

The Economic Impact of Online News Intermediaries¹

(For internal discussion among Commission services only)

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1. Introduction

Some EU MS have taken action on news aggregators. Germany introduced a law² in 2013 that allowed publisher to charge news aggregators for using their text, unless it is reduced to very small snippets. The law creates an opt-in situation where original news content publishers need to explicitly agree that an aggregator can put snippets of news items on the aggregator website. Despite expressing concern about news aggregator sites and lobbying for the law, most German news publishers opted in³. A similar dispute between Google News and the Francophone Belgian newspapers was settled in 2012 with an agreement⁴ for enhanced collaboration between Google and the newspapers to attract more traffic to newspaper sites and to increase advertising revenue, without copyright license payments. A settlement was also reached in France between Google News and newspaper publishers⁵. In Spain, the government introduced legislation in 2014 that goes a step further and provides for mandatory payment of license fees through a collection society by online news aggregators. Publishers are no longer free to opt-in to aggregation of their content. As a result, Google withdrew its News service from Spain. The law was opposed by another group of newspaper publishers who commissioned a report that shows that this new law damages the newspaper industry⁶. The experience in these countries provides a first indication that, rather than damaging the publishers, news aggregators are beneficial because they drive additional web traffic to the publishers' sites that otherwise would not have reached them.

This note aims to shed some economic light on the question of news aggregators. It is based on existing economic evidence and research; it does not offer new evidence. A narrow economics of copyright approach would focus on the impact of news aggregators on the revenue of publishers only and thus on the incentive to invest in news production. The key empirical question is whether the original content providers get more or less traffic as a result of news aggregation sites? Beyond this narrow approach, a wider economics of copyright approach would go beyond the question of publishers' revenue and examine the impact on consumer welfare and on the actual production of

¹ Written by [REDACTED], DG JRC [REDACTED]. The author is a researcher at the Joint Research Centre of the European Commission [REDACTED]. The views and opinions expressed in this note are the author's and do not necessarily reflect those of the JRC or the European Commission.

² See http://www.nytimes.com/2013/03/02/technology/german-copyright-law-targets-google-links.html?_r=0

³ See <http://techcrunch.com/2013/08/01/google-publishers-love-hate/>

⁴ See <http://www.googlepolicyeuropa.blogspot.jp/2012/12/partnering-with-belgian-news-publishers.html>

⁵ See <https://googleblog.blogspot.co.uk/2013/02/google-creates-60m-digital-publishing.html>

⁶ See <http://www.aepp.com/noticia/2272/actividades/informe-economico-del-impacto-del-nuevo-articulo-32.2-de-la-lpi-nera-para-la-aepp.html>

news content⁷. From a public policy perspective, copyright protection should strike a balance between the interests of the content producers and users and maximize overall social welfare in society, not only the welfare of a single interest group.

2. The narrow economic approach to aggregator websites

The impact of aggregators on the revenue of rights holders is the result of two opposing forces: a positive quantity and a negative substitution effect. The substitution effect measures to what extent unlicensed distribution displaces and reduces (the revenue derived from) licensed distribution. The quantity effect measures to what extent unlicensed distribution increases revenue by re-directing traffic or sales to licensed channels. If the unlicensed product is a close substitute of the licensed version, the substitution effect will be strong. The degree of substitution depends on the quality and the quantity of news available on the aggregator's site.

