

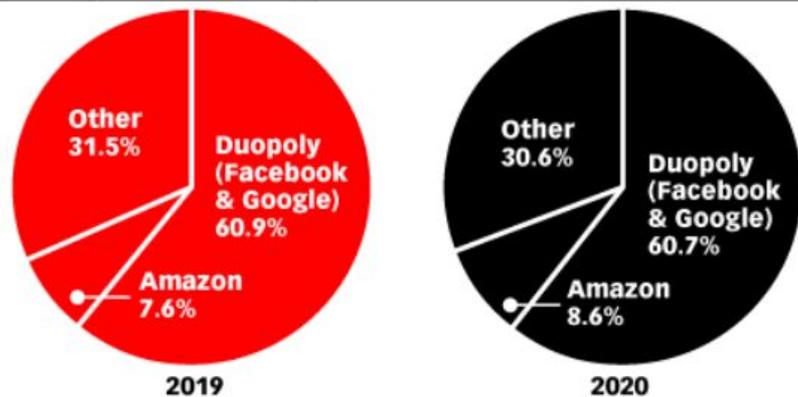


The Media Bargaining Code

The Google-Facebook Duopoly

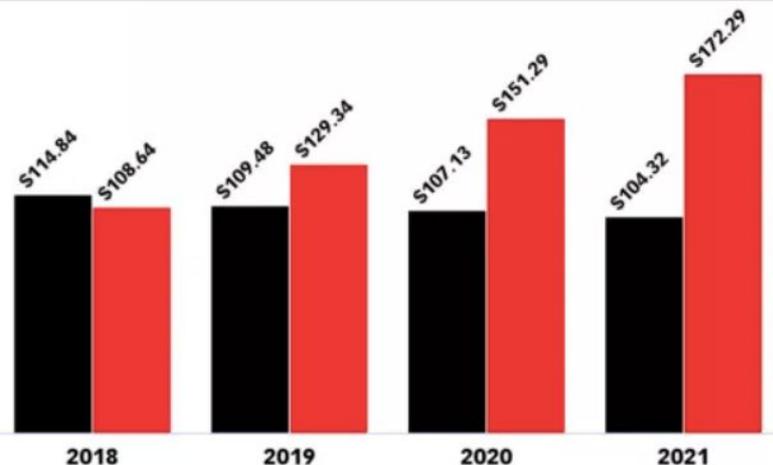
Duopoly vs. Amazon Share of US Digital Ad Spending, 2019 & 2020

% of digital ad spending



Digital vs. Traditional Ad Spending

United States, 2018-2021

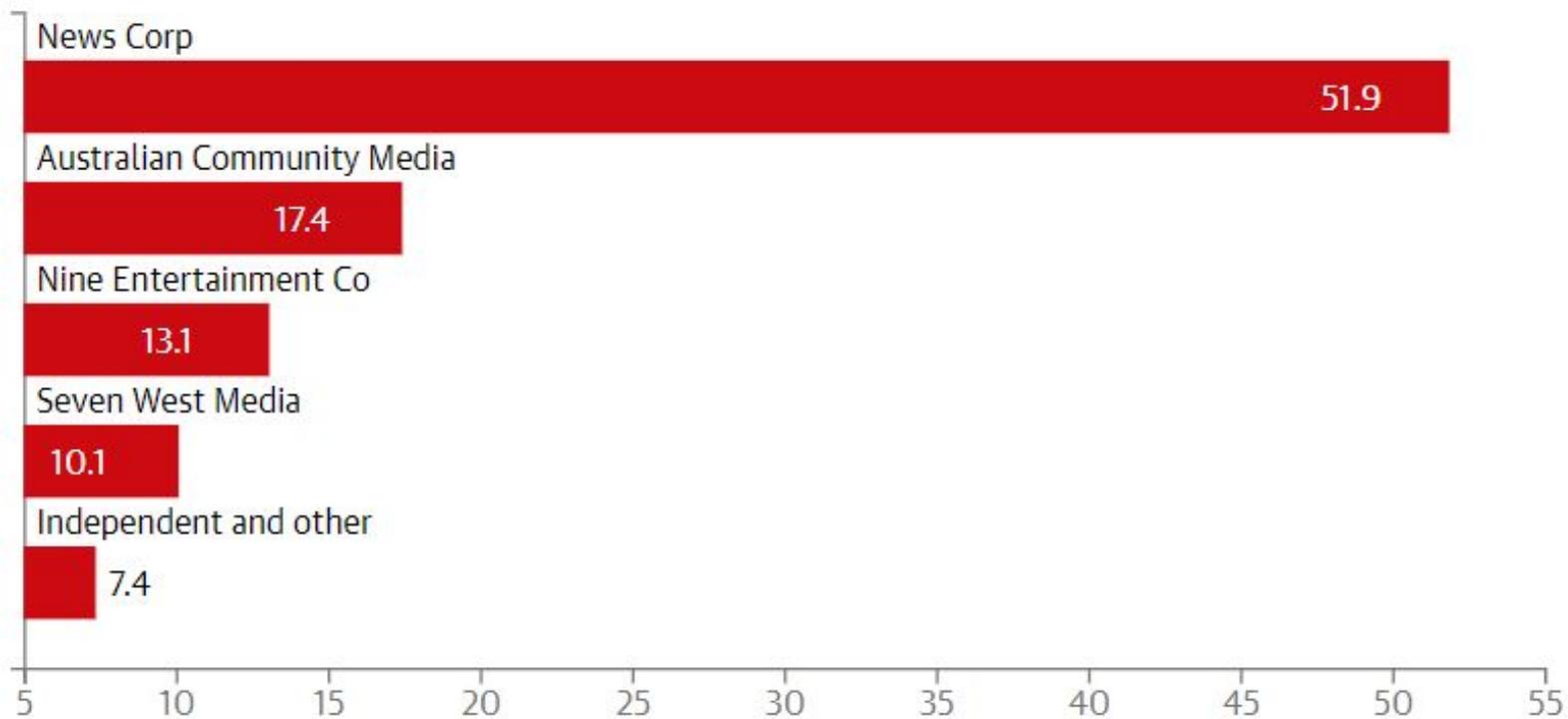


● Traditional media ad spending (billions)

