

BIG TECH & LOCAL JOURNALISM

BIG TECH DROVE LOCAL NEWS OUT OF EXISTENCE THROUGH ANTICOMPETITIVE ADVERTISING PRACTICES AND REUSING THEIR CONTENT WITHOUT COMPENSATION

LOCAL JOURNALISM WAS “BEING DECIMATED” BECAUSE BIG TECH DOMINATED LOCAL NEWS’ REVENUE STREAMS

- ***Local Journalism’s decline fell most heavily on the internet.*** The News Media Alliance said that local journalism was “being decimated in the digital age.” Yale concurred noting that the decline of local news fell “most heavily on the internet, which sucked away advertising revenue and offered plenty of content for free.” The Wall Street Journal noted that local papers had suffered “great incursions into their online advertising businesses” from Google and Facebook.” Warren Buffet, who bought up local papers in 2011 betting they could overcome the economics of print by shifting online, said newspapers were “toast” and predicted they were “going to disappear.”
- ***Big Tech was said to be “destroying local news” and an “existential threat” to the news industry.*** A Star Tribune editorial headline begged “Stop Tech Giants From Destroying Local News.” The House Subcommittee on Antitrust, Commercial and Administrative Law (House Subcommittee on Antitrust) noted similarly that “the emergence of platform gatekeepers – and the market power wielded by these firms – ha[d] contributed to the decline of trustworthy news sources.” David Chavern, CEO of News Media Alliance, which represented 2,000 U.S. news organizations, told the House Subcommittee on Antitrust that Big Tech posed a “potentially existential threat” to the media. “The largest single reason” was “the loss of advertising revenues to the online advertising duopoly of Google and Facebook according to Open Markets Institutes. Columbia Journalism Review said “many rightly [saw] the rise of Big Tech [...] as the root of journalism’s problems.

BIG TECH HAD AN “UNPRECEDENTED INFLUENCE” ON THE DISTRIBUTION AND CONSUMPTION OF NEWS

- ***Big Tech was said to have “completely changed” how news was distributed.*** The University of Chicago’s Stigler Center said that Facebook and Google had “unprecedented influence on news production, distribution and consumption,” with Yale noting that the two platforms had “completely changed the distribution of news.” A report by the Australian Competition & Consumer Commission (ACCC) claimed that Big Tech “increasingly perform[ed] similar functions to media businesses, such as selecting and curating content, evaluating content, and ranking and arranging content online.” The ACCC further found that the Google and Facebook had “significant and durable market power over the distribution of news online,” and was a “vital distribution channel for a number of media businesses.” The News Media Alliance agreed that Google had “emerged as a major gateway for consumers to access news.”
- ***Big Tech aggregated the news from multiple sources onto a single page.*** Aggregated news pages had become the most popular way to view the news. Aggregated news consolidated content from multiple news sources, though the details on how those pieces of news were ranked and prioritized was not publicly available. Since 2009, the number of people reading the news had increased fivefold, to 146 million people a day. The vast majority of Americans consumed their news online, but often only skimmed through headlines and snippets found on search engines or social media sites. Because of the major increase in readership and the ability to keep users in a walled garden of aggregated news, Big Tech had a strong economic incentive to minimize outbound referrals to other news outlets, which could lead to a decline in users’ attention and engagements.
- ***News Aggregators usually packaged and presented content with attention grabbing quotes and short summaries.*** The content in news aggregators made it unnecessary for users to click through to the publishers website. Further, Google displayed short summaries and / or extracts of news articles when a user searched for a news story. The ACCC claimed that these summaries and extracts “increase[d] the attractiveness of the Google search engine.” WIRED’s editorial staff said Facebook’s made publishers “sharecroppers on Facebook’s massive industrial farms.”
- ***Short summaries and attention-grabbing quotes reduced the likelihood that users would click through to the publishers page, allowing Big Tech platforms to show users more ads on their platforms despite not creating the content.*** The News Media alliances said a study had shown that 47% of online news consumers only “browse[d] and read news extracts” without clicking the links to the whole article on a newspapers page. Tech Crunch reported that many Facebook users who viewed news on the platform didn’t go to original articles,

rather consuming just the overview of the news from the headline and preview blurb. The News Media Alliance further claimed that the Google News App was designed “to satisfy many casual readers, rather than leading them to click through to the articles.” And when those users did click through to the article, most of them could not recall the name of the website’s news brand after the visit.

- **Big Tech used its market dominance to “force” local news to provide their content without compensation.** News Media Canada noted that digital platforms “dominate[d] distribution of digital news because of the sheer number of eyeballs they attract[ed] and their control of advertising exchanges.” Google and Facebook were also said to have “leveraged their market dominance to force local news to accept little to no compensation for their intellectual property.” Platforms like Google and Facebook defended their use of the content produced by local news roomers by saying it was used under the “fair use” doctrine of copyright law.
- **Publishers had little choice but to continue to be on Big Tech’s aggregators or else risk losing even more of their audience.** Publishers said they had little choice to provide their content because aggregators sent them “substantial traffic” to their sites. If local papers refused to provide content rights to Big Tech, they could potentially lose the opportunity to be featured by Google and Facebook and thus seen by their users. Apple News’ Top Stories section was found to send “a surge of traffic to the stories featured” according to Columbia Journalism Review.

BIG TECH USED ITS “MONOPOLY POWER” TO EMPLOY “ANTICOMPETITIVE AND UNFAIR TERMS” ON THEIR USAGE OF PUBLISHER’S CONTENT

- **Publishers were becoming “increasingly beholden” to Big Tech.** During testimony in front of the House Subcommittee on Antitrust, publishers said they were “increasingly beholden” to Big Tech, particularly Google and Facebook. The two platforms “exercise[d] monopoly power” and created “a market where news publishers [were] coerced to accept anticompetitive and unfair terms” on usage of their content. Sally Hubbard of Open Markets Institute said because Big Tech didn’t “have any competition”, they were free to pursue destructive practices without constraint.
- **Google and Facebook accounted for “a significant amount of referral traffic” for news publishers.** The ACCC found that news publishers were reliant on Google and Facebook to reach audiences, noting that individual publishers needed Google and Facebook referrals more than the platforms needed the publisher’s content. ACCC said Google and Facebook were “the gateways to online news media for many consumers” and accounted for a significant amount of referral traffic to news publishers’ websites. Tech Crunch similarly noted that publishers had “few major sources of traffic outside of Facebook and Google search” and every visitor they sent to an outlet’s page translated to much-needed ad views.
- **Big Tech imposed “unilateral terms” on publishers like take-it-or-leave-it revenue sharing agreements.** During a hearing in front of the House Subcommittee on Antitrust, one publisher described Big Tech as having a “finger on the scales,” and could suppress publishers who did not “appease platform’s business terms.” This despite Google being found to have “increasingly relied” on news as a “key source” to drive consumer engagement with its products according to a study by the News Media Alliance. Google reportedly received nearly \$4.7 billion in revenue from crawling and scraping news publisher’s content without paying the publisher for its use. In an editorial, the Star Tribune said Big Tech had “taken the content generated by newspapers, TV, Radio and others and used it to reap massive profits while refusing to provide any compensation.”
- **Apple’s wildly successful Apple News was difficult for local news to break onto.** Tampa Bay Times’ Digital Chief, Conan Gallaty, said Apple kept “the furthest distance in engaging with regional and local publishers” between them, Google and Facebook. Gallaty reported the paper received 79% of its outside web traffic from Google, 20% from Facebook but merely 1% from Apple. This despite the fact that Apple News had 125 million monthly active users in August 2021. The stories chosen by Apple News’ news curators regularly received more than 1 million visits each. In Apple News’ Trending Stories section, ten outlets were found to have accounted for 74.8% of articles. A study by Columbia Journalism Review found that not a single locally or regionally specific source was cited over a 62-day period. When a federal judge in Oregon blocked a ban on abortion referrals at taxpayer-funded clinics, Apple News featured an article by The Hill, rather than the local newspaper. Even if a local publisher made it onto Apple News, monetizing their presence their presence was challenging and ultimately unprofitable. Selling ads on the platform was complicated and generated little interest from advertisers because of the lack of user data.

PUBLISHERS RAISED CONCERNS ABOUT THE “SIGNIFICANT AND GROWING ASYMMETRY OF POWER” BETWEEN THEM AND BIG TECH

- ***The dominance of Big Tech had created a “significant imbalance of bargaining power” between them and Publishers.*** Local papers risked losing a significant source of revenue if they prevented Google from providing links to its content in search. Publishers were said to have “little choice but to adapt and accommodate” to Big Tech regardless of how the changes may negatively affect their own profitability. And Publishers had little ability to change things because no publisher was in a position to negotiate with Facebook and Google by itself. The ACCC noted that the inability of news businesses to individually negotiate terms over the use of their content by Big Tech was “likely indicative of the imbalance in bargaining power.”

BIG TECH TOOK LOCAL NEWS’ PROFITS THROUGH THEIR GRIP ON THE DIGITAL AD MARKET

BIG TECH CONTROLLED A MAJORITY OF THE ONLINE ADVERTISING MARKET

- ***Big Tech had captured nearly all of the growth in the digital ad marketplace in recent years.*** Google and Facebook held a duopoly on the supply side of display advertising, which accounted for 40% of the digital advertising market. Facebook held 50% of the total digital display ad supply. Google maintained 90% of the ad server market for publishers.
- ***Big Tech replaced newspapers as the location of choice for marketers.*** Advertisers were found to be abandoning news sites and aggregating to Facebook where they could more efficiently target their exact customers. 77% of digital advertising revenue in local markets that used to go to local newspapers moved to Google and Facebook, leading to the Wall Street Journal remarking “while Google and Facebook have siphoned ad dollars away from all publishers, local news publishers have been the hardest hit.”
- ***Online audiences for news had grown tenfold over the past decade, but publisher’s revenues fell by half.*** The News Media Alliance’s Executive Vice President and General Counsel, Danielle Coffey, said the most fundamental problem facing the news industry was how Big Tech took ad revenue from publishers without publishers having recourse. News Corp’s General Counsel, David Pitofsky, noted that newspapers were losing business “because the dominant platforms deploy[ed] our news content to our target audiences” and then “sold that audience the same advertisers we’re trying to serve.” Publishers had long been frustrated by Facebook’s outsize role in news dissemination as well as the platform’s commanding presence in the digital advertising marketplace. When News Corp considered switching its ad-serving business from Google to rival AppNexus, they found that they could potentially lose 40% to 60% of advertising demand.
- ***Big Tech brought in billions from news on the backs of local newspaper.*** The former CEO of Berkshire Hathaway’s media group, Terry Kroeger, noted that Google had “close to zero content-creation cost” but could “turn around and sell the lion’s share of the advertising. The Washington Examiner said Big Tech had “built their empires in part through the distribution of news content.” Google’s business model was focused on earning revenue from digital advertising, with 80% of its \$183 billion in revenue in 2020 coming from its advertising business. The ad revenues Google was projected to earn in 2020 had exceeded the combined ad revenues of all TV and radio stations in America.
- ***There was nothing “more anticompetitive for the news business” than Big Tech.*** Joanne Lipman, Chief Content Officer of Gannet, said that nothing had “been more anticompetitive for the news business in recent years” than Big Tech. The Omidyar Network believed a more competitive ad tech stack would “likely [...] increase the payments to publishers.” In 2021, Attorneys General from 16 states and Puerto Rico even filed a lawsuit against Google alleging that the company’s conduct in the Ad Tech Stack violated antitrust laws.

BIG TECH HELD MARKET POWER ON ALL ASPECTS OF DIGITAL ADVERTISING, WHICH LOCAL NEWS RELIED ON FOR REVENUES

- ***It was nearly impossible for publishers and advertisers to do business with each other without Google’s involvement.*** Google had a presence in each component of the tools and software that publishers and advertisers used to transmit ads to users. Both Google and Facebook had market power on both sides of the digital ad buying marketplace and sold high rates to buyers and gave low rates to sellers (publisher). Publishers noted that the significant decline in ad revenue was because of Google and Facebook’s dominance in online advertising, as most local newspapers primarily relied on digital display ads for online ad revenues.

- **Big Tech's dominance in digital ads left local news publishers struggling to build a sustainable online business model.** Because Google and Facebook were the middlemen between publishers and readers, they leveraged their position to dominate digital advertising and “decimate newspapers’ advertising business model” the Irish Times reported. News Media Alliance noted that “a significant portion of ad revenue” went to “programmatically middlemen instead of directly to publishers who created the content supporting the ad.” Such anticompetitive conditions had prevented news publishers from developing a sustainable and competitive business model.
- **Any business model by local news required creating content that satisfied Big Tech's Algorithms, which could change in seconds.** Columbia Journalism Review noted that media companies were “addicted to Facebook’s algorithm directed traffic.” In fact, when Facebook pushed publishers to pivot to video, newsrooms laid off writers and beefed up their video teams. Google forced Publishers to use their Accelerated Mobile Pages format or else risk getting downgraded in search rankings. But, publishers were aware that Big Tech could make changes to the algorithm at any time and tank their readership.
- **Big Tech could use their algorithms to “pick winners.”** Members of WIRED’s editorial staff claimed “if Facebook wanted to, it could quietly turn any number of dials that would harm publishers – by manipulating its traffic, its ad network, or its readers.” A news publisher told the House Subcommittee on Antitrust that the dominance of Google and Facebook allowed the platforms to “pick winners” by adjusting visibility and traffic. The ACCC said that there was a “lack of warning” by Big Tech to news publishers when they made changes to key algorithms for news content or referral links. For example, when Facebook changed their algorithm in 2018 to show users more posts from friends and family than news, publishers saw Facebook referrals drop dramatically/ Mother Jones said the algorithm change “vaporized much of what was left of the revenue base for journalism.” When Google adjusted their algorithm in June 2019, one publisher found that their online traffic had decreased by “close to 50%” even as their referrals from other sources grew during the same period.
- **When Australia introduced profit sharing regulations between publishers, Zuckerberg completely shut down news on Facebook there.** Zuckerberg was said to be disappointed by regulatory efforts looking to force platforms like Facebook to pay publishers for any new content available on their platform and dampened his enthusiasm for making news a bigger part of Facebook’s offerings. Zuckerberg had no interest in paying publishers for the right to show their stories. When Australia did just that, Zuckerberg tweaked Facebook’s algorithm to restrict news content for Australians. The tweak ended up blocking Australian Health Organizations just days ahead of the COVID vaccine rollout, which whistleblowers at the platform said was deliberate.

NEWSPAPERS HAD SEEN A NEARLY 70% LOSS IN TOTAL REVENUE OVER THE PAST TWO DECADES.

- **The shift to online content had dramatically lowered ad value and siphoned money away from local newspapers.** Between 2010-2020, Advertiser spending on newspapers plunged by almost 75%, with newspapers seeing nearly 70% loss of total revenue during that same time. Between 2019-2020 alone, newspaper advertising revenue fell by a median of 42% year over year. Publishers attributed this decline to Google and Facebook’s dominance of online advertising. Even when BuzzFeed saw a 400% increase in monthly visitors, it still couldn’t generate enough revenue to stave off layoffs.
- **Newspapers became reliant on digital ads over the past two decades, giving Big Tech even more profits.** The share of revenue local news got from online advertising increased 30% since 2004 - from 2.6% in 2004 to 35.4% in 2020. However, publishers kept only 49% to 67% of indirect programmatic advertising spending, with the rest of the revenue going to ad tech intermediaries like Google and Facebook. The revenue newspapers received from online advertising was insufficient to compensate for the decline in print advertising. Between 2007-2017, Newspapers ad revenue shrank in dollars from \$45 billion to \$16 billion a year, while ad revenue for Google increased sixfold, from nearly \$9 billion to \$52 billion. Apple news took 15%-30% of news subscription purchases made through their app.

BIG TECH WAS WIDELY SEEN AS THE DRIVER OF LOCAL NEWS’ DEMISE

ACROSS THE POLITICAL SPECTRUM, A MAJORITY OF AMERICANS CITED BIG TECH AS THE REASON LOCAL NEWS WAS GOING OUT OF BUSINESS.

- **Both Democrats and Republicans agreed that Big Tech had contributed to layoffs and consolidation in the news industry, particularly among local news organizations.** News publishers were sounding the alarm that Google and Facebook’s dominance of the online advertising market had harmed the quality and availability

of Journalism. The CEO of Digital Content Next, a trade association for news publishers noted there was “a clear correlation between layoffs and buyouts with the growth in market share” of Google and Facebook.

- **Over 75% of Americans were concerned about the impact Big Tech had on small and local news.** 76% of Americans believed Big Tech was driving local news outlets out of business. 79% of Americans said they were concerned that Big Tech had too much power over the news and publishing industries. 3/4 of Americans believed Big Tech’s monopoly over the news and publishing industries was a threat to the free press and unfair to publishers, especially to small and local outlets.

BIG TECH’S GREED RESULTED IN THE LOSS OF 1 IN EVERY 4 NEWSPAPERS ACROSS THE U.S., CREATING NEWS-DESERTS IN MANY U.S. COMMUNITIES AND CUTTING OVER 250,000 NEWSPAPER JOBS

- **In 2018, U.S. News circulation reached its lowest level since 1940 – leaving nearly half of U.S. counties with only a single newspaper.** Between 2004-2019, one in every four U.S. newspapers shutdown. The House Subcommittee on Antitrust found that “the decimation of local news sources [was] giving rise to local news deserts.” 45% of the U.S.’s news-desert communities were in rural counties. In October 2021, it was found that 1,800 communities in the U.S. did not have any local news outlets. In July 2020, the state of Wyoming became the first state in the U.S. to not have a daily newspaper printed on Monday morning. When Facebook attempted to create a local news section on their platform, they found that many parts of the country didn’t have enough local news to sustain it. Facebook said one in three U.S. users lived in places where they couldn’t find enough local news to launch their local news section.
- **Over 250,000 jobs have been lost in the news industry since 2004.** Between 2004-2020, the total number of employees at newspapers declined from around 397,000 to 120,000. Between 2019-2021 alone, 300 publications closed and more than 6,000 journalists were fired.
- **Newspapers that survived Big Tech’s domination struggled to produce quality, valuable reporting.** The newspapers left standing were “shells of their former selves” according to the Congressional Research Search. The House Subcommittee on Antitrust said the rise of Big Tech had “severely affected the monetization of news” and diminished “the ability of publishers to deliver valuable reporting.” Harvard Kennedy School said the “shuttering of local newspapers [was] contributing to a growing crisis in trusted local news and information.”
- **Most local newspapers that survived Big Tech’s dominance were bought out by a corporation.** In October 2020, it was reported that 25 newspaper publishing groups controlled nearly 2/3rds of all daily newspapers in the U.S. The loss of local journalism was correlated with a rise in corporate takeovers and consolidations of formerly independent news outlets. The News Media Alliance said corporations enacted “severe cost-cutting measures that gutted content for the sake of short-term profits.

LOCAL NEWSPAPERS WERE CRUCIAL FOR KEEPING COMMUNITIES INFORMED, BUT BIG TECH IMPEDED THEIR ABILITY TO CREATE VALUABLE CONTENT

BIG TECH REWARDED VIRAL CONTENT THAT WAS LESS INFORMATIVE AND TRUSTWORTHY THAN LOCAL NEWS

- **Social Media incentive content that increased user engagement.** Posts about hard news stories on a national level were found to consistently bring more engagement than soft, more locally relevant stories. local news organizations got “more bang for their buck” when they posted about non-local subjects. Americans who got their news mainly on social media were found to be less knowledgeable and less engaged.
- **The loss of local newspapers contributed to a “growing crisis in trusted news and information” according to Harvard Kennedy School.** News Media Alliance warned the loss of local newsrooms meant there were “thousands fewer watchdogs exposing crime, corruption and keeping elected officials accountable to their constituents.” A 2018 survey found that 73% of Americans had “a great deal” or “a fair amount” of trust in local newspapers. A 2019 survey found that Americans favored local news over national news to “report the news without bias” by a two to one margin.
- **During COVID, local news was a leading resource for Americans looking for information about their communities.** A Pew Research study found that local news played “an important role for Americans during COVID-19” with Americans viewing local news outlets as “more credible sources of COVID-19 information than the news media in general.” 58% of Americans reported consuming more local news during COVID than before and increased their reliance on local news for information about nearby outbreaks, medical resources, and

household support programs. Northwestern found that the loss of local news might have cost lives during the pandemic because it paved the way for misinformation to take hold.

