed considerably. Whilst initially internal content production, the fourth value level, dominated the value-added processes (based on our estimates the total influence in 1950 amounted to around 45 %, and still 41 % in 1965), the influence of the third value level (recruitment of personnel) increased with the penetrability and permeability between public service and private suppliers and the increasing inter-media business rivalry (from approx. 17 % in 1950 to approx. 19 % in 2010). And with continuous formatting and a closer observance of audience flows, inter-media cross promotion and user habits specific to daily papers and specific segments of the population, the influence of the fourth value level (content combination) grew, too: from approx. 20 % in 1950 to approx. 24 % in 2010. Finally with the explosion of channels and ways in which media content could be disseminated, the influence of the fifth value level (distribution of content) grew from approx. 20 % in 1950 to approx. 23 % in 2010. -- Through the increased importance of the preceding and subsequent value levels the influence of the internal production, as the core level of media value creation, has sunk considerably: from approx. 41 % in 1950 to approx. 28 % in 2010; for 2020 a further reduction to 24 % is predicted.

For the bottom-up aggregation the second weighting factor, the **power of opinion** of the different media types, must be determined, along with the relevance of individual value levels. In this regard different works are to be found in the literature of legal, communication, and economic studies; however most of them (for good reasons, see below) are limited to vague qualitative statements regarding the parameters of the power of influence of the different media types. However, in view of the differentiation of media it has become evident, that the market share model used in Germany to prevent a dominant power of opinion must be adapted to the increased importance of non-linear audio-visual offers, which has intensified the academic discussion about the concept of the power of opinion and its operationalization and justifiable measurement.

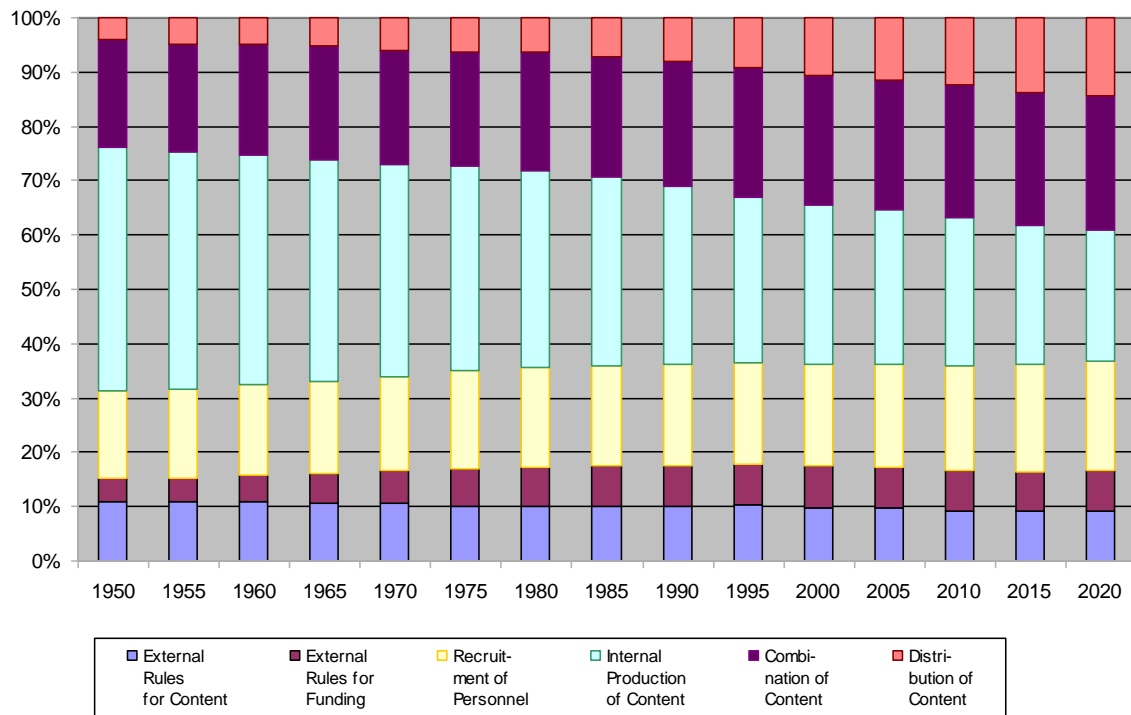
Schulz/Held/Kops (2002, pp. 282ff.) provided an early contribution by compiling an expert report for the ARD on the "Perspectives of Guaranteeing Free Public Communication", in which they evaluated the power of opinion (designated there as "social relevance") of media offers available at that time based on explicit pre-determined characteristics and summarized to a weighted average (1. "widespread impact", 2. "journalistic criteria related to decision-making", 3. "media related criteria, 4. "suggestive power", 5. "interactivity", 6. "effects imparted by downstream services"). Continuing along the same lines, in an expert

¹ Regarding the sources used and the details of the evaluation, see *ibid.*



report compiled for the German Commission on Media Concentration (KEK) on the “Importance of the Internet in the Framework of Protecting Pluralism” Neuberger/Lobigs (2010, pp. 17ff.) name the following characteristics of the power of opinion: “suggestive power”, “linearity and structural imbalance”, “topicality”, “journalistic and political relevance” and “widespread impact”. They also point out that these factors implemented for online media should be supplemented by functional equivalents, and that services in the moderation and navigation were in more demand for the internet than for the press and broadcasting (ibid, p. 21).

Figure 8:
The Importance of the Different Value Levels within the Value-Added Chains,
for the Media in Germany on the Whole, 1950 - 2020



Different contributions to the conceptual and empirical determination of the power of opinion on the media have also been presented by the Bavarian Regional Regulator for New Media (BLM, i.e. Bayerische Landesanstalt für Neue Medien). By means of a survey the BLM calculated the “potential weight for public opinion-making” by combining the daily impact of media offers attributed to informative purposes with the importance which those surveyed attributed to them in public opinion-making (BLM/TNS infratest 2013). The results have since been ascertained and published at regular intervals by the BLM as a “Media Pluralism Monitor” (see e.g. BLM 2013). Since this monitor records the power of opinion not only for the individual media companies, but also aggregated for the different media types, it is well-suited to our study. However, to date these figures were only recorded for the period from 2009 to 2013, and in addition the media types are delineated differently than by us. For the purposes of the present study, we have therefore estimated the power of opinion con-

sidered for the period from 1950 to 2020 ourselves. We have taken into consideration the determinants of the power of opinion designated by Schulz/Held/Kops (2002) in general and by Neuberger/Lobigs (2010) for online media, as well as the characteristics taken as a basis in the media pluralism monitor. In addition we have taken into account the resources available to individual media types for the production and dissemination of media content, which represent an especially important determinant of the power of opinion. The development of the power of opinion of the media types considered is thereby depicted in an index, in which both quantitative as well as qualitative characteristics were applied.¹

Figure 9:
 The Power of Opinion of the Different Media Types in Germany, 1950 - 2020

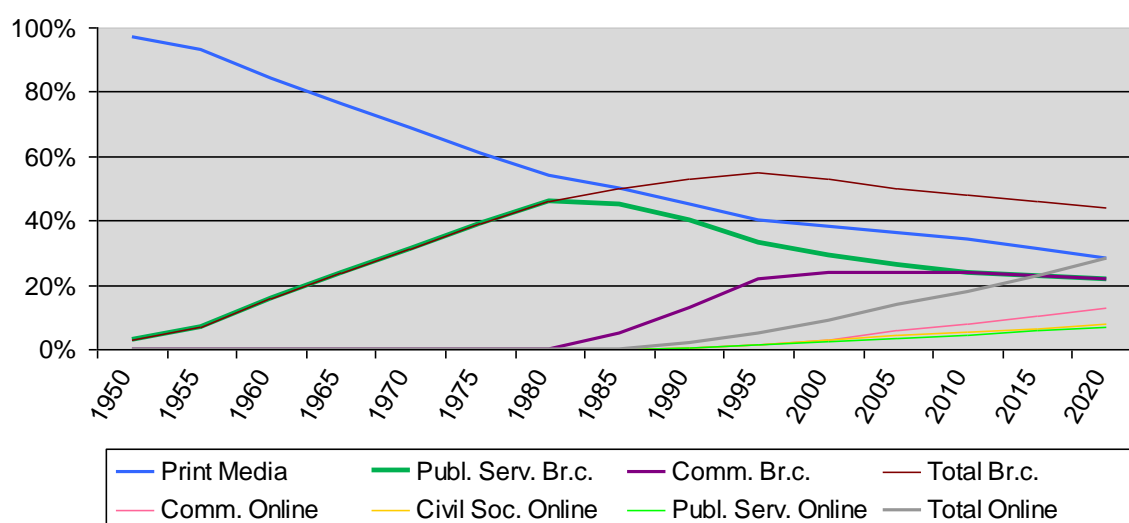


Figure 9 shows the results of this assessment.² Even before public service broadcasting the press was the first mass medium re-established in post-war Germany during the period of observation, and at first it possessed almost the entire power of opinion in that period. With the rapid expansion of public service radio, and from the mid-fifties onwards also of public service television, the power of opinion of the press then decreased continuously: Approximately in the mid-eighties the entire power of opinion was distributed between both media types in two somewhat equal parts. -- With the licensing of private radio and

¹ For details regarding the procedure and sources used, see *ibid.* Just as Schulz/Held/Kops (2002, pp. 245ff.) used existing estimates for their expert report of 2002, this experiment is also open to attack in view of the conceptual insecurities regarding the determining factors of the power of opinion and the basic data (still) fragmentary and (still) difficult to compare between the media types and the time period. In addition, in order to expand this attempt at coding the power of opinion, the use of measures designated to increase coding reliability is recommended which was already used for the coding of the influence of market, state and civil society and the influence of different value levels within the media value chain.

² The numbers behind Figure 9 are listed in Appendix 3.