Most news aggregators offer snippets or small extracts of the original news article only. This may stimulate the interest of at least some readers to read more and click through to the original website. That increases traffic again to the original newspaper website (the quantity effect). Because all this content is already freely available on the newspaper site the impact translates into ad revenue on the newspaper publisher's site. Aggregators may also provide a re-worked and edited version of one or several original articles, for instance in user-aggregated and blog aggregator sites (Isbell, 2010). That shifts more consumer value to the aggregator site and affect users' interest to look for the original article (Delarocas et al, 2015). A key factor in the substitution effect is the difference in quality between the aggregator service and the original service offered by the publisher or rights holder. If the aggregator offers a lower quality service than interested users may be inclined to go for the full quality service. The wider the quality gap between the two services the more likely that the quantity effect prevails. Unlicensed intermediaries often deliberately provide lower quality or incomplete services because they cater to the needs of the long tail of news readers with a low willingness to pay for content. Stopping that unlicensed distribution channel will not bring these customers back to fully licensed distribution websites. A similar mechanism is at work in YouTube music and audio-visual media: YouTube music and video quality is usually lower than the original version and therefore constitutes an imperfect substitute for the original in the eyes of many consumers. If it would be a perfect substitute there would be no incentive to go to the original content producer site. Consumers who consider it to be a sufficiently high quality substitute will not be attracted to the original. They would often not be willing to pay the full price for the original. Differences in willingness to pay among consumers drives market differentiation. In that sense, aggregators and original content producers play on price and/or quality discrimination between users. This may be welfare optimising for all parties concerned. The net effect is an empirical question that cannot be settled by economic theory or legal reasoning; only data can answer that question. We turn to this in the next section.

⁷ The distinction between the narrow and wider economic approach can be linked to the Continental European "authors rights" ("droit d'auteur") approach to copyright that emphasizes the interests of the original author and the Anglo-Saxon approach to copyright that seeks a balance between the interests of the authors and society at large. The economic tradition on copyright is situated in the latter approach.

Besides the economics of copyright, the role of news aggregators can also be seen in the context of the emergence and rapid growth in online platforms or multi-sided markets on the internet (Caillaud & Julien, 2003; Rochet & Tirole, 2006; Parker & Van Alstyne, 2005). Platforms bring new and innovative business models to the internet, enabled by the dramatic decline in information costs that digital technology offers. They bring together different types of users in a single online place. For instance a news aggregator platform brings together news content publishers looking for clients for their content, news consumers looking for interesting articles and advertisers looking for consumers who may be interested in buying their products. Bringing all these groups together in a single site facilitates matching between different users and their interests. Traditional newspaper websites only contain the content from one publisher; aggregators offer content from many publishers. They lower search and information costs for news consumers. They provide more efficient matching opportunities to all types of users, compared to scattered presence of users on the internet. Aggregators curate all that content and classify it in ways that reduces search time. This enables users to consume more content in a given time period, spending less time on search and switching. This attracts more consumers to the aggregator site. At first sight, this may be interpreted as a loss for traditional newspaper sites because it shifts traffic away from these sites and towards the aggregator (the substitution effect). In the US for example⁸ Yahoo and Google News feature prominently at the top of the online news sites ranking. However, news aggregators do not offer exactly the same content as the original newspaper publisher website.

Moreover, contrary to single newspaper websites, news aggregator platforms generate beneficial network effects across user groups. The more newspapers are covered by an aggregator, the more consumers will be attracted to it. Conversely, the more consumers use an aggregator, the more publishers will be interested in having their material covered by the aggregator platform. For the platform operator, the more users are operational on his platform the more data he can harvest to improve the efficiency of his matching algorithms and the curation of media products on his site.

On the other hand, aggregator platforms may also induce welfare re-distribution effects between users, both within and across different user groups. They may have a stronger beneficial effect for some type of content providers, for instance local newspapers and high-quality newspapers than for middle-of-the-road publishers of mass content (Chiou & Tucker, 2015; Jeon & Nasr, 2015). They may increase the audience of less popular news outlets that otherwise would not have received attention. They may also depress revenue for middle-of-the road news publications. That re-distribution may lead to perceptions of inequalities in the distribution of welfare effects. It may trigger socio-economic disruption and calls for action by policy makers – for instance calls by artists for "fair remuneration" and by newspapers publishers for re-distribution of the benefits reaped by new aggregation platforms. Public policy interventions in the market-based distribution of income should be justified in principle by market failures or social concerns.