- **Local news kept elected officials accountable to their constituents.** Without local newspapers, Americans tended to pay less attention to local politics. Local news was found to have an overall positive and encouraging impact on Americans participating in their community or local politics, while national news, the internet and social media had a discouraging effect. Professors from the University of Illinois and Notre Dame found that when communities had fewer local journalists, government salaries rose, deficits increased and government borrowing costs went up by 5 to 11 basis points. Members of congress who were less covered by their local press outlet were found to work less for their constituents.
- **Without local news, America was likely to see more polarization.** Harvard Shorenstein's Center said that the disappearance of credible local news and information contributed to widening political polarization,

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News Media Alliance: Local Journalism Was "Being Decimated In The Digital Age." "Local journalism is essential for healthy communities, competitive marketplaces, and a thriving democracy. Unfortunately, the local news industry is being decimated in the digital age. This is due both to the rapid proliferation of online news content as well as unfair market practices by some of the world's largest technology companies that reuse local news' content, data, customers, and advertisers" [News Media Alliance, Local Journalism: America's Most Trusted News Sources Threatened, [10/27/20](#)]

Yale: The Decline Of Local News Fell "Most Heavily On The Internet, Which Sucked Away Advertising Revenue And Offered Plenty Of Content For Free." "Since 2004, nearly 2,000 local newspapers in the U.S. have shut down, eliminating an important source of local information and news for many Americans. Six percent of counties now have no newspaper at all. Blame for this decline falls most heavily on the internet, which sucked away advertising revenue and offered plenty of content for free, but it's worth noting that the trend started before the internet was even a distant dream." [Yale.edu, [9/23/21](#)]

WSJ: Local Papers Had Suffered "Great Incursions Into Their Online Advertising Businesses" From Google And Facebook. "The results are in: A stark divide has emerged between a handful of national players that have managed to stabilize their businesses and local outlets for which time is running out, according to a Wall Street Journal analysis of circulation, advertising, financial and employment data. Local papers have suffered sharper declines in circulation than national outlets and greater incursions into their online advertising businesses from tech giants such as Alphabet Inc.'s Google and Facebook Inc. The data also shows that they are having a much more difficult time converting readers into paying digital customers." [WSJ, [5/4/19](#)]

In 2018, Warren Buffet, Who Bought Up Local Papers In 2011 Betting They Could Overcome The Economics Of Print By Shifting Online, Said Newspapers Were "Toast" And Predicted They Were "Going To Disappear." "Warren Buffett's U-turn on newspapers is an indicator of the industry's predicament. The legendary investor began buying up local papers in 2011, betting they could overcome the horrible economics of the print business by making a transition to the internet. They didn't. Last year the "Oracle of Omaha" turned over management of his papers to another company, Lee Enterprises. He recently told Yahoo Finance that newspapers were "toast," adding that, with the exception of the three biggest national papers, "they are going to disappear." Executives at some outlets, such as the Omaha World-Herald, talked about paywalls for years, but didn't truly get serious about them until recently, by which point staff cutbacks had made it hard to put out a product people would pay for." [WSJ, [5/4/19](#)]

BIG TECH WAS "DESTROYING LOCAL NEWS" AND AN "EXISTENTIAL THREAT" TO THE INDUSTRY

Star Tribune Editorial HEADLINE: “Stop Tech Giants From Destroying Local News.” [Star Tribune, [2/13/22](#)]

The House Subcommittee On Antitrust Commercial And Administrative Law (House Subcommittee On Antitrust) Found That “The Emergence Of Platform Gatekeepers – And The Market Power Wielded By These Firms – Ha[d] Contributed To The Decline Of Trustworthy Sources of News.” “Since 2006, newspaper advertising revenue, which is critical for funding high-quality journalism, fell by over 50%.²⁴⁵ Despite significant growth in online traffic among the nation’s leading newspapers,²⁴⁶ print and digital newsrooms across the country are laying off reporters or folding altogether.²⁴⁷ As a result, communities throughout the United States are increasingly going without sources for local news. The emergence of platform gatekeepers—and the market power wielded by these firms—has contributed to the decline of trustworthy sources of news.²⁴⁸ a. Journalism in Decline Since 2006, the news industry has been in economic freefall, primarily due to a massive decrease in advertising revenue. Both print and broadcast news organizations rely heavily on advertising revenue to support their operations, and as the market has shifted to digital platforms, news organizations have seen the value of their advertising space plummet steeply.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

NPR HEADLINE: “News Publishers Say Tech Industry Poses 'Potentially Existential' Threat To Media.” [NPR, [6/11/19](#)]

David Chavern, CEO Of The News Media Alliance, Told A House Judiciary Subcommittee On Antitrust That The Rise Of Digital News Distribution Introduced A “New, Potentially Existential” Threat To The News Industry. “David Chavern, president and CEO of the News Media Alliance, a group representing about 2,000 news organizations in the U.S., told a House Judiciary subcommittee that despite efforts by media groups to invest in their own online platforms, apps and other formats, the rise of digital news distribution has introduced ‘new, potentially existential threats to the news industry.’ Chavern spoke in support of bipartisan legislation that would allow online publishers to work together to bargain with tech platforms, such as Google, potentially to share revenue.” [NPR, [6/11/19](#)]

- **The News Media Alliance Represented Nearly 2,000 News Organizations In The U.S.** “David Chavern, president and CEO of the News Media Alliance, a group representing about 2,000 news organizations in the U.S., told a House Judiciary subcommittee that despite efforts by media groups to invest in their own online platforms, apps and other formats, the rise of digital news distribution has introduced ‘new, potentially existential threats to the news industry.’ Chavern spoke in support of bipartisan legislation that would allow online publishers to work together to bargain with tech platforms, such as Google, potentially to share revenue.” [NPR, [6/11/19](#)]

Open Markets Institute Claimed “The Largest Single Reason” For The Decline Of Local News Was “The Loss Of Advertising Revenues To The Online Advertising Duopoly Of Google And Facebook. “The business model that has long sustained a free press in the United States is imperiled. More than one in five papers have closed over the past decade and a half, transforming more and more communities into news deserts [...] The largest single reason for this trend is the loss of advertising revenues to the online advertising duopoly of Google and Facebook. Advertising has been the backbone of the news industry for more than a century. But from 2008 to 2018, the newspaper industry saw a staggering 68% drop in advertising revenue due primarily to the two ad tech behemoths.” [Open Markets Institute, Saving The News, [September 2021](#)]

Columbia Journalism Review: “Many Rightly [Saw] The Rise Of Big Tech [...] As The Root Of Journalism’s Problems.” “This is a tempting idea, and one gaining a foothold in the US, but in reality would be a serious mistake—especially when it comes to reader trust. Many rightly see the rise of big tech, and social media in particular, as the root of journalism’s problems. Not only do Google and Facebook dominate the online ad market—the two together make up nearly two-thirds of the market, but the social networks have played a huge role in the spread of online misinformation and the incentivizing of clickbait, which have been large contributors to the crisis of trust in the media. That idea has widespread academic and political support.” [Columbia Journalism Review, [1/16/19](#)]

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BIG TECH HAD “COMPLETELY CHANGED” HOW NEWS WAS DISTRIBUTED

University Of Chicago Stigler Center Said Facebook And Google Had “Unprecedented Influence On News Production, Distribution And Consumption.” “It is now clear that the natural tendency toward concentration in modern capitalism is magnified in digital markets, where a handful of corporations enjoying network effects today exercise more power and influence globally than any other private entities have in the last century. Two of those companies—Google and Facebook—are not only giant economic players that have changed most industries, but are also the largest media companies in history. While they maintain that they are technology companies, they not only have unprecedented

influence on news production, distribution and consumption, but also are rapidly changing the incentives, behavior and norms of all players in the news media ecosystem.” [University Of Chicago Stigler Center, Stigler Committee On Digital Platforms Final Report, [2019](#)]

Vox Said Facebook And Google Had “Completely Changed The Distribution Of News.” “On the other hand, Facebook is partly responsible for the decline of local news, so it should have an interest in preserving it — not only for the good of readers, but more news organizations means more content for Facebook and more reasons for people to keep using its products. Companies like Facebook and Google have completely changed the distribution of news, and they dominate the advertising business that has historically supported digital news formats. Facebook controls about 22 percent of all digital ad spend in the US, according to eMarketer, and helped hasten print ad revenue’s decline.” [Vox / Recode, [3/18/19](#)]

Australian Competition & Consumer Commission (ACCC): Big Tech “Increasingly Perform[Ed] Similar Functions To Media Businesses, Such As Selecting And Curating Content, Evaluating Content, And Ranking And Arranging Content Online.” “Digitalization and the increase in online sources of news and media content highlight inconsistencies in the current sector-specific approach to media regulation in Australia that gives rise to an uneven playing field between digital platforms and some news media businesses. Digital platforms increasingly perform similar functions to media businesses, such as selecting and curating content, evaluating content, and ranking and arranging content online. Despite this, virtually no media regulation applies to digital platforms. This creates regulatory disparity between some digital platforms and some more heavily-regulated media businesses that perform comparable functions.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

ACCC Found That Facebook And Google Had “Significant And Durable Market Power Over The Distribution Of News Online.” “Several of the concerns regarding the distribution and monetization of news through platform intermediaries were raised as part of a comprehensive inquiry by the Australian Competition and Consumer Commission (ACCC) [...] Among its findings, the ACCC concluded that Facebook and Google have significant and durable market power over the distribution of news online. As the ACCC noted, “Google and Facebook are the gateways to online news media for many consumers,” accounting for a significant amount of referral traffic to news publishers’ websites. As a result, news publishers are reliant on these platforms for reaching people online, which affects publishers’ ability to monetize journalism, particularly on formats such as Google’s Accelerated Mobile Pages (AMP).” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

ACCC: Facebook Was A “Vital Distribution Channel For A Number Of Media Businesses.” “Google is a critical source of internet traffic (and therefore audiences) for news media businesses. A news media business risks losing a significant source of revenue if it prevents Google from providing links to its websites in search results. While Facebook contributes a significantly lower proportion of traffic to news media businesses, it remains a vital distribution channel for a number of media businesses, particularly those seeking to target a particular demographic group.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

GOOGLE AND FACEBOOK WERE “MAJOR GATEWAYS” FOR NEWS CONSUMPTION THAT BECAME “VITAL” FOR MEDIA BUSINESSES

News Media Alliance: Google Had “Emerged As A Major Gateway For Consumers To Access News.” “These major shifts in the news industry have allowed for increasing engagement of emerging technology players at the expense of news publishers who had traditionally relied on news subscriptions. Google has emerged as a major gateway for consumers to access news. In 2011, Google Search combined with Google News accounted for the majority (approximately 75%) of referral traffic to top news sites.⁶ Since January 2017, traffic from Google Search to news publisher sites has risen by more than 25% to approximately 1.6 billion visits per week in January 2018.” [News Media Alliance, Google Benefit From News Content Study, [June 2019](#)]

BIG TECH AGGREGATED THE NEWS FROM MULTIPLE SOURCES

In Recent Years, News Consumption Largely Shifted To A Model Of Content Aggregation, Through Which Platforms Consolidated Content From Multiple News Source. “In some cases, private equity firms and hedge funds have purchased major regional chains and newspapers, resulting in mass layoffs of journalists and increased debt burdens for publishers. In recent years, news consumption has largely shifted to a model of content aggregation, through which platforms consolidate content from multiple news sources. In submissions to the Subcommittee and public statements, publishers across the spectrum say they have little choice but to participate in content aggregation, particularly those run by dominant platforms because the aggregators’ ‘use of news publishers’ content does send substantial traffic to news publishers.’ But this can also prevent traffic from flowing to newspapers.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

- **Details On How News Aggregators Ranked And Prioritized News Articles Were Not Publicly Available.** “They bundle articles and display them in a particular order, often using proprietary algorithms that weigh factors such as relevance, freshness, and authoritativeness of the content. Details about each aggregator’s ranking process, such as the weight given to each factor used to prioritize certain news articles, are not publicly available. Some newspapers have attracted readers by working with aggregators, particularly popular ones. Limiting aggregators’ access to a newspaper’s content can reduce overall news consumption, including on the newspaper publisher’s own online platforms.” [Congressional Research Service, [1/27/22](#)]

University Of Chicago Stigler Center Said News Aggregation Had “Facilitated” A “Fragmentation” Of Where People Got Their News. “Increasing the Transparency of Digital Platforms Today’s Internet has brought with it a fragmentation of where people get their news. There is no longer a single or small set of outlets that command consumer attention. Instead, consumers divide their attention across outlets. This has been facilitated by social media, which aggregate news from a variety of sources. The benefit of that is that there is potential for a greater diversity of outlets and also, potentially, a diversity of where news can come from.” [University Of Chicago Stigler Center, Stigler Committee On Digital Platforms Final Report, [2019](#)]

In The U.S., News Aggregators Were More Popular Than Individual Publications. “Engagement was, unsurprisingly, led by the Mail – a tabloid with a reputation for deliberately misleading and provocative stories, which generate heated debate in the comments section [...] The data also reveals an interesting difference between the UK and US markets when it comes to news sources. In the US, news aggregators are more popular than individual publications, while in the UK more people choose to get their news from individual publications – with legacy newspaper brands popular.” [9To5 Mac, [1/27/22](#)]

NEWS AGGREGATORS WERE THE MOST POPULAR WAY FOR CONSUMERS TO READ THE NEWS

Between 2009-2019, The Number Of People Reading News Had Increased Fivefold, To 146 Million A Day.

“Publishers maintain that these platforms do, in fact, cost them money -- by making paid content less visible in search or news feed algorithms and by stripping away ad revenue that might otherwise have gone to publishers. ‘We have an exponentially larger audience than we ever had,’ said Danielle Coffey, senior vice president of strategic initiatives at the News Media Alliance. In the last decade, the number of people reading news has increased fivefold, to 146 million a day. ‘People want what we’re making, and studies show that they’re willing to pay for it. But we have an intermediary. Consumers come to Google, they go to Facebook, and they get our news content. And when that happens, we’re stripped of a large portion of advertising revenue.’” [CBS News, [6/11/19](#)]

News Media Alliance: With The Vast Majority Of Americans Consuming Their News Online, Readers Often Skimmed Through Headlines And Only Read Snippets Found On Search Engines Or Social Media Sites. “With the vast majority of Americans now accessing online content through a handful of dominant gateways, online news readers often skim through headlines and read only snippets found on search engines or social media sites without linking to the original sources for more information. According to one study, 47 percent of these users only ‘browse and read news extracts on these websites without clicking on links to access the whole article in the newspaper page.’” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

By Keeping Users Inside A Walled Garden Of Aggregated News, Big Tech Had A Strong Economic Incentive To Minimize Outbound Referrals That Led To A Decline In Users’ Attention And Engagement. “Other news publishers have expressed concerns about the dual role of platforms as both intermediaries and platforms for people’s attention. By keeping people inside a “walled garden,” platforms can monetize their attention through ads, creating a strong economic incentive to minimize outbound referrals that lead to a decline in users’ attention and engagement. In turn, this diminishes the incentives of publishers to invest in high-quality journalism.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

NEWS AGGREGATORS USUALLY PACKAGED AND PRESENTED CONTENT WITH ATTENTION GRABBING QUOTES AND SHORT SUMMARIES

News Aggregators Packaged And Presented Content To Users In Attention-Grabbing Quotes From High Points Of Stories, Which Made It Unnecessary For Users to Click Through To The Publishers Website. “In submissions to the Subcommittee and public statements, publishers across the spectrum say they have little choice but to participate in content aggregation, particularly those run by dominant platforms because the aggregators’ ‘use of news publishers’ content does send substantial traffic to news publishers.’ But this can also prevent traffic from flowing to newspapers. As some publishers have noted, news aggregators package and present content to users using attention-grabbing quotes from high points of stories, which can make it unnecessary for the user to click through to the publisher’s website. As

these publishers noted, this dynamic forces news organizations to effectively compete with their own content, lowering the potential revenue from user traffic to news organizations' websites." [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

Google Displayed Short Summaries And / Or Extracts of News Articles When A User Searched For A News Story. "A key concern relates to Google's use of news media businesses' content in snippets, the short summaries or extracts of text that accompany links to a news story and are displayed when a consumer searches for a news story. A similar concern exists in relation to the posts of news stories that appear in a user's Facebook News Feed." [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

- **ACCC Claimed News Stories And Summaries / Extracts "Increase[d] The Attractiveness Of The Google Search Engine."** "Consumers value snippets for a related reason, as the context enables them to make an informed choice of which article to click on. While Google does not generally sell advertising opportunities next to search queries that are considered by Google as having a 'news intent', Google benefits because the inclusion of news stories and snippets in search results increases the attractiveness of the Google search engine. This in turn increases the likelihood that consumers will use the search engine for other queries, which can be directly monetised. Facebook benefits because news stories appearing on a user's news feed retain the user's attention, enabling more advertisements to be displayed." [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

Members Of WIRED's Editorial Staff Described The Relationship Between Publishers And Facebook As Being "Sharecroppers On Facebook's Massive Industrial Farm." "Nicholas Thompson, the Editor-in-Chief of Wired magazine, and Wired contributing editor Fred Vogelstein described the relationship between publishers and Facebook as being "sharecroppers on Facebook's massive industrial farm," writing that: Even at the best of times, meetings between Facebook and media executives can feel like unhappy family gatherings. The two sides are inextricably bound together, but they don't like each other all that much. . . . And then there's the simple, deep fear and mistrust that Facebook inspires. Every publisher knows that, at best, they are sharecroppers on Facebook's massive industrial farm. The social network is roughly 200 times more valuable than the Times. And journalists know that the man who owns the farm has the leverage." [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

SHORT SUMMARIES AND ATTENTION-GRABBING QUOTES REDUCED THE LIKELIHOOD THAT USERS WOULD CLICK THROUGH TO THE PUBLISHERS PAGE...