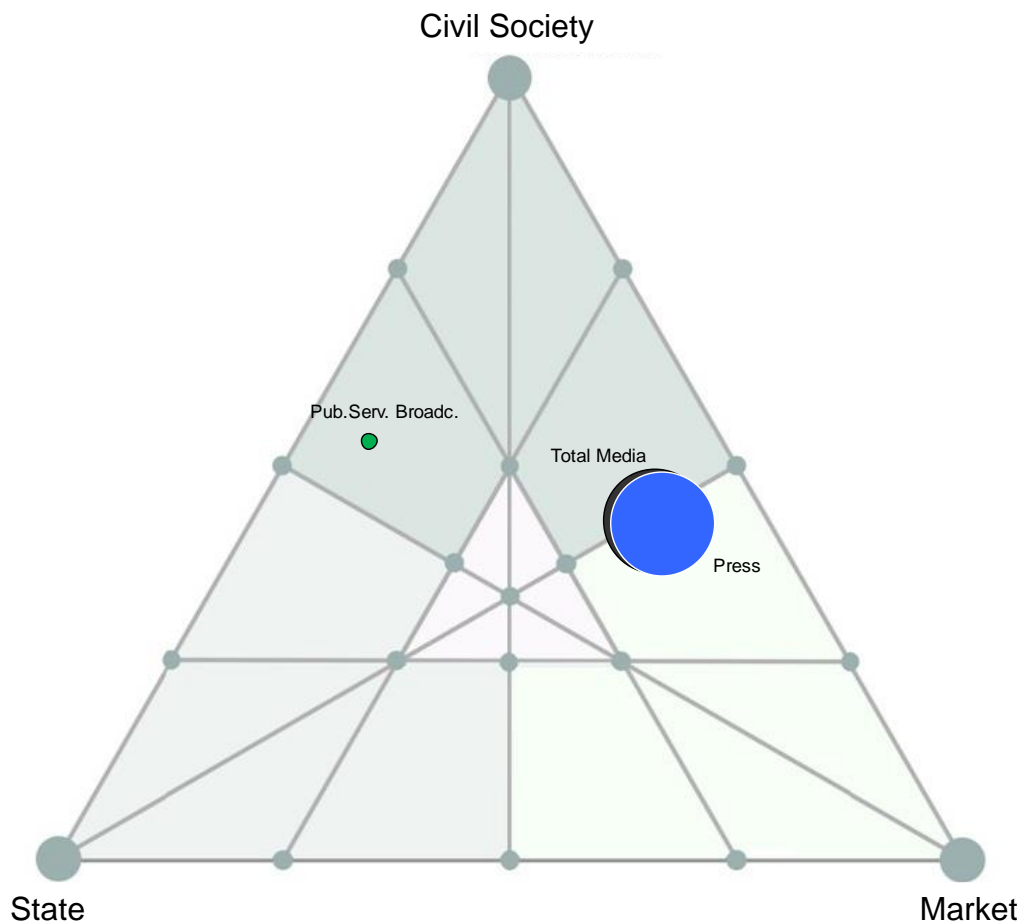
television operators the power of opinion of broadcasting grew again, partly to the detriment of public service broadcasting, as well as to that of the press. From about 1990 onwards, commercial online media, civil society online media and public service online media (in German Broadcasting Law also called "tele-media") gained more power of opinion; until 2013 their proportion grew to approx. 20 %, by 2020 it will continue to grow rapidly, according to our estimates to about 28 %. -- The power of opinion of the press has continued to decline as a result; down to about 33 % by 2013; and by 2020 a further decrease to about 28 % is expected. The power of opinion of public service broadcasting also declined further. By 2013 it had declined to about 24 %; by 2020 a further decline to about 22 % is expected. The power of opinion of private broadcasting, which after its licensing had increased quickly to about 25 % by 2005, this is also declining, due to the expansion of online services, even though less dramatically than that of the press or of public service broadcasting. In 2013 it was at about 23 %, for 2020 a further slight decline to 22 % is expected.

3. Results for the German Media System

3.1. The Development of the German Media System between 1950 and 1983

After the end of the Second World War it was at first the press - controlled by the occupying Allied Forces – which built up the provision of information and public opinion-making, independent of the state, and financed by private commerce, but due to the journalistic responsibility of publishers and journalists, they were also committed to the objectives of civil society.¹ This explains the position of the press, described by the blue dot, approximately in the middle of the triangle between the market corner and the civil society corner, and far from the state corner (see Figure 10).

Figure 10:
The Influence of Market, State and Civil Society
on the German Media System, 1950

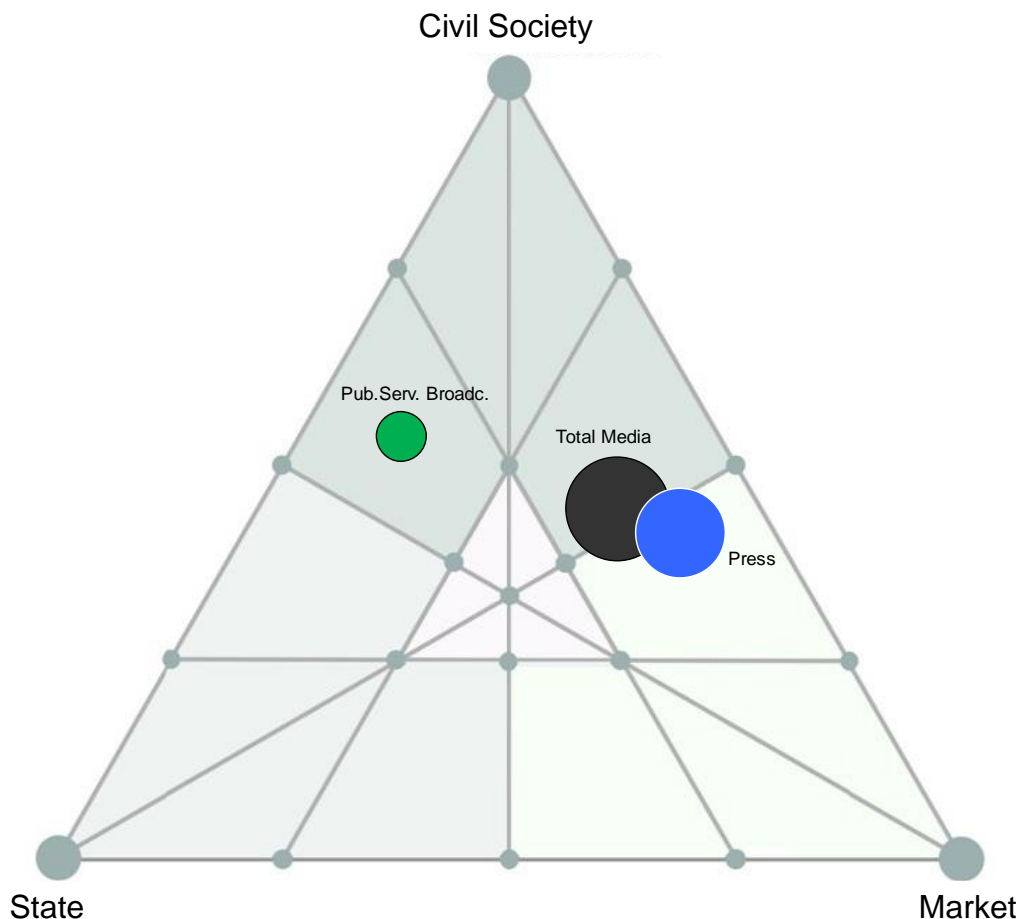


¹ For a description of these and other chapters of the history of the mass media in Germany, see e.g. Bausch 1980a, Bausch 1980b; Humphreys 1994, Pürer/Raabe 1996, Stuißer 1998, Schwarzkopf 1999, Stöber 2000, Kammer 2001, Wilke 2002, Andersen/Wichard 2003, Bentele/Brosius/Jarren 2003, Dussel 2010, Potschka 2012.



Public service broadcasting which was still in development at the beginning of the fifties was also set up arms-length to the state. Due to the influence of the Allies and its financing by a broadcasting license fee ("Rundfunkgebühr") this resulted in a less competitive organization than the press. The German media system of those first post-war years thus consisted merely of the two media types of the press and public service broadcasting, whereby the latter possessed a significantly lower power of opinion than the former, since the number of receiver sets was still low. This explains, why the blue dot for the press is much larger than the green dot for public service broadcasting, and why the black dot for the sum of both media types as a weighted average is located quite closely to the blue dot (see again Figure 10).

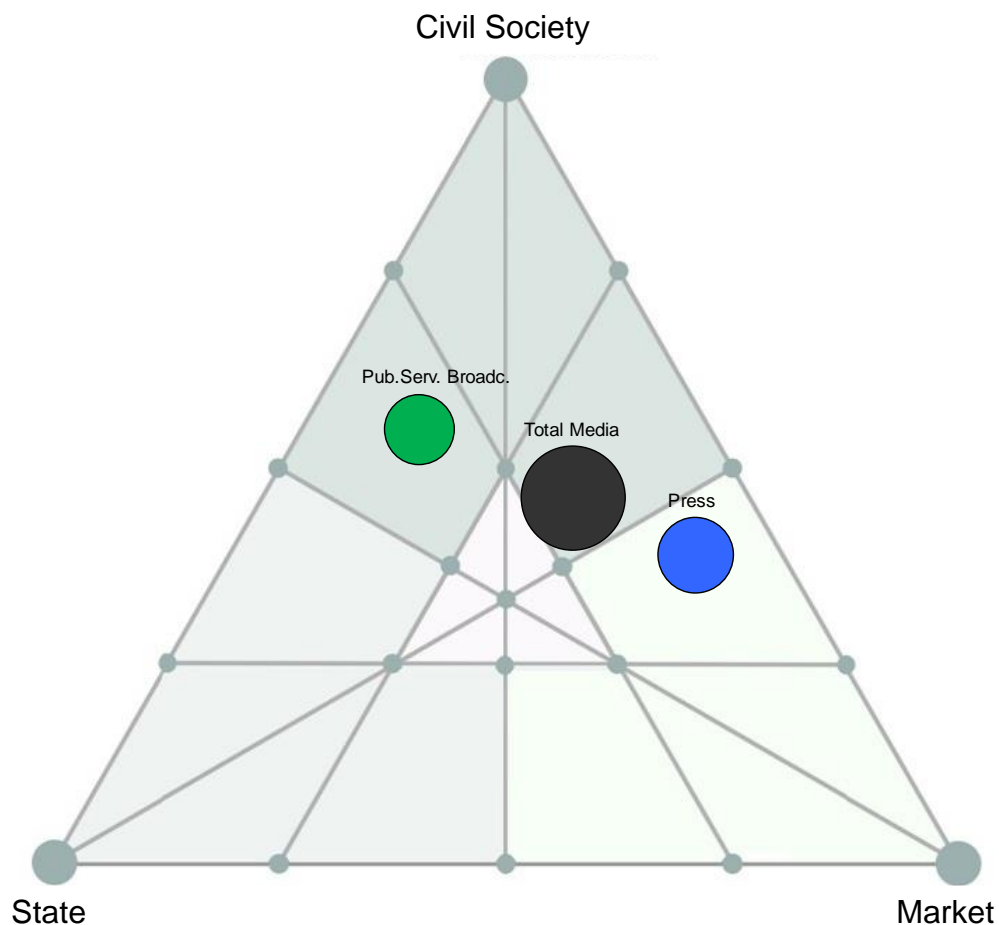
Figure 11:
The Influence of Market, State and Civil Society
on the German Media System, 1965



