

## **Digital platforms are undermining the ability of news publishers to invest in quality journalism – we need to address the imbalance**

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High-quality, accurate news is the cornerstone of a working democracy. A vibrant democratic society also requires a plurality of voices in its news media, with a balance of state-funded and independent actors. Whatever the method of funding, the production of first-rate news requires a significant investment by publishers. Unfortunately, today, the business model of news organizations has been undermined by the dominance of digital platforms through which consumers access the internet. This impairs the necessary investment in news production to preserve this vital pillar of our democratic society. As a result, regulators worldwide are grappling with how to preserve high quality news organizations threatened by hugely powerful global digital platforms that have acquired significant market power.<sup>1</sup> The major digital platforms – like Google, Apple, Microsoft and Facebook –offer services that aggregate large numbers of consumers seeking content, including news. They have thus captured the gatekeeper role, which is then leveraged against the content producers.

Publisher income now depends in large part on the bargaining outcomes between news producers and tech giants. These negotiations determine how the “joint value” from online news production and delivery, i.e., the value created by news publishers’ for platforms and the value created by platforms for news publishers, is split between the two parties. Very little news content is licensed; when this occurs, it is for products that cover only a small proportion of the news content displayed by platforms such as Google and Facebook. Most news is simply appropriated without remuneration.<sup>2</sup> When licences are offered, the platforms are selective and dictate the terms. Smaller publishers are rarely offered such arrangements, and all publishers struggle to exercise any bargaining power.

Bargaining power in these negotiations is distorted in favour of the platforms for several reasons. The platforms have achieved enormous critical mass – through hundreds of mergers and acquisitions and the network effects of the internet – and now play a dominant role as gatekeepers to businesses or content producers that do business through them.<sup>3</sup> In contrast, news organizations

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<sup>1</sup> See P. 22 in Competition and Markets Authority and Ofcom, “Platforms and content providers, including news publishers Advice to DCMS on the application of a code of conduct,” November 2021 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1073411/Platform\\_s\\_publishers\\_advice.\\_A.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1073411/Platform_s_publishers_advice._A.pdf)

<sup>2</sup> Ofcom 2021, P. 21.

<sup>3</sup> For a discussion of the ways in which news publishers and other content providers are affected by the market power of the big platforms, see P.13 in Competition and Markets Authority and Ofcom, “Platforms and content providers, including news publishers Advice to DCMS on the application of a code of conduct,” November 2021

are, for good democratic reasons, pluralistic and competitive organizations that cannot work collectively in the bargaining process. This considerably strengthens the platforms' negotiating positions. In addition, the platforms have superior information. They have greater capabilities to monitor, collect and monetize user data by accessing data from multiple publishers at any given moment. Online platforms do not share significant access to consumer data with news publishers, even if it is generated through traffic to that same news publisher's website. This contributes to the reliance of news publishers on the platforms for advertising intermediation services.

Given the imbalance in bargaining power, bilateral negotiations between individual publishers (especially smaller publishers) and the platforms predictably result in outcomes that do not reflect the true value of the parties' respective contributions. Recognition of this problem has led to regulatory changes. For example, Australia has recently introduced the ACCC News Media Mandatory Bargaining Code,<sup>4</sup> which involves an obligation for the two sides to reach a bargained solution for payment in favour of publishers, specifying also a particular type of 'backstop' ('final offer arbitration') should negotiations fail.