● Digital ad spending (billions)

Source: eMarketer, Feb 2019

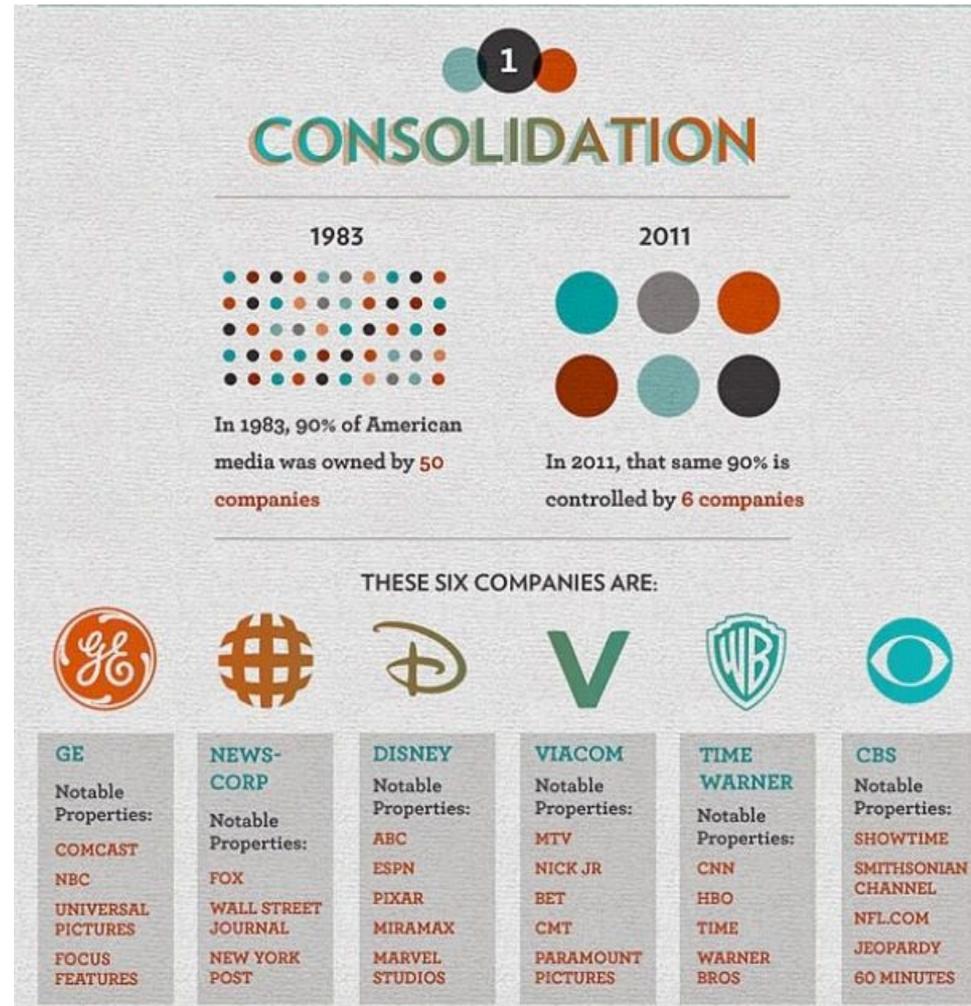
Australian Media Concentration



Guardian graphic | Source: Guardian analysis of emma data

The US isn't much better

- 90s and 2000s saw a massive spate of mergers
- 2019/20 20 saw the re-merger of Viacom and CBS bringing the number down to 5
- Many small niches are also dominated by single businesses (e.g. in local news Sinclair leads in 70% of markets and iHeartRadio leads in 93% of music markets)
- GE Spun out Comcast, NBC, etc. into a new Comcast, TimeWarner did weird reverse merger stuff and is now AT&T technically



Key Changes of the Code

- Digital Platforms (Google and FB) must pay lump sums to News Businesses that are negotiated on intervals of a few years
- If they cannot come to an agreement the government will act as final arbiter, they will always choose one of the two bids (the tech giants or the news org) never in the middle
- News Businesses are defined to be organizations with over 150K in revenue that meet “standards for professional news” that primarily target the Australian market

Points of Contention from the Tech Giant side

- Charging for linking website breaks one of the fundamental norms of the internet
 - Google/FB already pay for News Showcase and parts of the News Feed
- Governmental arbiter is likely to prefer local media
- FB/Google are allowed to stop paying if they shutoff news completely (but cannot choose to not negotiate with Company X by just shutting off X)
 - Note this was not originally the case but was a concession made after FB stopped all news for a week
 - Google threatened to shutdown search indefinitely, but Microsoft called their bluff
- FB/Google need to notify media companies in advance of algorithm changes (this has also been softened somewhat)

Points of Contention from Media (non-giants)

- The way negotiation is set up massively favor the big 4 (especially News Corp)
- There is no requirement for the extra money to be spent on journalism (the big 4 are actually quite profitable right now - News Corp especially)
- This favors news orgs which cover some amounts of politics (also gives the government huge amounts of leeway in terms of who gets access to this lucrative revenue stream)

Other Countries

- France has already implemented directives from the EU which are currently much weaker than the Australian law - but is threatening to strengthen them
- Canada is also in talks to pass such legislation
- If successful in more countries, this will likely spread to most regions