3. The available empirical evidence

The available empirical evidence suggests that the quantity effect dominates the substitution effect and thereby confirms the rationale behind the response of the German, French and Belgian publishers – as well as the opposition of some Spanish newspapers to the Spanish law. Aggregators are complementary rather than competing services to newspapers' original websites and convey

⁸ See the Top-15 US news sites <http://www.ebizmba.com/articles/news-websites>

more benefit to publishers than harm. In the following paragraphs we briefly present the most relevant empirical economic studies available to date.

Chiou & Tucker (2011/2015) start from the observation that the digitization of content has led to the emergence of platforms that draw information from multiple sources and the possible policy consequences of this change in media dynamics. Policymakers are concerned that these new platforms threaten incentives for the production of original content. As a result, policymakers are contemplating regulations that would force aggregation platforms to pay or require an explicit "opt-in" for content providers. To understand the possible consequences and underlying rationale of such laws, the authors explore whether aggregation of content by a single platform encourages users to "skim" content or to investigate in depth. The study uses data related to a contract dispute in 2010 that led a major aggregator (Google News) to remove news articles from a major content provider (Associated Press). These articles were typically shortened versions of stories that appeared in a select number of AP-associated newspapers. They compare users' website visits before and after this contract dispute relative to traffic from Yahoo! News, which continued to provide Associated Press content during this period. In theory, on one hand, consumers may use platforms to scan the extracts of content without clicking through to pursue more in-depth material ("scanning effect"). On the other hand, consumers may use platforms to explore new material more deeply ("traffic effect.") The data allows measuring both of these effects. The authors find that after Associated Press content was removed from Google News, fewer users subsequently visited news sites after navigating to Google News relative to users who had used Yahoo! News. Over a seven-week period 80 million monthly visits were lost to newspaper websites that carried AP content. They find evidence that the traffic effect is large, as aggregators may guide users to new content. There is no evidence of a scanning effect, as overall traffic to Google News and Yahoo! News remained relatively comparable during that time period. Websites with stronger ties to AP suffered a drop in traffic after the dispute.

Chiou & Tucker (2015) conclude that the "fair use" exemptions relied on by aggregator sites in the US are potentially less damaging to the original copyright holder than often thought. Moreover, the decision to opt-into (or out of) an aggregation platform should depend on whether the content provider is considered high-quality or highly unusual. Both these characteristics appear to encourage users to use the aggregator to explore content more deeply instead of scanning content. Horizontally or vertically differentiated content from high-quality newspapers or from very local or specialized themes newspapers are likely to benefit from news aggregator sites while more bland middle-ground news producers may stand to lose. These findings are in line with earlier research by Bar-Isac et al (2012) on the impact of reductions in search costs on the distribution of online consumption. Top performing products as well as long-tail rare products are likely to gain when search costs diminish while the middle ground may lose out. New aggregators reduce search costs for consumers and seem to have a similar impact of the distribution of news consumption.

Athey & Mobius (2012) study the introduction of a "local news" feature in Google News France in late 2009. Users could enter their zip code and on all subsequent visits they see news from local outlets prominently featured. The authors compare the news consumption of users who enable this feature to the usage of a set of "control" users, over a 2-week and an 8-week period. Adoption of this Google news feature leads to greater consumption of local news by more than 26% though Google news explains a substantial portion of the increased traffic to local sites. We see a 5%

increase in direct navigation to local outlets (bypassing Google news altogether) and a 13% increase in clicks on local outlets from the Google news home page. Over an 8 week period the local news treatment effect is attenuated somewhat but remains high (over 14%). Over time the incremental local news consumption derives primarily from increased utilization of Google News. There is a 12% increase in the number of local outlets used. The Google local news feature cuts into the “curation” role of newspapers; users are sent to the article directly, bypassing the profitable home page of the news outlet. They may subsequently read other articles in the outlet through following links they see on the same page as the original article, and thus their browsing may never take them to the outlet’s home page. Even though our results broadly support the hypothesis that news aggregators are complements for local news outlets, it is important to emphasize that the impact on local news outlets is mixed overall. Some outlets gain more than others, users spread their consumption over a larger number of outlets, and the curation role of news outlets is diminished.