A Study Found That 47% Of Online News Consumers Only "Browse[d] And Read News Extracts" Without Clicking The Links To The Whole Article On A Newspapers Page. "With the vast majority of Americans now accessing online content through a handful of dominant gateways, online news readers often skim through headlines and read only snippets found on search engines or social media sites without linking to the original sources for more information. According to one study, 47 percent of these users only 'browse and read news extracts on these websites without clicking on links to access the whole article in the newspaper page.'" [News Media Alliance, Local Journalism: America's Most Trusted News Sources Threatened, [10/27/20](#)]

Many Facebook Users Who Viewed News On The Platform Didn't Go To Original Articles, But Rather Got The Overview Of The News From Just The Headline And Preview Blurb. "In 2011, when Facebook first took notice of Twitter, it launched its public figure Subscribe feature and news links gained more visibility in the feed. By 2014, "Facebook the big news machine" was in full swing with Trending, hashtags and news outlets pouring resources into growing their Pages. Emphasizing the "news" in News Feed retrained users to wait for the big world-changing headlines to come to them rather than crisscrossing the home pages of various publishers. Many don't even click-through, getting the gist of the news just from the headline and preview blurb. Advertisers followed the eyeballs, moving their spend from the publisher sites to Facebook." [Tech Crunch, [2/3/18](#)]

The News Media Alliance Claimed That The Google News App Was Designed "To Satisfy Many Casual Readers, Rather Than Leading Them To Click Through To The Articles." "Second, Google used its market dominant position to force news publishers into the use of their content in the newly designed Google News app – Google's mobile news aggregator, which makes heavy use of AMP content. The Google News app is designed in a fashion to satisfy many casual readers, rather than leading them to click through to the articles. Further, to participate meaningfully in Google News, news publishers must accept the onerous Google News Producer Terms of Service, which grant Google the right to use the news content not only in Google News and the Google News app, but for all 'Google Services' – defined as any products, service or technology developed by Google from time to time." [News Media Alliance, White Paper On Google Strong-Arming News Publishers, [6/18/20](#)]

...AND THE USERS THAT DID CLICK THROUGH COULDN'T RECALL THE OUTLET THEY VISITED

When A User Was Directed To A News Website Through Search Or Social Media, Most Users Could Not Recall The Name Of The Website's News Brand After The Visit. "As consumers move principally to online consumption, it is becoming easier to "steal content" from competitors. This affects media outlets' incentives to produce high-quality (and costly) news content in the Internet era. Recent studies of audience news consumption behavior have indicated that news users increasingly rely on multiple news media and seem to shop for the best news across outlets online. As a consequence, they follow the news on multiple media platforms. It has been well-documented that the Internet has reduced loyalty to any single outlet, in particular for technological reasons. Revealing is the fact that online when coming to a news website through search or social media, most users cannot recall the name of the website's news brand after their visit. According to Reuters data, in France in 2018, consumers of at least one offline media outlet consume on average 2.83 outlets online." [University Of Chicago Stigler Center, Stigler Committee On Digital Platforms Final Report, [2019](#)]

KEEPING USERS FROM CLICKING THROUGH ALLOWED FACEBOOK TO DISPLAY MORE ADS AND CENTRALIZE USER ATTENTION ON THEIR PLATFORM

ACCC Claimed Facebook Benefitted From News And News Extracts Appearing On A User's Feed Because It Allowed Them To "Retain The User's Attention, Enabling More Advertisements To Be Displayed." "Google benefits because the inclusion of news stories and snippets in search results increases the attractiveness of the Google search engine. This in turn increases the likelihood that consumers will use the search engine for other queries, which can be directly monetised. Facebook benefits because news stories appearing on a user's news feed retain the user's attention, enabling more advertisements to be displayed. However, the inability of news media businesses to individually negotiate terms over the use of their content by digital platforms is likely indicative of the imbalance in bargaining power." [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

- **TechCrunch Reported That "Again And Again, Facebook Ha[d] Centralized Attention Typically Spread Across The Web."** "Meanwhile, Facebook's only goal remains to provide value to users, and when it comes to content, it doesn't really care which publisher provides it as long as it's high-quality. Siphoning resources to the center Again and again, Facebook has centralized attention typically spread across the web. A few years back I wrote about "20 New Ways Facebook Is Eating The Internet," and its appetite has only grown. It's trying to do the same with Watch (YouTube), Marketplace (Craigslist and eBay) and many other features. It's a smart plan that ends up arguably improving the experience for individual users — or at least offering new options while making Facebook more essential and much richer." [Tech Crunch, [2/3/18](#)]

GOOGLE AND FACEBOOK USED THEIR MARKET DOMINANCE TO "FORCE" LOCAL NEWS TO PROVIDE THEIR CONTENT WITHOUT COMPENSATION

Google And Facebook Was Able To Carry Content Created By News Organizations Without Directly Paying The Organizations For Creating It. "Mr. Sims and a like-minded regulator in France, Isabelle de Silva, are challenging a universally accepted fact of the internet: that Google and Facebook can carry content created by news organizations without directly paying the organizations for creating it. Last month, as the coronavirus put hundreds of publishers out of business around the world, the Australian government instructed Mr. Sims to force the platforms to negotiate payments with newspaper publishers — making it the first country to do so." [New York Times, [5/10/20](#)]

News Media Canada: "Digital Platforms Dominate[d] Distribution Of Digital News Because Of The Sheer Number Of Eyeballs They Attract[ed] And Their Control Of Advertising Exchanges." "Figure 1 substantiates this point about growing demand for digital news. In 2017, news publishers had an estimated 162.5 million unique digital visitors. We project an 81% increase between 2017 and 2020 with unique digital visitors of 293.6 million by the end of this year. Canadian news publishers have a large digital audience with rapid year-over-year growth, but it is no match for the market power enjoyed by digital platforms. Digital platforms dominate distribution of digital news because of the sheer number of eyeballs they attract and their control of advertising exchanges. Consequently, they extract unfair terms from news publishers without offering fair compensation for the utilization of the publishers' news content." [News Media Canada, [Levelling The Digital Playing Field, September 2020](#)]

News Media Alliance: Google And Facebook "Leveraged Their Market Dominance To Force Local News To Accept Little To No Compensation For Their Intellectual Property." "The second major challenge is that local news has been hijacked by a few large news aggregation platforms, most notably Google and Facebook, which have become the dominant players in online advertising. These trillion-dollar companies scrape local news content and data for their

own sites and leverage their market dominance to force local news to accept little to no compensation for their intellectual property. At the same time, the marketplace for online advertising is now dominated by programmatic ads, with digital advertising services claiming half of every ad dollar, further diverting funds away from local journalism.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

CBS News: Google Size “Allow[ed] It To Exercise An Enormous Level Of Control Over Newsrooms And Publishers, Getting Them To Present Their Information For Free.” “Last year, Google earned \$4.7 billion from news -- a product it didn’t make, and for which it didn’t pay publishers. The search giant can do this because its size allows it to exercise an enormous level of control over newsrooms and publishers, getting them to present their information for free. Newsrooms can’t push back against this because banding together to demand better terms would be a violation of antitrust law.” [CBS News, [6/11/19](#)]

GOOGLE AND FACEBOOK SAID COPYRIGHT LAW’S FAIR USE DOCTRINE ALLOWED THEM TO USE OF LOCAL NEWS’ CONTENT

Platforms Like Google And Facebook Used Content Produced By Local Newspapers Under The “Fair Use” Doctrine Of Copyright Law. “The platforms have created news aggregation sites that use the content produced by local journalists, while providing only indirect benefits to local news in return. The platforms—such as Google Search—take local news content under the “fair use” doctrine of copyright law, arguing that the reuse of local news’ headlines, story snippets, and images is a “fair use” of the copyrighted work. But the application of fair use in this context, by allowing platforms to take significant and key substance from local news without proper compensation, has made fair use an economic weapon for the online platforms.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

...AND PUBLISHERS HAD LITTLE CHOICE BUT TO CONTINUE TO BE ON AGGREGATORS OR ELSE RISKED LOOSING EVEN MORE OF THEIR AUDIENCE

Publishers Said They Had Little Choice But To Participate In Content Aggregation Because The Aggregators Use Of Their Content Did “Send Substantial Traffic To News Publishers.” “In submissions to the Subcommittee and public statements, publishers across the spectrum say they have little choice but to participate in content aggregation, particularly those run by dominant platforms because the aggregators’ ‘use of news publishers’ content does send substantial traffic to news publishers.’ But this can also prevent traffic from flowing to newspapers. As some publishers have noted, news aggregators package and present content to users using attention-grabbing quotes from high points of stories, which can make it unnecessary for the user to click through to the publisher’s website. As these publishers noted, this dynamic forces news organizations to effectively compete with their own content, lowering the potential revenue from user traffic to news organizations’ websites.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

News Media Alliance: If Local Papers Refused To Provide Content Rights To Google And Facebook, They Lost “The Opportunity To Be Featured By Google And Facebook And Seen By Their Users.” “The News Media Alliance estimates that these types of arrangements can result in lower advertising revenues and fewer subscription conversions, leading to significant annual revenue loss nationwide. If local journalists refuse to provide content rights to the platforms, they lose the opportunity to be featured by Google and Facebook and seen by their users. The platforms use their market position to force local news into “take it or leave it” contracts, which limit the ability for local news companies to be fairly compensated.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

Columbia Journalism Review: Apple News’ Top Stories Section Of Apple News Sent “A Surge Of Traffic To The Stories Featured.” “Since its launch in 2015, Apple News has become a massive driver of news attention, reporting 85 million active users as of January 2019. The Top Stories section of the app sends a surge of traffic to the stories featured. On some days, inclusion in Apple News’ Top Stories accounts for more than half of traffic at Vox.com. Slate reported in late 2018 that Apple News was driving more readership than Facebook.” [Columbia Journalism Review, [9/10/19](#)]

GOOGLE AND FACEBOOK USED THEIR “MONOPOLY POWER” TO EMPLOY “ANTICOMPETITIVE AND UNFAIR TERMS” ON USAGE OF CONTENT

PUBLISHERS WERE BECOMING “INCREASINGLY BEHOLDEN” TO BIG TECH

During Testimony In Front Of The House Subcommittee On Antitrust, Publishers Said They Were “Increasingly Beholden” To Big Tech, Particularly Google And Facebook. “During the Subcommittee’s investigation, news

publishers raised concerns about the “significant and growing asymmetry of power” between dominant online platforms and news publishers, as well as the effect of this dominance on the production and availability of trustworthy sources of news. In interviews, submissions, and testimony before the Subcommittee, publishers with distinct business models and distribution strategies said they are “increasingly beholden” to these firms, and in particular, Google and Facebook. As a result, several dominant firms have an outsized influence over the distribution and monetization of trustworthy sources of news online, undermining the availability of high-quality sources of journalism.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

News Media Canada: Google And Facebook “Exercise[d] Monopoly Power” Which Created “A Market Where News Publishers [Were] Coerced To Accept Anticompetitive And Unfair Terms” On Usage Of Their Content.

“Publishers began to see some success, including double-digit year-over-year digital advertising growth. However, with the benefit of insurmountable network effects, the digital advertising market reached a tipping point where the dominance of technology platforms,2 chiefly Google and Facebook, became entrenched. The dominant digital platforms exercise monopoly power. This creates a market where news publishers are coerced to accept anticompetitive and unfair terms regarding the use of their content. This report will describe the issues facing the Canadian news publishing industry and demand for high-quality and independent journalism. Furthermore, we will describe the risk news consumers have of losing access to the same because of the dominant platforms.” [News Media Canada, Levelling The Digital Playing Field, [September 2020](#)]

Open Markets Institute’s Director Of Enforcement Strategy, Sally Hubbard, Said Because Big Tech Didn’t “Have Any Competition” They Were Free To Pursue Destructive Practices Without Constraint. “From an economics point of view, the Open Markets Institute’s Director of Enforcement Strategy Sally Hubbard said Big Tech companies essentially engage in rent-seeking when dealing with news media. ‘Because they don’t have any competition, they’re free to pursue (destructive) practices without constraint,’ she told members of the committee. ‘There is extraction that’s happening and there’s not fair bargaining power between the press and the tech platforms because that’s not a fair price, it’s a monopoly rent.’” [Daily Press, [6/13/19](#)]

PUBLISHERS NEEDED GOOGLE AND FACEBOOK MORE THAN THE PLATFORMS NEEDED THE PUBLISHERS

GOOGLE AND FACEBOOK ACCOUNTED FOR “A SIGNIFICANT AMOUNT OF REFERRAL TRAFFIC” FOR NEWS PUBLISHERS

The ACC Found That News Publishers Were Reliant On Google And Facebook For Reaching People Online.

“Several of the concerns regarding the distribution and monetization of news through platform intermediaries were raised as part of a comprehensive inquiry by the Australian Competition and Consumer Commission (ACCC) [...] Among its findings, the ACCC concluded that Facebook and Google have significant and durable market power over the distribution of news online. As the ACCC noted, ‘Google and Facebook are the gateways to online news media for many consumers,’ accounting for a significant amount of referral traffic to news publishers’ websites. As a result, news publishers are reliant on these platforms for reaching people online, which affects publishers’ ability to monetize journalism, particularly on formats such as Google’s Accelerated Mobile Pages (AMP).” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

- **ACCC: Individual News Media Businesses Needed Google And Facebook Referrals More Than The Platforms Needed An Individual Media Business’s Content.** “Facebook benefits because news stories appearing on a user’s news feed retain the user’s attention, enabling more advertisements to be displayed. However, the inability of news media businesses to individually negotiate terms over the use of their content by digital platforms is likely indicative of the imbalance in bargaining power. Individual news media businesses require Google and Facebook referrals more than each platform requires an individual media business’s content.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]
- **ACCC Said Google And Facebook Were “The Gateways To Online News Media For Many Consumers” And Accounts For A Significant Amount Of Referral Traffic To News Publishers’ Websites.** “Several of the concerns regarding the distribution and monetization of news through platform intermediaries were raised as part of a comprehensive inquiry by the Australian Competition and Consumer Commission (ACCC) [...] Among its findings, the ACCC concluded that Facebook and Google have significant and durable market power over the distribution of news online. As the ACCC noted, ‘Google and Facebook are the gateways to online news media for many consumers,’ accounting for a significant amount of referral traffic to news publishers’ websites. As a result, news publishers are reliant on these platforms for reaching people online, which affects publishers’ ability to monetize journalism, particularly on formats such as Google’s Accelerated Mobile Pages (AMP).” [House

TechCrunch: Publishers Had “Few Major Sources Of Traffic Outside Of Facebook And Google Search.”

“Publishers wisely began pushing back, demanding more layout and monetization flexibility, and many abandoned the platform in favor of Google’s less prescriptive AMP platform for fast-loading mobile pages. In fact, 38 of 72 Instant Articles launch partner publications including the New York Times and Washington Post have ditched the Facebook controlled format according to a study by Columbia Journalism Review. Still, publishers have few major sources of traffic outside of Facebook and Google Search. With the death of Google Reader and Twitter’s move to an algorithmic feed, there’s still no at-scale, unfiltered place to share or follow news. If people do want a more direct relationship with news, they should get on Feedly or another RSS readers, or add a few favorite sites to their browser’s bookmark bar.” [Tech Crunch, [2/3/18](#)]

GOOGLE’S AND FACEBOOK’S REFERRALS “TRANSLATED TO MUCH-NEEDED AD VIEWS” FOR PUBLISHERS

Slate: “Every Visitor [Facebook] Sent To An Outlet’s Pages Translated To Much-Needed Ad Views.” “It was, in retrospect, the zenith of Facebook’s influence over the news industry. Starting in about 2013, when the social network began prioritizing actual news in users’ news feed rankings—the order in which posts appear when you scroll through its app or site—Facebook had grown increasingly critical to many media outlets’ business, for better or worse. Every visitor the social network sent to an outlet’s pages translated to much-needed ad views. And it sent so many that newsrooms remolded their editorial strategies to maximize clicks, likes, and shares on Facebook.” [Slate, [6/27/18](#)]

BIG TECH IMPOSED “UNILATERAL TERMS” ON PUBLISHERS LIKE TAKE-IT-OR-LEAVE-IT REVENUE SHARING AGREEMENTS...

The House Subcommittee On Antitrust Found That “Dominant Firms [Could] Impose Unilateral Terms On Publishers, Such As Take-It-Or-Leave-It Revenue Sharing Agreements.” “The Subcommittee has also received evidence that the dominance of several online platforms has created a significant imbalance of bargaining power. In several submissions, news publishers note that dominant firms can impose unilateral terms on publishers, such as take-it-or-leave-it revenue sharing agreements. A prominent publisher described this relationship as platforms having a “finger on the scales” with the ability to suppress publishers that do not ‘appease platforms’ business terms.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

- **One Prominent Publisher Described It As Platforms Having A “Finger On The Scales” With The Ability To Suppress Publishers That Did Not “Appease Platforms’ Business Terms.”** “The Subcommittee has also received evidence that the dominance of several online platforms has created a significant imbalance of bargaining power. In several submissions, news publishers note that dominant firms can impose unilateral terms on publishers, such as take-it-or-leave-it revenue sharing agreements. A prominent publisher described this relationship as platforms having a “finger on the scales” with the ability to suppress publishers that do not ‘appease platforms’ business terms.’ During the Subcommittee’s hearing on the effects of market power on journalism, several witnesses also testified about the lack of equal bargaining power between news publishers and dominant platforms.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

A Study By News Media Alliance Found That Google Had “Increasingly Relied” On News As A “Key Source” To Drive Consumer Engagement With Its Products. “The News Media Alliance today published findings from a new study that analyzes how Google uses and benefits from news. Among the major findings of the study is that news is a key source on which Google has increasingly relied to drive consumer engagement with its products. The amount of news in Google search results ranges from 16 to 40 percent, and the platform received an estimated \$4.7 billion in revenue in 2018 from crawling and scraping news publishers’ content – without paying the publishers for that use.” [News Media Alliance, [6/10/19](#)]

- **In 2018, Google Received An Estimated \$4.7 Billion In Revenue From Crawling And Scraping News Publishers Content Without Paying The Publisher For Its Use.** “The amount of news in Google search results ranges from 16 to 40 percent, and the platform received an estimated \$4.7 billion in revenue in 2018 from crawling and scraping news publishers’ content – without paying the publishers for that use. The study, containing analysis conducted by experts at strategy and economics consulting firm Keystone Strategy and written by the News Media Alliance, includes a qualitative overview of Google’s usage of news content, an analysis of the amount of news content on Google Search and Google News, and an estimate of revenue Google receives from news.” [News Media Alliance, [6/10/19](#)]

Star Tribune Editorial: Big Tech Had “Taken The Content Generated By Newspapers, TV, Radio And Others And Used It To Reap Massive Profits While Refusing To Provide Any Compensation.” “Journalism is so fundamental to the workings of a democracy that the founders made freedom of the press first in the Bill of Rights. But this industry, so vital to an educated citizenry, is being financially undermined by two monoliths that have taken the content generated by newspapers, TV, radio and others and used it to reap massive profits while refusing to provide any compensation. Nothing about that is fair, and the repercussions go far beyond the fate of any single newspaper or TV station. Content costs money to produce.” [Star Tribune, Editorial, [2/13/22](#)]

Google And Facebook Did Not Offer Competitive Terms To Publishers, Refusing To Pay For Content, Traffic Or Data. “Platforms Have an Anticompetitive Cost Advantage From a regulatory standpoint, one of the core issues around the world is the dominant platforms do not offer competitive terms to publishers. To illustrate, they flatly refuse to pay for content, traffic, or data. Because of their monopolistic market positions, digital platforms have coerced free access to publishers’ content, traffic, and user data. This is an extreme extension of ‘buying power’ (i.e., a market dominated by a single buyer, monopsony, the demand-side equivalent to the domination of supply by a monopoly).” [News Media Canada, Levelling The Digital Playing Field, [September 2020](#)]

...WHICH LOCAL NEWS OUTLETS RESIGNED THEMSELVES TO ACCEPT

Georgetown: Desperate To Recoup Some Of That Loss, Many Publications Have Agreed To Share Their Journalism With Certain Platforms And, In Return, Receive Some Portion Of Advertising Revenue. “This gatekeeping role has earned platforms vast wealth. Google and Facebook control about seventy-three percent of digital advertising revenue in the United States. 139 While newspapers have hung on to some of this revenue, most has escaped their white-knuckle grasp. In the last decade, advertiser spending on newspapers plunged by almost seventy-five percent. Desperate to recoup some of that loss, many publications have agreed to share their journalism with certain platforms and, in return, receive some portion of advertising revenue. These arrangements have tended to disadvantage news organizations. A 2017 report by the World Association of Newspapers and News Publishers “conclude[d] that. . . ‘revenue shared by the leading platforms is too low to fully fund editorial operations,’ even for the largest [news] organizations.” [Georgetown Law, Platforms And The Fall Of The Fourth Estate, [2020](#)]