With the rapid growth of radio households, and from the mid-fifties also of television households, public service broadcasting in Germany quickly developed into an important media category. The rapid increase in revenues from the broadcasting license fee contributed to this, which made it possible to expand the television programs broadcasted by the ARD regional broadcasting offices, and from 1963 on also of those by ZDF, and to intensively use costly technical possibilities to improve their production and dissemination. The decline in price

related to the mass production of receiver sets also contributed significantly to television overtaking the press bit by bit to become the key medium (see Figure 11 for 1965 and Figure 12 for 1980). At the beginning of the eighties public service broadcasting had become equal in importance to the press with regard to average daily use, the number of households reached or the financial resources at its disposal. Hence in spite of certain attempts to exert influence, it could also retain the arms-length introduced by the Allies, also due to the consistent case law of the Federal Constitutional Court.¹

Figure 12:
The Influence of Market, State and Civil Society
on the German Media System, 1980



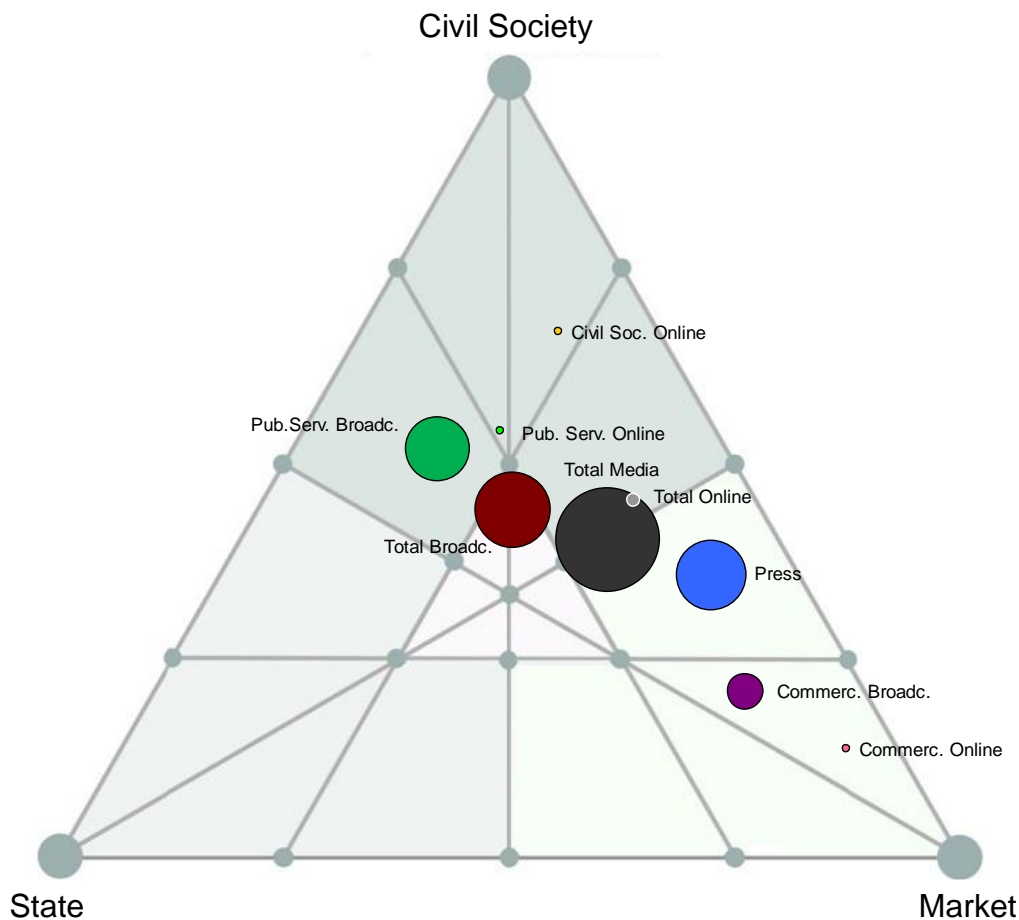
¹ This evaluation may sound surprising with regard to the latest broadcasting judgment of the Federal Constitutional Court on the inadmissibly high influence of the state on the ZDF broadcasting council (BVerfG, 1 BvF 1/11 of 25.3.2014, http://www.bverfg.de/entscheidungen/fs20140325_1bv000111.html). It becomes more plausible, if one recognizes that the opinion expressed by the court has taken into consideration that the admissible distance from the state is not transgressed as long as the proportion of state and government related members on broadcasting councils does not exceed one third of the statutory members (which is true for the large majority of the councils, see Kops 2014c). In addition one should consider that the influence of the state in the German media system is low compared to most other countries (ibid).



3.2. The Development of the German Media System between 1984 and 2000

In its broadcasting decision of 1981 (BVerfGE 57, 295ff. FRAG) the Federal Constitutional Court also allowed the long demanded licensing of **private broadcasting operators**. Thus it smoothed the way for a “dual” broadcasting system. In 1984 the first commercial operators went on air. Within the first years after the licensing, their number, their market share and their revenues expanded rapidly and continuously, also as a result of pent-up demand for new content and formats (see Figure 13 for the year 1990). Already at the end of the nineties private broadcasting had caught up with public service broadcasting, at least with regard to its revenues and market shares (see Figure 14 for the year 2000). As a whole – if one sums up both pillars – the dual broadcasting system in Germany continued to increase its influence in comparison to the press. In the triangle graphs this is made clear by the brown dots, whose sizes result from the **sum of influence of public service and private broadcasting**: After the licensing of private broadcasting these grew rapidly, by 2000 it had caught up with the size of the blue dot representing the press.¹

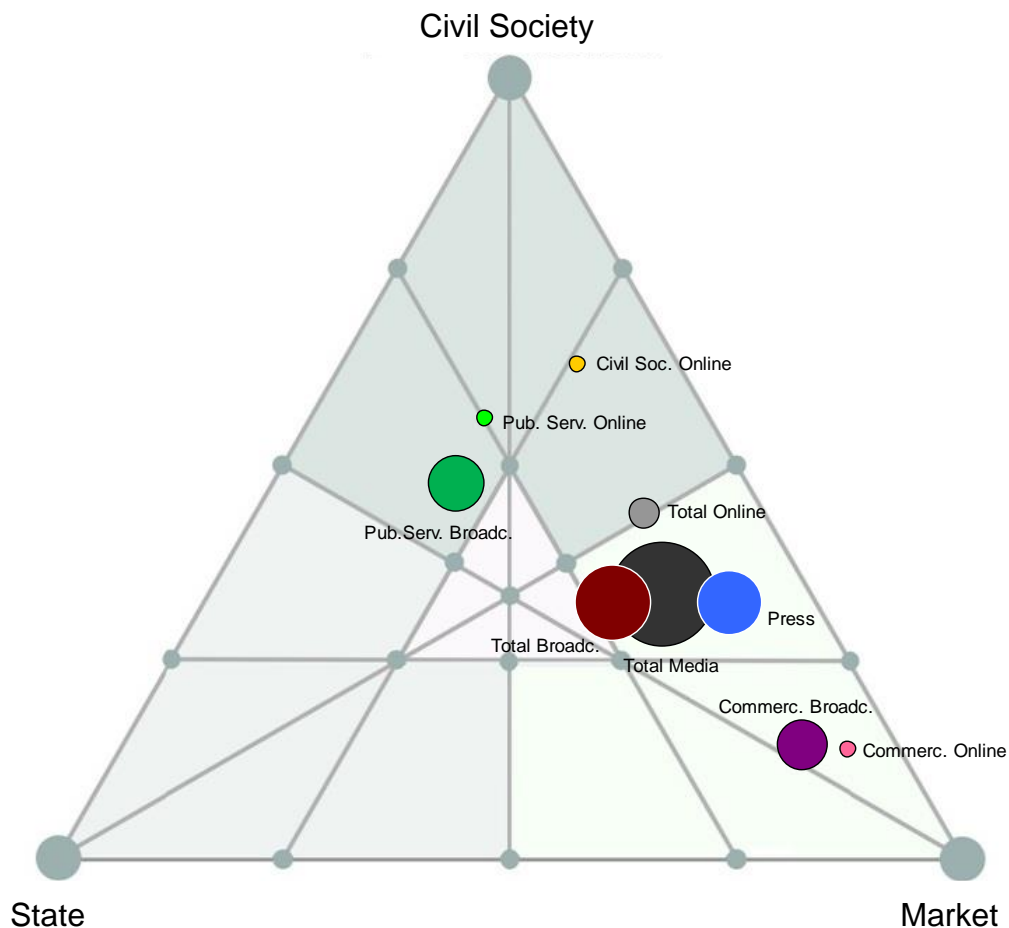
Figure 13:
The Influence of Market, State and Civil Society
on the German Media System, 1990



¹ These changes are best viewed in the video animation mentioned at the beginning.

