

State of Pakistan's Media Economy

Impact on Independent Journalism

STATE OF PAKISTAN'S MEDIA ECONOMY

IMPACT ON INDEPENDENT JOURNALISM

A Follow-up of 'Broadcast Journalism in Pakistan: A Hostage to Media Economics' Published in 2015

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ABOUT MEDIA MATTERS FOR DEMOCRACY

Media Matters for Democracy (MMfD) is a policy research and advocacy institute that works on digital democracy, media development and sustainability, Media and Information Literacy (MIL), and digital rights and Internet governance. MMfD also actively engages in capacity interventions for skill building mainly aimed at media stakeholders. MMfD also works for innovation in media and journalism, and provides technical and financial support to digital media startups and entrepreneurial journalists.

One of core areas of organisational interest is media and digital freedoms, and enabling rights. In this area, MMfD particularly focuses on the inclusion of citizens', especially women's voices in online spaces, advocacy for progressive communication policies, and bringing the digital rights issues into the political mainstream. MMfD has a strong focus on gender in the context of media, the Internet, and online spaces and all our initiatives and programs include an overarching emphasis on inclusion. MMfD also operates the Digital Rights Monitor, a news website covering developments related to Internet governance and digital rights in Pakistan.

PREAMBLE

Thomas Jefferson, one of the Founding Fathers of the United States of America (USA), and the principle author of the Declaration of Independence was an avid supporter of media freedoms. Jefferson believed in the power of an independent news media to keep governments in check. He believed that the governments — including the government of the USA, of which he himself was a member — would become prey on their own citizens like “wolves prey on sheep” if they go unchecked by a fiercely independent media. “Were it left to me to decide if we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter”, he once wrote to Edward Carrington, the appointed delegate to Continental Congress.

An independent news media, without doubt, is the cornerstone of any democracy, and rightly referred to as the “Fourth Estate” in the state paradigm. As Jefferson put it, “our liberty depends on the freedom of press, and that cannot be limited without being lost”.

The importance of an independent new media has, if anything, increased manifold since Jefferson’s time, and much has been said and written about it. However, it can only keep the governments and powers that be accountable if a conducive, enabling environment exists. In other words, in order to function, news media entities need to sustain and grow as independent businesses, and like all other businesses, are dependent on the policies made and implemented by the governments — the very entities news media is tasked to watchdog.

Thus, most governments have the reasons, the means, and the motive to take action to subdue the news media, sometimes even through physical violence — especially in countries where the media freedoms are not protected by clear, effective laws and practices.

Be that as it may, the conventional crimes against journalists, including legal threats, digital attacks, arrests, and the cases of physical violence are easily identifiable and regularly monitored by national and international media watchdogs. However, in understanding and analysing the media freedoms, the presence (*or absence*) of a favourable economic environment is often overlooked, and as a result, the moderns methods of censorship — such as indirectly controlling the revenues, ownership, and distribution of media entities through non-media actors such as intermediaries and advertisers — often remain below the radars of most media freedom watchdogs.

Although, this deliberate suppression of media’s economic interests by governments to push news media into compliance is a massive concern, unfortunately, when it comes to revenue generation for news media, it isn’t the only challenge. Massive growth of the Big Tech platforms and the subsequent shift of digital advertisement revenue have resulted into an ever-shrinking revenue for newsrooms. The algorithms of Google and Facebook, among other platforms, quite literally determine the content that will be served through their timelines. While the platforms profit from serving journalism content, the outlets have to give up their control on ad-buys and rely on platforms ‘back-boxed’ algorithms for monetisation. The opaqueness of Ad-Tech systems further empowers this dominance. As a result, the Big Tech is generating billions, all the while when newsrooms revenues are plummeting with no meaningful alternates business models in sight.

Thus, it is paramount for media freedom watchdogs, the labour unions of journalists, civil society groups, and all those who are interested in advocating for and defending media freedoms to

understand the dynamics of digital and conventional media's economic landscape, and the challenges and developments that can contribute in harming said freedoms. This publication is a step towards mapping and analysing media's economic landscape of the country, and its role in ensuring media and digital freedoms.

This publication is aimed as a follow-up study for "Broadcast Journalism in Pakistan: A Hostage to Media Economy" published by Centre for Peace and Development Initiative (CPDI) and authored by Asad Baig, which was aimed at creating a baseline for the state of country media economy, improving the overall knowledge of the media's economic landscape and technical infrastructure, and equipping media advocacy groups with critical knowledge.

KEY FINDINGS

The key findings for the study are divided into the three sections, the traditional media — i.e. the print and the broadcast —, the digital media, and the findings that are common for all medias. Following are the key findings of this study with regards to the traditional media:

1. A fully integrated digital distribution system for broadcast media remains absent, and there seems to be no clear policies in sight for its implementation. The absence of a digital distribution system for broadcast media gives rise to a horde of challenges, including the limited revenue generation and monopolistic practices of intermediary groups — primary the cable operators.
2. Over dependence of traditional media on advertisement revenue, including the government sponsored advertisement, remains high. Innovation within the traditional media groups to garner alternative revenue generation models — such as content monetisation, community memberships, crowd funding — remains low, leaving the traditional media susceptible to drastic fallouts with the drop in advertisement revenue — such as experienced during 2017-18 to 2020-21.
3. Innovation within the traditional media with regards to content generation remains dismal. Traditional news media seems to mainly rely on the breaking news culture, leaving little space for new, exclusive content streams, which has arguably contributed to the drop in television viewership, especially for news channels.
4. Advertisement trends show a clear shift of revenue from traditional media to the digital platforms. This shift is expected to further reduce the available revenue for the traditional media, potentially resulting into further downsizing of the traditional media organisations. However, the corresponding effort to minimise the fallout of shrinking revenues — such as an innovative content products, new content streams, and strategies for audience engagement — seems to completely missing within the traditional media organisations.

Following are the key findings for digital media:

1. Digital advertisement revenue is on a steady rise. However, most of this advertisement revenue is going directly to Facebook and Google. Leaving little space for direct monetisation of content for digital media outlets, and making them almost completely dependent on platform-based monetisation for revenue generation.
2. A vast majority of digital media outlets rely completely on Facebook, Google, and other international corporations for the distribution of their content. Platforms in Pakistan have a substantially large subscription, and thus, this may seem to be a good arrangement in the short-term. However, the over reliance of media outlets on platforms without a revenue sharing mechanism seems to be working in the favour of platforms and against the media outlets. Furthermore, the lack of transparency in Ad-tech tools and mechanics, platform algorithms, implementation of community standards, and most importantly, proliferation and profiteering from hate content could substantially shrink the space and revenue for independent digital journalism in Pakistan.
3. There are no clear policies or policy strategies in sight for the proliferation and promotion of revenue generation for digital content through subscriptions in the country. For instance OTT

platforms could be a good revenue source for large media groups, and could substantially add to their revenue streams but there are no clear directions with regards to local OTT registrations.

4. Most leading digital media outlets aren't 'digital first', and in most cases operate as a means to promote traditional broadcast content on digital mediums, especially when they are a part of a traditional media group. Thus, for most digital media outlets, there is no value addition — i.e. no digitally exclusive content that promotes audience engagement.

Following are key findings that are common for both traditional and digital medias:

1. Misinformation has been a massive challenge for journalists, a vast majority of whom regularly source information through digital platforms. Survey shows that majority of journalists have never had any formal or informal training on digital fact-checking.
2. Crimes against journalists, more specifically digital attacks and hate campaigns, have been on a rise, and studies conducted by MMfD show that digital attacks have a direct connection with self-censorship especially by women journalists.

SUMMARY RECOMMENDATIONS

This sections lists the summary of the recommendations made in the Section 4 and Section 5 of this publication. For detailed recommendations please refer said sections.

- It is abundantly clear that, in the longterm, broadcast media cannot sustain itself on advertisement revenue alone. Hence, immediate measures should be taken for the diversification of the revenue, and the industry should experiment with models such as subscription revenue, crowd funding drives, and community memberships.
- All media stakeholders should collaboratively advocate for improvement in the technological infrastructure and provision of essential digital services that would allow experimentation with revenue and other value added services — including DTH, digital switchover, and local OTT licenses.
- Interim measures should be take immediately to support broadcast media during the economic crisis. They include, but are not limited to, sharing of carrier fees with the cable operators and other media intermediaries, and clearing of advertisement dues by the governments.
- Federal and provincial governments should develop a fair and equitable policy for transparent distribution of government-sponsored ads in consultation with all key media stakeholders. Due consideration should be given to small, community led media entities.
- Immediate actions should be taken for reforms in PEMRA, including making it independent from government's influence, developing a co-regulatory model with emphasis on self-regulation, and shifting PEMRA's focus from political content regulation to facilitating and developing tech-based infrastructure for media
- Broadcast media entities should invest more in strengthening their connection with the rural and non-urban communities which feel that the media doesn't serve the needs.
- Cross media ownership should be regulated and transparency in media ownership should be promoted.
- Digital editors should come together and form an alliance to move towards addressing the common challenges for the industry, including bargaining with social media platforms for higher monetisation rates and more transparency in Ad-Tech tools.

SECTION 1: INTRODUCTION

We are living in an age where the need for authentic, trustworthy information has never been direr. Be it the Pandemic, or a conflict between nations, the role of independent, credible journalism to provide authentic information to the citizens across the world can't be emphasised enough.

However, at a time when the journalism is needed the most, the newsrooms across the world are fighting an existential battle ... of an economic nature. Globally, the revenue and revenue sources that enabled credible, independent journalism to flourish, have been on a decline. Revenue streams that allowed the media entities to keep their operations going through a steady income without having to compromise their editorial integrity have either evolved or completely dried up.