APPLE DIDN’T EVEN TRY TO HELP LOCAL NEWS JOIN THEIR WILDLY SUCCESSFUL APPLE NEWS

APPLE KEPT “THE FURTHEST DISTANCE” FROM LOCAL NEWS, DESPITE REGULARLY DRIVING A MILLION VISITORS TO NEWS OUTLETS

Tampa Bay Times’ Digital Chief, Conan Gallaty, Said “Apple Probably Kept The Furthest Distance In Engaging With Regional And Local Publishers” Between Them, Google And Facebook. “But news publishers said that selling ads for Apple News was complicated and that advertisers’ interest was limited because of the lack of customer data. Slate also attributed its issues to minuscule revenue from the ads Apple placed. Apple recently made it easier for publishers to place their own ads, but Cue conceded Apple is not terribly good — or interested — in advertising. Of the major three — Facebook, Google and Apple — Apple probably kept the furthest distance in engaging with regional and local publishers. Issue Another potential issue is that Apple News mostly helps a small coterie of publishers. In July, Florida’s largest newspaper, the Tampa Bay Times, received 79 per cent of its outside web traffic from Google and 20 per cent from Facebook, said Conan Gallaty, the paper’s digital chief. Apple accounted for 1 per cent, he said.” [Irish Times, [10/30/18](#)]

- **In July 2018, The Tampa Bay Times Received 79% Of Its Outside Web Traffic From Google And 20% From Facebook Whereas Apple Accounted For Just 1%.** Another potential issue is that Apple News mostly helps a small coterie of publishers. In July, Florida’s largest newspaper, the Tampa Bay Times, received 79 per cent of its outside web traffic from Google and 20 per cent from Facebook, said Conan Gallaty, the paper’s digital chief. Apple accounted for 1 per cent, he said. ‘Of the major three — Facebook, Google and Apple — Apple probably kept the furthest distance in engaging with regional and local publishers,’ he said. Kern said she has directed her staff to source news from local publications ‘whenever there’s a local story that rises to kind of national interest.’” [Irish Times, [10/30/18](#)]

August 2021: Apple News Had 125 Million Monthly Active Users. “The move is the latest example of Apple carving out exceptions for its 30% fee for in-app purchases for different industries and types of businesses under increasing scrutiny and criticism from app developers, competitors and regulators. Apple News is an app that comes pre-installed on iPhones that displays a variety of news stories in a single interface. It has 125 million monthly active users, Apple said, and the app is part of the company’s growing services business that accounted for 21% of Apple’s sales in the most recent quarter.” [CNBC, [8/26/21](#)]

The Stories Chosen By Apple News’ News Curators Regularly Received More Than 1 Million Visits Each. “The

former journalist has quietly become one of the most powerful figures in English-language media. The stories she and her deputies select for Apple News regularly receive more than 1 million visits each. Their work has complicated the debate about whether internet giants are media or technology companies. Google, Facebook and Twitter have long insisted they are tech entities and not arbiters of the truth.” [Irish Times, [10/30/18](#)]

A MAJORITY OF NEWS ON APPLE NEWS CAME FROM ONLY 10 OUTLETS

In Apple News’ Trending Stories Section, Curated By An Algorithm, Ten Outlets Accounted For 74.8% Of Articles.

“We found that both sections selected articles from only a handful of sources. In the human-edited Top Stories section, ten news outlets (The Washington Post and CNN foremost among them) accounted for 55.7 percent of all articles, and in the algorithmic Trending section ten outlets (led by CNN, Fox News, and People) accounted for 74.8 percent of articles. Both sections roughly follow the Pareto principle, where the top 20 percent of sources account for about 80 percent of articles (76 percent for Top and 84 percent for Trending, to be exact). Overall, attention in the Top Stories section is somewhat more evenly distributed across outlets.” [Columbia Journalism Review, [9/10/19](#)]

In Apple News’ Trending Stories Section, Not A Single Locally Or Regionally Specific Source Was Cited Over A 62 Day Period.

“From the above chart, you can see that the editors of Top Stories overwhelmingly included stories from national outlets. They did at times pull from local and regional publications such as The Chicago Tribune or The Miami Herald; this accounted for 20 of the 87 total sources but only 8.3 percent of the articles featured in the section. Moreover, half of those articles were from the LA Times (one of the few news organizations that has opted in to the Apple News+ program, coincidentally). Meanwhile, in the Trending Stories section, not a single locally or regionally specific source was cited.” [Columbia Journalism Review, [9/10/19](#)]

When A Federal Judge In Oregon Blocked A Rule Banning Abortion Referrals At Taxpayer-Funded Clinics, Apple News Featured Coverage Of The Decision By National Outlet The Hill Rather Than The Local Newspaper, The Oregonian.

“On April 23, a federal judge in Oregon blocked the enforcement of a new rule banning abortion referrals at taxpayer-funded women’s health clinics. The next morning, Apple News featured coverage of the decision by The Hill, a national outlet, rather than the local newspaper, The Oregonian. The Oregonian had even published its story first—the Hill article linked back to it—just not in the proprietary format that Apple News requires.” [Columbia Journalism Review, [9/10/19](#)]

When The Justice Department Backed An Affirmative Action Lawsuit Against Harvard, Apple News’s Team Read A Few Different Articles On The Topic And Chose The Washington Post’s Report Because It Provided The Most Context And Explanation On Why The News Mattered.

“National news sites were leading that day with articles that the Justice Department had backed an affirmative-action lawsuit against Harvard University – a good proxy that the story mattered, said Kern’s deputy, a former editor for The New York Times whom Apple requested not be named for privacy reasons. He and Kern quickly agreed that it was the day’s top news, and after reading through a few versions, selected the Washington Post’s report, saying it provided the most context and explanation on why the news mattered. Another story drawing wide coverage: racial barbs on the first day of the Florida governor’s race.” [Irish Times, [10/30/18](#)]

EVEN IF LOCAL NEWS PUBLISHERS MADE IT ONTO APPLE’S PLATFORM, MONETIZING THEIR PRESENCE WAS CHALLENGING AND ULTIMATELY UNPROFITABLE

News Publishers Reported That Selling Ads For Their Articles Appearing In Apple News Was Complicated And Had Limited Interest From Advertisers Because Of The Lack Of Customer Data.

“Eddy Cue, Apple’s senior vice president who oversees its services push, said publishers can run their own ads alongside their stories in Apple News and keep all of the revenue. ‘That’s very rare,’ he said. He noted that the majority of publishers take advantage of that feature. Apple also places ads for publishers for a 30 percent cut. But news publishers said that selling ads for Apple News was complicated and that advertisers’ interest was limited because of the lack of customer data. Slate also attributed its issues to minuscule revenue from the ads Apple placed. Apple recently made it easier for publishers to place their own ads, but Cue conceded Apple is not terribly good — or interested — in advertising.” [Irish Times, [10/30/18](#)]

- **Publishers Often Got Less Revenue From An Apple News Reader Than From A Facebook Referral, Because Apple Pocketed Part Of The Ad Revenue.** “One silver lining of the Facebook crash is the emergence of other platforms that have been directing more traffic to many sites in the past year, even as Facebook sends far less. Google, Apple News, Twitter, and Flipboard are all sending more readers to Slate than they used to, and the increase has happened over the same time period that Facebook traffic has dried up, Carey said. Other publications told me the same is true for them. Digiday noted in January that Boston.com received more readers from Apple News than from Facebook in December. However, publishers often get less revenue from an Apple News reader than from a Facebook referral, because Apple pockets part of the ad revenue. New York Media,

parent of New York magazine, has broken traffic records in 2018 by shifting its focus from Facebook to Google and Apple News.” [Slate, [6/27/18](#)]

Apple Required Publishers To Publish Their Articles In The Apple News Format To Maintain Their Apple News Channel And Offer An App In The App Store That Offered Auto-Renewable Subscriptions. “Apple has a new offer for publishers: join Apple News, and it’ll only take 15 percent out of your in-app purchases and subscriptions instead of 30. Publishers can apply to Apple’s News Partner Program to take that bargain, but they have to agree to Apple’s requirements, which naturally benefit Apple and go beyond just maintaining a channel in Apple News [...] So publishers are expected to maintain their Apple News channel, publish in the Apple News Format (ANF), and offer an app in the App Store that offers auto-renewable subscriptions and only “original, professionally-authored news content.” Apple says the News Partner Program will also support and fund organizations that educate readers on news media literacy and “further efforts to diversify newsrooms and news coverage.” [The Verge, [8/26/21](#)]

PUBLISHERS’ RAISED CONCERNS ABOUT THE “SIGNIFICANT AND GROWING ASYMMETRY OF POWER” BETWEEN THEM AND BIG TECH

THE DOMINANCE OF BIG TECH HAD CREATED A “SIGNIFICANT IMBALANCE OF BARGAINING POWER”

News Publishers Raised Concerns About The “Significant And Growing Asymmetry Of Power” Between Dominant Online Platforms And News Publishers. “The Effect of Market Power on Journalism During the Subcommittee’s investigation, news publishers raised concerns about the “significant and growing asymmetry of power” between dominant online platforms and news publishers, as well as the effect of this dominance on the production and availability of trustworthy sources of news. In interviews, submissions, and testimony before the Subcommittee, publishers with distinct business models and distribution strategies said they are “increasingly beholden” to these firms, and in particular, Google and Facebook.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

The House Subcommittee On Antitrust Found That The Dominance Of Several Online Platforms Had Created “A Significant Imbalance Of Bargaining Power.” “The Subcommittee has also received evidence that the dominance of several online platforms has created a significant imbalance of bargaining power. In several submissions, news publishers note that dominant firms can impose unilateral terms on publishers, such as take-it-or-leave-it revenue sharing agreements. A prominent publisher described this relationship as platforms having a “finger on the scales” with the ability to suppress publishers that do not ‘appease platforms’ business terms.’ During the Subcommittee’s hearing on the effects of market power on journalism, several witnesses also testified about the lack of equal bargaining power between news publishers and dominant platforms.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

News Media Businesses Risked Losing A Significant Source Of Revenue If They Prevented Google From Providing Links To Its Websites In Search Results. “Google is a critical source of internet traffic (and therefore audiences) for news media businesses. A news media business risks losing a significant source of revenue if it prevents Google from providing links to its websites in search results. While Facebook contributes a significantly lower proportion of traffic to news media businesses, it remains a vital distribution channel for a number of media businesses, particularly those seeking to target a particular demographic group.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

PUBLISHERS HAD “LITTLE CHOICE BUT TO ADAPT AND ACCOMMODATE” TO BIG TECH DESPITE NEGATIVE IMPACTS ON THEIR PROFITABILITY

Sally Hubbard, Director Of Enforcement Strategy At The Open Markets Institute, Said Publishers Had “Little Choice But To Adapt And Accommodate Regardless Of How The Changes May Negatively Affect Their Own Profitability.” “At the Subcommittee’s hearing on market power and the free and diverse press, Sally Hubbard, Director of Enforcement Strategy at the Open Markets Institute, testified that the lack of competition online has led to diminished bargaining power among news publishers. Consequently, in response to changing terms and algorithmic treatment by platforms, ‘publishers have little choice but to adapt and accommodate regardless of how the changes may negatively affect their own profitability.’ David Chavern, President of the News Media Alliance, similarly testified that publishers have a “collective action problem,” stating that ‘no news organization on its own can stand up to the platforms. The risk of demotion or exclusion from the platforms is simply too great.’ [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

NO PUBLISHER WAS IN A POSITION TO NEGOTIATE WITH BIG TECH BY THEMSELVES, LEADING TO AN “IMBALANCE IN BARGAINING POWER”

Ethics & Public Policy Center Claimed No Publisher Was “In A Position To Negotiate By Itself With Facebook And Google.” “In fact, a similar approach to Australia’s has already been introduced in Congress in the form of the bipartisan Journalism Competition and Preservation Act (JCPA). This “safe harbor” bill would pause antitrust restrictions for four years to let publishers unite to negotiate with Facebook and Google for fair compensation for news content. Currently, no news company is in a position to negotiate by itself with Facebook and Google. And these Big Tech companies are already working hard to cut separate deals to pick off the big guys for comparatively low amounts, which would leave the local papers to fend for themselves.” [Ethics & Public Policy Center, [12/15/21](#)]

ACCC: “The Inability Of News Media Businesses To Individually Negotiate Terms Over The Use Of Their Content By Digital Platforms Is Likely Indicative Of The Imbalance In Bargaining Power.” “Facebook benefits because news stories appearing on a user’s news feed retain the user’s attention, enabling more advertisements to be displayed. However, the inability of news media businesses to individually negotiate terms over the use of their content by digital platforms is likely indicative of the imbalance in bargaining power. Individual news media businesses require Google and Facebook referrals more than each platform requires an individual media business’s content.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

BIG TECH TOOK LOCAL NEWS’ PROFITS ATOP THEIR CONTENT THROUGH THEIR GRIP ON THE DIGITAL AD MARKET

BIG TECH CONTROLLED A MAJORITY OF THE ONLINE ADVERTISING MARKET

BIG TECH HAD CAPTURED NEARLY ALL OF THE GROWTH IN THE DIGITAL AD MARKETPLACE

House Subcommittee On Antitrust: Google And Facebook Captured “Nearly All Of [Digital Ads] Growth In Recent Years.” “The rise of market power online has severely affected the monetization of news, diminishing the ability of publishers to deliver valuable reporting.³⁴⁰ The digital advertising market is highly concentrated, with Google and Facebook controlling the majority of the online advertising market in the United States, capturing nearly all of its growth in recent years. Although Amazon has grown its digital advertising business to become the third largest competitor in the market, it still accounts for a relatively small percentage.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

- **News Aggregators Relied On Online Advertising And Subscriptions For Their Revenue.** “News aggregators curate content from various news publishers, including local and digital native newspapers; some aggregators also publish original content. Aggregators rely on online advertising and subscriptions for their revenue. They bundle articles and display them in a particular order, often using proprietary algorithms that weigh factors such as relevance, freshness, and authoritativeness of the content.” [Congressional Research Service, [1/27/22](#)]

Facebook And Google Held A Duopoly On The Supply Side Of Display Advertising. “Google has a significant market position as a supplier of space for display ads. Indeed, the CMA notes that most market participants perceive Facebook and Google to hold a duopoly on the supply of display advertising. The CMA estimates that YouTube, a Google property, constitutes up to 10% of the total display supply. This figure may underestimate the importance of the Google supply, however, for a number of reasons.” [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

- **May 2020: Display Ads Accounted For 40% Of The Digital Advertising Market.** “The second type of digital advertising is called “display advertising.” This is advertising that appears on a website a user has chosen to view—such as ESPN.com, Facebook.com, or WSJ.com—oftentimes in a side window or some other designated space on the page. The suppliers of that space— typically the party that owns and controls the site—frequently are called “publishers.” Display ads account for 40% of the digital advertising market. Many publishers—or content providers—rely on advertising as the main source of funds for their business model. The price at which they can sell the space on their pages is critical.” [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

Facebook Held 50% Of The Total Digital Display Ad Supply. “Second, a significant portion of total supply belongs to Facebook, which sells that supply through a self-contained system totally separate from the ad tech stack through which Google sells its supply. The CMA concludes that Facebook, including Instagram, holds 50% of the total display supply—

largely due to its vast user base.¹⁵ Third, Google also owns multiple additional properties that offer supply for display ads through the ad tech stack, including Google News, Google Maps, and Google Play.” [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

2020: Google Maintained 90% Of The Ad Server Market For Publishers. “Third-party publishers also will continue to rely on the Google-controlled intermediation chain for must-have demand from advertisers, and because other competitors have exited or become competitively irrelevant. Google, for example, currently maintains a 90% share of the publisher ad server market, which indicates that the vast majority of ads cannot reach publisher sites without the permission of Google.” [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

GOOGLE AND FACEBOOK REPLACED NEWSPAPERS AS THE LOCATION OF CHOICE FOR MARKETERS

Google And Facebook Replaced Newspapers As The Location Of Choice For Marketers Looking To Reach Consumers. “Digital platforms like Facebook and Google have touched almost every aspect of the changes in news over the last two decades. They have driven changes in the advertising ecosystem that print news organizations have found so challenging, replacing them as the location of choice for marketers looking to reach consumers. They have driven valuable traffic to news organizations’ digital pages, and subsequently reduced that flow with changes to algorithms and design decisions about how and where to show news content. They have also provided significant philanthropic injections of cash and social impact investments to news initiatives (see below).” [Harvard, Shorenstein Center, [10/12/21](#)]

Advertisers Were Abandoning News Sites And Aggregating To Facebook Where They Could More Efficiently Target Their Exact Customers. “The business side is just as troubling. As Ben Thompson of Stratechery has described, advertisers are abandoning news sites and aggregating to Facebook where they can more efficiently target their exact customers, where they go every day. Why advertise on an intermediary news site when businesses can go straight to well of attention. Without the massive scale and adtech, individual publishers can’t compete for dollars.” [Tech Crunch, [2/3/18](#)]

Google And Facebook Took 77% Of The Digital Advertising Revenue In Local Markets, Compared To 58% On A National Level. “While Google and Facebook have siphoned ad dollars away from all publishers, local news publishers have been the hardest hit. The tech giants suck up 77% of the digital advertising revenue in local markets, compared to 58% on a national level, according to estimates from Borrell Associates and eMarketer.” [WSJ, [5/4/19](#)]

- **WSJ: “While Google And Facebook Have Siphoned Ad Dollars Away From All Publishers, Local News Publishers Have Been The Hardest Hit.”** “While Google and Facebook have siphoned ad dollars away from all publishers, local news publishers have been the hardest hit. The tech giants suck up 77% of the digital advertising revenue in local markets, compared to 58% on a national level, according to estimates from Borrell Associates and eMarketer.” [WSJ, [5/4/19](#)]

Printed Newspapers’ Share Of Overall Local Advertising In 2004 Was 48% Of \$109 Billion In Total Local Advertising (Adjusted For Inflation) Compared To 5% Of The \$95 Billion In Total Local Advertising Spending In 2020. “As Figure 3 illustrates, printed daily newspapers’ share of overall local advertising²⁵ spending plummeted, from 48% of \$109 billion in total local advertising spending in 2004 (in 2020 dollars) to 5% of the \$95 billion in total local advertising spending in 2020. In contrast, the share of local advertising spending captured by online media—which, as shown in Figure 3 includes advertising revenue from all websites and apps (including newspaper websites and apps)—skyrocketed from 3% in 2004 to 63% in 2020. Thus, while newspaper publishers rely on online platforms to reach readers and advertisers, the publishers also compete with those platforms, either directly or indirectly, for access to their readers’ data and revenues from local advertisers seeking to utilize those data.” [Congressional Research Service, [1/27/22](#)]

BIG TECH’S DOMINANCE ON THE AD INDUSTRY LED TO THEM STEALING PUBLISHERS’ AD REVENUE WITH LITTLE RECOURSE AVAILABLE FOR THE PUBLISHER...