Delarocas et al (2015) conduct a series of field experiments about readers' allocation of attention between news aggregator and the original articles they links to. They examine how the length of the text snippet, the presence of images and the number of related articles on the same story, affect a reader’s propensity to visit the content producer’s site and read the full article. Their findings suggest that longer aggregator snippets reduce the probability that readers will read the full articles. However when several related snippets compete for user attention, a longer snippet and the inclusion of an image increase the probability that an article will be chosen over its competitors.

Huanga et al. (2013) in their assessment of the relationship between aggregators and news websites in Taiwan find that aggregators do not compete with news websites, with one exception. Newspapers worldwide often serve as content providers for news portals, but portals outperform most newspaper sites in audience share. Whether this is a zero sum game or a win-win scenario deserves scholarly attention, because the phenomenon constitutes a unique case of intra-media competition. Based on empirical data collected through a large-scale survey, this study systematically examines the delicate relationship among and between news portals and newspaper sites in Taiwan. The results document non-competitive relationships among most news sites, with the exception of Yahoo! News. Such counter-intuitive findings carry theoretical and strategic implications for the study and practice of online journalism.

Lee & Chyi (2015) use a national survey of 1,143 U.S. Internet users to study the demand for aggregators and other media outlets in the USA. They find a non-competitive complementary relationship between three major news aggregators and 13 major TV, print and social media news outlets. Google News, Yahoo! News, and Huffington Post do not compete with other media outlets. They recognize that this finding is at odds with industry sentiment.

The Spanish Association of Publishers of Periodical Publications asked NERA Economic Consulting (UK) to assess the impact of a new article in the Spanish Copyright Act (Art 32.2) that established a compulsory fee to be paid by online news aggregators to publishers for linking their content within their aggregation services. Publishers cannot opt out of receiving this fee and payments are to be made through a copyright collecting society. This fee was promoted by a small group of publishers affiliated with the Association of Publishers of Spanish Newspapers despite opposition from many industry players. The theoretical motivation for this new article was that aggregators benefit from the publishers’ efforts without remunerating them. The underlying assumption is that news

aggregators compete with newspaper publishers, reduce the number of visits to newspaper websites and consequently their advertising revenues. The publishers' inability to refuse payment was justified to prevent a repetition of what occurred in Germany where publishers finally decided to opt in for fear that news aggregators would exclude publishers from their services in order to avoid the fee. The Spanish law became effective on 15 December 2014. NERA (2015) examined newspaper website traffic during the first few months of 2015 using ComScore traffic data. They found a decrease in traffic of more than 6% on average, going up to 14% for small newspaper publications. The decrease in traffic was confirmed independently by web-analytics service Chartbeat within hours of their removal from the Google service⁹. Chartbeat tracks about 50 Spanish newspaper sites ranging from small media outlets to the largest newspaper publishers. These sites saw their external traffic fall by 10-15 percent. Overall traffic did not fall as the amount of internal traffic coming from other Spanish newspapers rose. This suggests that readers are moving between different Spanish news sites more than they did previously, rather than coming directly from links at Google News. This could be another indication that user search costs increased as the Google aggregator site stopped providing links. Users have to generate their own news aggregation instead of Google News doing it for them.