In other words, now, when journalism is needed the most, the media entities instead of investing more resources into producing public interest journalism, are facing closures. Most of those who are surviving finds themselves barely floating and gasping for air.

This is, in summary, one of the driving reasons for why media sustainability is so vitally connected to media and digital freedoms. The challenge of media's economic viability, however, isn't merely about making the ends meet, or garnering innovative business models. Rather, its the ability of the media entities to function effectively in serving their communities sustainably, and building an ecosystem that allows them to generate a steady income to meet their expenditures without having to make editorial compromises.

For instance, a study conducted by Media Matters for Democracy (MMfD) in 2018 found that as much as 88% journalists self-censors themselves in their professional work, and the "policies of media owners" — especially in relation to advertisers and business interests — were found to be one of the biggest causes of self-censorship ¹. In relation to this, a big contributing factor is the nature of advertisers — a massive majority of which comes from federal and provincial governments, large private corporations, and real state enterprises. Thus, protecting the commercial interests of the media entities could effectively push the the public interest back in relation to the interests of the advertisers.

But could a 'journalism outlet' be doing journalism at all if it's protecting the interest of the advertisers, especially if they come in conflict with the public interest? Isn't it against the very premise of the media freedoms?

The sustainability challenge, thus, is multi-fold. It goes beyond just the economic stability of media entities, and has a direct impact on the news media's ability to produce public interest journalism, especially when it comes to government and big corporations. Simply put, the news media can only play its extremely vital role if its business model enables it to sustainably produce public interest journalism, without having to make compromises to "protect its commercial interests" — which remains a challenge for most media entities at the present.

Unfortunately, the vicious cycle doesn't stop here. While the credible newsrooms struggle to merely keep the bills paid, social media platforms continue to grow into massive global entities, and while this growth has positively impacted lives globally, it has also caused a massive influx of

¹ Surrendering to Silence - <https://digitalrightsmonitor.pk/wp-content/uploads/2018/05/report-1.pdf>

misinformation. In some cases, the platforms have actually made the production and dissemination of misinformation more profitable than serious journalism.

An example closer to home is the popularity of political YouTube channels in Pakistan which are operated by individuals claiming to be journalists. Most of these channels identify as “journalism outlets”, but in reality they thrive on political commentary rife with unverified, often dangerous misinformation, conspiracy theories, and sometimes even incitement and hate speech. Most of these popular platform-based “news” channels have a far wider audience than the vast majority of credible digital journalism outlets, especially those which are local in nature, serve smaller local communities, and produce serious journalism content.

In summary, what usually “sells” on platforms is pseudo-journalistic content rife with misinformation and sensationalism, and in most cases, its viewership far outweighs the viewership of serious journalism content. This phenomenon is acknowledged by the content producers on both sides, who feel that only “sensational content sells on platforms” and any time “they even try to cover a serious problem, doesn’t get them traction”.

In Pakistan, the media sustainability challenge has turned into an active crisis in the past few years. Since 2016-17 to 2019-20, Pakistan’s total ad-spend dropped 33% — from 87.7 billion PKR annually to 58.6 billion PKR annually. Figures from the last year show a slight improvement — an increase of approximately 27% — but considering the inflation rates and other economic indicators, it’s only a fractional change.

Broadcast, in particular linear television, qualifies as the mass medium of the country. Various studies indicate that most people get their news from linear television², and majority of the country’s population have either direct or communal access to television³. Private linear television in Pakistan is, however, completely dependent on ad-based revenue for monetisation. According to data from Aurora Fact Files, Pakistan’s overall ad spend — in particular the television ad spend — has been falling since 2018, and has dropped from 42 billion PKR in FY 2016-17 to 26 billion PKR in 2019-2020. Last year has seen some improvement in the otherwise downward trend, bringing the annual television ad revenue to 34 billion PKR, but the market has remained extremely volatile. This decline has caused a massive downsizing of the industry. Reportedly thousands of journalists and media staffers were laid off⁴ ⁵. Some media outlets opted for up to 30% decrease in the salaries of their staff. Thousands of journalists continue to work without wages for months at a time.

On the digital side, while on paper the digital ad-spend of the country has been on a constant rise since 2011, in reality, about 87% — 14.4 billion PKR — of the total digital ad-spend goes directly to Facebook and Google, which essentially means that a vast majority of digital media outlets who use platforms for their content dissemination doesn’t have any control over the ad-buys, or a say in the platforms’ content monetisation policies. Remaining 14% is distributed among the local web enterprises, a tiny percentage of which goes directly news outlets. Extrapolation of digital advertisement trends predicts a constant increase in the platforms’ revenue in the coming years.

² <https://www.digitalrightsmonitor.pk/wp-content/uploads/2020/12/MMfD-Public-Trust-Media-Covid-1.pdf>

³ <https://www.cpd-pakistan.org/wp-content/uploads/2015/02/Broadcast-Media-in-Pakistan-Hostage-to-Media-Economy.pdf>

⁴ <https://www.ifj.org/es/centro-de-medios/noticias/detalle/category/press-releases/article/pakistan-continued-job-cuts-150-journalists-sacked.html>

⁵ <https://www.trtworld.com/magazine/why-are-so-many-pakistani-journalists-losing-their-jobs-22094>

In summary, the publishers and content broadcast have no control over the content monetisation parameters, since they don't control the ad-buys anymore, and while the platforms profit from all the traffic generated using the news content, the publishers and content producers earn far less in comparison to direct advertisements. The lack of transparency in Ad-Tech tools further complicates the problem, and as a result media entities find themselves in a catch-22 situation, especially when a vast majority of them have no other option but to use digital platforms for their content distribution.

While there is an urgent need to push back on platform monopolies and work towards a truly symbiotic relationship between the media entities and the platforms, governments with bad track records in media freedoms are exploiting this push for platform accountability for political gains. In Pakistan, for instance, the policies to make social platforms accountable were incorporated under the criminal legal framework for “cyber crimes” — Prevention of Electronic Crimes Act 2016 — a law that is notorious for being used to silence journalists and criminalise digital expression. The policy in question — “CP Rules Against Online Harm”⁶ — demands the platforms to ensure data localisation, complies with the content removal demands of the government, or face platform-suspensions. The CP Rules were vehemently opposed by the local civil bodies, challenged in the higher courts, and the implementation was suspended temporarily. Nonetheless, the case at hand demonstrates the potential abuse of the push for platform accountability to jeopardise the media and digital freedoms.

The challenge of media viability presents another catch-22 situation; if media entities are unable to sustain themselves as successful businesses and develop an ecosystem with their consumers and communities, they'll fail economically, and will not be able to meet their expenses, in which case they'll be unable to produce quality journalism. However, if they do sustain themselves through unethically sourced revenues — such as pseudo-journalistic, paid, biased, or unverified/sensational content, or advertisements with strings attached — they'll fail to carry out their critical role in the state paradigm, and will be rendered unable to produce quality journalism.

The issue of media viability is, thus, intrinsically linked with media's freedom and ability to produce quality, public interest journalism. However, the challenge of viability can not be narrowly limited to revenue generation alone. It, therefore, has been Media Matters for Democracy's longstanding mission to cultivate an ecosystem that doesn't only drive the revenue generation for media entities, but improve their connection with their respective communities and consumers. This publication is another step in the direction.

⁶ Controversial social media rules notified — Digital Rights Monitor — <https://digitalrightsmonitor.pk/controversial-social-media-rules-notified/>

SECTION 2: MEDIA, ECONOMIC, & LEGAL LANDSCAPE

Key Economic Indicators:

Pakistan has a population of 225 million⁷ — fifth largest in the world — with the latest reported GDP of 346.34 billion US dollars in 2021⁸, and is expected to go down to 292 billion US dollars in 2022⁹. Latest reported figures put Pakistan’s GDP per capita at 1537.9 USD in 2021¹⁰ — 160th worldwide — which has declined from 1,678 USD in 2018.

In the year 2022, Pakistan’s current account deficit stands at 9 billion USD which has contributed to a sharp hike in the US dollar exchange rate impacting the payments for all essential international commodities — including fuel — raising the inflation to 27.3% in August 2022, and resulting in a substantial increase in Purchase Power Parity (PPP)¹¹ — which currently stands at 41.9 LCU. It’s important to mention here that a substantial part of Pakistan’s electricity generation is dependent on imported fuel (oil, LNG, and RLNG)¹².

Broadcast Media in a Glance:

Prima facia, Pakistan has a fairly diverse and dynamic media environment. There are 118 broadcast satellite television channels licensed by broadcast media regulator — Pakistan Electronic Media Regulatory Authority (PEMRA) — operating under various categories, including sports, entertainment, and news¹³. This also include regional and local channels, often broadcasted in local languages. International channels are also licensed for broadcast in Pakistan — including CNN, DW, and BBC — wherein landing rights are given to local license holders¹⁴. There are 4,062 licensed cable networks for distribution of both private TV channels and state-owned channels.¹⁵

Television is considered the mass medium in Pakistan. Figures from “Broadcast Journalism: Hostage to Media Economics” suggest that anywhere from 134 million to 140 million citizens have either communal or direct access to television in Pakistan¹⁶. Experts says that nearly 75% of the Pakistan’s household have access to television. Considering the 2017 census data of Pakistan, this roughly translates into 21 million households, and 137 million individuals with access to television sets¹⁷.