In the UK, the Government is about to introduce legislation which will include similar measures to address the imbalance of bargaining power between publishers and platforms.<sup>5</sup> A vital issue in this process concerns how much of the joint value created by news is contributed by news organizations and how much by platforms. On the one hand, it is difficult to dispute that news organizations play an indispensable role in developed democracies and produce content that is valuable for attracting and engaging users on digital platforms. News content attracts visitors to search engines and social media platforms such as Google and Facebook. The content provided by the news is continuously updated, and this results in repeated visits to these platforms' websites.<sup>6</sup>

Moreover, the platforms benefit from the public recognition that has accumulated over decades through the investment and labour of professional journalists. Platforms that display the work product of trusted journalists benefit from a halo effect that lends authority and relevance to

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<sup>4</sup> See The Parliament of the Commonwealth of Australia, "A Bill for an Act to amend the Competition and Consumer Act 2010 in relation to digital platforms, and for related purposes", February 25, 2021, <https://www.accc.gov.au/system/files/Final%20legislation%20as%20passed%20by%20both%20houses.pdf>

<sup>5</sup> <https://pressgazette.co.uk/news/uk-government-sets-out-plans-to-force-big-tech-to-pay-for-news/>

<sup>6</sup> See sections "News on Google Search" and "News on Facebook" in Elliott M., (2022). "Value of News to Digital Platforms in the U.K." News Media Association.

their entire service. This, in turn, increases the value of advertisements displayed on services that carry news content.<sup>7</sup>

A study by Professor Matt Elliott of the University of Cambridge estimated that the value of news to Google and Facebook in the UK is about £1 billion a year. In particular, the study estimates that the value of news to Google's business is up to £840 million a year.<sup>8</sup>

But what, on the other hand, do the platforms contribute to news publishers, and how can we value their contribution?

### **Platforms' Contribution to News Organizations**

Google advances an answer to the question of the value of its contribution to news publishers based on a report it commissioned from Deloitte, titled "The Impact of Web Traffic on Revenues of Traditional Newspaper Publishers: A Study for France, Germany, Spain and the UK," dated September 2019. In a May 2022 blog post<sup>9</sup>, Google UK Vice-President Ronan Harris highlighted the study and some of its findings. The study finds that "referral traffic" (traffic arriving via third party sources such as news aggregators, search engines, social networks and blogs) contributes the majority of visitors (61%) to news publisher websites, with the remainder being readers who navigate directly to the publisher site (for instance, by typing the URL into a browser or by following a bookmarked link).<sup>10</sup> The study quantifies the total value of web traffic to news publishers' websites as £500 million in the UK in 2018<sup>11</sup> and the value of referral traffic

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<sup>7</sup> See figure 2 in Elliott M., (2022). "Value of News to Digital Platforms in the U.K." News Media Association.

<sup>8</sup> Elliott M., (2022). "Value of News to Digital Platforms in the U.K." News Media Association.

[https://newsmediauk.org/wp-content/uploads/2022/10/Value\\_of\\_UK\\_News\\_to\\_Digital\\_Platforms\\_-\\_Final.pdf](https://newsmediauk.org/wp-content/uploads/2022/10/Value_of_UK_News_to_Digital_Platforms_-_Final.pdf)

<sup>9</sup> "Google and News in the UK: The facts" <https://blog.google/around-the-globe/google-europe/google-and-news-in-the-uk-the-facts/>

<sup>10</sup> Direct traffic to publishers' websites represented 39% of total visits. These visits came from users who navigate to the site directly, either by typing the URL into their address bar or by following their bookmarks. The remaining 61% of visits to publishers' websites were referral traffic. This traffic was referred via other sources that may include links via search engines, news aggregators or on blogs or social media, which users follow to the news sites." See P. 11 in Deloitte, "The Impact of Web Traffic on Revenues of Traditional Newspaper Publishers: A Study for France, Germany, Spain and the UK," 2019.

<sup>11</sup> The study uses total revenues (print and digital) from publications with both a print and an online component for its estimation. It does not include broadcasters and digital natives. It estimates that the value of total web traffic is 614 million Euro in the U.K. Taking the average exchange rate of Euro to British Pound between 2015-2017 (0.81), the period covered by the study, this corresponds to £500 million.

as £370 million.<sup>12</sup> In citing to the Deloitte study, Google says “When people use Google Search to look for information about what’s happening in the world around them, they want links to reliable news sources. Likewise, publishers want to reach and inform more readers, helping everyone make sense of events. This has real benefits for publishers. In fact, the overall value of web traffic is estimated to be worth more than £500 million a year to news publishers in the UK.”<sup>13</sup>

In the rest of this article, I show that Google’s use of the Deloitte estimate to represent its contribution to news organizations is misleading and provides an exaggerated estimate.