News Media Alliance’s Executive Vice President And General Counsel, Danielle Coffey, The Most Fundamental Problem Facing The News Industry Was The Way Facebook And Google Had Siphoned Ad Revenue With Little Recourse For Outlets. “Yet Americans have been largely unaware of the crisis, with 71% telling the Pew Research Center in 2018 they believed their local press was doing well financially despite just 14% saying they had paid for local news in the past year. Danielle Coffey, executive vice president and general counsel at the News Media Alliance, said the most fundamental problem facing the news industry is the way Facebook and Google have siphoned ad revenue with little recourse for news outlets. Over the past decade, she said, online audiences have grown tenfold, yet revenue has fallen by half. ‘Obviously, if you’re providing content that people are consuming at exponentially increasing rates, yet the revenue isn’t returning to the creator, there’s a problem,’ Coffey said.” [The Daily News, [6/20/22](#)]

- **Coffey Said While Online Audiences Had Grown Tenfold Over The Past Decade, Revenue Had Fallen By Half.** “Yet Americans have been largely unaware of the crisis, with 71% telling the Pew Research Center in 2018 they believed their local press was doing well financially despite just 14% saying they had paid for local news in the past year. Danielle Coffey, executive vice president and general counsel at the News Media Alliance, said the most fundamental problem facing the news industry is the way Facebook and Google have siphoned ad revenue with little recourse for news outlets. Over the past decade, she said, online audiences have grown tenfold, yet revenue has fallen by half. ‘Obviously, if you’re providing content that people are consuming at exponentially increasing rates, yet the revenue isn’t returning to the creator, there’s a problem,’ Coffey said.” [The Daily News, [6/20/22](#)]

News Corp.’s General Counsel, David Pitofsky, Said Newspapers Were Losing Business “Because The Dominant Platforms Deploy[ed] Our News Content To Our Target Audiences” And Then “Sold That Audience The Same Advertisers We’re Trying To Serve.” “Among those testifying on behalf of the legislation was News Corp. General Counsel David Pitofsky, who dismissed criticism by the tech companies that the newspaper business model is obsolete. ‘Many in Silicon Valley dismiss the press as old media, failing to evolve in the face of online competition, but this is wrong,’ he said. ‘We’re not losing business to an innovator who has found a better or more efficient way to report and investigate the news. We’re losing business because the dominant platforms deploy our news content to target our audiences, to then turn around and sell that audience to the same advertisers we’re trying to serve.’ Diana Moss, president of the American Antitrust Institute, told NPR’s Morning Edition on Tuesday that the Judiciary subcommittee’s hearing was part of efforts to ‘take on some of the bigger issues that arise in the tech sector.’” [NPR, [6/11/19](#)]

WSJ Reported That Publishers Had “Long Been Frustrated By Facebook’s Outsize Role In News Dissemination And Commanding Presence In The Digital Advertising Market.” “Publishers have long been frustrated by Facebook’s outsize role in news dissemination and commanding presence in the digital advertising market. Google and Facebook are expected to receive more than 60% of U.S. digital ad spending this year, according to eMarketer. And their combined market share is growing. Last year, the two companies captured more than 77% of the nearly \$12 billion in additional spending on online ads in the U.S., eMarketer estimates.” [WSJ, [7/10/17](#)]

News Corp Considered Switching Its Ad-Serving Business From Google To Rival AppNexus But Worried It Would Endanger The 40% To 60% of Advertising Demand It Got From Google’s Ad Marketplace. “Media companies are so reliant on the proprietary advertising demand flowing through Google’s AdWords that one executive at a major publisher referred to it as ‘crack.’ Wall Street Journal parent News Corp, a longtime Google critic and active complainant against the company with Australia’s antitrust authority, considered switching its ad-serving business over from Google to rival AppNexus, in which it had invested, but ultimately felt it would endanger the 40% to 60% of advertising demand it gets from Google’s ad marketplaces, according to people familiar with the matter. News Corp has invested in several advertising-technology rivals to Google.” [WSJ, [11/7/19](#)]

When Google Received User’s Attention Through The Ad On A Publisher’s Website, It Had To Pay The Publisher For That Attention By Passing Along A Share Of The Amount The Advertiser Paid For The Placement. “The take rate is the fraction of the ad price that Google retains. When Google gets access to the customer’s attention through the inventory of a portal or a publisher, the New York Times, for example, it must pay the content provider or aggregator for those ‘eyeballs’ by passing along a share of the amount the advertiser paid for the placement (this is sometimes referred to in the industry as ‘traffic acquisition cost’ or TAC). When Google obtains the traffic without such a payment, because consumers are on a Google site such as Google News, Google search, or YouTube, then the entirety of the ad price is retained by Google. Thus, Google’s incentives can be very simply explained: more ads, at higher prices, with a greater fraction served on Google’s properties (where TAC is zero).” [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

- **When Google Obtained The User’s Attention Through Their Own Platform Like Google News, The Entirety Of The Ad Price Was Retain By Google.** “The take rate is the fraction of the ad price that Google retains. When Google gets access to the customer’s attention through the inventory of a portal or a publisher, the New York Times, for example, it must pay the content provider or aggregator for those ‘eyeballs’ by passing along a share of the amount the advertiser paid for the placement (this is sometimes referred to in the industry as ‘traffic acquisition cost’ or TAC). When Google obtains the traffic without such a payment, because consumers are on a Google site such as Google News, Google search, or YouTube, then the entirety of the ad price is retained by Google. Thus, Google’s incentives can be very simply explained: more ads, at higher prices, with a greater fraction served on Google’s properties (where TAC is zero).” [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

...BRINING IN BILLIONS FOR BIG TECH ON THE BACKS OF LOCAL NEWSPAPERS

Terry Kroeger, Former Publisher Of Omaha World-Herald And Former CEO Of Berkshire Hathaway's Media Group Noted Google Had "Close To Zero Content-Creation Cost" But Could "Turn Around And Sell The Lion's Share Of The Advertising." "Terry Kroeger, former publisher of the Omaha World-Herald and former CEO of its parent company, Berkshire Hathaway's media group, believes one solution is to allow publishers to collectively negotiate with the tech platforms. He backs legislation that would make that possible. A similar bill didn't advance far in the last Congress but Democrats are hopeful that the latest version, which has a Republican co-sponsor, will gain momentum in the Democratic-controlled House. 'You can't help but admire Google's business model,' Mr. Kroeger said. 'They have close to zero content-creation cost, but are able to turn around and sell the lion's share of the advertising.'" [WSJ, [5/4/19](#)]

Washington Examiner Said Big Tech Had "Built Their Empires In Part Through The Distribution Of News Content." "The bill would allow publishers to coordinate against Big Tech in negotiations for better compensation without running afoul of antitrust law. Big Tech companies such as Facebook and Google built their empires in part through the distribution of news content and now are being accused of not sharing their advertising profits fairly with news publishers. Members of both parties agree that the two companies, which control a majority of the online advertising market, have contributed to layoffs and consolidation in the news industry, particularly among local news organizations." [Washington Examiner, [4/7/22](#)]

Google's Business Model Was Focused On Earning Revenue From Digital Advertising. "In other words, YouTube is a closer substitute to other online audio-visual content services than it is to social media companies such as Facebook that are based around a social graph.²⁵ The Business Model The business model of Google is mainly to earn revenue from digital advertising. That revenue is comprised of a quantity of digital ads multiplied by the price of those ads multiplied by the "take rate."²⁶ The take rate is the fraction of the ad price that Google retains." [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

In 2020, 80% Of Google's \$183 Billion Revenue Came From Its Advertising Business. "A Pew Research study from last year showed that the industry's ad revenues declined by a staggering 62% over the past decade, dropping from \$37.8 billion in 2008 to \$14.3 billion in 2018. Meanwhile, newsroom employment halved, while circulation sizes similarly shriveled up—with weekday papers dropping from a total circulation of more than 50 million in 2007 to some 28 million by 2018. Companies like Google, meanwhile, have been making a killing—largely through ad revenue. In 2020 alone, the company's parent company Alphabet made a reported \$183 billion—of which, more than 80% came from its advertising business, CNBC reports. Of course, Google doesn't see a direct correlation between its success and the decline of journalism in America." [Gizmodo, [12/7/21](#)]

The Ad Revenues Google Was Projected To Earn In 2020 Exceeded The Combined Ad Revenues Of All TV And Radio Stations In America. "At the same time, the marketplace for online advertising is now dominated by programmatic ads, with digital advertising services claiming half of every ad dollar, further diverting funds away from local journalism. Today, Google and Facebook alone control 77 percent of locally-focused digital advertising revenue. To put this market share in perspective, the ad revenues that Google is projected to earn this year will exceed the combined ad revenues of all TV and radio stations in the country." [News Media Alliance, Local Journalism: America's Most Trusted News Sources Threatened, [10/27/20](#)]

Slate Reported That It Made More Money On A Story That Drew 50,000 Views On Its Own Site Than One That Drew 6 Million Views In Apple News. "But in return for that traffic, publishers are stuck with Apple's less-than-ideal terms. Apple News readers typically stay in Apple's app, limiting the data that news organizations learn about them and curbing their ad revenues. Slate reported last month that its Apple News readers had roughly tripled over the past year but that, on average, it earns more money on a story that draws 50,000 views on its site than one that draws 6 million views in Apple News. Eddy Cue, Apple's senior vice president who oversees its services push, said publishers can run their own ads alongside their stories in Apple News and keep all of the revenue." [Irish Times, [10/30/18](#)]

THERE WAS NOTHING THAT WAS "MORE ANTICOMPETITIVE FOR THE NEWS BUSINESS" THAN BIG TECH

Joanne Lipman, Chief Content Officer Of Gannett Said Nothing Had "Been More Anticompetitive For The News Business In Recent Years" Than Big Tech. "I typically would argue that such exemptions are anticompetitive. But the truth is, nothing has been more anticompetitive for the news business in recent years than the digital platforms. News organizations have been at the beck and call of these behemoths, to no avail. As a longtime news executive, I have been in the room too many times to count with Google, Facebook, YouTube, Snapchat and others as they have lectured us on exactly what we need to do to save our business." [USA Today, Lipman Op-Ed, [6/11/19](#)]

Omidyar Network: A More Competitive Ad Tech Stack Would "Likely [...] Increase The Payments To Publishers." "For ads intermediated by Google, a price is paid by the advertiser, Google's cost is what it pays the publisher, and Google's earnings are the difference between those numbers, or the take rate. The take rate is often expressed as a

percentage of the advertisers' money that actors in the ad tech stack keep. When Google provides all the functions in the ad tech stack, the take rate is Google's 'price.' If the ad tech stack is not competitive because Google has market power, then this price will be too high. A more competitive ad tech stack would likely reduce the price paid by advertisers or increase the payments to publishers, or both. The CMA estimates Google's take rate, or price, at 40%, which it deems a supra-competitive price for the services provided by the Google-controlled players in ad tech stack." [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

In 2021, Attorneys General From 16 States And Puerto Rico Filed Suit Against Google Alleging That The Company's Conduct In Ad Tech Stack Violated Antitrust Laws. "In 2021, attorneys general from 16 states and the Commonwealth of Puerto Rico, led by Texas Attorney General Ken Paxton, filed suit against Google LLC, alleging the company's conduct in the advertising technology stack violated antitrust laws. In August 2021, the Judicial Panel on Multidistrict Litigation consolidated 20 display advertising monopoly suits against Google, including the Texas-led case and several from newspaper publishers and advertisers, for pretrial purposes." [Congressional Research Service, [1/27/22](#)]

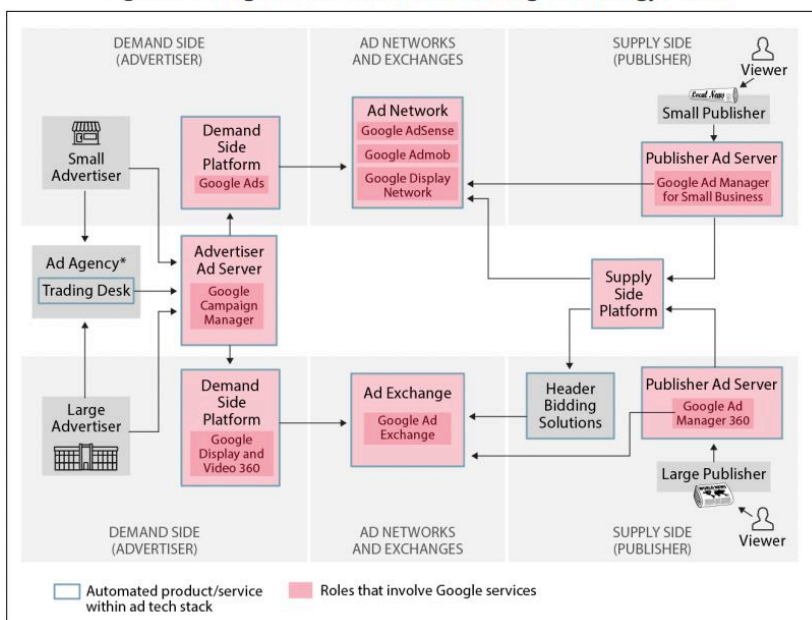
BIG TECH HELD MARKET POWER ON ALL ASPECTS OF DIGITAL ADVERTISING, WHICH PUBLISHERS RELIED ON FOR AD REVENUES

IT WAS "NEARLY IMPOSSIBLE" FOR PUBLISHERS AND ADVERTISERS TO DO BUSINESS WITH EACH OTHER WITHOUT GOOGLE'S INVOLVEMENT

Google Had A Presence In Each Component Of The Tools And Software That Publishers And Advertisers Used To Transmit Online Advertisements To Users. "As Figure 7 illustrates, Google has a presence in each component of the tools and software that publishers and advertisers use to transmit online advertisements to users, also known as the 'advertising technology stack.' State and foreign government officials allege that Google's various roles in the advertising technology stack incentivize and enable it to prioritize its own interests above those of its customers, including newspaper publishers and advertisers, and generate higher fees than it could in a competitive market." [Congressional Research Service, [1/27/22](#)]

Google Made It Nearly Impossible For Publishers And Advertisers To Do Business With Each Other Except Through Google. "The end result is that, in the digital advertising market, virtually all roads lead through Google. Google now performs every function that connects advertisers to publishers. Using the insurmountable data advantage it derives from its search engine and other properties as well as contract and design choices, Google has made it nearly impossible for publishers and advertisers to do business with each other except through Google. The final section of the paper explains how this state of affairs harms publishers, advertisers, and consumers and why it matters." [Omidyar Network, Roadmap For Digital Advertising Monopolization Case Against Google, [May 2020](#)]

Figure 7. Google's Presence in Advertising Technology Stack



[Congressional Research Service, [1/27/22](#)]

Publishers Noted That There Had Been A Significant Decline In Advertising Revenue For Them Because Of Google And Facebook's Dominance Of Online Advertising. "Although Amazon has grown its digital advertising business to become the third largest competitor in the market, it still accounts for a relatively small percentage. News publishers have raised concerns that this significant level of concentration in the online advertising market—commonly referred to as the digital ad duopoly—has harmed the quality and availability of journalism. They note that as a result of this dominance, there has been a significant decline in advertising revenue to news publishers, undermining publishers' ability to deliver valuable reporting, and 'siphon[ing] revenue away from news organizations.' Jason Kint, the CEO of Digital Content Next, a trade association that represents both digital and traditional news publishers, notes that there is 'a clear correlation between layoffs and buyouts with the growth in market share for the duopoly—Google and Facebook.'" [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

Digital Platforms Like Google And Facebook Had Market Power On Both Sides Of Digital Ad Buying Transactions, Where They Sold High Rates To Buyers And Low Rates To Sellers (Publishers). "Platforms service both advertising "buyers" (e.g., industries seeking to reach potential customers) and advertising "sellers" (such as newspapers). The platforms collect the difference of payments from ad buyers and payments to ad sellers. The platforms have market power over both sides of the transaction. The situation is comparable to a stock exchange except, instead of having multiple brokerage houses competing with one another on price and quality, the exchange itself can dictate high prices to buyers and low prices to sellers, collecting the substantial difference in price for itself. We document the estimated market share for Google along the ad tech stack in the appendix." [News Media Canada, *Levelling The Digital Playing Field*, [September 2020](#)]

Most Local Newspapers Primarily Relied On Digital Display Advertising For Online Ad Revenues. "Thus, the most popular formats of digital advertising are digital display and search, which combined accounted for 73.5%, or \$102.8 billion, of 2020 U.S. digital advertising expenditures. Market research firms and government studies indicate that Google plays a significant role in the selling of each format, both directly (especially in search)⁷⁴ and indirectly, as an intermediary in the display advertising marketplace. Most local newspapers primarily rely on "digital display advertising" for online advertising revenues." [Congressional Research Service, [1/27/22](#)]

Congressional Research Service: "In Order To Attract Readers To Their Websites And Sell Online Advertising, Newspaper Publishers Must Rely On Some Of The Very Companies With Which They Compete For Advertising Revenue." "Online advertising has not enabled newspaper publishers to regain print advertising devoted to recruitment, real estate, and vehicle sales. More generally, a proliferation of options has constrained the prices media outlets can charge for online advertising, particularly for advertisements appearing on mobile devices.⁷² In order to attract readers to their websites and sell online advertising, newspaper publishers must rely on some of the very companies with which they compete for advertising revenue. Newspapers rely on Google's search engine and Google News to refer readers to their news sites. In addition, both advertisers and newspaper publishers rely on Google to supply the technology necessary to place online advertising." [Congressional Research Service, [1/27/22](#)]

BIG TECH'S DOMINANCE IN DIGITAL ADS LEFT LOCAL NEWS PUBLISHERS "STRUGGLING TO BUILD A SUSTAINABLE ONLINE BUSINESS MODEL"

Columbia Journalism Review Found Local News Publishers Were "Struggling To Build A Sustainable Online Business Model." "To gauge whether local publishers are adopting responsive design for mobile phones, researchers for this study evaluated a smaller, random subset of the larger sample—200 websites. Of this sample, the vast majority (84%) offered a mobile responsive version of their website. Generating Revenue Online With few exceptions, local news publishers are still struggling to build a sustainable online business model. It is now widely accepted that revenue from digital advertising will never approach the kind of money generated in the salad days of print. That acceptance has moved many newspaper publishers to pursue digital subscription models that place some of their content behind paywalls." [Columbia Journalism Review, [9/27/18](#)]

Irish Times: Google And Facebook Were The "Middlemen Between Publishers And Their Readers" And Leveraged That Position "To Dominate Digital Advertising And Decimate Newspapers' Advertising Business Model." "For decades, newspapers had one of industry's most direct relationships with customers: Broadsheets and tabloids reported the news, printed it and delivered it to your door or shop. Then the internet arrived, and Google and Facebook became the middlemen between publishers and their readers, while leveraging that position to dominate digital advertising and decimate newspapers' advertising business model. The rise of Google and Facebook in news was partly driven by algorithms that provided enormous scale, enabling them to surface millions of articles from thousands of sources to their billions of users." [Irish Times, [10/30/18](#)]

News Media Alliance Noted That “A Significant Portion Of Ad Revenue” Went To “Programmatic Middlemen Instead Of Directly To Publishers Who Created The Content Supporting The Ad.” “A PricewaterhouseCoopers study conducted and released this year that analyzed several major retail and technology brands in the United Kingdom found that publishers tend to receive only half of what the advertiser spends on a programmatic ad. In other words, a significant portion of ad revenue now goes to programmatic middlemen instead of directly to publishers who created the content supporting the ad. One startling finding in the study was the discovery that, on average and despite the best efforts of the researchers, 15 percent of the money spent on programmatic ads cannot even be accounted for.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

News Media Canada: Google And Facebook’s Dominance Of Digital Advertising And The “Anticompetitive Conditions” It Created Had “Prevented News Publishers From Developing A Sustainable And Competitive Business Model.” “A Competitive Market for Digital News Distribution Does Not Exist The conduct of the dominant duopoly of Google and Facebook creates an anticompetitive market for digital ads and news distribution. Throughout the world, these anticompetitive conditions have prevented news publishers from developing a sustainable and competitive business model.^{10,11} These outcomes are not the result of an evolving and competitive market. With legacy print-related revenues in secular decline, the duopoly’s control of digital advertising sales and digital news distribution leaves a shrinking playing field for publishers.” [News Media Canada, Levelling The Digital Playing Field, [September 2020](#)]

ANY BUSINESS MODEL LOCAL NEWS CREATED REQUIRED CREATING CONTENT THAT SATISFIED BIG TECH’S ALGORITHMS, WHICH COULD CHANGE IN SECONDS...