⁷ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=PK>

⁸ <https://data.worldbank.org/country/pakistan>

⁹ <https://tradingeconomics.com/pakistan/>

¹⁰ ¹⁰ <https://data.worldbank.org/country/pakistan>

¹¹ <https://knoema.com/atlas/Pakistan/topics/Economy/Inflation-and-Prices/Purchasing-power-parity>

¹² <https://tribune.com.pk/story/2240789/thermal-largest-share-pakistans-energy-mix>

¹³ List of Satellite TV licence issues by PEMRA - https://pemra.gov.pk/uploads/licensing/stv/list_of_licences_issued_stv.pdf

¹⁴ https://pemra.gov.pk/uploads/pub-rep/pemra_annual_report_19-20.pdf

¹⁵ https://pemra.gov.pk/uploads/pub-rep/pemra_annual_report_19-20.pdf

¹⁶ Centre for Peace and Development Initiatives, “Broadcast Journalism in Pakistan: Hostage to Media Economy”, <http://www.cpd-pakistan.org/wp-content/uploads/2015/02/Broadcast-Media-in-Pakistan-Hostage-to-Media-Economy.pdf>

¹⁷ Express Tribune, “Census 2017: Family size shrinks”, retrieved from <https://tribune.com.pk/story/1491353/census-2017-family-size-shrinks>

Television channels in Pakistan can be mainly divided into two categories, 1) private satellite channels distributed through privately owned cable networks, and 2) state-owned terrestrial channels distributed through cable networks and (state-owned) terrestrial networks. Private satellite channels can be further categorised as 1) national channels — i.e. with content suited to a national audience, and 2) regional channels — i.e. with content suited for a particular region, city, or ethnic community, language etc.

It is important to note here that while there is substantial shift from linear television to digital mediums, most leading digital media outlets are in reality recycling and reposting the content from their traditional outlets. Thus, while broadcast television as a medium may be experiencing a decline in viewership, the same content is reaching a far wider audience through social media and digital platforms. For instance, the two leading broadcast news channels of the country, Geo News and ARY news, have a following of 22 million and 24 million, respectively, on Facebook. In comparison, the Facebook page of CNN International has a following of a little over than 20 million.

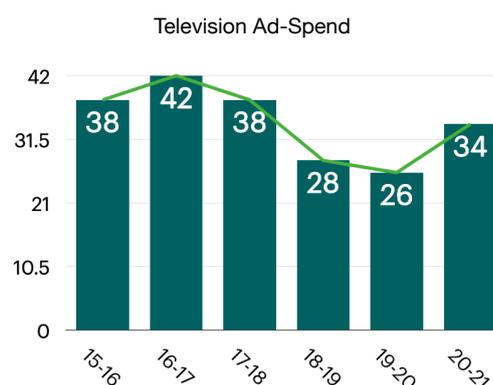
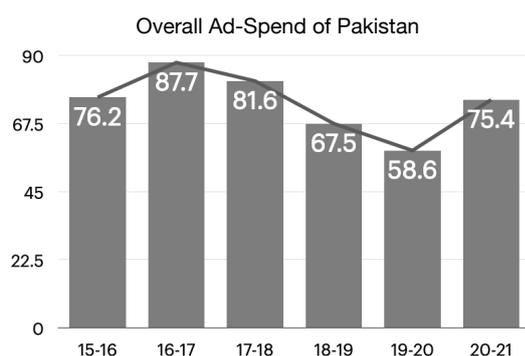
Broadcast Media Economy in a Glance:

Despite of all the spread of broadcast media, the size of media economy — essentially the revenue that goes directly towards monetising content — is rather small. Media in Pakistan is nearly completely dependent on ad based revenue for monetisation, and the total size of Pakistan’s ad market in FY2021 stood at 75.4 billion PKR — 628 million US dollars according to the conversion rate of time — according to data from Aurora Fact Files¹⁸. Of the total, approximately 63 billion PKR goes towards monetising TV, print, and digital.

Unfortunately, there hasn’t been much effort in the generation of alternate sources of revenue from both the media industry and the policy side. As a result, the mainstream media narrowly focuses on issues of perceived importance, targeting urban centres, and as a result largely neglecting the issues of public importance, such as climate change, social injustice, and human rights¹⁹.

Private linear television in Pakistan is completely dependent on ad-based revenue for monetisation. According to data from Aurora Fact Files, Pakistan’s overall ad spend — in particular the television ad spend — has been falling since 2018, and has dropped from 42 billion PKR in FY 2016-17 to 26 billion PKR in 2019-2020. Last year has seen some improvement in the otherwise downward trend, bringing the annual television ad revenue to 34 billion PKR.

PAKISTAN’S MEDIA ECONOMY — FY 2015 to FY 2021



Figures in billion PKR

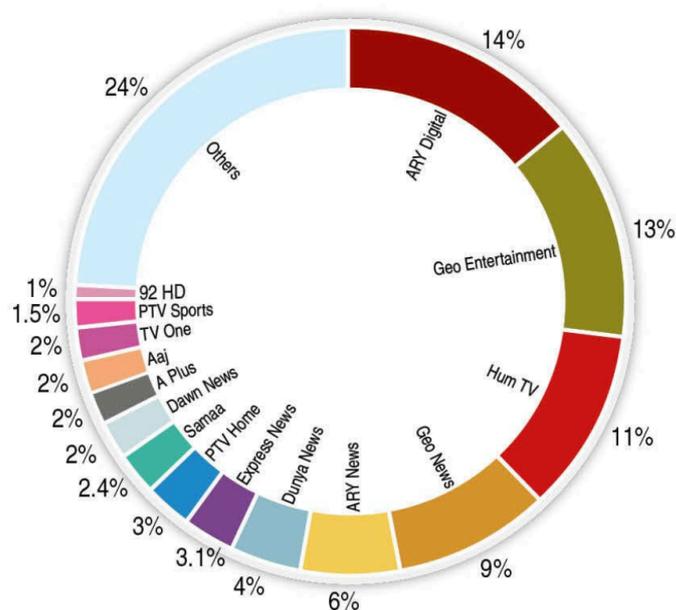
* Source: Mainly Aurora Fact Files and partially Gallup Pakistan

The downward trend has been observed in the country's overall ad-spend as well — from 87.7 billion PKR annually in 2016-17 to 58.6 billion PKR annually in 2019-20. Recently an upward trend was observed in all sectors, but considering the inflation rates, the US dollar exchanges rates, and the overall cost of doing business including electricity and fuel surcharges, the upward movement is only fractional.

In-terms of advertisement revenue ARY Digital, Geo Entertainment, Hum TV, and Geo News gets the largest piece of ad-spend pie — 14%, 13%, 11%, and 9% of total television ad-spend, respectively²⁰. Other popular channels in-terms of advertisement include ARY News, Dunya News, and Express News — 6% , 4%, and 3.1% respectively.

AURORA FACT FILE 2021 — TV AD SPEND BREAKUP 2021

CHANNEL	Rs (billion)	Share
ARY Digital	4.62	14%
Geo Entertainment	4.48	13%
Hum TV	3.58	11%
Geo News	3.12	9%
ARY News	2.04	6%
Dunya News	1.5	4%
Express News	1.08	3.1%
PTV Home	1	3%
Samaa	0.83	2.4%
Dawn News	0.68	2%
A Plus	0.66	2%
Aaj	0.66	2%
TV One	0.6	2%
PTV Sports	0.5	1.5%
92 HD	0.48	1%
Others	8.17	24%
Total	34	100%



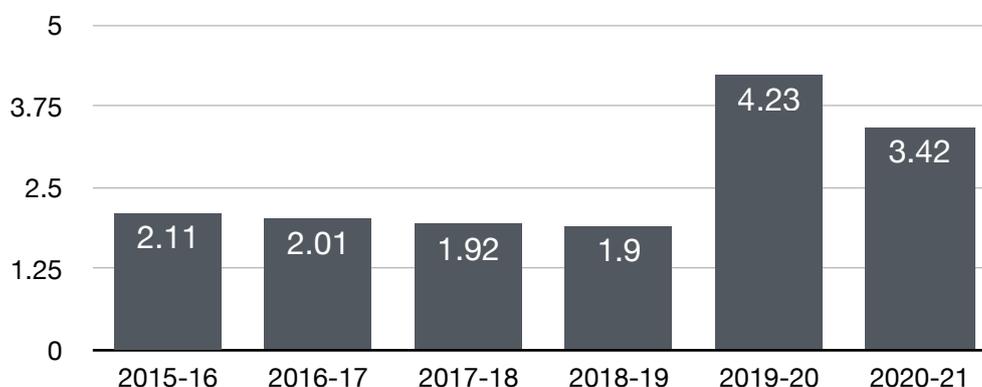
In-terms of television viewership, data from Medialogic published by Aurora Magazine shows that only 14% of the national audience tune into television news channels. Majority of them consume either international or local entertainment channels — 40% and 36%, respectively. Among the regional TV channels, KTN has the highest audience share — 36% —, followed by Sindh TV and Kashish TV — 16% and 12% audience share respectively.

Within the category of news, Geo News remains at the top position with 16% national viewership, followed closely by ARY News at 14%, and Dunya News at 9%. However, its important to note here that while television viewership has been on a decline since 2015-16, a massive spike was observed during the Pandemic in the viewership trends. According to data from Aurora Fact Files, national television viewership increased from 1.92 hours daily on an average in FY2017-18 to 4.23 hours on an average in FY2019-2020. According to the most recent data, the national television

²⁰ Aurora Fact File 2021, Media Spend Breakup - <https://aurora.dawn.com/news/1144317>

viewership stands at 3.42 hours daily on an average observed in FY2020-21. The spike could be potentially due to increased consumption of broadcast content during the Pandemic, and possibly correlates with the increase in advertisement revenue in FY2020-21.

TELEVISION VIEWERSHIP — FY 2015-16 to FY 2020-21



* Data in hours, taken from Aurora Fact File 2021, published by Aurora Magazine

Trust in the Mainstream Media:

The sharp increase in the television viewership during the Pandemic is also correlates with the findings of a research published by Media Matters for Democracy (MMfD). The study analysed trust of Pakistani news consumers on the mainstream media during COVID-19, and found that 55% (of respondents) relied solely on the mainstream television to access news and information about COVID-19, and 57% (of respondents) indicated that mainstream television news content was the most reliable source of information on COVID-19²¹.