First of all, and most importantly, it is disingenuous to assert that the Deloitte study provides a way to estimate the value created by Google (or other platforms) for news publishers. To assess how much value Google creates for news publishers, i.e. how much readership is *due* to Google as opposed to merely navigation via Google as one of several possible alternatives to reaching a news site, it would be necessary to estimate the change to news traffic in the scenario where Google no longer refers users to any news sites. In such a case, some users may navigate to news sites via alternate means (such as via Bing, or news aggregators, or by entering the news site URL directly), and some users may no longer visit news sites. In other words, the key question at issue is how much of news publishers’ traffic currently referred by Google would simply disappear were Google no longer a source of traffic. The Deloitte study acknowledges outright that it does not provide such an analysis, cautioning “[t]his study uses publishers’ historical data, and it does not seek to develop any counterfactual scenarios or answer any “what if?” questions related to the subject.” Instead, it simply establishes a correlation between a publisher’s total revenues and its mix of direct and referral traffic. This simple correlation cannot be used to answer the question of how much value is created by Google or other referral sources. Acknowledging this fundamental limitation in the estimate put forth by Google is important, especially considering that Google does not need to rely upon top-down gross estimates based on publisher revenue; the platforms have all the data and users required to run experiments and accurately measure such effects and provide precise estimates.

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<sup>12</sup> Deloitte’s study estimates that the value of referral traffic is €455M. Taking the average exchange rate of Euro to British Pound between 2015-2017 (0.81), the period covered by the study, this estimation yields approximately £370M.

<sup>13</sup> See “Google and News in the UK: The facts” at <https://blog.google/around-the-globe/google-europe/google-and-news-in-the-uk-the-facts/>

Further, accepting the estimate presented by Google as a starting point, there are a number of ways to improve the relevance of the estimate (while still not correcting for the fundamental issue of not being based on a proper counterfactual). I explain these in the following sections. First, we must isolate Google’s share from the total web traffic to news publishers, and indeed from other referral sources. Second, we must account for the difference in value between direct and indirect traffic (where indirect traffic refers to readers arriving via a link from another property such as search, social media; this is called referral traffic in the Deloitte study quoted by Google). Third, we must consider other factors that affect value creation by digital platforms.

As a preliminary starting point, the Deloitte study is now five years out of date, so I have updated total publisher revenues to account for more recent data. News publishers’ total revenues (including digital and print) have been declining consistently in the UK since 2004,<sup>14</sup> declining approximately 20% between 2018 and 2022.<sup>15</sup> The Deloitte study reports web traffic as generating £500 million for publishers in the U.K. in 2018, thus approximately £400 million in 2022.

## **1. What share of web traffic relates to traffic referred by digital platforms?**

Google says “When people use Google Search to look for information about what’s happening in the world around them, they want links to reliable news sources... In fact, the overall value of web traffic is estimated to be worth more than £500 million a year to news publishers in the UK.” To make the results of the Deloitte study more relevant to Google’s contribution, it’s necessary as a first step to reduce the figure from all web traffic to that which comes through Google. The “value of web traffic” represents online readers from all sources, including those that navigate directly to the publisher’s site.

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<sup>14</sup> See P.5 in Accenture, “UK News Media Landscape Trends”, May 2021 for the period of 2003-2018 for newspapers and <https://www.statista.com/outlook/amo/media/newspapers-magazines/united-kingdom> for the period of 2017-2022 for newspapers and magazines.