After their licensing, commercial broadcasting operators primarily financed themselves via advertising, then increasingly also via sponsorship, and later also via charges (Pay TV). They oriented themselves on the audiences' and advertisers' preferences to a much greater degree than the public broadcasting services, which were financed by a device-based license fee (since 2013 by a household fee, "Rundfunkbeitrag"), and which had and still have to fulfill a legally regulated programming mandate controlled by broadcasting councils (representatives of civil society and the state). Private broadcasting is thus subject to much stronger market influence, even though it also has social obligations to fulfill, from which possible (although less pronounced) influences from civil society and from the state result. In the triangle graphs it is thus located much closer to the market corner.

Figure 14:
The Influence of Market, State and Civil Society
on the German Media System, 2000



This has also affected the sum of both pillars of the dual broadcasting system as a weighted average (which in the triangle graphs is described by the brown dots). Whilst in 1985 this average almost aligns with the (green) dot representing public service broadcasting, it then continuously moved in the direction of private broadcasting and thus in the direction of the market corner. Already in 1990 it was situated considerably nearer the market corner (see Figure 13), and



in 2000 it was situated almost exactly in the middle between public service and private broadcasting (see Figure 14). If one ignores smaller oscillations, this position has hardly changed until today (see Figure 15 for 2010), amongst other reasons because the pent-up demand for private offers was largely satisfied after 2000 and because advertising revenues collapsed several times due to market conditions.

From 1985 onwards the programming interests served by commercial networks prompted public service broadcasting and the press to place greater emphasis on the public's preferences in the selection of their topics and their journalistic and artistic adaption. In order to create space for predominantly entertaining and distracting program offerings, which could obtain higher audience shares and more revenues, program offerings that interested the mass audience, but were important for public opinion making (and especially political opinion making), were restricted (or pushed to less prominent areas, respecting program slots). In Germany this form of marketization of the media and the journalistic consequences related to it ("boulevardization", "trivialization", also "personalization" and "scandalization") can be observed from around 1985 onwards, especially intensely since around 2005, but continuing until today. Commercial broadcasting, and as a result also the press and public service broadcasting, has encroached on the market corner more and more, as well as the German media system as a whole, which is represented by the black dots in the triangular graphs.

For public service broadcasting this (self) marketization was ascribed to television advertising introduced in 1956 and successively expanded into early evening programming, causing the advertising economy to achieve significant influence, and an increasing orientation to audience shares. In media politics this was and is criticized as an incorrect alignment to commercial offerings. Due to the expansion of mass audience commercial programs there were even demands that public service broadcasting should now renounce the existence of offers from private networks and limit itself to socially valuable minority programming not offered by private networks.¹ However, the decrease in audience shares associated with this would also have diminished the power of opinion of public service broadcasting.² Therefore public service broadcasting representatives defended their programming policies as a necessary new adjustment of the relationship between public service obligations and quantitative audience loyalty, which became necessary with the introduction of private operators (often also designated as the required balance of "quality and quota").³ In view of the changed framework, also due to changing user behavior (fragmentation and "channel hopping" as a result of the multitude of channels), others even thought

¹ This is expressed in the triangular graphs as an even greater distance of public service broadcasting to the market corner. In this regard again the video animation at <http://www.rundfunk-institut.uni-koeln.de/institut/pdfs/30014.pdf> is recommended.

² This is expressed in the graphs as a shrinking of the brown dot; see *ibid*.

³ Economically one could speak of an optimization of the product's "value component" and its "quantity component". See Kops 2012.

it was necessary for public service broadcasting to orient itself even more strongly to the audience's taste. These controversies are no surprise in view of the difficulty of empirically measuring the quantitative components of media offerings, i.e. the size of the public reached directly, but also indirectly (for example through a hook-up via other media), and even more in view of the problems of measuring their value components, that is the individual and social impacts on the public reached.¹

In any case what is evident is that over the course of time public service broadcasting drew closer to commercial broadcasting, but was nevertheless subject to a substantially lower influence from the market and a substantially higher influence from civil society than the latter (and also than the press). As a result it has developed considerable compensatory effects within the overall system.²

3.3. The Development of the German Media System between 2001 and 2013

Next to broadcasting and the press, **online media** is a further media category that has come into existence since around 1990, and since then has continuously gained power of opinion. It contains a plethora of diverse audio-visual offers, which can be sent or called up via the internet, and which – unlike unidirectional broadcasting and the press – also enables capacitive feedback and a role reversal between senders and receivers. This includes for example newsletters, web-logs, mailing lists, online conferences, forums, Wikis and social networks. Since these media have arisen in a spontaneous and decentralized manner, they lack a unified organizational and business model, unlike commercial broadcasting offers and print media, for which private sector organization and financing has been indisputable in Germany from the outset; and unlike public service broadcasting, for which it has been indisputable in Germany from the outset, that offers were to be organized and financed in a non-market and non-governmental fashion, that is in accordance with public service. For this reason online offers dominated by the market, as well as offers dominated by civil society targets, have emerged. In Germany also public service online offers have emerged, which derive from the programming mandate, respectively the "functional" mandate of public service broadcasting in consideration of their guarantee of existence and development.³ – We consider these commercial online media, civil

¹ *ibid*

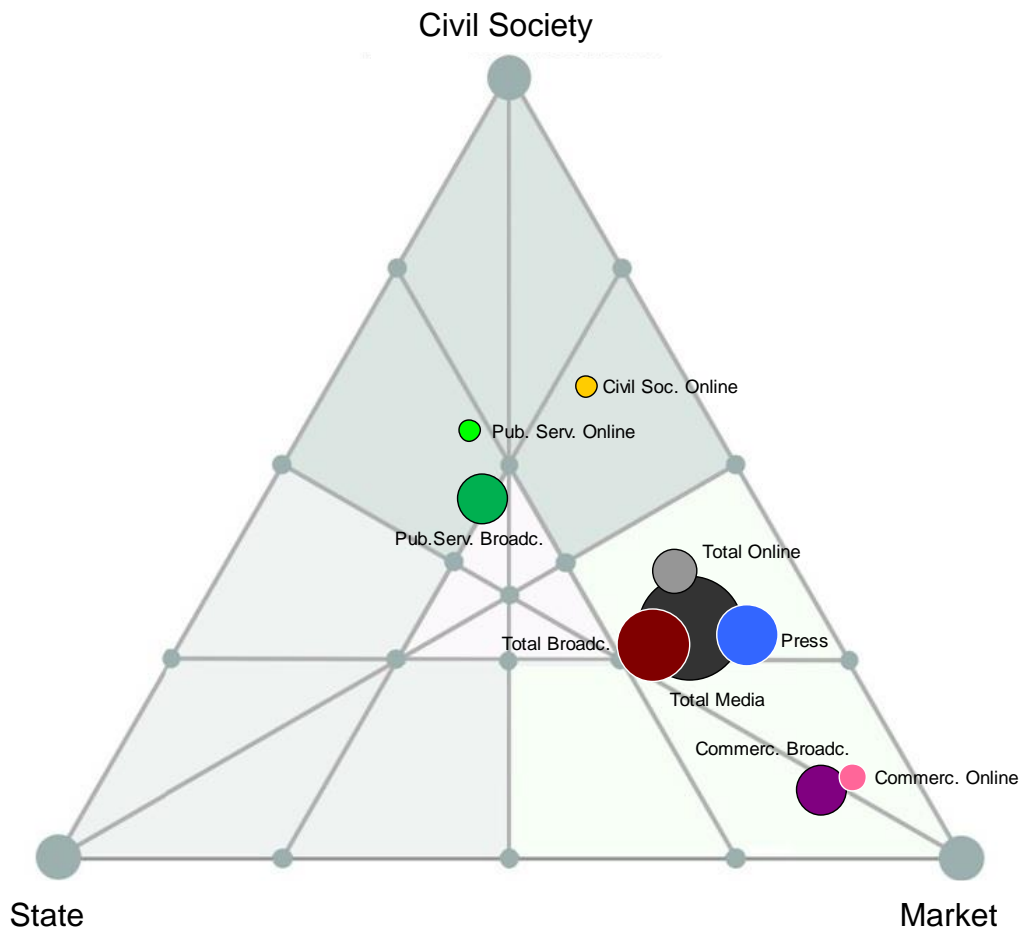
² This can be substantiated for example through content analysis comparisons between public service and commercial program offerings, which are regularly commissioned by the German regional media regulators ("Landesmedienanstalten") and the ARD/ZDF Media Commission (for the current report see Medienanstalten/ALM 2014, Krüger 2014). It would be a task for international comparative studies to appraise the developments of those media systems with less public service broadcasting power of opinion (cf. to this Kops 2014c).

³ BVerfGE 83,238 WDR. In contrast, the further category imaginable under an order theoretical approach, that of online government offers, can be excluded from treatment due to the distance from state required in Germany and the resulting strict admissibility and power of opinion.



society online media, and public service online media as separate, even though the distinction, especially the demarcation between commercial and civil society offers is difficult (for example with social networks, whose content is often made available by intrinsically, motivated users, but the operators' revenue targets also play a role).

Figure 15:
The Influence of Market, State and Civil Society
on the German Media System, 2010



For **commercial online media**, which first appear in our graphs as a small, hardly visible dot in the year 1990, we recognize that market influences are dominant and that government influences and influences from civil society are even inferior to that of commercial broadcasting, due to the largely inadequate regulation of the internet at first (see Figure 13 for 1990). In the two following decades the importance of commercial online media has risen considerably – economically, in terms of the number of users and the length of periods of use, but also in terms of other factors, that influence the power of opinion (see Figure 14 for 2000 and Figure 15 for 2010). Social networks that are meanwhile used by almost 80 % of all internet users have especially contributed to this.¹

¹ See BITKOM 2013.