The notion of trust in the traditional mediums of news is further strengthened by the findings of said research: 74% respondents indicated that pandemic did not reduce their ability to access news and information, and a vast majority of respondents expressed satisfaction over the coverage of COVID-19 by country's mainstream media. In contrast, the same study found that social media platforms were identified as the least trusted source for COVID-19 related information, and 1 in 5 respondents indicated that they 'never' used the social media platforms for COVID-19 related information.

Urban Bias of the Broadcast Media:

Television in Pakistan, despite being the most popular medium in the country, is structured to cater primarily to an urban audience. Experts believe that there is seemingly a 'metropolitan bias' in television news, and rural and semi-urban areas are grossly underrepresented and at times actively de-prioritised in-terms of news reporting. This is partially due to advertisers' interests which are mainly focused on urban centres. Thus, news content that is inclusive towards rural and semi-urban population of the country seems to be missing from the television screens.

²¹ Media Matters for Democracy, "Public trust in the media during COVID-19 pandemic", <https://www.digitalrightsmonitor.pk/wp-content/uploads/2020/12/MMfD-Public-Trust-Media-Covid-1.pdf>

The key findings of ‘Broadcast Journalism in Pakistan: Hostage to the Media Economics’ published by CPDI further strengthens the notion of mainstream television media’s urban bias²². One of the key findings of said publication was the absence of regional channels on the national TRP scale, which essentially puts the regional and local channels at a substantial disadvantage when it comes to mainstream advertisers. Hence, the rural and semi-urban population of Pakistan, despite being the majority in the country, and having access to television sets and cable networks, continues to remain out of focus of mainstream (television) media’s lens.

Cost of Operation for Broadcast Media:

Overall the cost of business operations has substantially increased with the recent rise in electricity tariffs and other critical services due to inflation and higher exchange rates. Commercial power tariffs have increased from 6.30 PKR per unit in July 2008 to 22.65 in January 2021²³, with another round of upward revision expected in coming months.

A recent positive development has opened up space for the import of production equipment by providing a tax and duty relief for filmmaking and video production equipment, aimed at “uplifting the film, culture, heritage, drama, and fine arts” in the country²⁴. Under the new Finance Bill 2022, all of the filmmaking equipment has been “exempted from sales tax and entertainment duty”.

In summary, the broadcast television channels are expensive, and require a substantial capital as registration and licensing fees. The main licensing authority for broadcast television is Pakistan Electronic Media Regulatory Authority (PEMRA). Licences for television channels are auctioned. The base price for a news and television channel in a recent bidding (2019) was set at 62.5 million PKR (405,000 US dollars) for a national news and current affairs channel, 48.5 million PKR (275,974 US dollars) for a national entertainment channel, and 10 million PKR (64,975 US dollars) for a local / regional channel^{25,26}.

Importantly, there are no special measures — such as licenses for community networks and outlets — to ensure diversity and plurality in the media by making space for a diverse range of organisations. Although, historically, the regional channels — mostly operating in local languages — are auctioned with a lower base cost, there are no special provisions for community led networks or channels.

Broadcast Media Regulator — PEMRA:

Pakistan Electronic Media Regulatory Authority (PEMRA) is Pakistan’s prime electronic media regulatory and licensing body. Licenses for private television channels were first issued in Pakistan in the year 2002. The Pakistan Electronic Media Regulatory Authority (PEMRA), which was established by the military government of former dictator General Pervez Musharraf in 2002,

²² Centre for Peace and Development Initiatives, “Broadcast Journalism in Pakistan: Hostage to Media Economy”, <http://www.cpd-pakistan.org/wp-content/uploads/2015/02/Broadcast-Media-in-Pakistan-Hostage-to-Media-Economy.pdf>

²³ <https://www.brecorder.com/news/40076758>

²⁴ <https://dailytimes.com.pk/950304/government-sets-up-rs-1-billion-binding-film-finance-fund/>

²⁵ <https://www.dawn.com/news/1479795>

²⁶ Figures according to the dollar conversion rate in June 2019

regulates and facilitates the establishment and operation of all broadcast media and distribution services in Pakistan, including satellite television, FM radio, teleport, cable television, landing rights, internet protocol television (IPTV), Direct-To-Home (DTH) licences and temporary uplinking, and has the exclusive rights to issue licences, in conformity with the principles of fairness and equity, to applicants. It was set up with the mandate to enhance the quality of informational, educational and entertainment content, facilitate “establishment of new channels so that citizens could have a healthy choice”, and “providing people easy access to mass media at local and community levels”.

Critics have, however, shown skepticism towards the working of PEMRA and argued that the Authority has been used by the state to control electronic media because of which it hasn't been able to fulfil its role of a facilitator to ensure diverse media organisations at national, provincial, regional and local levels.

The electronic TV regulatory body charges taxation in the form of four fees from licence holders. This includes licence fee, annual renewal fee, distribution subscriber fee and gross annual advertising revenue (which is taken from both distributors and broadcasters). No examples of preferential tax, import duty or tariff regimes should be found which are geared towards the development of broadcasting and print media.

PEMRA has, on the other hand, made it compulsory for radio broadcasters licence holders, who were granted licences in 2002, to renew their licence after 10 years. The precondition for renewal required licensees to deposit a fee which was equivalent to the last highest price of the licence in the same vicinity. This resulted in licensees paying around Rs50 million for a licence which they bought for Rs1 million to Rs2 million. Radio operators have approached the courts to revise the fee structure, and the matter is sub judice.

An important point to note here is that Pakistan Media Regulatory Authority (PEMRA) can only oversee the private media and not PTV or any state-owned, public sector media under its purview. This gives an unfair advantage to the latter over the former. Consequently, the Pakistan Broadcasting Corporation (PBC), Pakistan Television (PTV), and Shalimar Recording and Broadcasting Company (SRBC) “are free to operate and expand without any regulatory oversight.”

The Pakistan Electronic Media Regulatory Authority (PEMRA) set up a Council of Complaints in 2002, to deal with peoples' complaints against the content and quality of the broadcast media. According to the PEMRA (Amendment) Act, 2007, “Each Council shall consist of a Chairperson and five members being citizens of eminence from the general public at least two of whom shall be women.” PEMRA's Council of Complaints has been tasked with active monitoring of the content being aired on television and taking action against advertisers or channels for violating the code.

Broadcast Distribution System:

The distribution system for the mainstream broadcast television remains a bottleneck. Cable operators licensed by Pakistan Electronic Media Regulatory Authority (PEMRA) largely operates through the analog distribution system first introduced in the year 2002. This system uses the analogue signal transmission as the primary mode of relay television signals and only allows for the transmission of approximately 70 channels through an analog signal, whereas approximately 118 channels are licensed by PEMRA, creating an inherent disadvantage for market players.

Lack of a suitable broadcast digital distribution network presents a massive challenge for broadcasters, and discourages any innovation in revenue generation, especially for entertainment content. The key responsibility of digital switchover lies upon PEMRA, Pakistan Electronic Media Regulatory Authority (PEMRA), a body formed on the pretext of “improving peoples’ access to mass media” and “enlarging the choice available to people of Pakistan in the media for news and current affairs”. Thus, the lack of a technological infrastructure that enables and positively encourages the revenue generation and promote media’s viability constitutes a massive failure on PEMRA’s part. As a result, essential services that are widely used in the world, such as Direct to Home (DTH) and digital cable, remain absent in our media market, depriving broadcasters of ability to experiment with direct revenue, such as subscription based services and pay per view, and other innovative business models. In short, a vast majority of our media, news and entertainment included, is being relayed through a decades old transmission system in ‘SD quality’, severely limiting the possibilities of experimentation with innovative business models, and considering the fact that PEMRA is tasked with the job of enabling tech-based infrastructure for the broadcast industry.

In rare instances when PEMRA actually initiates a development process, such as for digitalisation, there are other roadblocks to deal with. For instance, it’s important to mention here the lost opportunity of successful implementation of a DTH regime (initiated by PEMRA and challenged by the broadcasters) which could have potentially brought in a substantial amount of external investment, even in the news sector, and could have boosted the local media economy. Meanwhile a quick glance at the ‘status of digital switcher’ on the International Telecommunication Union’s website strengthens this view. Even in 2021, Pakistan remains one of the countries with “no information” on the country’s digital switch over status, or even any foreseeable plans or policy for its roll out.

Nepal (Federal Democratic Republic of)	2017	DVB-T2	No Information
Niue			No Information
Pakistan (Islamic Republic of)			No Information
Palau			No Information
Paraguay (Republic of)			No Information
Peru			No Information

PEMRA’s recent annual report 2019-2020 gives no clear timeline for the digitalisation of the television distribution system²⁷.

Digital Media Landscape:

‘Digital media outlet’ is a term most commonly used to describe an independently-owned media platform that produces entertainment and infotainment (mostly news) content and disseminates it primarily through digital mediums — i.e. websites, mobile phone apps, and social media platforms.

A ‘streaming service’ is most commonly defined as Over The Top (OTT) platforms which usually produce entertainment (and some infotainment) content, and disseminates it through specialised digital platforms — i.e. Netflix, Amazon Prime, and YouTube TV to name a few.

²⁷ https://pemra.gov.pk/uploads/pub-rep/pemra_annual_report_19-20.pdf

Considering the rate of growth of Internet subscribers in Pakistan, and change in the traditional television viewing patterns (shift towards digital platforms and consumption through mobile phones), digital media outlets are becoming an increasingly popular source of information in Pakistan, especially for news and commentary on current affairs. Over the past years, there has been substantial investment in this sector, and many new digital outlets have emerged that provide a wide-range of information and reporting on various thematic areas.