<sup>15</sup> According to Statista, total newspaper and magazine revenues have fallen by approximately 27% between 2018 and 2022. To account for potential biases from the inclusion of magazine revenues and the inclusion of eventual print-only newspapers, I conservatively use a lower estimate of 20%. See <https://www.statista.com/outlook/amo/media/newspapers-magazines/united-kingdom#revenue>. This estimate is consistent with the change in newspaper revenues between 2014 and 2018 (a reduction of 22%), using data from a study cited by Google: P. 5 in [https://newsmedia-analysis.com/wp-content/uploads/2021/07/accenture\\_analysis\\_UKNewsMedia.pdf](https://newsmedia-analysis.com/wp-content/uploads/2021/07/accenture_analysis_UKNewsMedia.pdf)

The Deloitte study reports that approximately 60% of the traffic to news websites during 2015-2017 was driven by referral sources, including but not limited to Google.<sup>16</sup> An analysis by the Competition and Markets Authority (CMA) of 2018-2019 web traffic to several large UK news publishers found that referral traffic represented 56-57% of traffic and Google alone represented approximately 25% of total traffic to news websites.<sup>17</sup> These numbers are consistent with reports from a large number of news organizations worldwide that about half of their online traffic comes to their websites directly, with the rest coming from search, social media, and other types of referrals.<sup>18</sup>

Since the Deloitte study, app traffic has become increasingly important for news publishers. The majority of app traffic arrives directly at the app, rather than by referral. Analyzing recent data from large UK news publishers, I find that, accounting for app traffic, the share of referral traffic remains close to half of total traffic as of 2022, measured as a share of visits. Google search referrals account for 20-35% measured as share of visits, in line with the level reported by the CMA. The data also confirms that app visits account for an important share of total web and app visits (up to 30%, consistent with reported data for a range of UK publishers)<sup>19</sup> and an even more important share of pageviews (up to 70%).

Thus, traffic generated by Google accounts for, conservatively, 35% of UK news publishers' total web traffic measured by visits, and much less (as low as 10-15%) when measured by pageviews. If Google ceased to display news and generate traffic to news publishers' sites, at least some, and likely many, users would find other ways to reach news websites; thus the traffic

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<sup>16</sup> Deloitte measures traffic as the number of website visits, as does the CMA.

<sup>17</sup> CMA 2020, Online platforms and digital advertising, Market study final report, p. 305. Data from 2019 considered for the sum of the share of all traffic referred by Google (25%) and Facebook (13%). This estimate is based on a sample of large news publishers' website traffic. The website traffic may originate from an app, such as Snapchat or Instagram. Table 5.7 in

[https://assets.publishing.service.gov.uk/media/5fa557668fa8f5788db46efc/Final\\_report\\_Digital\\_ALT\\_TEXT.pdf](https://assets.publishing.service.gov.uk/media/5fa557668fa8f5788db46efc/Final_report_Digital_ALT_TEXT.pdf)