Columbia Journalism Review Noted That Media Companies Were “Addicted To Facebook’s Algorithm-Directed Traffic.” “In The Atlantic, author Franklin Foer—whose new book is called World Without Mind: The Existential Threat of Big Tech—wrote that Facebook is doing the media a favor. ‘It has forced media to face the fact that digital advertising and ever-growing web traffic will never sustain the industry,’ he wrote, ‘especially if that traffic comes from monopolies like Facebook.’ While that may be true, the fact remains that if media companies are addicted to Facebook’s algorithm-directed traffic, Facebook is the one who helped get them hooked. The company has spent years pushing media outlets to integrate themselves into its network, via video, Facebook Live, and Facebook’s Instant Articles format for mobile.” [Columbia Journalism Review, [1/12/18](#)]

Facebook Pushed Publishers To “Pivot To Video”, Leading Newsrooms To Lay Off Writers And Beef Up Their Video Teams. “Then, as part of one of Zuck’s pet projects, Facebook pushed publishers to “pivot to video” and even paid some news organizations to make videos (for Mic, those payments are reported to have been as high as \$5 million in a single year), with the predictable result that newsrooms laid off writers en masse and beefed up video teams. Never mind that Facebook, as we wouldn’t learn until much later, was dramatically overselling the number of minutes people actually spent watching videos on the platform. The site’s gravitational force had become so strong that its every move changed the orbits of those around it.” [Mother Jones, [March/April 2019](#)]

Google Downgraded Search Rankings For Newspaper Content That Did Not Meet Mobile Load Time Requirements, Effectively Mandating Their Specialized Accelerated Mobile Pages. “In 2015, Google developed a content format optimized for smartphones known as Accelerated Mobile Pages (“AMP”). The AMP format enables fast loading times, and Google strongly encourages news publishers to make their content available in this format—according to the News Media Alliance, Google will downgrade search rankings for newspaper content that does not meet load time requirements. Thus, Google effectively mandates AMP formatting. News content that is not made available in the AMP format may not appear in Google’s News Carousel, which showcases articles for readers.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

...CHANGES THAT COULD COME WITHOUT WARNING AND TANK READERSHIP & REFERRALS

Members Of WIRED’s Editorial Staff Claimed “If Facebook Wanted To, It Could Quietly Turn Any Number Of Dials That Would Harm Publishers – By Manipulating Its Traffic, Its Ad Network, Or Its Readers.” “Nicholas Thompson, the Editor-in-Chief of Wired magazine, and Wired contributing editor Fred Vogelstein described the relationship between publishers and Facebook as being “sharecroppers on Facebook’s massive industrial farm,” writing that: Even at the best of times, meetings between Facebook and media executives can feel like unhappy family gatherings. The two sides are inextricably bound together, but they don’t like each other all that much [...] If Facebook wanted to, it could quietly turn any number of dials that would harm a publisher—by manipulating its traffic, its ad network, or its readers.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

A News Publisher Told A House Subcommittee That The Dominance Of Google And Facebook Allowed The Platforms To “Pick Winners” Online By Adjusting Visibility And Traffic. “One news publisher stated in its submission to the Subcommittee that it and other news organizations “depend on a few big tech platforms to help them distribute their journalism to consumers.” In submissions to the Subcommittee, several news publishers noted that the dominance of Google and Facebook allows them to “pick winners” online by adjusting visibility and traffic. For example, an update to Google’s search algorithm in June 2019 decreased a major news publisher’s online traffic “by close to 50%” even as their referrals from other sources—such as their home page and apps—grew during the same period. As they noted, a “smaller business would have been crushed” by this decline.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

The ACCC Found There Was A “Lack Of Warning” By Big Tech To News Providers When They Made Changes To Key Algorithms For News Content Or Referral Links. “The reliance by news media businesses on traffic from Google and, to a lesser extent, on traffic from Facebook also means the digital platforms and their business models have a significant effect on news media businesses. Particular concerns raised during the course of the Inquiry include: the lack of warning provided by digital platforms to news media businesses of changes to key algorithms relating to the display of news content or news referral links, the implementation of policies and formats that may have a significant and adverse impact on the ability of news media businesses to monetize their content and/or to build or sustain a brand and therefore an audience.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

After Facebook Changed Their Algorithm In 2018 To Show Users More Items Shared By Friends And Family And Less From Professional Publishers, Publishers Saw Facebook Referral Drop Dramatically. “But none of those programs have worked particularly well for publishers, and Facebook has frequently changed its mind about how it wants to work with people who produce news for a living. Its biggest pivot came in 2018, when it announced it should show its users more items shared by friends and family and less from professional publishers; publishers saw Facebook referral traffic drop dramatically after that. By contrast, the program Zuckerberg is announcing Friday appears rather straightforward: Facebook will pay publishers for work they already make and then share to the platform, which means it is pure profit.” [Vox / Recode, [10/24/19](#)]

After Google Adjusted Their Algorithm In June 2019, One Publisher Found That Their Online Traffic Had Decreased “By Close To 50%” Even As Their Referrals From Other Sources Grew During That Same Period. “In submissions to the Subcommittee, several news publishers noted that the dominance of Google and Facebook allows them to ‘pick winners’ online by adjusting visibility and traffic. For example, an update to Google’s search algorithm in June 2019 decreased a major news publisher’s online traffic ‘by close to 50%’ even as their referrals from other sources—such as their home page and apps—grew during the same period. As they noted, a ‘smaller business would have been crushed’ by this decline.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

Mother Jones: After Facebook Reprioritized Feeds In 2018, “With The Stroke Of An Algorithm, Facebook Erased A Huge Part Of Publishers’ Audience” And “Vaporized Much Of What Was Left Of The Revenue Base For Journalism.” “This means that people are getting less news in their feeds, right at a time when news is more important than ever. And because, with the stroke of an algorithm, Facebook erased a huge part of publishers’ audience, it also vaporized much of what was left of the revenue base for journalism. It’s no accident that just a couple of months ago, Verizon revealed that its digital media division—which includes AOL, Yahoo, and Tumblr along with journalism shops like HuffPost and Engadget—was worth about half as much as the nearly \$9 billion it had previously been valued at. Layoffs soon followed. RIP the dream of ‘monetizing audiences at scale.’” [Mother Jones, [March/April 2019](#)]

(BIG TECH COULD EVEN WIPE NEWS OFF THEIR PLATFORMS AT THE DROP OF A DIME, NO MATTER THE PUBLIC HARM)

Wall Street Journal: Zuckerberg Was “Disappointed By Regulatory Efforts Around The World Looking To Force Platforms Like Facebook [...] To Pay Publishers For Any New Content Available On Their Platforms. “Also, Meta CEO Mark Zuckerberg has been disappointed by regulatory efforts around the world looking to force platforms like Facebook and Alphabet Inc.’s Google to pay publishers for any news content available on their platforms, people familiar with the matter said. Such moves have damped Mr. Zuckerberg’s enthusiasm for making news a bigger part of Facebook’s offerings, they said. Last month, Campbell Brown, the former NBC and CNN journalist who was the architect of Facebook News, announced she took on a new, broader role overseeing global media partnerships, which encompasses tie-ups with everything from sports leagues to film studios.” [WSJ, [6/9/22](#)]

- **WSJ: The Regulatory Efforts Had “Damped Mr. Zuckerberg’s Enthusiasm For Making News A Bigger Part Of Facebook’s Offerings.** “Also, Meta CEO Mark Zuckerberg has been disappointed by regulatory efforts around

the world looking to force platforms like Facebook and Alphabet Inc.'s Google to pay publishers for any news content available on their platforms, people familiar with the matter said. Such moves have damped Mr. Zuckerberg's enthusiasm for making news a bigger part of Facebook's offerings, they said. Last month, Campbell Brown, the former NBC and CNN journalist who was the architect of Facebook News, announced she took on a new, broader role overseeing global media partnerships, which encompasses tie-ups with everything from sports leagues to film studios." [WSJ, [6/9/22](#)]

In May 2018, Zuckerberg Said He Had No Interest In Paying Publishers For The Right To Show Their Stories.

"Thomson and his boss, News Corp founder Rupert Murdoch, have been insisting that Facebook and other tech platforms should pay them for access to their work. Now Zuckerberg is giving them what they want. It's a remarkable turnaround for Zuckerberg, who as recently as May 2018 said he had no interest in paying publishers for the right to show their stories. 'We should all be sending Robert Thomson and Rupert Murdoch thank you notes,' says an executive at another publisher that's participating in the new initiative. Facebook's news program comes months after Apple launched a subscription news service, which shares revenue with publishers; results so far have been disappointing for both Apple and news publishers, according to industry sources." [Vox / Recode, [10/24/19](#)]

After Australia Released The Final Bill That Required Facebook And Google To Pay Publishers For News Content, Zuckerberg Pushed To Tweak Its Algorithm To Restrict News Content For Australians.

"Even Simon Milner, Facebook's director of policy for the Asia-Pacific region, wasn't sure if Facebook would follow through with the threat when he fronted up at a parliamentary inquiry in late January. In fact nobody was certain until the eleventh hour, when the Facebook's most senior executives saw the final bill to be debated in parliament and decided to pull the trigger. Under the direction of Zuckerberg, the company's founder, major shareholder and most powerful figure, the company pushed through tweaks to its algorithm to restrict news content for Australians." [Sydney Morning Herald, [2/10/21](#)]

- **Australia's Law Forced Google And Facebook To Enter Commercial Agreements With Media Companies Or Face An Arbitration Process And Fines Of Up To 10 Per Cent Of Revenue.** "What the code is about The proposed laws force Google and Facebook to enter commercial agreements with media companies or face an arbitration process and fines of up to 10 per cent of revenue. The bill for the code passed the House of Representatives on Wednesday night and is expected to be passed by the Senate next week. This means it could become law by the end of the month." [Sydney Morning Herald, [2/10/21](#)]
- **Facebook's Ban On News In Australia Ended Up Blocking Health Organizations Just Days Ahead Of The COVID Vaccine Rollout.** "Nearly all these pages were recovered within 24 hours, but they gave the public a glimpse at a world where the primary source of news for millions of people had no news on it. It was particularly concerning to health organizations, which were blocked just days ahead of the vaccine rollout for the coronavirus pandemic. Health Minister Greg Hunt said he was concerned that vaccine conspiracies and misinformation would thrive on the platform in the absence of news. Facebook has fact-checking processes in place for this misinformation and is preparing a framework with the media regulator and other tech companies to manage it." [Sydney Morning Herald, [2/10/21](#)]
- **Facebook Dropped Its Ban Five Days After Instating It.** "But in fact, Facebook's blockade represented a significant victory in the fight for the survival of a free press. It was not a stunning blow, but a retreat, after the social media company was abandoned by Google, which backtracked on its threat to pull out of Australia and signed deals to pay Australian media companies. Google's deals represent a moonshot moment for saving journalism. And in fact, after talks with the government on the bill's wording which yielded no major concessions, Facebook dropped its ban after five days. Australia started this audacious attempt to rescue the free press from Big Tech in 2017 after regulators said companies like Facebook and Google exerted an outsized control of the flow of news to the public." [Time Magazine, [2/23/21](#)]
- **Whistleblowers Alleged That Blocking The Pages Was A Deliberate Act By Facebook.** "All the while, Facebook was facing a continuing regulatory onslaught around the world. Regulators in the European Union, France, the U.K., Australia and the U.S. took steps aimed at forcing the platforms such as Google and Facebook to pay publishers for news content available on their services. Facebook opposed a law that passed in Australia so vehemently that it moved to block the publication of any news story on its platform in the country. In the process, it also ended up shutting down the Facebook pages of many of Australia's health, charity and emergency services for five days—a move that whistleblowers allege was deliberate and that Facebook described as an accident." [WSJ, [6/9/22](#)]

BIG TECH DECIMATED LOCAL NEWS' ABILITY TO GENERATE REVENUE, WITH PAPERS SEEING A NEARLY 70% LOSS IN TOTAL REVENUE OVER THE PAST TWO DECADES

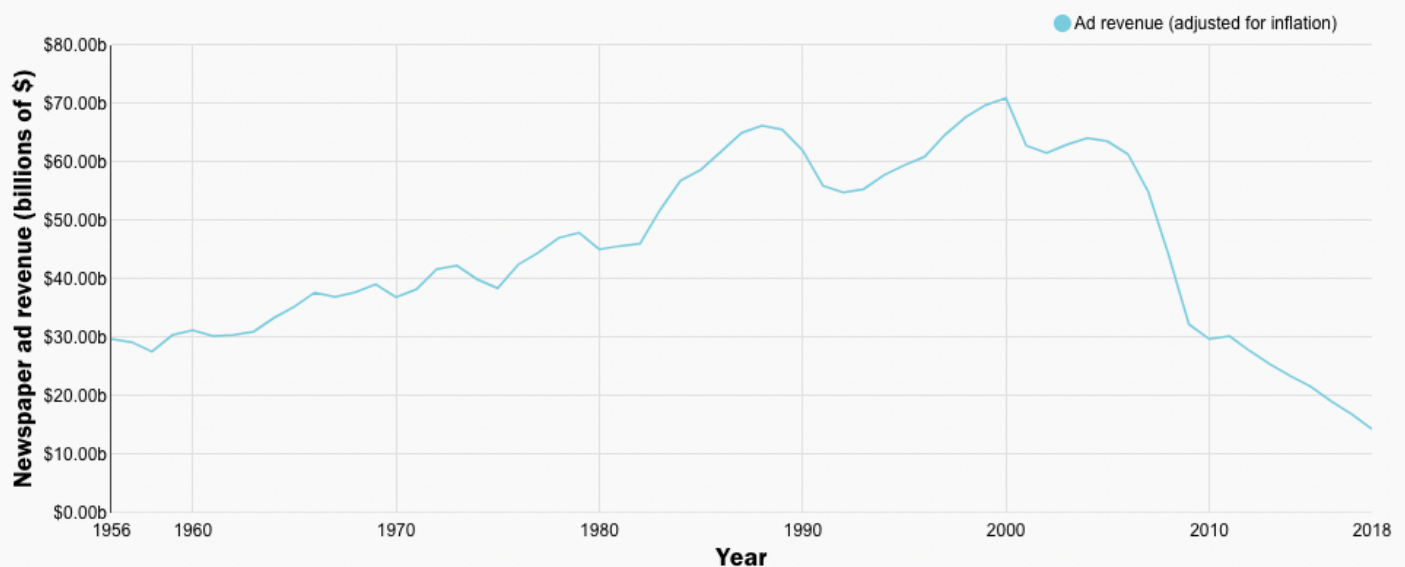
News Media Alliance Noted That The Shift To Online Content Had “Dramatically Lowered Ad Value And Siphoned Dollars From The Local Newspapers That Produce[d] The Content Supporting Those Ads.” “The first is that the rise of the Internet and digital information has fundamentally altered how Americans receive and digest the news, disrupting journalism’s historic business model. Besides the loss of dependable classifieds revenue, the more than 80 percent decline in advertising revenues since 2000 has been devastating. The mass transfer of content and advertising online, combined with a proliferation of news sites, has dramatically lowered ad value and siphoned dollars from the local newspapers that produce the content supporting those ads. Many of today’s online consumers expect to get their local news for free.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

Between 2010-2020, Advertiser Spending On Newspapers Plunged By Almost 75%. “This gatekeeping role has earned platforms vast wealth. Google and Facebook control about seventy-three percent of digital advertising revenue in the United States. While newspapers have hung on to some of this revenue, most has escaped their white-knuckle grasp. In the last decade, advertiser spending on newspapers plunged by almost seventy-five percent. Desperate to recoup some of that loss, many publications have agreed to share their journalism with certain platforms and, in return, receive some portion of advertising revenue. These arrangements have tended to disadvantage news organizations.” [Georgetown Law, Platforms And The Fall Of The Fourth Estate, [2020](#)]

Over The Past Two Decades, Local Newspapers Lost Nearly 70% Of Its Total Revenue. “Local journalism—America’s trusted source of unbiased and accurate information—is disappearing. This report finds that over the past two decades, the local newspaper industry has lost around 70 percent of its total revenue. Local broadcasters are facing similar difficulties, with advertising revenues down more than 40 percent.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

A Study Of Over 300 Daily Papers Found That Between 2019-2020, Newspaper Advertising Revenue Fell By A Median Of 42% Year Over Year. “Newspaper companies have been hit especially hard. Among the six publicly traded newspaper companies studied – major chains that own over 300 daily papers – advertising revenue fell by a median of 42% year over year (i.e., comparing the second quarter of 2020 with the second quarter of 2019).³ By contrast, total ad revenue across the three major cable news networks was steady overall, but there were sharp differences between the networks: While ad revenue for MSNBC and CNN declined by double digits, Fox News Channel’s revenue rose by 41%.” [Pew Research, [10/29/20](#)]

U.S. newspaper advertising revenue, 1956-2018



[Brookings, [11/12/19](#)]

Publishers Noted That There Had Been A Significant Decline In Advertising Revenue For News Publishers Because Of Google And Facebook’s Dominance Of Online Advertising. “Although Amazon has grown its digital advertising business to become the third largest competitor in the market, it still accounts for a relatively small percentage. News publishers have raised concerns that this significant level of concentration in the online advertising market—commonly referred to as the digital ad duopoly—has harmed the quality and availability of journalism. They note that as a result of this dominance, there has been a significant decline in advertising revenue to news publishers, undermining publishers’ ability to deliver valuable reporting, and ‘siphon[ing] revenue away from news organizations.’ Jason Kint, the

CEO of Digital Content Next, a trade association that represents both digital and traditional news publishers, notes that there is 'a clear correlation between layoffs and buyouts with the growth in market share for the duopoly—Google and Facebook.'" [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

EVEN WHEN BUZZFEED SAW A 400% INCREASE IN MONTHLY VISITORS, IT STILL DIDN'T TRANSLATE TO ENOUGH REVENUE TO STAVE OFF LAYOFFS

Despite A 400% Increase In Monthly Visitors To Its Site, BuzzFeed Was Forced To Cut Staff Because Of The Dominance Google And Facebook Had On The Digital Ad Market. "This is not just a story about the death of the newspaper. Previously successful digital outlets are shedding jobs and news coverage at an alarming rate. The stranglehold that Google and Facebook have on the digital ad market has severed the link between increasing readers and increasing revenue. BuzzFeed increased monthly visitors to its site by more than 400 percent but still experienced major revenue shortfalls and it was forced to cut staff. All told, 15,500 media professionals lost their jobs in 2018." [Save Journalism, Testimony For Senate Judiciary Committee, [5/21/19](#)]

NEWSPAPERS BECAME RELIANT ON DIGITAL ADS OVER THE PAST TWO DECADES, GIVING BIG TECH EVEN MORE PROFITS

THE SHARE OF REVENUE LOCAL NEWS GOT FROM ONLINE ADVERTISING INCREASED OVER 30% SINCE 2004...