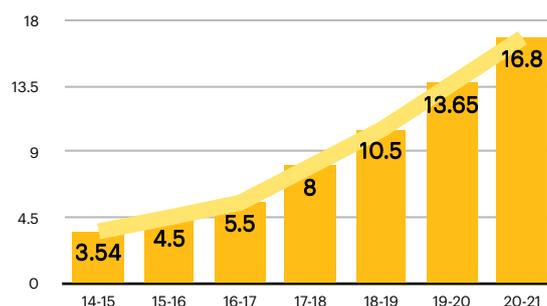
Digital media outlets can be roughly categorised as:

- 1) digital only — i.e. the outlets that mainly exist in the digital space, and
- 2) hybrid — i.e. the outlets that were primarily either print or broadcast, but now have a substantial digital presence.

The reach of digital media outlets could vary, since all of them are simultaneously publishing content through their websites, mobile apps, and social media platforms.

While the television viewership data collected by Medialogic suggests that — except for during COVID — the viewership of linear television has been on a decline, which also corresponds with the linear television advertisement revenue. Conversely, the following of digital media outlets has been constantly on a rise, coinciding with the digital advertisement revenue. According to the data collected by Aurora, Pakistan’s digital ad-spend has been constantly increasing since 2014, and with an average growth of more than 40%, it has now reached to nearly half of Pakistan’s current television ad-revenue. The chart below shows a slow but steady ‘digital’ takeover of Pakistan’s linear television ad-revenue. *Data from Aurora Fact Files*

DIGITAL ADVERTISEMENT REVENUE — 2014 to 2021



Broadcasters in specific, and the media industry as a whole in Pakistan — except a handful — have remained largely oblivious to this changing dynamic, and until relatively recently, the digital content was seen and treated as the ‘side-kick’ of ‘mainstream’ media content. In many media outlets, the practice continues, wherein there are ‘digital desks’ to repurpose television content for consumption on either YouTube or social media outlets. There also seems to be a reluctance on the part of most traditional broadcasters in-terms of big investments on digital media ventures. Most of them, as mentioned above, rely on repurposing television content for YouTube and Facebook, and most times use the social media platforms as their main distribution mechanism.

Considering that digital media platforms are intrinsically connected to the social media platforms due to the nature of their medium, it is important to understand the reach of social media platforms in the country.

Social Media Platforms:

Analysis by KEIPOS suggests that 22 million Internet subscribers were added between the years 2020 and 2021, which points towards a substantial growth in Internet coverage. Internet penetration stands at nearly 36% in Pakistan.

Data from various sources suggests that there are a total of 71.7 million social media subscribers in the country²⁸ on platforms including Facebook, YouTube, Snapchat, Instagram, LinkedIn, and Twitter. Figure makes nearly 33% of the country population. Although it's important to note here that the subscribers do not necessarily represent individuals — as one individual can have multiple accounts. A vast majority of the social media users access these platforms through various kinds of mobile devices, such as Android phones, iPhones, tablets etc²⁹.

Facebook is a popular social media platform in Pakistan with a 'reach' of 43.55 million — 81% of which are men and 19% women. *However, it's important to note that this could not be necessarily translated as 43 million 'unique subscribers' or individuals.* Nearly 93% of the total Facebook traffic from Pakistan comes through the mobile devices³⁰. Facebook's website is the third highest rated website in Pakistan³¹, and Facebook mobile app is the second most downloaded app in the country³². Facebook in Pakistan is used in varied ways. In addition to being an information access portal, it is used as an entertainment medium and as a tool for political engagement and community mobilisation. A study found "a significant correlation between use of Facebook and political participation³³". Other studies have also indicated that citizens use Facebook as an important tool of information for political information³⁴.

Facebook is also used as an information source by journalists. A 2019 survey with urban journalists in Pakistan found that the majority "used information sourced from Facebook for journalistic purposes, including getting themselves updated, writing following up stories and quoting facebook as source respectively³⁵".

²⁸ <https://datareportal.com/reports/digital-2022-pakistan>

²⁹ DataReportal (2021), "Digital 2021 Pakistan — Social Media Use" retrieved from <https://datareportal.com/reports/digital-2021-pakistan>

³⁰ DataReportal (2021), "Digital 2021 Pakistan — Facebook Audience Review" retrieved from <https://datareportal.com/reports/digital-2021-pakistan>

³¹ Alexa, "Top Sites in Pakistan" retrieved from <https://www.alexa.com/topsites/countries/PK>

³² DataReportal (2021), "Digital 2021 Pakistan — Mobile App Rankings" retrieved from <https://datareportal.com/reports/digital-2021-pakistan>

³³ Masiha S, Habiba U, Abbas Z, Saud M, Ariadi S (2018) Exploring the Link between the Use of Facebook and Political Participation among Youth in Pakistan. J Pol Sci Pub Aff 6: 315. doi:10.4172/2332-0761.1000315 Link - https://www.researchgate.net/profile/Muhammad-Saud/publication/329584810_2-Masih_S_Habiba_U_Abbas_Z_Saud_M_Ariadi_S/links/5c10b60292851c39ebe6bb0c/2-Masih-S-Habiba-U-Abbas-Z-Saud-M-Ariadi-S.pdf

³⁴ Use of Social Media as Political Information Source: The Case of Panama Leaks in Pakistan - <https://www.proquest.com/openview/db74a9f59af7ee09d5fd995deca503a0/1?pq-origsite=gscholar&cbl=54903>

³⁵ Memon, B. and Umrani, L., 2019. Facebook usage for Seeking News and Information by Urban Journalists in Pakistan. *Indian Journal of Science and Technology*, 12(19), pp.1-9.

YouTube has a proclaimed reach of 58 million, according to DataReportal, 28% of which is reportedly women and 72% men. A recent analysis of top searched keywords on YouTube suggests that Pakistani Internet users use the platform primarily for entertainment, news and commentary, and education and learning³⁶. The platform is used most actively to access entertainment related content i.e. music, theatre and dramas, films, and tech reviews. The top 10 Pakistani YouTube channels with the highest number of subscribers produce either entertainment or infotainment content, including cooking shows and technology product reviews³⁷.

According to Tech Crunch, TikTok currently has 33 million users in Pakistan, which makes it the third most used social media platform of the country³⁸. TikTok's mobile app is the third most downloaded app in Pakistan according to data collected by App Annie in January 2021. TikTok's mobile app is rated as 6th highest in-terms of most active users³⁹. Figures reported by Al Jazeera suggests that the TikTok app has been downloaded almost 39 million times in Pakistan⁴⁰.

Twitter is by far the least used social media platform in-terms of reach and web-traffic⁴¹. However, Twitter wields most influence in Pakistan, due to presence of, and usage by, government functionaries, political parties, police officials and law enforcement agencies, and other civil society groups. Content on Twitter, even if it was originated on other platforms (such as TikTok and Facebook), has the potential to make headlines in the mainstream media. Leading broadcast and print media outlets in Pakistan regularly source information from Twitter.

Nearly 73% of the total social media users are between the ages of 18 to 34 — approximately 55% of which are men and 18% women. Pakistan has experienced a growth of nearly 93% in the number of social media users from January 2020 to January 2022. This trend of growth is expected to continue in the future, as more and more individuals gets connected to the Internet. According to data from DataReportal, a massive majority of subscribers access all social media platforms through various kinds of mobile devices. This trend coincides with the existing trends of growth of mobile Internet subscribers in Pakistan, influx of cheaper mobile phone devices, and the popularity of the platforms among the youth in Pakistan.

Print Medium:

According to data published by Pakistan Bureau of Statistics (PBS), there are a total of 707 daily, weekly, fortnightly, monthly, and quarterly publications in Pakistan⁴². The largest category of print publications in Pakistan are the daily newspapers — 439 publications according to PBS. The daily

³⁶ DataReportal (2021), "Digital 2021 Pakistan — Top YouTube Search Queries" retrieved from <https://datareportal.com/reports/digital-2021-pakistan>

³⁷ Startup Pakistan, "Top Pakistani YouTubers with most subscribers 2021", retrieved from <https://startuppakistan.com.pk/top-pakistani-youtubers-with-most-subscribers-2021/>

³⁸ Tech Crunch, "Pakistan bans TikTok over immoral and objectionable videos" retrieved from <https://techcrunch.com/2021/03/11/pakistan-blocks-tiktok-again-over-immoral-and-objectionable-videos/>

³⁹ DataReportal (2021), "Digital 2021 Pakistan — Mobile App Ranking: Downloads" and "Mobile App Ranking: Most Active Users" retrieved from <https://datareportal.com/reports/digital-2021-pakistan>

⁴⁰ Al Jazeera, "Pakistan lifts the TikTok ban for the second time", retrieved from <https://www.aljazeera.com/news/2021/4/1/pakistan-lifts-tiktok-ban-for-a-second-time>

⁴¹ Alexa, "Top Sites in Pakistan" retrieved from <https://www.alexa.com/topsites/countries/PK>

⁴² Pakistan Bureau of Statistics — <https://www.pbs.gov.pk/sites/default/files//tables/rename-as-per-table-type/News%20Paper.pdf>

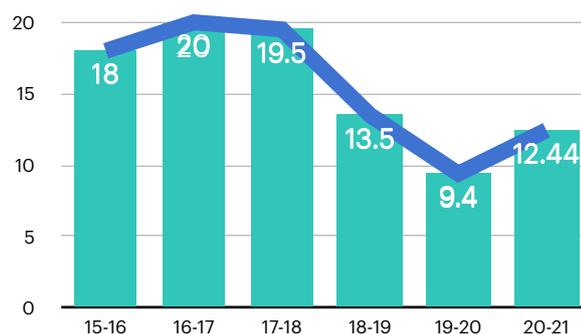
newspapers are considered an important source of news and commentary on current affairs in Pakistan.