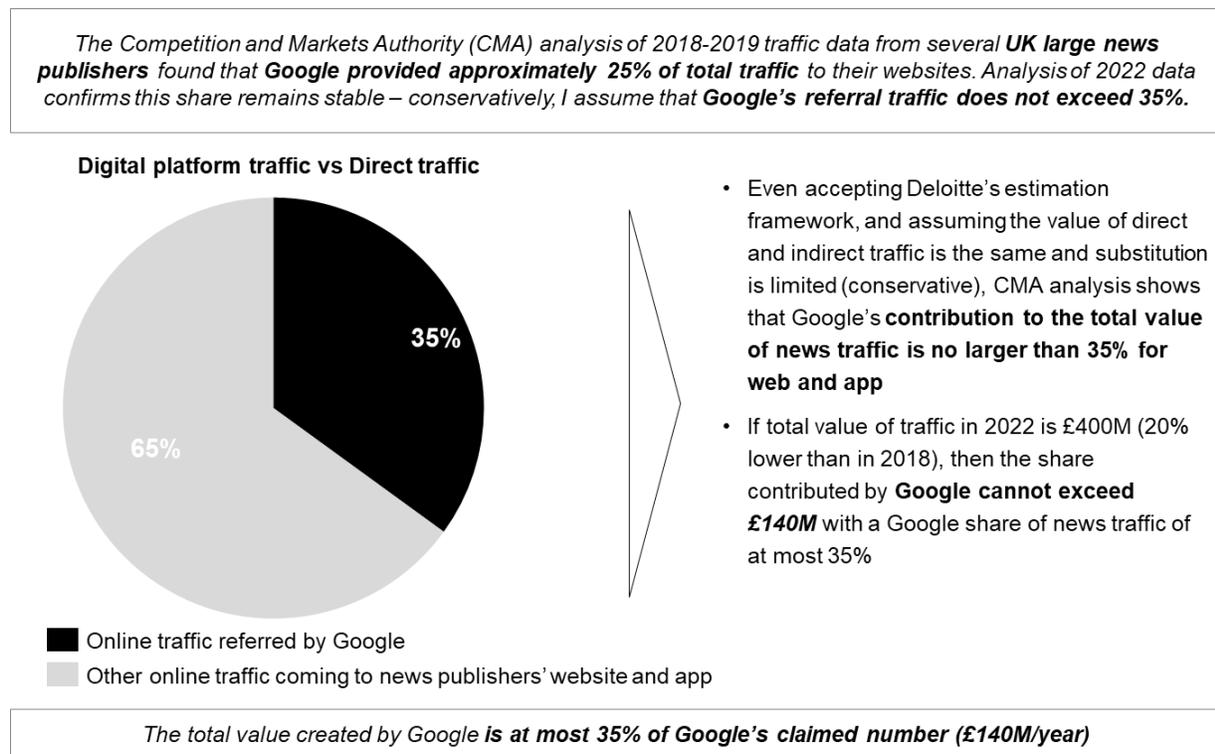
<sup>18</sup> CNN claims that "50 percent of our audience comes directly to CNN," see

<https://www.adweek.com/tvnewser/cnn-was-americas-no-1-social-news-outlet-in-april/364992/>. Web traffic analytics company, Similarweb, estimates that between December 2022 and February 2023, the New York Times's website traffic was approximately 54% direct: [https://pro.similarweb.com/#/digitalsuite/websiteanalysis/traffic-overview/\\*/999/3m/?category=no-category&webSource=Total&key=nytimes.com](https://pro.similarweb.com/#/digitalsuite/websiteanalysis/traffic-overview/*/999/3m/?category=no-category&webSource=Total&key=nytimes.com). Similar or higher shares of direct traffic are found for large UK news publishing brands' websites such as Daily Mail (52%), BBC (60%) and The Guardian (51%).

<sup>19</sup> Analyzing Ipsos data published by the Press Gazette on news publishers' data on app and total audiences (2021-2022), app traffic is as high as 30% of a publisher's total traffic. See <https://pressgazette.co.uk/news/most-popular-news-apps-apple-news-mail-online/> and [https://pressgazette.co.uk/media-audience-and-business-data/media\\_metrics/most-popular-websites-news-uk-monthly-2/](https://pressgazette.co.uk/media-audience-and-business-data/media_metrics/most-popular-websites-news-uk-monthly-2/).

lost by publishers would most likely be lower than Google’s current share of traffic. Further, readers arriving from search may spend less time and generate less revenue for the news publisher, compared to readers who go to the publisher’s site directly. Therefore, a reasonable estimate is that the revenue associated with publisher traffic from Google in 2022 cannot be more than £140M, 35% of the £400M estimate. In fact, another important update to the estimate is required, as I explain in the next section.

**Figure 1 – Google’s share of the value of web traffic is at most the same as their share of traffic**



**2. Are users referred by Google as valuable as those that navigate directly?**

The second correction required is to account for the differing value of direct (readers who navigate directly to the news site) and indirect traffic (users who navigate to the news site via another site, including via search engine or social media). The Deloitte study highlighted by Google treats direct and indirect web traffic as equally revenue-generating for publishers, and the study notes that a regression carried out by Deloitte supports this approach. In fact, data from

public research and from UK publishers shows there are important differences between the activity and revenue associated with the two categories of news readers.