By contrast, for **civil society online media**, which are only indicated in the graphs from 1990 on, a dominant influence of civil society is assumed, with accordingly few constraints from the market and the state. Over the course of time the importance of civil society online media has similarly risen sharply like those of commercial online media, on the one hand, because the existing civil society organizations have successively discovered and used new communication platforms, and on the other hand, because new, increasingly non-organized civil society stakeholders (such as private blog operators) have tried more and more to achieve their objectives via online media. Contributing to this, the cost of producing and disseminating such content digitally has sunk over time. Nevertheless, civil society online media have also become subject to rising market pressure. For instance, the objectives of certain, initially intrinsically motivated stakeholders has changed with the increasing attention and commercial marketability of their offers; other civil society online media were bought out and disappeared into commercial online services.¹

The importance and positioning of **public service online media** (German Media Law also uses the term **telemedia**) is especially difficult to measure. This is due foremost to the fact that in Germany the legitimacy of public service online activities has long been legally and politically contentious. Although some public service institutions had already put content online in the nineties, only after the Federal Constitutional Court attested public service broadcasting with a genuine online mandate in its judgment on fees² did legislation clarify, which online offers are covered by the functional mandate of public service broadcasting. -- Although in principle the positions of public service online media in the triangular graphs resemble the positions of linear public service broadcasting, there is some divergence, due to some legal particularities of public service telemedia³ and due to the user behavior that differs between linear and non-linear offers.

Online media on the whole appear in the graphs as weighted averages of the three different online types, represented there by the grey dots. Its size in 1990, the first year it is visible, is miniscule compared with those of the dots for traditional media; but it has grown continuously until today. Its positions within the

¹ In the triangular graphs this is illustrated in a shift towards the market corner, even if it is minimal.

² BVerfGE 119, 181 (2007)

³ In an attempt to guarantee that all public service telemedia conform to the democratic, social and cultural requirements of society, the so-called three-step test, as well as processing guidelines and content regulations, is applied (cf. Kops/Sokoll/Bensing 2009, pp. 39ff.). In addition the legislator has summarized different services into a so-called "negative list", which is especially relevant to the commercial operators' profit purposes, that are explicitly excluded as the object of public service telemedia, as well as the purchase of feature films and series, offers not prompted by journalistic-editorial motives, or containing advertising and sponsorship or nationwide reporting on local events (see *ibid*, p. 128ff.). This is why public service online media are located further away from the market corner than linear public service programming.



triangles are slightly above those of all media, which show that the market exerts a slightly under-average (and civil society slightly over-average) influence on online media on the whole, above all because of the strong influence civil society has on the public service broadcasters' telemedia offers. However, one should recall that for online media the empirical coding of the provisioning methods' influences and of the power of opinion is especially difficult and that therefore both for the positions and for the sizes of the dots the corridors of uncertainty are especially large.

3.4. The Development of the German Media System between 2014 and 2020

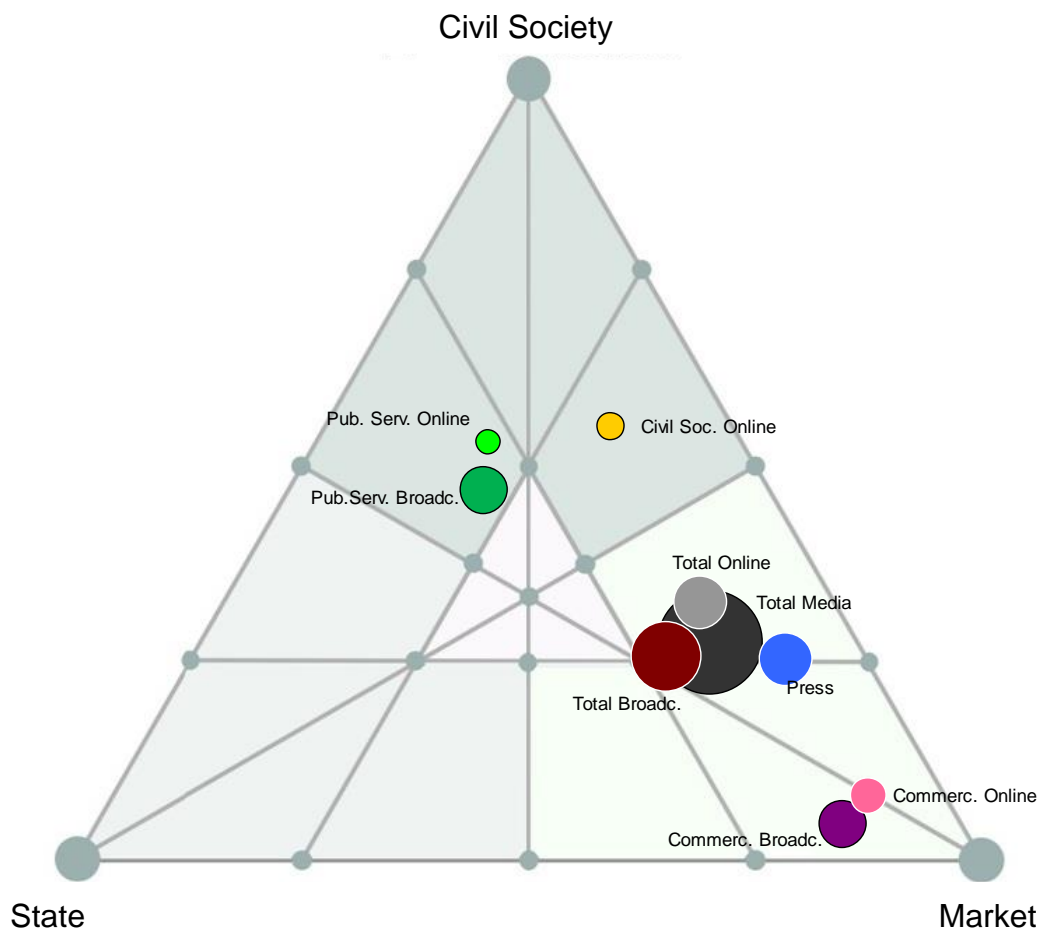
In spite of the conceptual problems of measuring the strength of the methods' influences on the media and the power of opinion of different media types' already mentioned, and in spite of the patchy empirical data and the extremely dynamic technical and institutional transformations of the media, we have dared to forecast the developments of the German Media system until 2020, differentiated for the media types considered (see Figure 16).

- Our prognosis for the **Press** is that both the existing loss of importance as well as increasing market influence will continue. The former above all as a result of the persistent gain in importance of online media, also for advertising and transactional business, the latter above all as a result of further rising competitive pressure and financing by individual remuneration made possible by the fragmentation of electronic press, which enable and enforce a heightened focus on individual reader's wishes.
- Our prognosis for **public service broadcasting** is that it will also suffer a loss of importance, on the one hand because under changed demographic and political conditions the usual increase in real fee income over many years will not continue, in spite of the conversion from a device-based licence fee to a household fee. On the other hand the power of opinion of linear media, which still constitutes the core offer of public service institutions, will continue to sink in comparison to online media. Public service broadcasting could counteract this loss of importance by concentrating even more on linear popular mass program offers, and in a stricter legal framework on more popular mass online offers (in the graphs this would lead to a less significant shrinkage of the size of the dot, but at the same time also to a shift in the direction of the market corner). However there are several indications that politics would prevent such a convergence, for example by following the three-step test, which specifies criteria for the functional man-date of respective linear, offers and extends the responsibility of broadcasting councils to apply these criteria. Plans to completely ban advertising and sponsorship from public service broadcasting suggest that in future they will be more obliged to take on compensatory tasks, which complement commercial offers.
- For **private broadcasting** a loss of importance is also to be expected. The reason for this is again the increased importance of online media, in this case in contrast to linear commercial broadcasting offers. In addition private oper-

ators are also weakened by the decreasing attractiveness and yield of advertising. They are affected by this more significantly than linear public service broadcasters, whose advertising revenues only make up about 6 % of total receipts (and may possibly be completely eliminated in the mid-term, see above); and due to the transition from a device-based to a household fee, this income will not sink any longer, but it also will not expand.

- For all forms of **online media** by contrast, it can be assumed that strong growth will continue. This is also and especially true of **commercial online media**. It is anticipated that with its rise in importance media policy efforts to reduce the dominant influence of the market via guidelines and rules on the part of the state and civil society will be intensified. However, these will only be successful to the degree that globally valid and enforceable government and civil society rights are created and enforced. In Figure 16 commercial online services are therefore only slightly displaced from the market corner for the year 2020, (and in the graphic animation for the time period between today and 2020).

Figure 16:
The Influence of Market, State and Civil Society
on the German Media System, 2020





The future development of **civil society online media** is likewise hard to predict. In the triangular graphs a further slight rise in importance is fore-shown, resulting from a further rising number of internet users and periods of use in general, and from a further decrease in the cost of producing and disseminating audio-visual content, which is important above all for civil society media providers. Due to the stark changes in production, dissemination, and user and on-demand patterns, it is difficult to say to which degree this changes the influence of market, state and civil society. Hence its position inside the triangular graphs only changes slightly, following the general trend of the media towards the market corner point. However, especially the development of civil society online media is particularly hard to forecast. Then again, it is the key to future online media development as a whole; also for the future of the entire media system with the perspective of the increase in importance of online media as opposed to other media types.

Presumably the importance of **public service online media** will also continue to grow, at least in terms of the volume of financial resources expended on it, as resources used to date for linear broadcasting will be redeployed. What is not so certain is that the expansion of resources and tasks will lead to equally enhanced attention, rising user numbers and periods of use, and finally to an increased power of opinion of public service telemedia. This will depend above all on the aptitude of online editors to reach younger telemedia users, and in turn also on user behavior developments which are difficult to predict, and on the attractiveness of competitive offers, for example social networks. It is also difficult to forecast if and in which way the influence of market, state and civil society will change telemedia in the future. In the event that expected public service broadcasting's stronger (negotiated) commitment to its functional mandate has an effect on its online offers, market influence will decrease. Then again for the media on the whole – and also for other sub-types of online media – the commercializing tendencies will not fail to leave their mark on public service telemedia in the foreseeable future (in Figure 16 this is illustrated by the further shift of the light green dots to the market corner).