A study conducted by Media Matters for Democracy show that even with the popularity of satellite news channels with 24 hours news transmissions, and interactive social media platforms, news consumers trust newspapers the most⁴³. However, the study also shows that only 14.5% of 503 individuals who took the survey indicated traditional newspapers as their main source of news and information. Nonetheless, print remains an important source of news and information dissemination, especially through their digital outlets, i.e. websites, social media pages, and mobile applications. And while the circulation of print newspapers might be limited, most of the digital outlets of mainstream print organisations — such as Dawn, Express Tribune, Jang, The News — continues to grow in-terms of reach and views.

However, it's a fact that evolving and changing media economy is translating into much less revenue available for traditional print journalism. According to data published by Aurora Fact Files, the advertisement revenue for print mediums has been on a constant decline for 4 consecutive years — it dropped from 19.5 billion PKR annually in FY2017-18 to 9.4 billion PKR annually in FY 2019-20. A slight increase in the print advertisement revenue was observed in FY2020-21 but the overall trends for the past years suggest a steady decline in the print revenue.

That, however, doesn't necessarily mean that the traditional print newsrooms are moving into oblivion, but rather suggests a shift in the consumption of content from traditional to digital mediums. For instance, Dawn's overall circulation might be limited, but the website remains in top 15 of most accessed websites in the country. Data from Semrush suggests that in the month of November 2021, the website got 6.25 million followers, 1.79 of which were unique, and with minimum referrals from Facebook — less than .10% — and YouTube — less than .01%. *Data from Aurora.*

PRINT ADVERTISEMENT REVENUE — 2015 to 2021



Government Advertisement as a Censorship Tool:

In a joint statement, the Pakistan Broadcasters Association and All Pakistan Newspapers Society representing radio, television and newspapers said the government should not try to create divisions within the media industry or use advertising as a tool to exercise control over news organisations.

⁴³ Media Matters for Democracy, "Misinformation in the Public Eye", <https://drive.google.com/file/d/1atFtExJKAmMcjcQ0MO7HY9cTKeLJ68Ar/view>

"We ask the government to make public all media spends of the last 20 years, including the present government's spend," they said. The bodies condemned "all forms of coercion by any government past or present that has used government advertisements as a tool to influence editorial policy".

The media industry in Pakistan is completely dependent on advertising revenue. The bulk of this advertisement revenue, both in print and broadcast sectors, comes from government and public advertisements. In effect, this means that across Pakistan, broadcast media is "dependent on the government's advertising spending to run smoothly"⁴⁴. This dependency does create an innate pressure on media institutions. The negative impact of this dependency was demonstrated in 2019-20, when the government led by Pakistan Tehreek e Insaaf [PTI] drastically cut down the media advertisement budget.

The "Pakistan Muslim League Nawaz (PML-N)-led Nawaz Administration spent Rs15.74 billion on advertising in four years, which amounts to around nearly Rs4 billion a year. By comparison, the Imran Khan Administration in its first nine months after coming to power from August 18, 2018 to May 31, 2019 had spent Rs 2,458 million and Rs137 million on print and electronic media respectively, according to data from the federal government's Press Information Department (PID). This puts their yearly spending around Rs 3.3 billion – nearly a billion less than the PML-N"⁴⁵. News reports also indicated that the advertisement expenditure was "based on whose coverage the government liked"⁴⁶. During this tenure, the All Papers Newspaper Society (APNS) also released a statement criticising the government for suspending advertisements to two major news organisations, Geo and Dawn, both of which were perceived to be the biggest critics of that government⁴⁷. The government The Committee for Protection of Journalists (CPJ) criticised this practice, stating that "Pakistani government's selective ban on placing advertisements with Dawn and Jang, two prominent and independent news organisations, amounts to a crude form of retaliation"⁴⁸.

It's not the first time for the advertisement to be used as a means to attack a particular media entity, or to make it more compliant. Interestingly, advertisement is also used as a means to push the 'news' on the second pages in the newspapers, by buying the full page ads⁴⁹. It is evident from the data produced by Aurora that there has been a constant decline in Pakistan's cumulative ad-spend since the current government of Pakistan Tehreek-e-Insaaf took over in 2018 — 7% decrease in 2017-18, 18% decrease in 2018-19, and 13% decrease in 2019-20. The reasons for this decline are largely unknown, however, some individuals within the labour unions believe that it was a conscious effort to undermine media, which resulted in the termination of thousands of journalists from mainstream news outlets.

⁴⁴ Naqvi, H. (2020). *How dependence on the government's pursestrings is crippling the news media*. Profit by Pakistan Today. Retrieved 19 September 2022, from <https://profit.pakistantoday.com.pk/2020/12/20/how-dependence-on-the-governments-pursestrings-is-crippling-the-news-media/>

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ *Two media groups: APNS condemns government ban on advertisements*. Big News Network.com. (2020). Retrieved 19 September 2022, from https://www.bignewsnetwork.com/news/264162710/two-media-groups-apns-condemns-government-ban-on-advertisements?utm_source=feeds.bignewsnetwork.com&utm_medium=referral

⁴⁸ *Pakistan government suspends advertising in 2 independent media groups - Committee to Protect Journalists*. Committee to Protect Journalists. (2020). Retrieved 19 September 2022, from <https://cpi.org/2020/03/pakistan-government-suspends-advertising-in-2-inde/>

⁴⁹ <https://profit.pakistantoday.com.pk/2020/12/20/how-dependence-on-the-governments-pursestrings-is-crippling-the-news-media/>

SECTION 3: PROBLEM STATEMENT

This section further contextualises the problems and frames key challenges relating to media sustainability for all major stakeholder groups, categorised into sub-sections. Later sections discuss the challenges in details, and presents recommendations to address them. Please bear in mind that this study broadly focuses on the challenge of media sustainability, and thus, only addresses key challenges related to the subject.

Stakeholder Group: Broadcast Media

As stated earlier, data shows that broadcast media — linear television in particular — is the mass medium of the country, and a majority of news consumers regularly access linear television for their daily dose of news and information. Ironically, the linear television has also been the most affected medium during recent economic crisis which in all likelihood seems to worsen in the coming years. Thus, it is most important to identify and address the media sustainability challenges related to the broadcast linear television. Following is a list of key media sustainability challenges for broadcast linear television:

- Lack of Revenue Generation & Over Dependence on Ad-Revenue

Country's mass medium is nearly absolutely dependent on the ad-revenue for their operations, which, as detailed earlier, presents a challenge for linear television to address the issues that actually matter for the masses, as opposed to narrowly covering issue of perceived importance, only relevant to a four or five urban centres.

Revenue generation that allows for sustainable production of public interest journalism is especially a concern for mainstream linear television considering that a major chunk of advertisement comes from federal and provincial governments.

- Lack of Innovation & Public Representation in Media / Content

A survey conducted by IPOR for MMfD found that only 7% of rural communities feels the media “always” serve their needs. This, and findings from other similar studies, substantiates the hypothesis that mainstream broadcast media develops content primarily for an urban based audience. Experts argue that the broadcast media in the country is structured to focus and target mainly on urban populations (especially urban middle class) to ensure the highest returns for advertisers⁵⁰. A similar study published by Pakistan Press Foundation and authored by Asad Baig found that ‘politics and politicking’ gets by far the most coverage in the mainstream media, conversely the issues relating to climate change, human rights, and social injustices are usually given least priority. Findings from “Broadcast Journalism: Hostage to Media Economics” points towards the same trend.

The divide, combined with near absolute lack of content innovation within the broadcast media is major channel in audience retention and longer-term sustainability. Experts argue that this

⁵⁰ <https://www.cpd-pakistan.org/wp-content/uploads/2015/02/Broadcast-Media-in-Pakistan-Hostage-to-Media-Economy.pdf>

imbalance in the content and public representation could be a result of media's potential disconnect from the masses and their needs⁵¹.

Stakeholder Group: Digital Media

Digital media is a broad definition — and it often overlaps with the broadcast media — especially when some of the leading digital media outlets are owned by broadcast outlets, and they usually host repurposed content from the linear television. Digital media, then, by definition essentially refers to the journalistic content hosted on digital platforms and accessed through the Internet. Following is a list of key media sustainability challenges for digital outlets:

- Sustainable Revenue Generation

As mentioned above, most digital media outlets who are dependent on social media platforms have no control over the ad-buys, and rely completely on algorithms of digital platforms for content monetisation. Same goes for distribution — algorithms make the decision of when and where to serve the content, all the while profiting from all the traffic generated by it. Currently there is no concentrated effort to make the platforms accountable, and work towards a mutually beneficial model for both, journalism and social media platforms. Efforts by the Pakistani government for platform-accountability have added another layer of threat to the media and digital freedoms, and have done more harm than good⁵².

- Misinformation on Platforms

Algorithms of social media platforms are designed based on the principles of attention-economy and they serve content without much consideration to the authenticity. As a result, pseudo-journalism, and sensational and often hateful content disguised as 'journalism' gets far wider reach as opposed to credible journalism. Thus, in many cases, creating credible journalism that doesn't 'sell' is disincentivised, and vice versa. An example could be political misinformation served through Facebook and other platforms during the American elections in 2016 which profited most actors involved⁵³.

Stakeholder Group: Journalists Unions / Civil Society Groups / Media Development Orgs

Civil society led media development organisations and journalists unions in the country are very active, and often act the first line of defence for any threat to media and expression. However, in authors' view, there is an urgent need to improve the understanding of the media sustainability challenge, strategise, and take effective actions to generate a civil society led moment to tackle the challenge head-on. Following needs to improve:

- Scant Understanding of the Media Sustainability Challenge

This is an important factor. Until 2016, a substantial number of journalists didn't relate to the media sustainability challenge and thought it wasn't an existential concern for journalism in general. Ever

⁵¹ The Disconnect of the Newsrooms - Published by Rozan

⁵² https://www.business-standard.com/article/international/pakistan-s-new-social-media-rules-give-more-powers-to-govt-121101500974_1.html

⁵³ <https://www.nbcnews.com/news/world/fake-news-how-partying-macedonian-teen-earns-thousands-publishing-lies-n692451>

since the broadcast media's economic crisis first came to light⁵⁴, the views have changed, however, the understanding of the larger issue of media sustainability remains limited. As a result, the focus of most civil society led groups and labour unions remains narrowly on the issue of revenue generation, as opposed to addressing all related issues to enable the full cycle of public interest journalism production.