Direct visitors to a news website tend to stay for longer time periods and read more articles than indirect visitors. The longer visitors stay on a news website, the more advertising they can be exposed to, increasing advertising revenue. Users who come directly to news publishers' websites, therefore, typically generate more revenue than those who are referred by Google. Indirect web visitors are less valuable, on average, engaging less and returning less frequently than visitors who navigate directly to the news website.

This difference is illustrated by a Pew study from 2014<sup>20</sup> that found that “among users coming to these news sites through a desktop or laptop computer, direct visitors spend on average 4 minutes and 36 seconds per visit. That is roughly three times as long as those who wind up on a news media website through a search engine (1 minute 42 seconds) or from Facebook (1 minute 41 seconds). Direct visitors also view roughly five times as many pages per month (24.8 on average) as those coming via Facebook referrals (4.2 pages) or through search engines (4.9 pages). And they visit a site three times as often (10.9) as Facebook and search visitors.” Furthermore, the analysis that Pew Research was able to conduct on mobile data (of web and app traffic) suggests an engagement pattern similar to that seen in the desktop/laptop.<sup>21</sup>

More recently, data provided by a major UK news publisher covering June to December 2022 shows even larger differences in engagement between direct and indirect visits than the Pew study. Readers navigating directly to the publisher (including traffic to the publisher's apps) generated 5-10 page views on average per visit, while readers arriving via Google viewed less than a quarter as many pages, and those via Facebook less than a fifth as many. App traffic is overwhelmingly driven by direct visits and accounts for a significant share, over 70%, of pageviews.

If we correct this second inaccuracy in the estimate, the contribution by Google to the joint value diminishes further. I update the estimate using the two inputs: (i) the relative value of a direct

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<sup>20</sup> <https://www.journalism.org/wp-content/uploads/sites/8/2014/03/Social-Search-and-Direct-Pathways-to-Digital-News-copy-edited.pdf>

<sup>21</sup> Pew Research Center 2014, Audience Routes: Direct, Search & Facebook, <https://www.pewresearch.org/journalism/2014/03/13/audience-routes-direct-search-facebook/>

versus an referral visit (approximately 3 times greater)<sup>22</sup> and; (ii) Google’s share of referral traffic (conservatively, 35% of total traffic, hence, 61% of referral traffic).<sup>23</sup> This provides an estimate for the value of Google traffic of, at most, £75M in the UK in 2022.<sup>24</sup>

### 3. What value is Google providing when it is simply being used as a navigational tool?

Additional adjustments are warranted and can be carried out based on data availability. These indicate that Google’s contribution to joint value is likely much smaller than even £75M in 2022. A significant consideration is the likelihood that most users would visit the publisher’s site directly or through alternative routes if news was unavailable on Google. For example, analysis of a large UK publisher’s web readership in 2022 shows that a substantial portion of the traffic to the publishers’ website from Google came from users who had searched for the publisher’s name or variations of it.<sup>25</sup> A user searching for the publisher’s name indicates a strong likelihood that the reader intends to visit the publisher’s site. Thus, Google is not responsible for “creating” many of these users’ intent to visit the news publisher, but rather, is simply providing navigational aid. Were news links not available, many users would likely go via another route (such as Bing or navigating directly) to the news publisher’s website to read the news, meaning that this traffic would still reach the publisher’s website.

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<sup>22</sup> To estimate the relative value of a direct visit compared to a referral visit, I use the time spent statistics presented in the Pew study: the value of a direct visit is three times the value of a referral visit. Differences between direct and referral traffic for page views are even greater than for time spent. However, page views do not account for all the differences in browsing behavior across direct and indirect visits impacting ad revenue, including scrolling behavior and time spent per page. Conservatively, I use time spent.

<sup>23</sup> If Google accounts, conservatively, for 35% of total traffic and overall referral traffic is 57% of total traffic, then Google accounts for  $35/57=61\%$  of referral traffic.