3.5. The Material German Media System – Typically Classified Ideal

If we revert to the ideal typology introduced in Section 1, we can characterize the media types that materially exist in Germany as follows (see Figure 17):

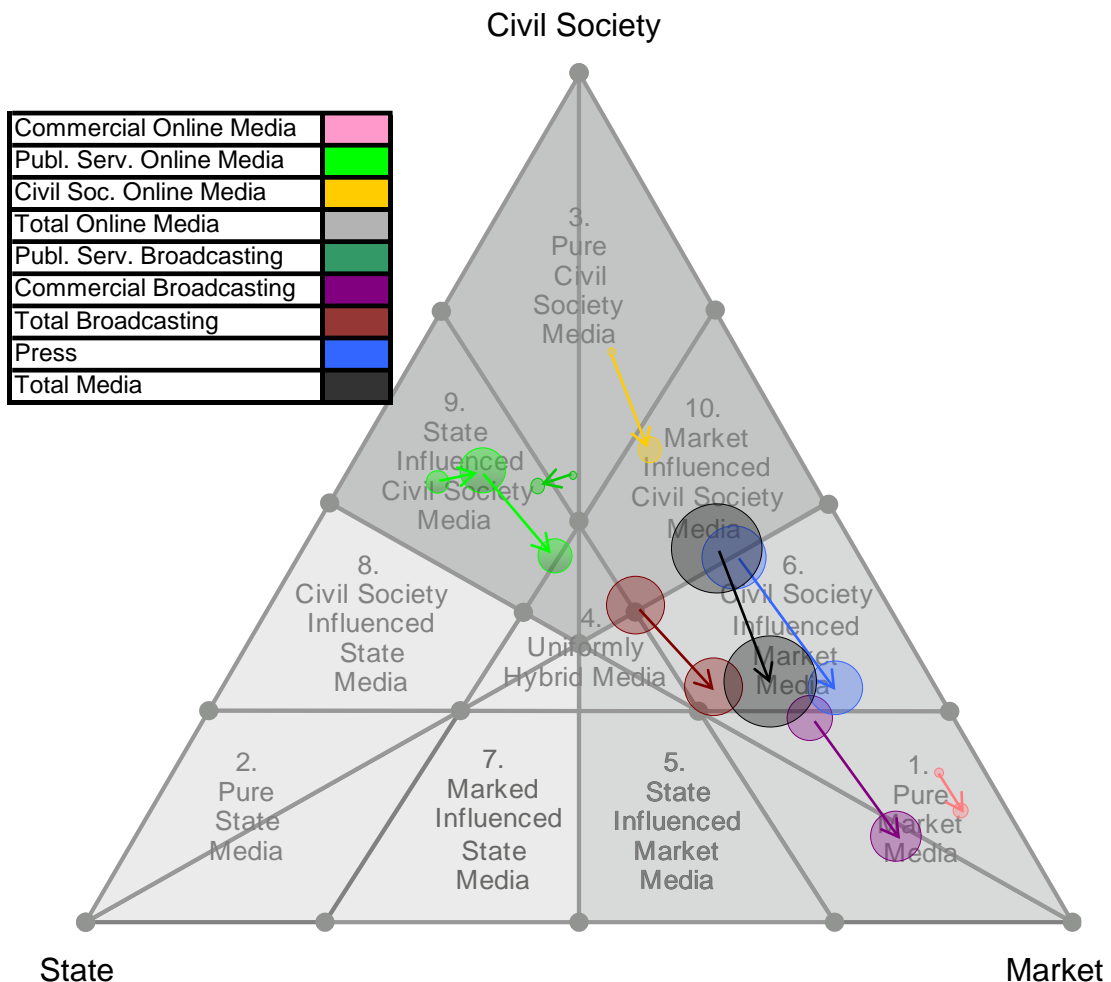
- The **press** in Germany traditionally is to be classified as "*Civil Society-Influenced Market Media*". Continuously within the period observed,¹ the influence of the market has grown, and its power of opinion has diminished.

¹ Due to its different history, the time periods that have been (visibly) plotted in Figure 17 start differently for the media types considered: For the press it starts in 1950, for public service broadcasting in 1960, for commercial broadcasting in 1990, and for the different online media in 2000. For all media types the plotted time paths end in 2013.

- **Public service broadcasting** in Germany is to be classified as "*State-Influenced Civil Society Media*". Here the market has gained influence over the time period as well. Its power of opinion increased substantially at first, but since the licensing of private broadcasting and the emergence of online media it is gradually decreasing.
- **Commercial broadcasting** in Germany is to be classified as "*Pure Market Media*". Also for this media the influence of the market has increased over time (whereby a differentiation between the different private broadcasters, not undertaken here, would presumably disclose considerable differences in the strength of market powers). The power of opinion of commercial broadcasters gained quickly after its licensing in 1984, but with the increasing importance of online media it is now diminishing again.

Figure 17:

The Position of the German Mass Media within the Developed Ideal Typology: Continuity and Change of the German Media System



- Since the rapid expansion of the commercial segment of the dual broadcasting system the **sum of public service and commercial broadcasting** in Germany is to be classified as "*Civil Society-Influenced Market Media*". Even though market influence on both segments has risen over time, this classifi-



cation has still not changed fundamentally until today, mainly due to the continuing high influence of civil society on public service broadcasting.

- **Online media on the whole** as the sum of commercial online media (a form of "Pure Market Media"), **civil society online media** (a form of "Market-Influenced Civil Society Media"), and **public service online media** (a form of "State-Influenced Civil Society Media") in Germany are also to be classified as "*Civil Society-Influenced Market Media*". In the past their influence by the market has likewise grown as a result of society's commercialization in general and the media in particular; how it will change in future is difficult to foresee.
- **Online media** as the sum of commercial online media (a form of "Pure Market Media"), civil society online media (a form of "Market-Influenced Civil Society Media") and public service online media (a form of "State-Influenced Civil Society Media") in Germany is also to be classified as "*Civil Society-Influenced Market Media*". In the past the markets' influences have likewise grown; how it will change in future is difficult to foresee. However, it is evident that the power of opinion of all the different forms of online media will continue to rise.

3.6. Summary and Perspective

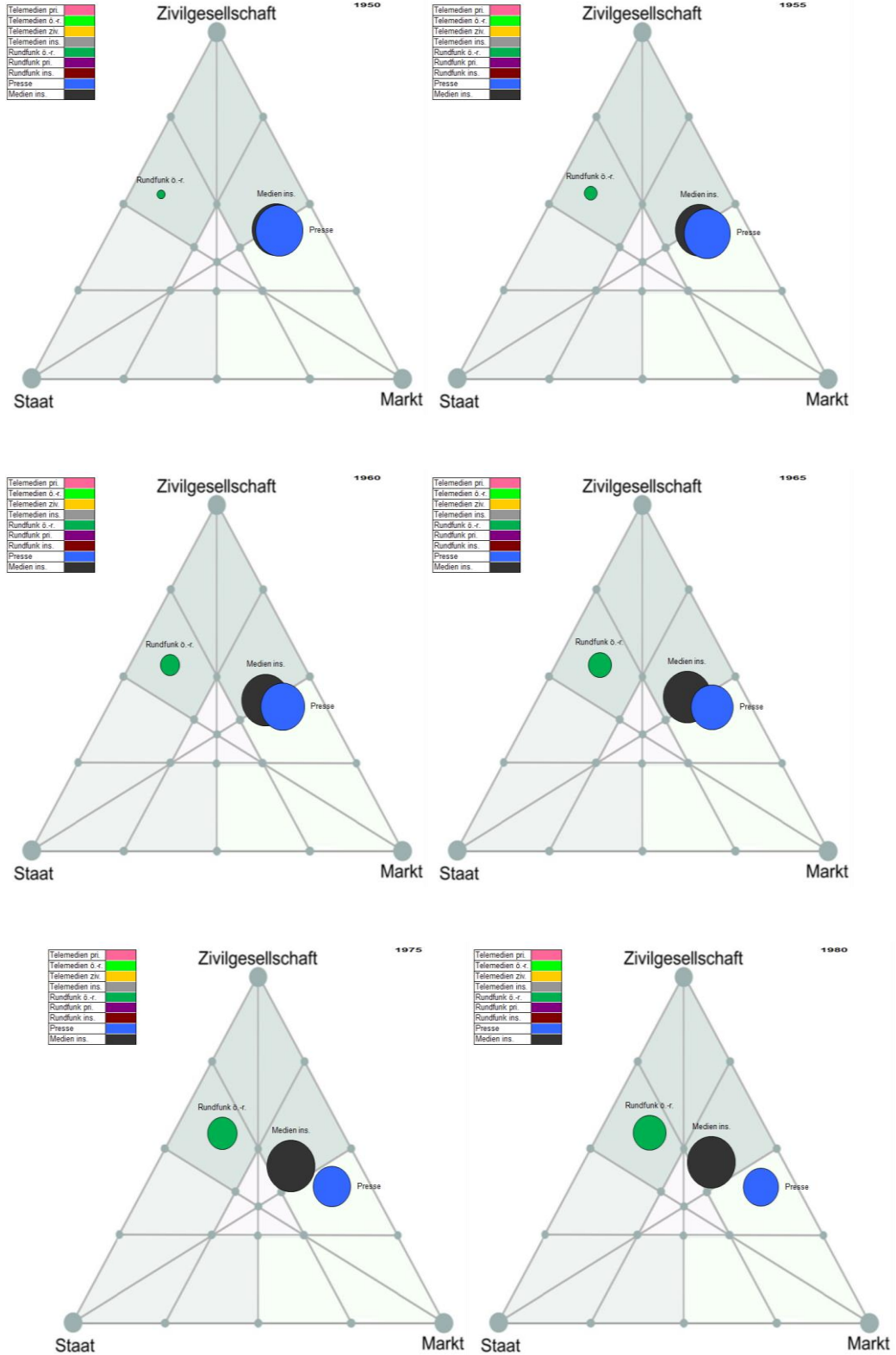
If one looks at the development of the German media system from 1950 to 2012 again in the overall picture, three central results can be discerned:

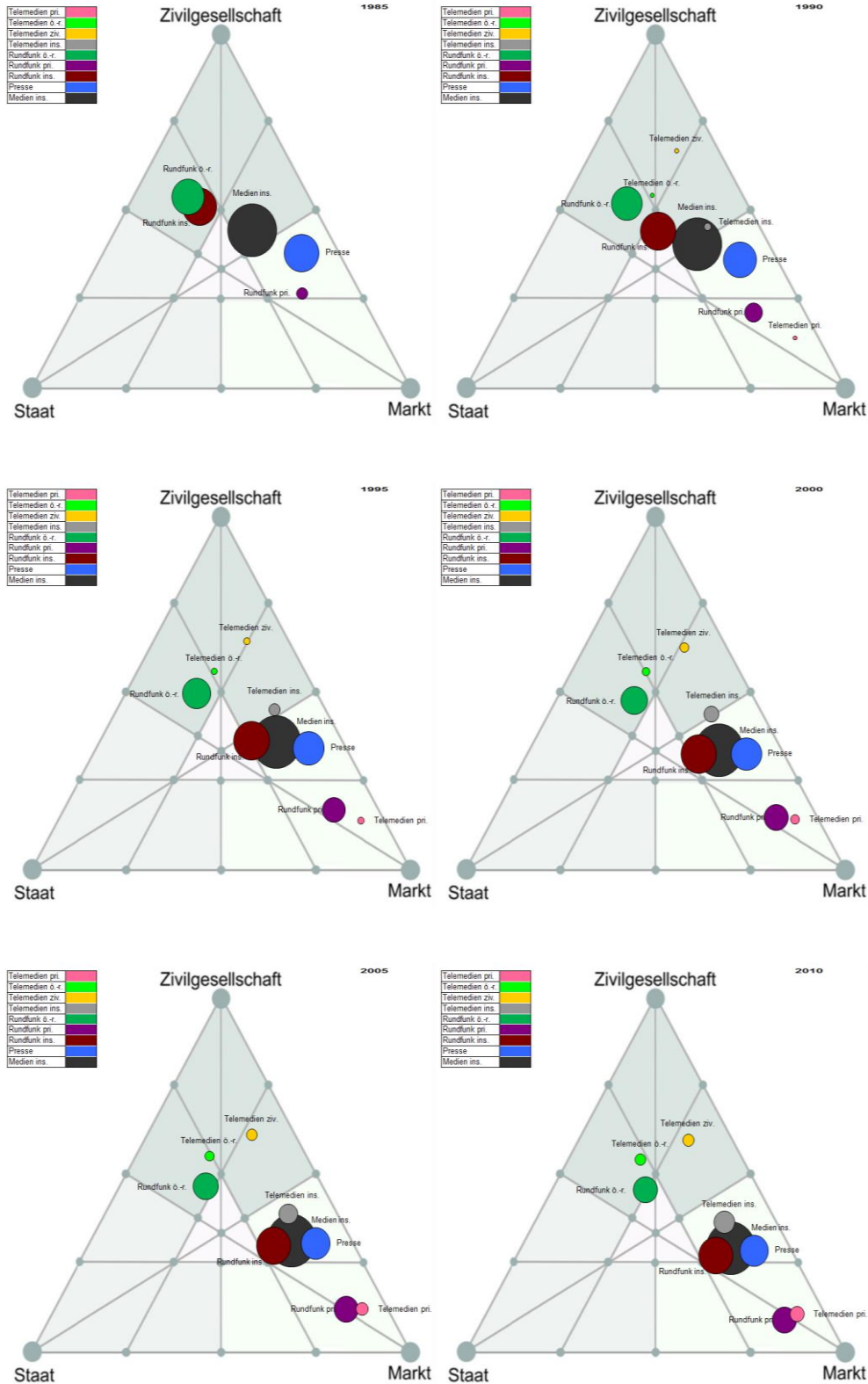
1. the **high arms-length degree** of all media, especially in international comparison, above all for the market organized commercial broadcasting operators and also for the market organized press, but to a lesser extent also for public service broadcasting which is primarily controlled by civil society; in spite of repeated attempts to influence all media types, this high distance from state remained largely constant over the entire period observed;
2. the **stark differentiation of the media**, which today, unlike in the first decades of the Federal Republic, includes not only the press and public service broadcasting, but also private broadcasting which emerged in the eighties, and different forms of online media which emerged starting in the nineties;
3. the **increasing marketization of media** over the entire period, its increased tendency to be steered by the market, true in fact of all of the considered media types.

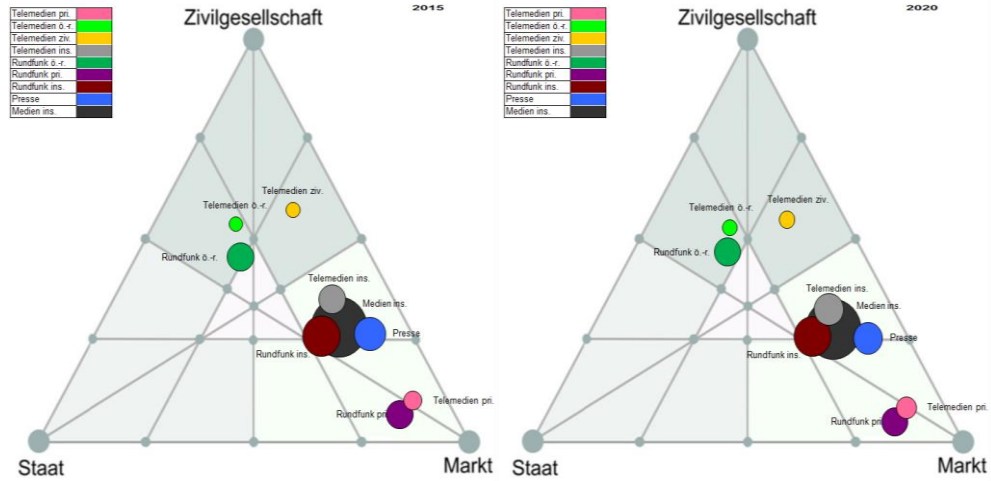
These preliminary results are expected to remain valid over the next years, whereby the differentiation of the media will presumably continue within the existing types. However, this "consistency in media change" will be decreased by the dynamism of online media, which proffers considerable opportunities for democratic and participatory media communication, but also harbors significant risks (catchwords: concentration and limitation to commercial and private, loss of public relevance). The future of public media communication, its functions and effects, will thus depend above all on online media and the design of network and media policies oriented to it.

Appendices

Appendix 1: The German Media System, 1950 - 2020, Graphically Described

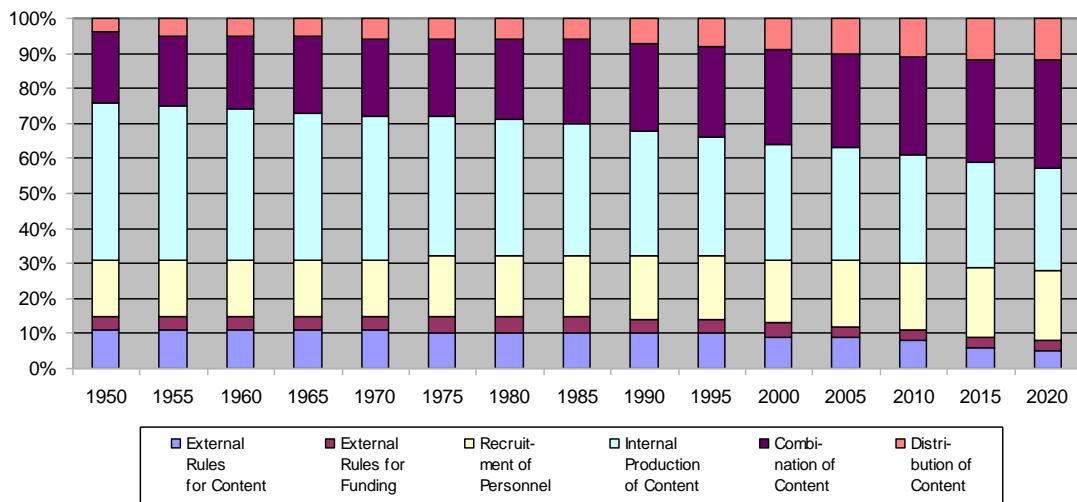




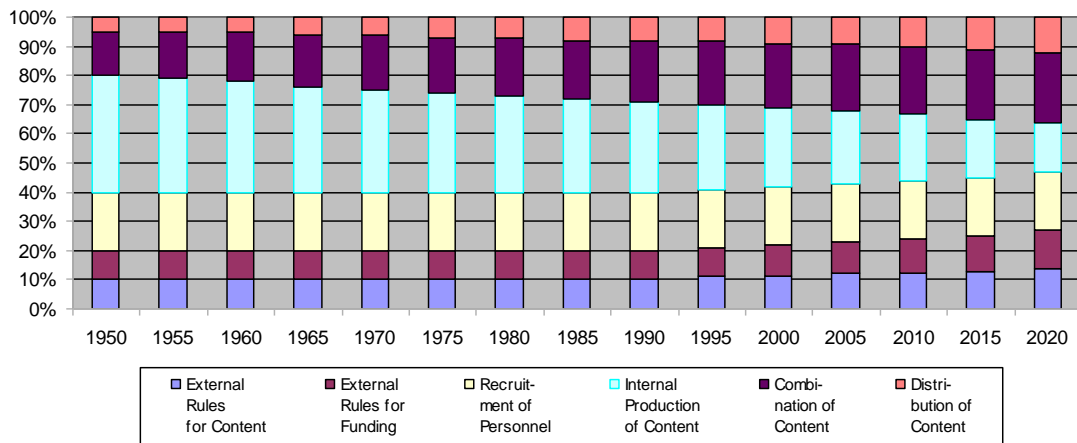


Appendix 2: Importance of the Different Value Levels for the Value-Added Chain

Importance of the Different Value Levels, for the Press, 1950 - 2020

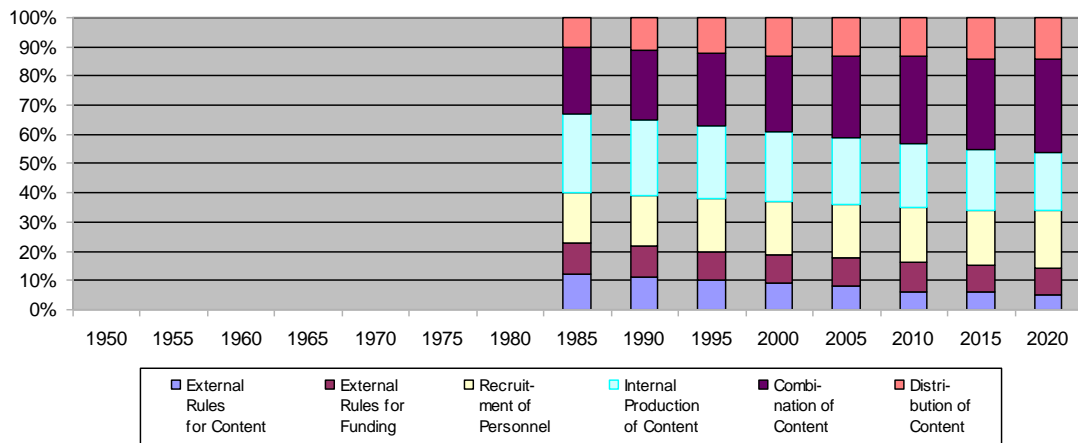


Importance of the Different Value Levels, for Public Service Broadcasting, 1950 - 2020