Civil society groups and journalists unions can play an extremely important role in building and leading leading positive moments for media sustainability, and thus a comprehensive understanding of the sustainability challenge is vital for said groups. Limited understanding of the sustainability challenge also often reflects in the charter of demands (of lack thereof) of the civil society and journalists unions with regards to initiatives that can improve the revenue generation within the industry. For example, the journalists unions protests and raise concerns over the non-payment of advertisement dues by governments, or for allocation of government-sponsored advertisements. But there are hardly ever has been a charter that calls for the addressal of current industry challenges, such as lack of technical infrastructure for monetisation.

Stakeholder Group: Government and Policymakers

Federal and Provincial governments and the policymakers have a pivotal role in addressing the media sustainability challenge by legislating for key provisions and filling in the policy gaps in their implementation. Some of them are listed below:

- Lack of Technical Infrastructure for Distribution and Content Monetisation

One of the biggest factors in the lack of revenue generation is the absence of a suitable technical infrastructure that, a) allows for direct revenue generation independent of advertisements, and, b) allows for the monetisation of secondary content — entertainment and/or infotainment — that subsidises the production of public interest journalism. An example is a 'subscription bouquet' of channels which includes free to air news with the paid entertainment channels.

Nothing short of a full implementation of the digital switchover of the broadcast linear television could allow for experimentation of content monetisation. Till now, there have been only lacklustre efforts for the digital switchover process in 2016 — along with the auctions of DTH — none of which has been completed even after nearly 7 years. After a bureaucratic process spanning over more half a decade, only 1 out of 3 companies were granted a license, and till the writing of this report, there are no clear plans for the launch of country's only DTH service.

Similarly, digital initiatives that could allow the media enterprises to monetise their entertainment content in order to subsidise their journalism production face similar bureaucratic hurdles. OTT registration framework is one such example. No clear timeline has been given by PEMRA in this regard. Similarly, for the digital switchover process, no clear timeline is given. "A comprehensive policy will soon be finalised and announced after the approval of Federal Cabinet", states the latest Annual Report available on PEMRA's website⁵⁵.

⁵⁴ <https://digitalrightsmonitor.pk/opinion-our-media-viability-crisis-part-1-is-it-getting-worse/>

⁵⁵ https://pemra.gov.pk/uploads/pub-rep/pemra_annual_report_19-20.pdf

- Predatory Laws and Crimes Against Journalists

Since 2016, there have been at-least seven individual efforts made at various laws and policies to control and regulate media, criminalise expression, and increase political control of the Internet in Pakistan. Of the seven, Prevention of Electronic Crimes Act (2016) and Social Media Rules 2.0 were enacted, and were ruthlessly used against journalists and media, to censor online content, and to criminalise expression in general.

Similarly, numerous digital and physical attacks have been mounted against the journalists, with nearly absolute impunity.

- Independent Regulation and Media Freedoms

As stated earlier, revenue, even if sourced for ethical means, doesn't mean much if news media cannot, in the end, produce public interest journalism. Thus, media friendly laws are a driving factor in fostering an enabling environment for media sustainability. PEMRA the broadcast media regulatory authority remains very tightly controlled by the federal government, and while on paper it may appear to be an independent entity, the reality is otherwise.

Similarly, there are at-least three separate laws that criminalise speech, and have been in the past used to target media and journalism — Section 499 of Pakistan Penal Code, (now defunct) Section 20 of Prevention of Electronic Crimes Act 2016, and the Defamation Ordinance 2002.

More importantly, PEMRA was created mainly on the premise of “improving peoples’ access to mass media” and “enlarging the choice available to people of Pakistan in the media for news and current affairs” — a function which has perhaps taken a backseat owing to PEMRA’s overemphasis on content regulation, and regulation mainly of political nature.

- Lack of Transparency and Equitable Distribution of Government Sponsored Advertisements

The media industry in Pakistan is completely dependent on advertising revenue. The bulk of this advertisement revenue, both in print and broadcast sectors, comes from government and public advertisements. In effect, this means that across Pakistan, broadcast media is “dependent on the government’s advertising spending to run smoothly”⁵⁶.

News reports also indicated that the advertisement expenditure was “based on whose coverage the government liked”. During this tenure, the All Papers Newspaper Society (APNS) also released a statement criticising the government for suspending advertisements to two major news organisations, Geo and Dawn, both of which were perceived to be the biggest critics of that government⁵⁷. This qualifies as a means of censorship, and an attempt to very consciously target a particular media outlet’s ability to sustain and operate.

⁵⁶ Naqvi, H. (2020). How dependence on the government’s pursestrings is crippling the news media. Profit by Pakistan Today. Retrieved 19 September 2022, from <https://profit.pakistantoday.com.pk/2020/12/20/how-dependence-on-the-governments-pursestrings-is-crippling-the-news-media/>

⁵⁷ Two media groups: APNS condemns government ban on advertisements. Big News Network.com. (2020). Retrieved 19 September 2022, from https://www.bignewsnetwork.com/news/264162710/two-media-groups-apns-condemns-government-ban-on-advertisements?utm_source=feeds.bignewsnetwork.com&utm_medium=referral

SECTION 4: CHALLENGES & RECOMMENDATIONS — BROADCAST MEDIA

This section lists and deconstructs each of key media sustainability challenges identified in the previous sections, and presents recommendations to address them.

Challenge: Declining Ad Revenue

As demonstrated from the data sourced from Aurora Fact Files, the revenue for broadcast linear television has been on a decline, and except for the past year, a clear and persistent downward-trend could be observed. One of the potential factors for this decline is the shift of advertisement revenue, from traditional mediums to digital, mostly social media platforms. Decline in Pakistan's gross ad-spend could be another factor.

This decline in revenue coincides with the overall deterioration of country's economic health, and considering the national economic indicators and the overall cost of doing business, the ad-revenue is expected to drop further in the coming years. A similar trend has been observed in the government sponsored advertisement wherein reportedly a substantial drop has been recorded⁵⁸.

Recommendation 1: Diversification of Revenue

The decline in ad-revenue has resulted in a substantial downsizing of broadcast linear television organisations. As a result, thousands of journalists and media workers were laid off during this 'media crisis', which arguably continues till date ⁵⁹. This crisis has made it painfully clear that broadcast media — which is the main medium of news and information for masses — cannot sustain itself on advertisement revenue alone. More importantly, this model of generating higher ad revenue by making the most on TRP scales has resulted into a over-urbanisation of broadcast content, and has affected media's ability to serve its audiences in an effective manner. In other words, it has potentially severed the newsrooms connection with the masses.

Broadcast media should immediately come up with alternate revenue generation sources — crowd funding drives, membership models, community support etc — to makeup for the declining revenue. Simultaneously, they should experiment with subscription models, especially for their entertainment channels. Regionally, broadcast networks generate a healthy subscription revenue through their entertainment and infotainment content, either via OTT platforms or digital subscriptions.

Recommendation 2: Push for Digital Switchover & OTT

Any model of direct subscription revenue can *not* be conceived without a digital distribution system. While there are good digital networks operating on their own — such as Nayatel — the broadcast media is largely distributed through non-standard analog networks. Pakistan made its first attempt to digitise the broadcast distribution through DTH and digital switchover of national cable networks in September 2016. Since then, PEMRA has been able to issue license to only *one* DTH

⁵⁸ Naqvi, H. (2020). *How dependence on the government's pursestrings is crippling the news media*. Profit by Pakistan Today. Retrieved 19 September 2022, from <https://profit.pakistantoday.com.pk/2020/12/20/how-dependence-on-the-governments-pursestrings-is-crippling-the-news-media/>

⁵⁹ <https://www.arabnews.pk/node/1606556/pakistan>

channel, the service of which hasn't even started till the writing of this report. It is abundantly clear that a strong push from the civil society and industry bodies is needed for the federal government and PEMRA to work on the provision of the necessary infrastructure that would allow broadcast media entities to generate revenue independent of advertisement. Sadly, while there a lot of hue and cry on the recent media crisis, most civil society and industry bodies are quiet on the subjective of digital switchover.

Broadcast media bodies, journalists unions, and civil society organisations should strongly advocate for the provision of technical infrastructure, including the DTH, digital switchover, and the registration of local OTT services. Digital distribution of linear television is a pre-requisite for any form of experimentation for independent revenue generation.

Recommendation 3: Interim Measures

Broadcast media, in particular, and media in general has been in an economic crisis like situation for at-least 4 years now. Thus, while the course corrections and future strategies are important, the policies and actions — such as digital switchover and subscriptions — will take time to come into effect. In the meanwhile, broadcast media continues to fight a battle for their existence and it's imperative that some interim measures should be taken to ease this crisis.

Federal and provincial governments should immediately ensure that all the dues of broadcast and print medias are cleared.

Another important revenue source that currently goes directly to media intermediaries and distributors are the carrier fees — i.e. the subscription fees for cable network services. Estimates suggest that the annual collection of carrier fees far outweighs the total ad-spend of the country combined, for all mediums⁶⁰, and the broadcasters are completely left out of this very important revenue source. This imbalance has morphed the broadcast media distributors — i.e. the cable operators — into a mafia like body, wherein they dictate the broadcasters often through blackmailing and other tactics. There are examples of arrangements in some other countries, for instance, Canada, where the large media distributors have to pay a part of their revenue to community media broadcasters. A similar arrangement was made in India as well, although, concerns were raised by broadcasters that “cable operators under-declare the number of households serviced, and thus siphon off about 80 percent of the over Rs 200,000 million (US\$ 3,600 million) collected by them”.