The studies cited above cover news aggregation sites only. However, copying news items is not limited to websites that claim to be news aggregators. It is widely practiced by all news media, including traditional newspapers publishers, radio and TV news channels. This is well-documented in a study of French news media by Cage et al (2015) who investigate the speed and modalities of online news dissemination. On average, it takes two hours for information published by an online media outlet to be published on another news site, but less than 45 minutes in half of the cases and less than 5 minutes in 25% of the cases. At least half of online dissemination is copy-and-paste and does not follow rules for citing and crediting. Information is costly to produce but cheap to reproduce. Copyright law does not protect facts, only the particular expression of facts by an author in a news article. Some re-writing, reduction to short excerpts or an appropriate reference to the original publisher might go a long way to satisfy the law.

4. Why are neighbouring rights not effective in Spain and Germany?

In this section we link that empirical evidence to the observed behaviour of newspaper publishers in their strategic interaction with the aggregators. We combine arguments from the well-known Coase Theorem in law & economics with the economics of platforms or multi-sided markets to explain why the news publishers could not make effective use of their newly acquired neighbouring rights and why it is in their interest to work around the legal solution. We focus in particular on the outcome of the real-life experiments with neighbouring rights in Spain and Germany. The section starts with a discussion of the opinions of the Spanish and German competition authorities on the neighbouring rights. Both use economic arguments and come to similar conclusions.

The Spanish competition authority (CNMC, 2014) issued an opinion that questions the economic foundations for the introduction of a neighbouring right for news publishers vis à vis news

⁹ See <https://gigaom.com/2014/12/16/traffic-to-spanish-news-publishers-plummets-after-google-move/>

aggregators in the Spanish intellectual property law. First, the CNMC observes that there are technical solutions (the introduction of a robot.txt file in a web page) that newspapers can apply to avoid that their articles are aggregated by online news platforms, or to select specific aggregators that are included or excluded (as German newspapers do). The fact that newspapers do not use this means could be considered as an indication that they perceive this aggregation as beneficial and not a competitor but rather a complement to their own news distribution efforts. The introduction of other and "irrevocable" legal means to achieve the same purpose would then be not only superfluous but could be harmful. Second, the CNMC notes that it is inefficient to fix an a-priori price for the remuneration of newspapers and not let the market work out a price. News aggregators generate traffic and revenue for news publishers' websites; that is part of the remuneration. It is difficult to determine the revenue that news aggregators gain from specific news articles. Hence it would be difficult to work out the basis for the calculation of compensation. The CNMC concludes that there is no indication of a market failure in news aggregation because news publishers do not seem to actively oppose news aggregators. Consequently, there is no reason for regulatory intervention in that market. Moreover, the intervention through the modification of the Spanish intellectual property law creates new market access barriers, both for existing news aggregators and for new service providers. The CNMC recommend carrying out a more profound economic analysis and to drop at least the irrevocable character of the provisions and the intermediation of copyright management societies.

The CNMC report explains why the Spanish neighbouring right fails to generate any additional revenue for Spanish newspaper. The newspapers' behaviour shows that they are interested in maintaining their presence in news aggregators, even without remuneration, by not blocking the aggregators' access their websites and articles. The law introduces a right to remuneration - on top of the additional traffic that newspapers get through the news aggregation websites – but the aggregators have no incentive to pay more for something that they can get for less. However, by making the remuneration irrevocable, the law disrupts the status-quo that emerged in the market and declares it illegal.

A similar situation occurred in Germany when a revocable neighbouring right was introduced. The German case is more complex than the Spanish case because it involves the Google Search engine too. Part of the debate is about the length of the news snippets that Google can extract from the article and put in Search. After the law came into force, VG Media, the collecting society for the German news publishers, introduced a tariff of 11% on all (ad) revenue derived from news search and news aggregation activities in June 2014. The tariff was subsequently reduced to around 6% in October 2014. There was also a debate about the legality of the robot.txt protocol and what to do about the newspapers that do not include such a protocol in their webpages. Google eventually asked all publishers to sign a written contract with a zero price license under the "opt-in" clause, and all of them did in order to allow Google News and Google Search to continue linking to their news articles.