Between 2004-2020, The Share Newspaper's Revenue Derived From Online Advertising Had Increased From 2.6% To 35.4% In 2020. "Daily newspaper revenue, adjusted for inflation, has fallen approximately 80% since it peaked at \$89 billion in 2000. The share of newspaper publishers' revenue derived from online advertising, adjusted for inflation, has increased over the last 20 years, from 2.6% in 2004 (\$2 billion out of a total of \$46.2 billion in 2020 dollars) to 35.4% in 2020 (\$3 billion out of a total of \$9.3 billion). Thus, advertising revenues from newspapers' websites and apps have grown in importance, but not by enough to prevent a sharp overall decline in industry revenues." [Congressional Research Service, [1/27/22](#)]

...WHICH BIG TECH REAPED MASSIVE PROFITS FROM BECAUSE THEY TOOK OVER HALF OF EVERY DOLLAR MADE IN DIGITAL ADVERTISING USED BY LOCAL NEWS

Several Studies Found That Publishers Kept Only 49% To 67% Of Indirect Programmatic Advertising Spending, The Remaining Revenue Flowed To Ad Tech Intermediaries. "Several studies, using various methodologies, indicate that publishers keep only 49% to 67% of indirect programmatic advertising spending. 83 The remaining revenue flows to ad technology ('ad tech') intermediaries. The extreme complexity of the indirect programmatic advertising sales process contributes to what a British study describes as 'a markedly opaque supply chain.'" [Congressional Research Service, [1/27/22](#)]

The Revenue Newspapers Received From Online Advertising Was Insufficient To Compensate For The Decline In Print Advertising. "Online advertising has become a growing source of revenue for newspaper publishers, as discussed earlier (see Figure 2). Nevertheless, for several reasons, the revenue many newspaper publishers receive from online advertising is insufficient to compensate for the decline in print advertising. Online advertising has not enabled newspaper publishers to regain print advertising devoted to recruitment, real estate, and vehicle sales." [Congressional Research Service, [1/27/22](#)]

DURING THE SAME PERIOD THAT LOCAL NEWS SAW A \$30 BILLION DECREASE IN AD REVENUE, GOOGLE SAW A NEARLY \$40 BILLION INCREASE

Between 2007-2017, Newspapers' Ad Revenue Shrank From \$45 Billion To \$16 Billion A Year, While Ad Revenue For Google Increased Sixfold, From Nearly \$9 Billion To \$52 Billion. "People want what we're making, and studies show that they're willing to pay for it. But we have an intermediary. Consumers come to Google, they go to Facebook, and they get our news content. And when that happens, we're stripped of a large portion of advertising revenue.' Between 2007 and 2017, newspapers' ad revenue shrank from - \$45 billion to \$16 billion a year, while ad revenue for Google increased sixfold, from just under \$9 billion to \$52 billion, according to prepared testimony from the alliance. The number of newspaper employees shrank by 25% over that same period, according to the Pew Research Center." [CBS News, [6/11/19](#)]

APPLE TOOK A PERCENTAGE OF NEWSPAPER SUBSCRIBERS' PURCHASES... FOREVER

Apple Took 30% Of First Year-In-App Subscription Purchases For News Outlets, Which Dropped To 15% In Year Two. “Apple today is launching a new program that will allow subscription news organizations that participate in the Apple News app and meet certain requirements to lower their commission rate to 15% on qualifying in-app purchases taking place inside their apps on the App Store. Typically, Apple’s model for subscription-based apps involves a standard 30% commission during their first year on the App Store, which then drops to 15% in year two. But the new Apple News Partner Program, announced today, will now make 15% the commission rate for participants starting on day one.” [TechCrunch, [8/26/21](#)]

- **Apple Offered To Reduce Their First Year In App Subscription Fee To 15% For Publishers To Applied To Their News Partner Program.** “In order to secure the reduction, the publishers will have to apply to a new program Apple is calling the News Partner Program. It will require news publishers to agree to supply all their content to Apple in its preferred Apple News file format and that they provide metadata, or information about the stories, required by Apple. Publishers will also be required to have an active, robust presence in the markets where Apple News is available. Publishers will be able to apply to the program on Apple’s website starting Thursday.” [CNBC, [8/26/21](#)]
- **Apple Required Publishers In Their News Partner Program To Supply Apple With Their Content In The Company’s Preferred Apple News File Format And Metadata On The Stores.** “In order to secure the reduction, the publishers will have to apply to a new program Apple is calling the News Partner Program. It will require news publishers to agree to supply all their content to Apple in its preferred Apple News file format and that they provide metadata, or information about the stories, required by Apple. Publishers will also be required to have an active, robust presence in the markets where Apple News is available. Publishers will be able to apply to the program on Apple’s website starting Thursday.” [CNBC, [8/26/21](#)]
- **Apple Required Publishers To Maintain Their Apple News Channel And Offer An App In The App Store That Offered Auto-Renewable Subscriptions.** “Apple has a new offer for publishers: join Apple News, and it’ll only take 15 percent out of your in-app purchases and subscriptions instead of 30. Publishers can apply to Apple’s News Partner Program to take that bargain, but they have to agree to Apple’s requirements, which naturally benefit Apple and go beyond just maintaining a channel in Apple News [...] So publishers are expected to maintain their Apple News channel, publish in the Apple News Format (ANF), and offer an app in the App Store that offers auto-renewable subscriptions and only “original, professionally-authored news content.” Apple says the News Partner Program will also support and fund organizations that educate readers on news media literacy and “further efforts to diversify newsrooms and news coverage.” [The Verge, [8/26/21](#)]

BIG TECH WAS WIDELY ACCEPTED TO BE THE DRIVERS OF LOCAL NEWS' DEMISE

ACROSS THE POLITICAL SPECTRUM AND AMONG A MAJORITY OF AMERICANS, BIG TECH WAS CITED AS THE REASON THAT LOCAL NEWS WAS GOING OUT OF BUSINESS

Both Democrats And Republicans Agreed That Facebook And Google Had Contributed To Layoffs And Consolidation In The News Industry, Particularly Among Local News Organizations. “The bill would allow publishers to coordinate against Big Tech in negotiations for better compensation without running afoul of antitrust law. Big Tech companies such as Facebook and Google built their empires in part through the distribution of news content and now are being accused of not sharing their advertising profits fairly with news publishers. Members of both parties agree that the two companies, which control a majority of the online advertising market, have contributed to layoffs and consolidation in the news industry, particularly among local news organizations.” [Washington Examiner, [4/7/22](#)]

News Publishers Raised Concerns That Google And Facebook’s Dominance Of The Online Advertising Market Had Harmed The Quality And Availability Of Journalism. “Although Amazon has grown its digital advertising business to become the third largest competitor in the market, it still accounts for a relatively small percentage. News publishers have raised concerns that this significant level of concentration in the online advertising market—commonly referred to as the digital ad duopoly—has harmed the quality and availability of journalism. They note that as a result of this dominance, there has been a significant decline in advertising revenue to news publishers, undermining publishers’ ability to deliver valuable reporting, and “siphon[ing] revenue away from news organizations.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

Jason Kint, The CEO Of Digital Content Next, A Trade Association That Represents For News Publishers, Noted That There Is “A Clear Correlation Between Layoffs And Buyouts With The Growth In Market Share” Of Google

And Facebook. “Jason Kint, the CEO of Digital Content Next, a trade association that represents both digital and traditional news publishers, notes that there is ‘a clear correlation between layoffs and buyouts with the growth in market share for the duopoly—Google and Facebook.’ David Chavern, the President and CEO of the News Media Alliance, has likewise said that ‘[t]he problem is that today’s internet distribution systems distort the flow of economic value derived from good reporting.’ The effects of this revenue decline are most severe at the local level, where the decimation of local news sources is giving rise to local news deserts.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

OVER 75% OF AMERICANS WERE CONCERNED ABOUT THE IMPACT BIG TECH HAD ON LOCAL NEWS OUTLETS

April 2022: 76% Of Americans Believed Big Tech Was Driving Small And Local News Outlets Out Of Business.

“Key findings of the survey are: 79 percent of Americans believe that Big Tech has too much power over the news and publishing industries. 76 percent of Americans believe that Big Tech companies are driving small and local news outlets out of business. 86 percent of Americans believe that Big Tech should be required to offer the same compensation terms to local publishers as they do national news organizations. 81 percent of Americans support Congress taking steps to give small and local publishers more power in negotiations with Big Tech companies.” [News Media Alliance, [4/28/22](#)]

79% Of Americans Were Concerned That Big Tech Had Too Much Power Over The News And Publishing Industries.

“Indeed, roughly four in five Americans are concerned that Big Tech companies have too much power over the news and publishing industries (79%), manipulate these industries for their own gain (78%), and are driving small and local news outlets out of business (76%). Further, approximately three-quarters of the public agrees that “Big Tech’s monopoly over the news and publishing industries is a threat to the free press and unfair to publishers, especially to small and local outlets.” [NY Daily News, [4/24/22](#)]

Nearly 3/4 Of The American Public Believed That Big Tech’s Monopoly Over The News And Publishing Industries Was A Threat To The Free Press And Unfair To Publishers, Especially To Small And Local Outlets.

“Indeed, roughly four in five Americans are concerned that Big Tech companies have too much power over the news and publishing industries (79%), manipulate these industries for their own gain (78%), and are driving small and local news outlets out of business (76%). Further, approximately three-quarters of the public agrees that “Big Tech’s monopoly over the news and publishing industries is a threat to the free press and unfair to publishers, especially to small and local outlets.” In addition to being broadly concerned about this problem, the American public wants change, and is looking to their elected leaders to deliver.” [NY Daily News, [4/24/22](#)]

A Survey Of Journalists By Northwestern University’s Medill School Of Journalism Found That Nine Out Of 10 Survey Respondents Said Social Media Companies Delivered A “Worse Mix Of News” To Their Users.

“Journalists say social-media platforms have hurt their industry, contributing to inaccurate and one-sided news accounts by exerting too much control over the mix of news that people see, according to a recent survey. More than nine of every 10 survey respondents said social-media companies deliver a ‘worse mix of news’ to their users, according to the online survey of journalists by Northwestern University’s Medill school of Journalism, Media, Integrated Marketing Communications. The survey also found that nearly eight of 10 said harassment of journalists on social media is a ‘very big’ or ‘moderately big’ problem.” [Northwestern University Medill School Of Journalism, [2/9/22](#)]

BIG TECH’S GREED RESULTED IN THE LOSS OF ONE IN EVERY FOUR NEWSPAPERS ACROSS THE U.S. AND CREATED NEWS-DESERTS IN MANY COMMUNITIES

IN 2018, U.S. NEWS CIRCULATION REACHED ITS LOWEST LEVEL SINCE 1940 – LEAVING NEARLY HALF OF U.S. COUNTIES WITH A SINGLE LOCAL NEWSPAPER

Between 2004-2019, One In Every Four U.S. Newspapers Shut Down. “Over the past two decades, as Big Tech has boomed, news organizations have been going bust. Between 2004 and 2019, one in every four U.S. newspapers shut down, and almost all the rest cut staff, for a total of 36,000 jobs lost between 2008 and 2019 alone. Local newspapers have been particularly devastated, making it ever more difficult for people to know what is happening in their communities.” [Washington Monthly, [6/27/21](#)]

In 2018, U.S. Newspaper Circulation Reached Its Lowest Level Since 1940. “In 2018, U.S. newspaper circulation reached its lowest level since 1940, according to an annual Pew Research Center report released last summer. Weekday newspaper circulation—in print and digital—was an estimated 28.6 million, down 8 percent from the previous year. Employment of journalists at U.S. newspapers dropped by 47 percent from 2008 to 2018, Pew found. Where there were once 71,000 photographers, editors, commentators, and reporters, there are now only 38,000.” [Education Week, [1/7/20](#)]

Nearly Half The Counties In The U.S. Only Had One Newspaper. “With one hand, the Big Tech giants help news providers by distributing their news. But with the other, they siphon so much of the resulting ad revenue that the providers can barely survive. And many have not: Nearly half of the counties in the country now have only one newspaper, while almost 200 counties have no local newspaper at all.” [Ethics & Public Policy Center, [12/15/21](#)]

A House Subcommittee Found That “The Decimation Of Local News Sources [Was] Giving Rise To Local News Deserts.” “Jason Kint, the CEO of Digital Content Next, a trade association that represents both digital and traditional news publishers, notes that there is ‘a clear correlation between layoffs and buyouts with the growth in market share for the duopoly—Google and Facebook.’ David Chavern, the President and CEO of the News Media Alliance, has likewise said that ‘[t]he problem is that today’s internet distribution systems distort the flow of economic value derived from good reporting.’ The effects of this revenue decline are most severe at the local level, where the decimation of local news sources is giving rise to local news deserts.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

Pew Trusts HEADLINE: “As Local News Outlets Shutter, Rural America Suffers Most.” [Pew Trusts, [10/21/19](#)]

45% Of The U.S.’s News Deserts-Communities Were In Rural Counties. “The story for rural America is particularly bleak: 45% of the country’s news deserts—communities without any daily or weekly newspaper—lie in rural counties. The most remote rural areas alone account for nearly a third of the country’s news deserts. This leaves these communities without a reliable and trustworthy source of local news.” [Brookings, Local Journalism In Crisis, [2019](#)]

October 2021: There Were 1,800 Communities In The United States That Did Not Have Any Local News Outlets. “The growth of so-called “News Deserts” has been well covered thanks to the hard work of researchers at the Hussman School of Journalism at the University of North Carolina. The headlines are stark. Over the last 15 years, 2,100 newspapers have closed in the USA, leaving 1,800 communities without any local news outlets.[79] Less well covered has been the sprouting of hopeful “green shoots”: new media ventures aiming to set themselves up for and compete in the digital-first era.” [Harvard, Shorenstein Center, [10/12/21](#)]

THE STATE OF WYOMING DIDN’T EVEN HAVE A MONDAY MORNING PAPER LEFT

In July 2020, Wyoming Became The First State Without A Daily Printed Newspaper On Monday Mornings. “During that same period, more than 100 daily newspapers reduced their publication frequency to less than seven days per week. 27 The widespread economic and social impact of the Coronavirus Disease 2019 (COVID-19) pandemic in 2020 led to a further decline in the number of daily newspapers, as advertisers cut back spending.28 In July 2020, Wyoming became the first state without a daily printed newspaper on Monday mornings. Meanwhile, ownership of the surviving newspapers has become more concentrated.” [Congressional Research Service, [1/27/22](#)]

WHEN FACEBOOK ATTEMPTED TO CREATE A LOCAL NEWS SECTION ON THEIR PLATFORM, IT COULDN’T FIND ENOUGH LOCAL NEWS TO SUSTAIN IT

When Facebook Created Their Local News Section ‘Today In’, The Platform Found Many Parts Of The Country Didn’t Have Enough Local News To Sustain It. “A year ago, Facebook built a new section of its app specifically for local news. Called Today In, the idea was that Facebook — which is flooded with all kinds of photos, videos, ads, and events from a wide range of people, publishers, and brands — wanted to create a special section where local news and events would stand out among the crowd. The problem Facebook is running into: Many parts of the country don’t have enough local news to sustain that special section of the app. ‘About one in three users in the U.S. live in places where we cannot find enough local news on Facebook to launch Today In,’ Facebook wrote in a blog post Monday in which it’s promoting a new journalism initiative.” [Vox / Recode, [3/18/19](#)]

- **Facebook: “About One In Three Users In The U.S. Live In Places Where We Cannot Find Enough Local News On Facebook To Launch Today In.”** “A year ago, Facebook built a new section of its app specifically for local news. Called Today In, the idea was that Facebook — which is flooded with all kinds of photos, videos, ads, and events from a wide range of people, publishers, and brands — wanted to create a special section where local news and events would stand out among the crowd. The problem Facebook is running into: Many parts of the country don’t have enough local news to sustain that special section of the app. ‘About one in three users in the U.S. live in places where we cannot find enough local news on Facebook to launch Today In,’ Facebook wrote in a blog post Monday in which it’s promoting a new journalism initiative.” [Vox / Recode, [3/18/19](#)]

OVER 250,000 JOBS IN THE NEWS INDUSTRY HAVE BEEN LOST SINCE 2004

Between 2004-2020, The Total Number Of Employees At Newspapers Declined From Around 397,500 To 120,000. “In some instances, such cost cutting has involved selling real estate and equipment and laying off employees. 32 From 2004 to 2020, the total number of employees at newspapers declined from about 397,500 to 120,000 (Figure 4). These figures include people working at newspaper websites. Meanwhile, the total number of employees working for “Internet publishing and broadcasting and search portals,” the best proxy for online-only publishers, rose from about 66,100 to 290,200.” [Congressional Research Service, [1/27/22](#)]

BETWEEN 2019-2021 ALONE, THE U.S. LOST 6,000 OF JOURNALISTS DUE TO THE CLOSURE OF 300 NEWS PUBLICATIONS

Between 2019-2021, 300 Publications Closed And More Than 6,000 Journalists Were Fired. “Last week, it was reported that over 200 newspapers have filed lawsuits against Google and Facebook in the past year, alleging that the two firms monopolized digital-ad revenues that would otherwise go to local-news outlets. It is high time these newspapers get compensated fairly for the content that Big Tech has been using to steal their revenue and drive them out of business. In the last two years, 300 publications have closed, with more than 6,000 journalists axed. Facebook and Google publish news articles which they use to sell ads, and then pocket the vast majority of the profit. They give little in return.” [Ethics & Public Policy Center, [12/15/21](#)]

THE NEWS OUTLETS THAT HAD SURVIVED BIG TECH’S DOMINATION OF DIGITAL ADS STILL STRUGGLED TO PRODUCE QUALITY, VALUABLE REPORTING

NEWSPAPERS LEFT STANDING WERE “SHELLS OF THEIR FORMER SELVES” LEADING TO A “GROWING CRISIS IN TRUSTED LOCAL NEWS AND INFORMATION”

Congressional Research Service: Thousands Of U.S. Communities Relied On “Ghost Newspapers” That Were “Shells Of Their Former Selves.” “During the last 20 years, more than 200 local daily newspapers have either reduced their publication frequency or ceased publishing altogether. Among those that survive, many employ a fraction of the journalists that they did at the turn of the 21st century, and publish far fewer original local and investigative news stories than they did previously. As a result, in order to get local news, thousands of U.S. communities rely on “ghost newspapers” that are shells of their former selves or, if they have internet service, on websites or chat groups that rarely employ fulltime professional journalists. Among other societal effects, researchers report that the lack of a daily newspaper to monitor local governments and publicly traded companies and hold them accountable can lead to increased financing costs to make up for investors’ lack of trust.” [Congressional Research Service, [1/27/22](#)]

Publishers Said The Decline In Advertising Revenue Had Undermined Their Ability To Deliver Valuable Reporting And Siphoned Revenue Away From News Organizations. “Although Amazon has grown its digital advertising business to become the third largest competitor in the market, it still accounts for a relatively small percentage. News publishers have raised concerns that this significant level of concentration in the online advertising market—commonly referred to as the digital ad duopoly—has harmed the quality and availability of journalism. They note that as a result of this dominance, there has been a significant decline in advertising revenue to news publishers, undermining publishers’ ability to deliver valuable reporting, and ‘siphon[ing] revenue away from news organizations.’ Jason Kint, the CEO of Digital Content Next, a trade association that represents both digital and traditional news publishers, notes that there is ‘a clear correlation between layoffs and buyouts with the growth in market share for the duopoly—Google and Facebook.’” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

House Subcommittee: “The Rise Of Market Power Online Has Severely Affected The Monetization Of News, Diminishing The Ability Of Publishers To Deliver Valuable Reporting.” “The rise of market power online has severely affected the monetization of news, diminishing the ability of publishers to deliver valuable reporting. The digital advertising market is highly concentrated, with Google and Facebook controlling the majority of the online advertising market in the United States, capturing nearly all of its growth in recent years. Although Amazon has grown its digital advertising business to become the third largest competitor in the market, it still accounts for a relatively small percentage.” [House Subcommittee On Antitrust, Commercial And Administrative Law, Investigation Of Competition In Digital Markets, [2020](#)]