<sup>24</sup> The total value of web traffic estimated by Deloitte is £500M, which corresponds to £400M in 2022 given the reduction of 20% in publisher revenues. The total value is the sum of the value of direct traffic (VD) and the value of referral traffic (VI). Representing quantity as Q and price as P,  $VI = Q_{\text{indirect}} * P_{\text{indirect}}$  and  $VD = Q_{\text{direct}} * P_{\text{direct}}$ . Thus, we have the relationship (\*): total web revenue = £400M =  $Q_{\text{indirect}} * P_{\text{indirect}} + Q_{\text{direct}} * P_{\text{direct}}$ .

I can estimate the ratio of direct to indirect volume and prices:

- Taking time spent as a measure of ad revenue per visit, then according to Pew,  $P_{\text{direct}}/P_{\text{indirect}}=3$ , thus  $P_{\text{direct}} = 3P_{\text{indirect}}$ .
- The share of all indirect traffic to news publishers of 57%, from the Pew study, thus  $Q_{\text{indirect}}=0.57*(Q_{\text{indirect}}+Q_{\text{direct}})$  and rearranging,  $Q_{\text{direct}} = (0.43/0.57)*Q_{\text{indirect}}$

Substituting back into the equation (\*) provides:

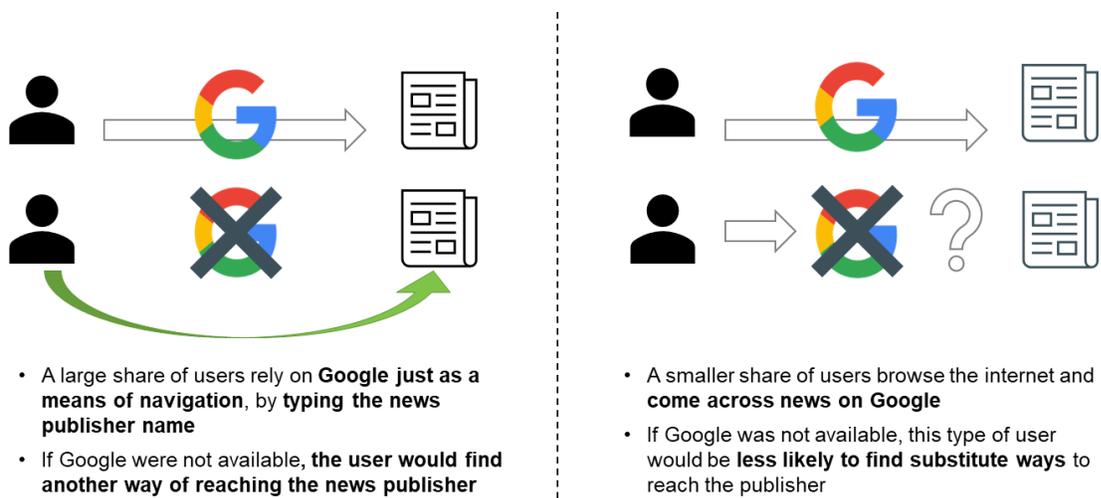
$£400M = Q_{\text{indirect}} * P_{\text{indirect}} + (0.43/0.57)*Q_{\text{indirect}} * 3P_{\text{indirect}} = 3.26 * VI$ . Thus,  $VI = £123M$ .

Google’s share of referral traffic is 61% (see footnote 22). Thus, Google’s share of the £123M is 61%, hence £75M.

<sup>25</sup> The magnitude of “branded” searches (searches for the publisher’s name) may differ significantly for smaller publishers.

For lack of a good estimate for this substitution effect, I do not account for it in my adjustments to the Deloitte estimate. However, the importance of branded searches suggests substitution is high and would lead to an even lower value created by the Google than £75M. Importantly, visitors intending to reach the news publisher are more valuable, similar to direct visitors, suggesting a parallel between the two groups of visitors. The UK publisher's data shows that approximately half of users referred by Google land on its home page (suggesting they likely searched for the publisher's name). These users view more pages per visit (2-3 pages) than referred visitors who land on a particular article (reading on average less than half of the 2-3 pages viewed by those who land on the home page). For visitors landing on a particular article, Google may have played a more active role in directing the user to the publisher (for instance, the user may have searched for a topic in the news). This phenomenon is depicted in Figure 3.