The news publishers then filed a complaint at the German competition authority about the alleged abuse by Google of its dominant position in the German market. The competition authority (Bundeskartellamt, 2015) ruled that there was no need to take action in this case. Because the complaint went beyond Google News that is not ad-driven and also covered news articles snippets ranked in

Google Search the BKarA examined the question from a multi-sided online platforms perspective. The different sides or user types in the market (newspaper publishers as suppliers, consumers, advertisers) cannot be considered as separate markets; they are linked by indirect network effects. One side (advertisers) may subsidize the other side (consumers), thereby increasing the welfare of all sides. Although the news publishers are not remunerated for their contribution to the platform, the BKarA still considers this to be a market, though with a zero price. It also considered that the "opt-in" procedure as a proportional measure that leaves newspapers free to decide whether they want to participate in the market or not. It concluded that Google does not abuse its market position and that there is no reason for intervention in this market. After the competition authority rejected their claim, the publishers around VG Media filed a new complaint against Google in a civil court in January 2016, claiming that Google owes them remuneration. This case is still pending.

Even if the German civil court would rule that Google owes the publishers remuneration, a first economic question is whether zero is an acceptable market price? The BKarA reached the conclusion that zero can still be a market price because there are on-going transactions at that price. By bringing the collecting societies as intermediaries into the market process, the legislators in Spain and Germany have tried to increase this price to a positive non-zero figure. Collecting societies will obviously not work for zero remuneration, partly because they are private companies that have to cover their own operational costs and would like to earn a profit margin too. As the Spanish competition authority pointed out, the collecting societies create additional costs in the functioning of the market. That in itself is an inefficient solution because the market can clear at a lower cost, as it currently does with the robot.txt protocols. More importantly, the question is whether a legal or regulatory intervention in the market, implemented via a collecting society, makes the market more efficient or helps to overcome an externality that distorts the market. Clearly, both the Spanish and German competition authorities did not think this was the case.

The wider public economic policy question is how all this affects social welfare. The price dispute between the news publishers and the aggregators is after all only a welfare transfer question: who gets which part of the cake? It does not increase the size of the cake or the total amount of economic welfare to be distributed in society. As the German authority noted however, these transactions take place in multi-sided online platforms with several types of users: news publishers, advertisers, consumers, and the platform operator. Consumers and advertisers may be negatively affected by the dispute between the platform and the publishers, and by a price increase on that side of the platform. If newspapers withdraw their consent, consumers and advertisers will suffer. So far newspapers still consent and there is no loss of social welfare in Germany. In the Spanish case however, newspapers are legally not allowed to consent at a zero price and the entire market disappeared as a result. Consumers, advertisers and news publishers suffer a reduction in welfare as a consequence of the law.

The consumer welfare dimension got a bit lost in the debate on neighbouring rights. News aggregators are rapidly becoming the preferred entry gate for consumers into news media, especially mobile phone users. What attracts consumers to news aggregators? First, news aggregators give an overview of news across different sources while consumers who go to a newspaper website get only one source. In this way, they may get different perspective on a single news event. To get different perspectives in ordinary news sites consumers would have to incur

more transactions costs and hop to several websites. Second, news aggregation snippets are more appropriate for mobile phone users with small screens. Users who want to read the full article can still click through. However, loading full articles from newspaper websites onto mobile phones takes time. Some providers have started to improve the experience with fast-loading technologies (see below).