Harvard Kennedy School: “The Shuttering Of Local Newspapers Is Contributing To A Growing Crisis In Trusted Local News And Information.” “Across America, the shuttering of local newspapers is contributing to a growing crisis in trusted local news and information, and an emerging challenge for America’s democracy. Research shows that the disappearance of credible local news and information contributes to widening political polarization, increasing costs for local government and meaningfully suboptimal community outcomes as independent oversight decreases or, in the worst case, evaporates entirely.” [Harvard, Shorenstein Center, [10/12/21](#)]

MOST OF LOCAL OUTLETS THAT SURVIVED DID SO BECAUSE THEY WERE BOUGHT OUT BY A CORPORATION

October 2020: 25 Newspaper Publishing Groups Controlled Nearly 2/3rds Of All Daily Papers. “The loss of local journalism is also correlated with a rise in corporate takeovers and consolidation of formerly independent news outlets. Hedge funds have scooped up venerable local newspapers at fire-sale prices and then enacted severe cost-cutting measures that have gutted content for the sake of short-term profits. Today, just 25 newspaper publishing groups control the fate of nearly two-thirds of all daily papers.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

The Loss Of Local Journalism Was Correlated With A Rise In Corporate Takeovers And Consolidation Of Formerly Independent News Outlets. “The loss of local journalism is also correlated with a rise in corporate takeovers and consolidation of formerly independent news outlets. Hedge funds have scooped up venerable local newspapers at fire-sale prices and then enacted severe cost-cutting measures that have gutted content for the sake of short-term profits. Today, just 25 newspaper publishing groups control the fate of nearly two-thirds of all daily papers.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

- **Hedge Funds Scooped Up Venerable Local Newspapers At Fire-Sale Prices And Then Enacted Severe Cost-Cutting Measures That Gutted Content For The Sake Of Short-Term Profits.** “The loss of local journalism is also correlated with a rise in corporate takeovers and consolidation of formerly independent news outlets. Hedge funds have scooped up venerable local newspapers at fire-sale prices and then enacted severe cost-cutting measures that have gutted content for the sake of short-term profits. Today, just 25 newspaper publishing groups control the fate of nearly two-thirds of all daily papers.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

LOCAL NEWS WAS CRUCIAL FOR KEEPING COMMUNITIES INFORMED, BUT BIG TECH HAD IMPEDED THEIR ABILITY TO DO SO

BIG TECH REWARDED VIRAL CONTENT WHICH WAS LESS INFORMATIVE AND TRUSTWORTHY THAN LOCAL NEWS

SOCIAL MEDIA HAD A FINANCIAL INCENTIVE TO AMPLIFY CONTENT THAT INCREASED ENGAGEMENT, WHICH USUALLY WAS LESS INFORMATIVE

Congressional Research Service: Social Media Platforms Had “An Incentive To Amplify Publishers Content That They Expect To Increase User Engagement To Increase Their Revenue From Online Advertising. “As with news aggregators, social media platforms can increase the visibility of some newspaper articles while diminishing it for others. These platforms have an incentive to amplify publishers’ content that they expect to increase user engagement to increase their revenue from online advertising. Some social media platforms “recommend” content, which can include newspaper content that increases user engagement, even if nobody in the user’s network directly shares the article. One study found that social media platforms can increase online news consumption, potentially reducing the amount of time readers spend on news publishers’ platforms.” [Congressional Research Service, [1/27/22](#)]

A Study Found That On Facebook, Posts About Hard News Stories On A National Level Consistently Brought More Engagement Than Softer, More Locally Relevant Stories. “When it came to the type of news, hard news of national importance won out: Posts about hard news stories, especially on a national level, consistently brought more engagement than the softer, more locally relevant stories. ‘Even local organizations get more bang for their buck when they post about non-local subjects,’ Toff said.” [NiemanLab.org, [10/13/21](#)]

- **One Of The Study’s Authors Noted That Local News Organizations Were Getting “More Bang For Their Buck When They Post[ed] About Non-Local Subjects.”** “When it came to the type of news, hard news of national importance won out: Posts about hard news stories, especially on a national level, consistently brought more engagement than the softer, more locally relevant stories. ‘Even local organizations get more bang for their buck when they post about non-local subjects,’ Toff said.” [NiemanLab.org, [10/13/21](#)]

Pew HEADLINE: “Americans Who Get News Mainly On Social Media Are Less Knowledgeable And Less Engaged.” [Pew, [11/16/20](#)]

THE LOSS OF LOCAL NEWSPAPERS CONTRIBUTED TO A “GROWING CRISIS IN TRUSTED LOCAL NEWS AND INFORMATION”...

Harvard Kennedy School: “The Shuttering Of Local Newspapers Is Contributing To A Growing Crisis In Trusted Local News And Information.” “Across America, the shuttering of local newspapers is contributing to a growing crisis in trusted local news and information, and an emerging challenge for America’s democracy. Research shows that the disappearance of credible local news and information contributes to widening political polarization, increasing costs for local government and meaningfully suboptimal community outcomes as independent oversight decreases or, in the worst case, evaporates entirely.” [Harvard, Shorenstein Center, [10/12/21](#)]

News Media Alliance Noted That America’s Local Newsrooms Had “Thousands Fewer Watchdogs Exposing Crime, Corruption, And Keeping Elected Officials Accountable To Their Constituents.” “Newspapers have been forced to let go more than 40,000 newsroom employees, a full 60 percent of the journalistic workforce that creates unique local content. America’s local newsrooms now have thousands fewer watchdogs exposing crime, corruption, and keeping elected officials accountable to their constituents. Small businesses have less information on local conditions and fewer opportunities to reach customers in their community. Communities are losing access to trusted, non-partisan information that keeps our civil institutions cohesive and resilient.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

...BECAUSE AMERICANS LARGELY BELIEVED LOCAL NEWS REPORTED INFORMATION HONESTLY AND FREE OF BIAS

A 2019 Knight-Gallup Study Found That Americans Tended To Rate Local News More Positively Than National News On Reporting The News Without Bias And Getting The Facts Right. “Similarly, according to a 2019 Knight-Gallup study, Americans trust local news more than national news. The study found that Americans tend to rate local news more positively than national news on a variety of metrics, including reporting the news without bias and getting the facts right. Sixty-six percent of respondents in the Knight-Gallup study trusted local news to “report the news without bias,” compared to 31 percent of respondents saying they trusted national news organizations to do so.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

A 2018 Survey By Poynter Media Trust Survey Found That 73% Of Americans Had “A Great Deal” Or “A Fair Amount” Of Trust In Local Newspapers. “Surveys of Americans underscore this point. The 2018 Poynter Media Trust Survey found that 76 percent of Americans have “a great deal” or “a fair amount” of trust in their local television news, and 73 percent have confidence in local newspapers. Similarly, according to a 2019 Knight-Gallup study, Americans trust local news more than national news.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

A 2019 Knight-Gallup Study Found That Americans Favored Local News Over National News To “Report The News Without Bias” By A Two To One Margin. “Americans want and appreciate the accurate and unbiased reporting that local journalists provide. According to a 2019 Knight-Gallup study, Americans favor local news over national news to “report the news without bias” by a two to one margin. A 2018 Poynter Media Trust Survey likewise found that three of every four Americans have a “great deal” or “fair amount” of trust in local media. Similarly, polls find that more than eight in ten Americans want journalists to be personally engaged with their local area and understand their community’s history.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

DURING COVID, LOCAL NEWS WAS A MAJOR RESOURCE FOR AMERICANS LOOKING FOR INFORMATION ABOUT THEIR COMMUNITIES

Pew Research HEADLINE: “Local News Is Playing An Important Role For Americans During COVID-19 Outbreak.” [Pew Research, [7/20/20](#)]

Pew Research: Americans Saw Local News Outlets “As More Credible Sources of COVID-19 Information Than The News Media In General.” “Americans also see local news outlets as more credible sources of COVID-19 information than the news media in general. In a survey conducted June 4-10, half of U.S. adults said their local news media get the facts right about the coronavirus outbreak almost all or most of the time, compared with 44% who said the same about the news media overall. Similarly, about half of Americans (53%) said their state and local governments get the facts right about COVID-19 all or most of the time.” [Pew Research, [7/20/20](#)]

During COVID, 58% Of Americans Reported Consuming More Local News Than Before The COVID Crisis. “COVID-19 Pandemic Response Highlights the Value of Local Journalism Americans are turning to local media at

unprecedented levels for information about local pandemic response and disease spread. In April, Horowitz Research found that 58 percent of Americans reported consuming more local news than before the COVID-19 crisis. This is true even of younger Americans aged 18 to 34, 53 percent of whom reported increasing their local news consumption since the crisis began.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

During COVID, Americans Increased Their Reliance On Local News For Information About Nearby Outbreaks, Medical Resources, And Household Support Programs. “As laid out early in this report, local journalism occupies a unique position of public trust and is crucial to making accurate and complete information available to the public. Reporting on the COVID-19 pandemic is a prime example of this phenomenon. Since the beginning of the health crisis, Americans have increased their reliance on local news for information about nearby outbreaks, medical resources, and household support programs. This local reporting on issues of high concern to the public, delivered by trusted messengers, is exactly the kind of credible context and engaged audience that advertisers value most.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

NORTHWESTERN FOUND THAT THE LOSS OF LOCAL NEWS MAY HAVE COST LIVES DURING COVID

A Northwestern Study Found That The Loss Of Local News May Have Cost Lives During The Pandemic Because It Paved The Way For Misinformation To Take Hold. “The project, “Local Journalism: Shrinking Resources, Growing Challenges,” was co-sponsored by Northwestern University’s Medill Local News Initiative and Konrad-Adenauer-Stiftung, a German foundation. Questioning was conducted by Tim Franklin, Medill Senior Associate Dean and John M. Mutz Chair in Local News; Penny Abernathy, an expert on “news deserts” who is a visiting professor at the Medill School of Journalism, Media, Integrated Marketing Communications; and Sabine Murphy, program manager for KAS USA. Among the key points raised by experts: The loss of local news may have cost lives during the pandemic because it paved the way for misinformation to take hold and hindered journalism on breakdowns in the official response.” [Northwestern.edu, [12/17/21](#)]

LOCAL NEWS KEPT ELECTED OFFICIALS ACCOUNTABLE

The ACCC Found That In Australia, Big Tech’s Impact On Local News Resulted In “A Significant Reduction” Of “Multiple Categories Of Reporting Related To Public Interest Journalism.” “The ACCC also carried out a quantitative assessment of print articles published in all metropolitan and national daily newspapers by the three largest Australian news publisher groups.⁸ This analysis indicates a significant reduction in provision of multiple categories of reporting related to public interest journalism; that is, journalism that performs a critical role in the effective functioning of democracy at all levels of government and society. In particular, the research indicates a significant fall in the number of articles published covering local government, local court, health and science issues during the past 15 years.”

WITHOUT LOCAL NEWSPAPERS, AMERICANS TENDED TO PAY LESS ATTENTION TO LOCAL POLITICS...

Yale University Insights HEADLINE: “Without A Local Newspaper, Americans Pay Less Attention To Local Politics.” [Yale.edu, [9/23/21](#)]

- **The ACCC Noted The Decline Had Lead To “A Significant Fall IN The Number Of Articles Published Covering Local Government, Local Court, Health And Science Issues During The Past 15 Years.”** “The ACCC also carried out a quantitative assessment of print articles published in all metropolitan and national daily newspapers by the three largest Australian news publisher groups.⁸ This analysis indicates a significant reduction in provision of multiple categories of reporting related to public interest journalism; that is, journalism that performs a critical role in the effective functioning of democracy at all levels of government and society. In particular, the research indicates a significant fall in the number of articles published covering local government, local court, health and science issues during the past 15 years.” [Australian Competition & Consumer Commission, Digital Platforms Inquiry Report - Executive Summary, [7/26/19](#)]

Local News Was Found To Have An Overall Positive And Encouraging Impact On Americans Participating In Their Community Or Local Politics While National News, The Internet And Social Media Had A Discouraging Effect. “Overall, about half of Americans (44% to 56%) say information from news and social media has neither an encouraging nor discouraging effect on their interest in participating in their community or local politics. However, the rest are more likely to report being encouraged to participate by local news than by national news or the internet and social media. Local news leans toward having an overall positive (encouraging) impact on Americans’ participation, while national news and the internet and social media lean toward having a discouraging impact. In fact, reading, watching or

listening to national news appears to make Americans feel more discouraged than encouraged about engaging in local politics by 19 percentage points.” [Knight Foundation, [5/19/22](#)]

Knight Foundation: Local News Had “An Overall Positive (Encouraging) Impact On Americans’ Participation” In Their Community And Local Politics. “Overall, about half of Americans (44% to 56%) say information from news and social media has neither an encouraging nor discouraging effect on their interest in participating in their community or local politics. However, the rest are more likely to report being encouraged to participate by local news than by national news or the internet and social media. Local news leans toward having an overall positive (encouraging) impact on Americans’ participation, while national news and the internet and social media lean toward having a discouraging impact. In fact, reading, watching or listening to national news appears to make Americans feel more discouraged than encouraged about engaging in local politics by 19 percentage points.” [Knight Foundation, [5/19/22](#)]

...LEADING TO INCREASED DEFICITS AND BORROWING COSTS AND PAY BUMPS FOR LOCAL OFFICIALS

Finance Professors At University Of Illinois And Notre Dame Found That With Fewer Local Journalists, Government Salaries Rose, Deficits Increased And Government Borrowing Costs Went Up By 5 To 11 Basis Points. “When newspapers close or reduce their news coverage, the loss of government oversight can substantially increase the cost of local government, increase taxes, and reduce government efficiency and civic engagement. Finance professors at the University of Illinois at Chicago and the University of Notre Dame found that with fewer news watchdogs, government salaries rise, deficits increase, and government borrowing costs go up by five to 11 basis points. The loss of a local newspaper is also associated with lower civic engagement, weaker community ties, and drops in voter turnout.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

Local Newspaper Closures Between 1996 And 2015 In The U.S. Led To Higher Borrowing Costs For Municipalities In The Long Run, Because Local Governments Were Held Less Accountable For Public Financing Decisions. “The loss of local newspapers and the emergence of “news deserts” has important consequences for local governance. For example, local newspaper closures between 1996 and 2015 in the US led to higher borrowing costs for municipalities in the long run, even in localities with high Internet usage, as local governments were held less accountable for their public financing decisions. Similarly, a study of newspapers in California found that when there are fewer reporters who cover an area, fewer people run for mayor, and fewer people vote.” [University Of Chicago Stigler Center, Stigler Committee On Digital Platforms Final Report, [2019](#)]

...BECAUSE LOCAL JOURNALISTS KEPT THE PUBLIC ENGAGED IN THEIR COMMUNITIES

Members Of Congress Who Were Less Covered By Their Local Press Were Found To Work Less For Their Constituencies. “We estimate the impact of press coverage on citizen knowledge, politicians’ actions, and policy. We find that voters living in areas where, for exogenous reasons, the press covers their U.S. House representative less are less likely to recall their representative’s name and less able to describe and rate him or her. Congressmen who are less covered by the local press work less for their constituencies: they are less likely to stand witness before congressional hearings, to serve on constituency-oriented committees (perhaps), and to vote against the party line. Finally, federal spending is lower in areas with exogenously lower press coverage of congressmen.” [University Of Chicago, Snyder & Stromberg - Press Coverage And Political Accountability, [April 2010](#)]

Investigative Journalism By Pat Stith A Reporter In North Carolina, Led To 31 New State Laws Over The Course Of His 36-Year Career. “Local news reporters can be found attending town halls and school and zoning board meetings, following activities at the courthouse, and holding local officials accountable at municipal press conferences. They conduct oversight on issues that have a direct impact on their readers’ everyday lives. One investigative journalist in North Carolina, Pat Stith, drove investigations over the course of his 36-year career that reportedly led to 31 new state laws and immeasurable statewide impact. Local journalists are frequent users of the Freedom of Information Act (“FOIA”) to monitor federal agency records, uncover wrongdoing, and shed light on misuses of funding and power.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]

A Study Of Newspapers In California Found That When There Were Fewer Reporters Who Covered An Area, Fewer People Ran For Mayor, And Fewer People Voted. “The loss of local newspapers and the emergence of “news deserts” has important consequences for local governance. For example, local newspaper closures between 1996 and 2015 in the US led to higher borrowing costs for municipalities in the long run, even in localities with high Internet usage, as local governments were held less accountable for their public financing decisions. Similarly, a study of newspapers in California found that when there are fewer reporters who cover an area, fewer people run for mayor, and fewer people vote.” [University Of Chicago Stigler Center, Stigler Committee On Digital Platforms Final Report, [2019](#)]

WITHOUT LOCAL NEWS, THE COUNTRY WAS ON A PRECIPITOUS PATH TOWARDS TOTAL POLARIZATION

The Disappearance Of Credible Local News And Information Contributed To Widening Political Polarization.

“Across America, the shuttering of local newspapers is contributing to a growing crisis in trusted local news and information, and an emerging challenge for America’s democracy. Research shows that the disappearance of credible local news and information contributes to widening political polarization, increasing costs for local government and meaningfully suboptimal community outcomes as independent oversight decreases or, in the worst case, evaporates entirely.” [Harvard, Shorenstein Center, [10/12/21](#)]

Voters In Communities That Had Experienced A Newspaper Closure Were Less Likely To Split Their Vote. “But the decline in local journalism is not just a local concern, it is a national one, too. Voters in communities that have experienced a newspaper closure are less likely to split their vote between the two major political parties, contributing to national political polarization.[6] And, with local news struggling to survive and compete with national news outlets for consumers’ attention, partisan reporting and coverage of national partisan conflict has come to dominate news consumers’ diets.” [Brookings, [11/12/19](#)]

Yale: As Local News Decline “Local Politics Becomes Increasingly Nationalized” Which Contributed “To Political Polarization.” “The loss of local papers troubles Sinkinson—among other things, they serve to keep people informed about corruption and misdeeds among their elected officials, and often break stories with wider reverberations; a small paper in Harrisburg, Pennsylvania, revealed the Penn State sexual abuse scandal, for instance. And as local news fades, local politics becomes increasingly nationalized—which, other researchers have found, contributes to political polarization. “High-quality journalism is very expensive, and newspapers are competing with other forms of media that are low cost to operate and free to distribute,” he says.” [Yale.edu, [9/23/21](#)]

When People Read News About Their Neighborhoods, Schools And Municipal Services, They Thought Like Locals, But When They Read About National Political Conflict, They Thought Like Partisans. “What explains this change? Local political news offers Americans what political scientist Lilliana Mason calls a “cross-cutting identity” — or something that connects partisans on a different dimension instead of further dividing them along party lines. Put another way, when people read news about their neighborhoods, schools and municipal services, they think like locals. When they read about national political conflict, they think like partisans. In our research we found that less local news meant more polarization. Then, with a little luck, we were also able to study the other side of the coin — whether more local news could actually bring people together.” [FiveThirtyEight, [6/2/21](#)]

Economists Across The Political Spectrum Agreed That Increased Reporting On Local Conditions Led To Fairer Prices For Goods. “In 2001, the Nobel Prize in Economics was given for breakthroughs in understanding markets with imperfect information. Joseph Stiglitz, one of the economists who shared the Nobel Prize for this work, said, ‘It is now recognized that information is imperfect, obtaining information can be costly, and the extent of information asymmetries is affected by actions of firms and individuals.’ In lay terms, economists across the political spectrum agree that increased reporting on local conditions leads to fairer prices for goods. A decline in local journalism and the ensuing decrease in available information results in market inefficiencies.” [News Media Alliance, Local Journalism: America’s Most Trusted News Sources Threatened, [10/27/20](#)]