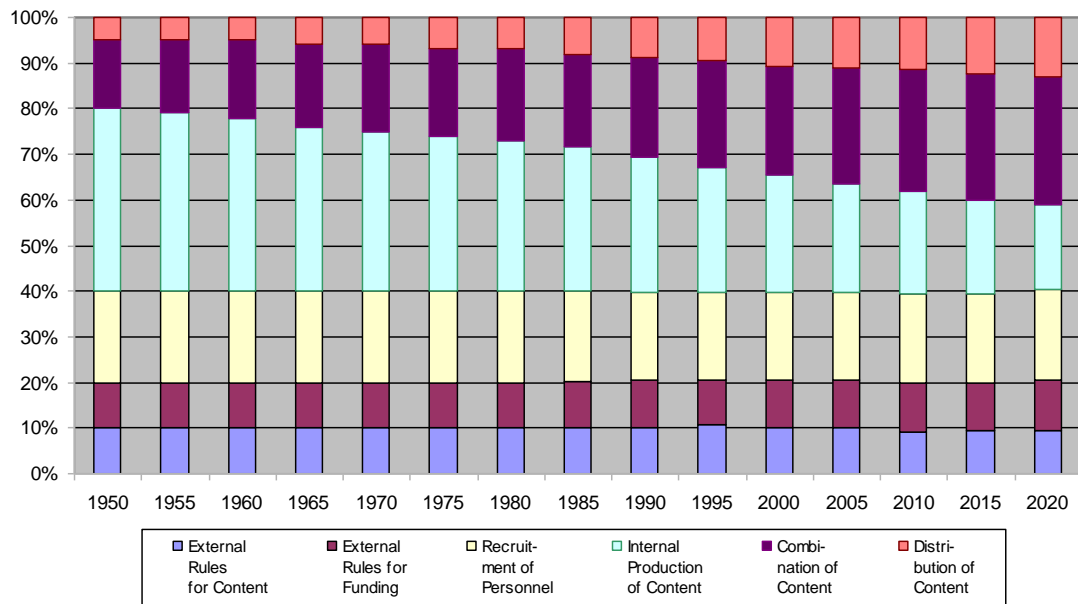




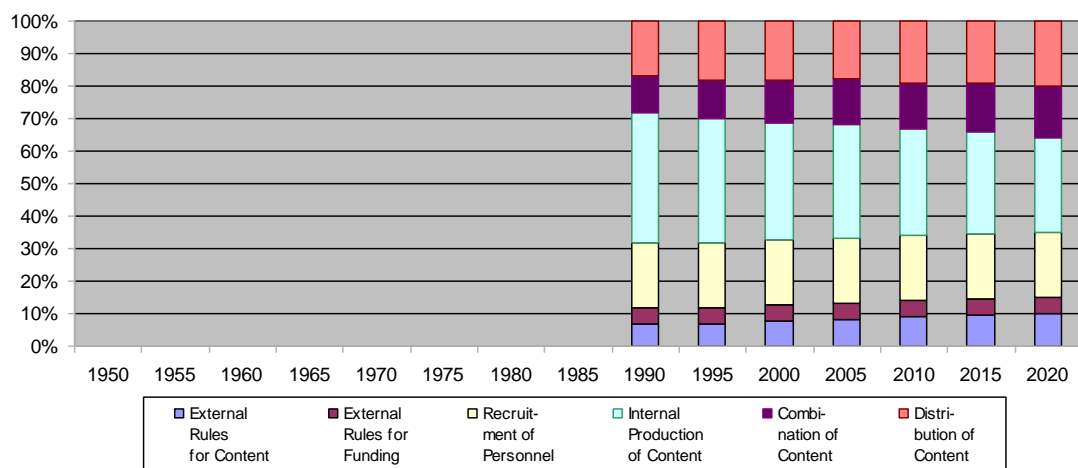
Importance of the Different Value Levels, for Commercial Broadcasting, 1985 - 2020



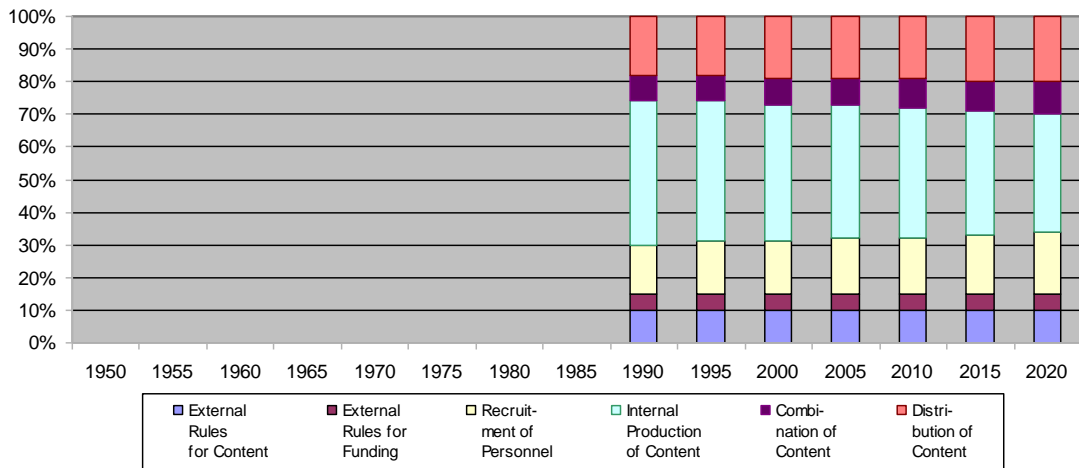
Importance of the Different Value Levels, for (C + PS) Broadcasting, 1950 - 2020



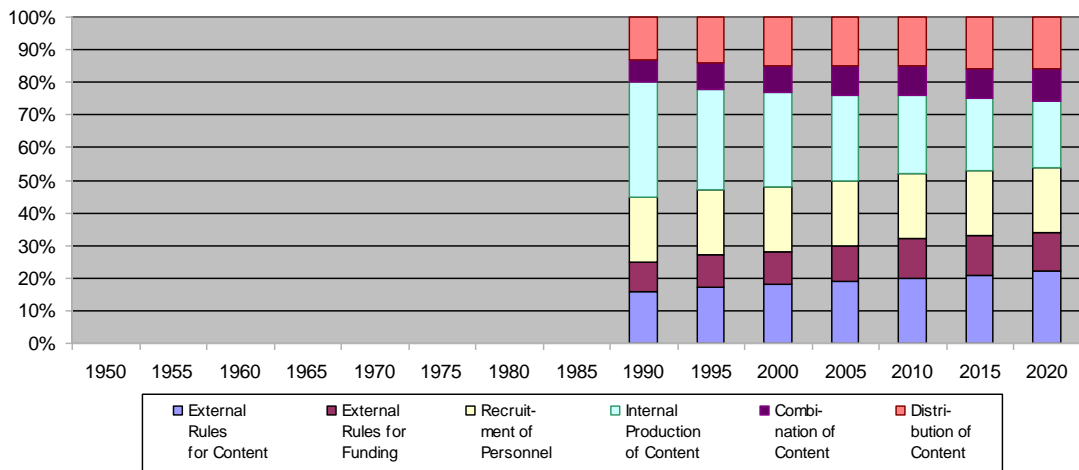
Importance of the Different Value Levels, for Commercial Online Media, 1950 - 2020



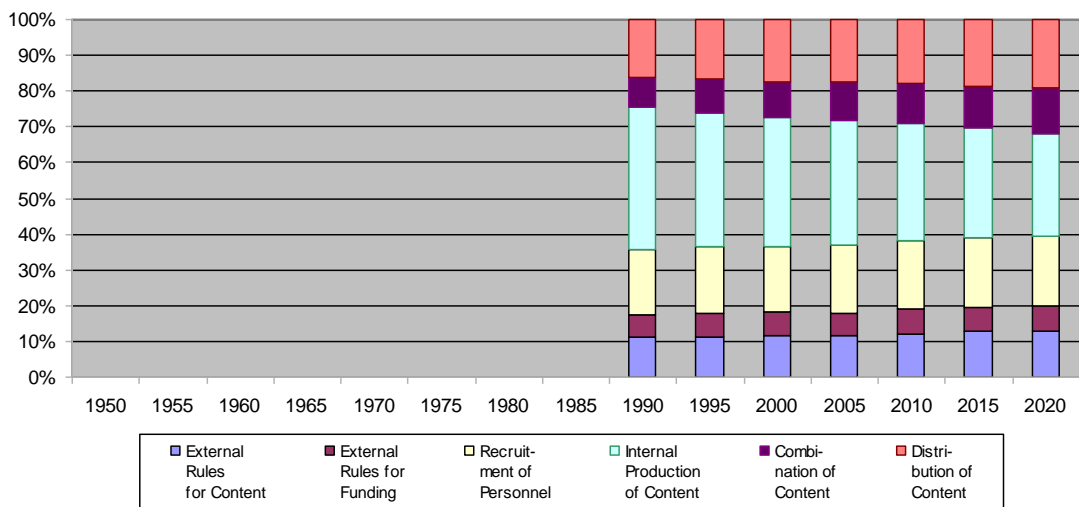
Importance of the Different Value Levels, for Civil Society Online Media, 1950 - 2020



Importance of the Different Value Levels, for Public Service Online Media, 1950 - 2020



Importance of the Different Value Levels, for Total Online Media, 1950 - 2020



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