Ultimately, this is a question of market power. As Parker & Van Alstyne (2005) demonstrated in their seminal paper on network effects in multi-sided platforms, the pricing structure in platforms depends on the price elasticities of the different sides and user groups in the market. The side with the lowest price elasticity – i.e. their participation is less sensitive to entry pricing - will usually end up paying the highest price for market access. In Google Search, advertisers pay a price for the ads they place, information suppliers and consumers pay no price – though they both pay a relatively low price by contributing their private information. In Google News there are no ads and only publishers and consumers. Neither of them pays a monetary contribution¹⁰. However, publishers pay an opportunity cost in the sense that they are not remunerated. That shows that they are price inelastic too: a lower price, even a zero price, does not affect their participation. That lowers their market power and reduces their remuneration, in this case to zero. Market participants with high price elasticities – i.e. their participation will be very sensitive to price increases – end up paying the lowest price. Consumers pay nothing. If aggregators would charge them they would probably unsubscribe in large numbers from the service. The zero price for news publishers could thus be considered as an economically efficient market outcome from the perspective of the Parker & Van Alstyne (2005) model.

Whether it is a "fair" outcome is something that economic theory cannot answer. Policy makers can try to intervene in a market, even at the cost of economic inefficiency, to change the outcome because they consider the open market outcome unfair. The question then is whether such intervention can be made effective. In Spain and Germany the legal interventions by means of neighbouring rights for news publisher were so far not effective and did not change the market outcome because market forces were stronger than the law. Merges (2008) would label this as cases of "legal centrism": the idea that laws determine market outcomes rather than market forces.

Economists have another label for this. They attribute this outcome to the Coase Theorem. The theorem states that if trade in an externality is possible and transaction costs are sufficiently low, bargaining will lead to an efficient outcome regardless of the initial allocation of property rights¹¹. The news aggregation case fits very well into this theorem. Transaction costs between Google and the publishers are relatively low, especially when a simple device like robot.txt is used. The publisher perceive an externality – the unremunerated use of the news content that they produced – and want to internalize that externality, at least partly. The law accords them a property right to this externality in the form of a neighbouring right. Bargaining starts but unfortunately their property rights are valued at a zero market price. The benefits of the property right have ended up in the hands of another party, the news aggregators, irrespective of the initial allocation of rights that was in favour of the publishers. Nevertheless, this is an efficient market outcome. It is hard to

¹⁰ In other news aggregation platforms, for instance in Yahoo News, publishers receive a remuneration because Yahoo News can afford to pay from its advertising revenue.

¹¹ See https://en.wikipedia.org/wiki/Coase_theorem

see how this can be changed through regulation, unless at great costs to societal welfare and economic efficiency.

Technological evolution may however be about to change this situation. The Google, Apple and Yahoo news aggregation models are gradually replaced by new business models such as Facebook's Instant Articles. In some countries, social media account for 75% of all news distribution activities, especially among the younger generations. Facebook is the clear market leader for social media news consumption. About 40-50% of users consume news through their mobile phone (Reuters, 2016). Instant Articles gives mobile phone users fast access to complete newspaper articles, not just titles and snippets. More importantly from a news publishers' perspective, Instant Articles allows news publishers to retain 100% of the ad revenue on their own ads and 70% of the revenue on Facebook-produced ads. Facebook claims that users read more Instant Articles than ordinary articles and are less likely to abandon the article¹². That explains why hundreds of newspapers have already signed up for this distribution channel since Facebook opened it up to all newspapers in May 2016. This is a business proposition that Google News cannot beat. Google is trying to compete with its own mobile news version through Accelerated Mobile Pages, a technology that enables fast-loading of entire news articles onto mobile phones. However, Google's YouTube media platform has only half the market share for news consumption of Facebook (Reuters, 2016, p 11). Google might soon have to offer better terms to news publishers in order to remain competitive in the market.

It may well be that the battle over neighbouring rights for newspaper publishers will soon become a side show as better distribution technologies and channels become available for consumers, with a more interesting business proposition for news publishers too. However, there is no guarantee that Facebook will continue to offer such generous financial terms to news publishers in the future. A typical strategy of multi-sided platforms is to start with low prices in order to boost the network effects and conquer the market. Once they are in a dominant position the terms and conditions may change again and online news markets will be back to business as usual.

¹² See <https://instantarticles.fb.com/>

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