**Figure 3 - Users would likely find other ways to reach news sites in the absence of Google**



According to a large UK publisher's readership analysis, **most searches are from users who are very likely to find another way of reaching the news publisher in Google's absence**

A Facebook outage on Monday, 4<sup>th</sup> October 2021, allows us to observe short-term substitution patterns across direct and indirect traffic channels for online news readers. The study "Value of News to Digital Platforms in the U.K.", published by the News Media Association<sup>26</sup> shows that during the hours when Facebook was not available, traffic to a large UK news publisher's website increased. Data I reviewed from large UK publishers showed the same pattern during the outage. The findings from this event strongly support the inference that at least some

<sup>26</sup> See figure 4 in Elliott M., (2022). "Value of News to Digital Platforms in the U.K." News Media Association.

visitors referred by digital platforms to news will find other ways to reach news when the referring site is not available. In other words, these referrals are substitutable by other forms of navigation, including direct navigation.

#### **4. How much value do platforms deny to news publishers through substitution effects?**

The Deloitte estimate offered by Google fails to account for the negative effects of the unpaid display of news content on search engines and social media on the volume of traffic to news publishers' websites. One such effect occurs when users interact with news content on a platform page (for example, by seeing a headline or snippet of an article in a search result) and do not click through to the news article itself because the content displayed replaces the need to read the full article. When this happens, the news publisher cannot monetize its investment. An individual news publisher's bargaining power limits its ability not to display snippets when other competing publishers are displaying snippets. Further, referral traffic to specific articles can displace far more valuable direct traffic to the news homepage. For example, when readers read articles referred by Google News, they may do so at the expense of articles referred by news publishers' own home pages.<sup>27</sup> This is important because news publishers can monetize their home pages much better than individual article pages. There is, at present, insufficient research to establish the size of these substitution effects. However, these effects are likely to lower the adjusted Deloitte estimate of Google's contribution further below £75M a year in the UK.

#### **Conclusion**

The time has come to address the bargaining power imbalance between digital platforms and news publishers and provide an accurate estimate of the joint value created. The UK government is taking action to promote competition in digital markets. In his Autumn Statement in November 2022, the UK Chancellor Jeremy Hunt confirmed that the UK government is giving the CMA new powers to deal with anti-competitive practices in digital markets. This is likely to include putting the new Digital Markets Unit (DMU), launched in April 2022, on a statutory footing and giving it legal powers. In their 2021 joint report, Ofcom and the CMA recommended

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<sup>27</sup> Athey et al (2021) find this effect to be statistically significant for large news publishers, while also finding that aggregators can increase traffic to smaller publishers; see Susan Athey & Markus Mobius & Jenő Pal, 2021. "The Impact of Aggregators on Internet News Consumption," NBER Working Papers 28746, National Bureau of Economic Research, Inc. <https://ideas.repec.org/p/nbr/nberwo/28746.html>

that the DMU should set an enforceable code of conduct that would be effective in securing fair compensation for digital platforms' use of content by: addressing concerns about the transparency of algorithms; giving publishers appropriate control over presentation and branding of their content; driving improved practices in the sharing of user data between publishers and those platforms that host their content; and redressing the imbalance in bargaining power in negotiations between publishers and platforms by providing a framework for the determination of fair financial terms for publishers' content when hosted by the largest digital platforms with entrenched and strategic market power.

Such laudable goals should be supported by reliable, informative research. The digital platforms have extensive internal data that would allow for more precise measurement of the value exchange, and the sharing of such data would be a valuable contribution to the process of determining the joint value. With common sense and the application of the known basic facts regarding online user behaviour, this article has quantified and qualified the limits of the value created for news publishers by digital platforms.