Federal government, in consultation with all stakeholders involved, should immediately develop a policy wherein a carrier fee sharing mechanism should be developed to help broadcast media, especially the news media, sustain.

Recommendation 4: Fair Distribution of Advertisement

Broadcast and print distribution, advertisement in general, and government-sponsored advertisement in particular, have been used as a tool to suppress media entities in the past. As example is the suspension of advertisement of Geo and Dawn due to their critical reporting and

⁶⁰ Centre for Peace and Development Initiatives, “Broadcast Journalism in Pakistan: Hostage to Media Economy”, <http://www.cpd-i-pakistan.org/wp-content/uploads/2015/02/Broadcast-Media-in-Pakistan-Hostage-to-Media-Economy.pdf>

editorial stances⁶¹. Experts believe that advertising has been used as a “weapon” to as means of “media engineering”⁶². Federal and provincial governments should, in consultation with all key stakeholder groups, should immediately develop a policy of fair and equitable distribution of advertisement for both digital and broadcast mediums, with special considerations for smaller community media outlets, should ensure full transparency of the selection metrics and mechanism.

Challenge: Independent Regulation

The broadcast media regulator’s performance has remained the subject of criticism since its inception in 2002. Due to direct government influence on PEMRA’s policies and enforcement, it is seen as a tool for censorship for industry leaders, who go as far as demanding a total disbanding of the body⁶³. PEMRA was originally formed on the premise of “improving peoples’ access to mass media” and “enlarging the choice available to people of Pakistan in the media for news and current affairs”. However, now, it seems, a vast majority of PEMRA’s resources are going narrowly towards content regulation and policing. From PEMRA’s failure to work towards a sustainable digital infrastructure for broadcast, and the views of industry leaders on the body’s performance as a regulator, it is fairly evident that comprehensive reforms are needed, which are rolled out in close consultant with industry leaders and civil society bodies.

Recommendation 5: Review Committee

Federal government, in order to proceed towards a reform-action, should considering establishing a Regulatory Convergence Review Commission, a body of experts to review existing media laws and regulations and present recommendations to modernise the media regulatory framework in Pakistan in light of the convergence of the media, communication, and technology sectors. The experts should be selected in consultation with industry bodies — Pakistan Federal Union of Journalists, Pakistan Broadcaster’s Corporation, Association of Electronic Media Editors and News Directors (AEMEND) — and civil society groups who have done substantial research work on country regulatory issues and media sustainability — Media Matters for Democracy and Pakistan Press Foundation.

Recommendation 6: PEMRA Reforms

As stated above, a comprehensive reforms package is required to make PEMRA effective as the broadcast media regulator, and shift its focus from micro content regulation to the broader welfare and development of broadcast media and technology in the country. Firstly, in order for PEMRA to be independent of government influences, the process of appointment of PEMRA’s Chairperson and members should be modified through a legislative amendment along with the relationship between the government and the regulator as stipulated in the statute. These changes are necessary to provide autonomy to the regulator and protect it from political influence.

Secondly, media content regulation scheme followed by PEMRA is invasive, indifferent to public interest, devoid of restraint, and ineffective. It should be converted into a co-regulatory system with statutory cover in which the industry takes responsibility for compliance through appropriate codes

⁶¹ <https://cpj.org/2020/03/pakistan-government-suspends-advertising-in-2-inde/>

⁶² <https://www.dawn.com/news/1445599>

⁶³ <https://voicepk.net/2021/04/pemra-has-become-a-tool-of-censorship-must-be-disbanded-assert-senior-journalists/>

of practices and standards and the regulator supervises the process with minimal but transparent interventions. And, thirdly, current enforcement of content restrictions and other regulatory actions by PEMRA fail to meet standards of transparent, accountability, and consistency. With a co-regulatory content regulation system, a public complaints mechanism that is open and transparent at the level of decision-making and enforcement should be constituted.

Challenge: Lack of Content Diversity and Public Representation

Studies have shown that while majority of Pakistani citizens get their daily dose of news and information from broadcast media, they have only an average trust in it, and a vast majority of rural population, ethnic, religious, and sectarian minorities, and vulnerable groups feel that media doesn't always serve their needs. As mentioned above, this is partially due to media's overemphases on covering urban political issues, in order to make themselves more relevant to urban populations, and thus score a higher TRP. Findings from "Broadcast Journalism: Hostage to Media Economics" points towards the same trend. Experts believe that this urbanisation of content in the mainstream media has severed — or atleast weakened — the news media's connection with its consumers. It is, thus, imperative to take actions to strengthen this connection. Media's business model naturally play an important role in strengthening this connection, and a direct subscription revenue — even if in the form of shared carrier fee — will be the first step towards towards it. However, news media also need to take specific measures. National newsrooms should consider the fact that a vast majority of country population doesn't live in urban centres, and if they claim to produce public interest journalism, then both urban and rural communities should have an equal representation in the media content.

Recommendation 7: Diversification of Content

Broadcast media should invest more in covering news which is relevant to rural and local communities. A way to do it is to include more regional bulletins, empower the local OSRs, and improve the regional sourcing of news through credible sources.

Challenge: Media Monopolies

Monopolies in the ownership of media and media intermediaries stands to hurt the diversity and pluralism, and could threat the "very potential of public interest journalism"⁶⁴. Cross media ownership can promote such monopolies, damaging the overall prospect of independent journalism. Currently, there are restrictions on cross media ownerships in Pakistan.

Recommendation 8: Bar Cross Media Ownership

PEMRA's reform-actions should include a strict bar on cross media and media intermediary ownership, and the transparency in the ownership of media entities should be promoted. Similarly, the monopolies in supporting sectors — such as TRP generation — can be harmful. Broadcasters should diversify their process of TRP inquisition, and should include other TRP companies in the process, as opposed to limiting themselves to just one company.

⁶⁴ <https://westminsterresearch.westminster.ac.uk/item/903w8/what-s-wrong-with-media-monopolies-a-lesson-from-history-and-a-new-approach-to-media-ownership-policy>

SECTION 5: CHALLENGES & RECOMMENDATIONS — DIGITAL MEDIA

This section lists and further deconstructs each of key media sustainability challenges identified in the previous sections, and presents recommendations to address them.

Challenge: Sustainable Revenue Generation

In relation to Pakistan’s digital advertising revenue, there seems to a duopoly of Google and Facebook. Data from Aurora shows that nearly 85% of digital advertisement revenue of the country is going towards Google and Facebook, and the figures steadily goes up every year. The digital media outlets of the country are, thus, forced to operate in an environment where social media platforms profit for serving their content through timelines and searches without paying anything for using it. Media outlets, on the other hand, have to rely on notoriously opaque Ad-Tech systems for monetisation. As a result, digital newsrooms in Pakistan are struggling to make the ends meet while social media platforms thrive. Similarly, the algorithmic changes in the social platforms can substantially change the way news consumers are served content on their timelines. There are many instances in the past where changes in the content priorities have caused serious impacts on media entities, including “closures and layoff”⁶⁵. In addition to using the news without a payment, experts believe that social media companies wield too much power — both financially and content wise — over the independent digital news outlets without little to no accountability, which can effectively endanger media sustainability and their ability to produce public interest journalism.

Recommendation 9: Industry Mobilisation for Bargaining

There have been various initiatives to “make social media platforms pay for the news they consume”, and to make more accountable across the world. One of the most notable is the Australian News Media Bargaining Code, implemented after a report from Australian Competition and Consumer Commission (ACCC) which highlighted the duopoly of Google and Facebook on Australian digital ad revenue, and use of news content by social media platforms without paying for it. The Australian ‘Code’ has inspired many similar initiatives across the globe, where civil society led bodies are strategising to develop their own approaches. A similar approach should be consider in Pakistan.

It recommended that digital media editors should come together and form an alliance / association / collective to move towards addressing the common challenges for the industry, especially that are related to digital media. The association should on priority draft an action plan to engage with social media companies, mainly with aim to level the playing field. The association should also present its recommendations to the government for policy actions.

Recommendation 10: Ad removals and Using Alternate Platforms

Digital media outlets, with the advise of the digital media editors’ association, should consider disabling Google AdSense from their websites in Pakistan, and instead should strive for more direct advertisements. This would certain help get the attention of the social media companies and will arguably improve the prospect getting more direct ads.

⁶⁵ Making Big Tech Pay for the News They Use - https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4192026

GLOSSARY

Ad-Tech: Ad-Tech, or advertising technology, refers to software and tools advertisers use to buy, manage, and analyse digital advertising

APNS: All Pakistan Newspaper Association

Big Tech: Refers to the big technology companies, mostly Google and Facebook (Meta)

Carrier Fees: Monthly fees charged by media intermediaries and/or distributors, also sometimes referred to as 'cable fees'.

Digital Switchover: Refers to the transition of transmission services from analog to digital, mainly for the cable networks.

DTH: Direct to Home service, transmission delivered by satellite services directly to consumer households enabled by individual reception systems (antenna/dish and satellite Integrated Receiver-Decoder (IRD)/receiver)

OTT: Over the Top services, streaming platforms such as Netflix and Hulu

PBS: Pakistan Bureau of Statistics

PECA: Prevention of Electronic Crimes Act 2016, a law enacted in Pakistan to deal with cybercrimes but used as a means to target journalists and media as well

TRP: Target Rating Point, a metric that signifies a programme's success on tv screens. It is used to evaluate which programme has been most viewed on tv screens

