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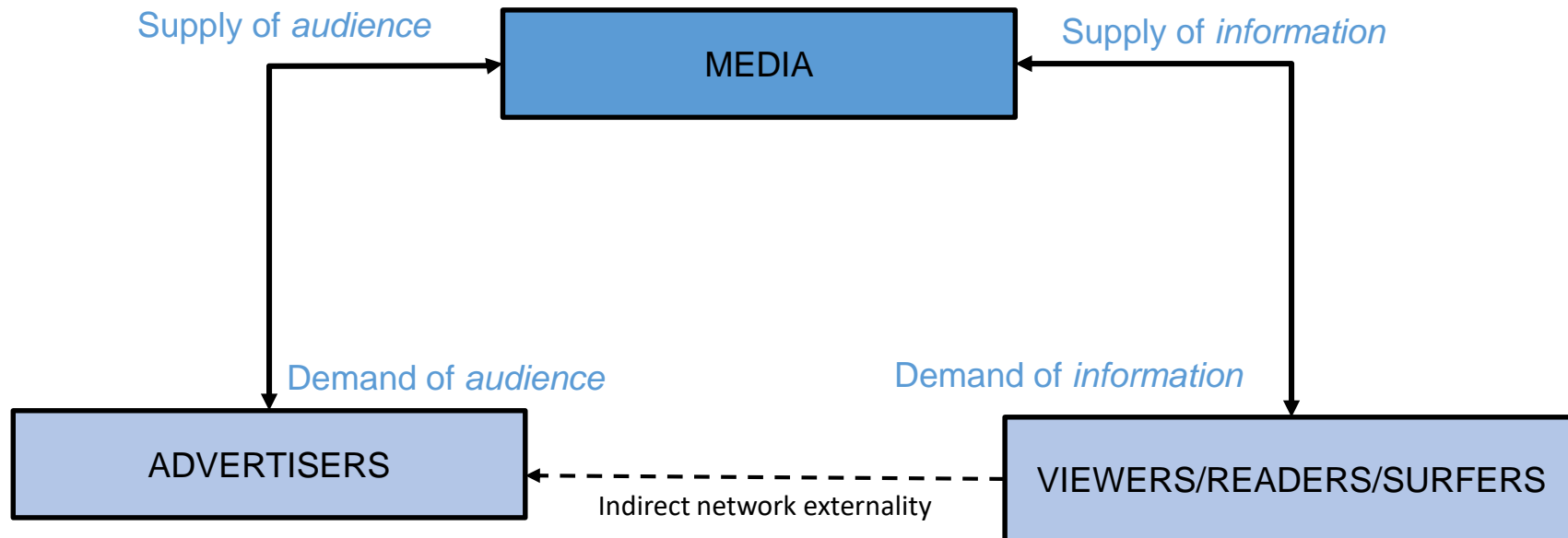


Florence Competition Programme, 4th Annual Conference

New digital threats to media pluralism in the information age

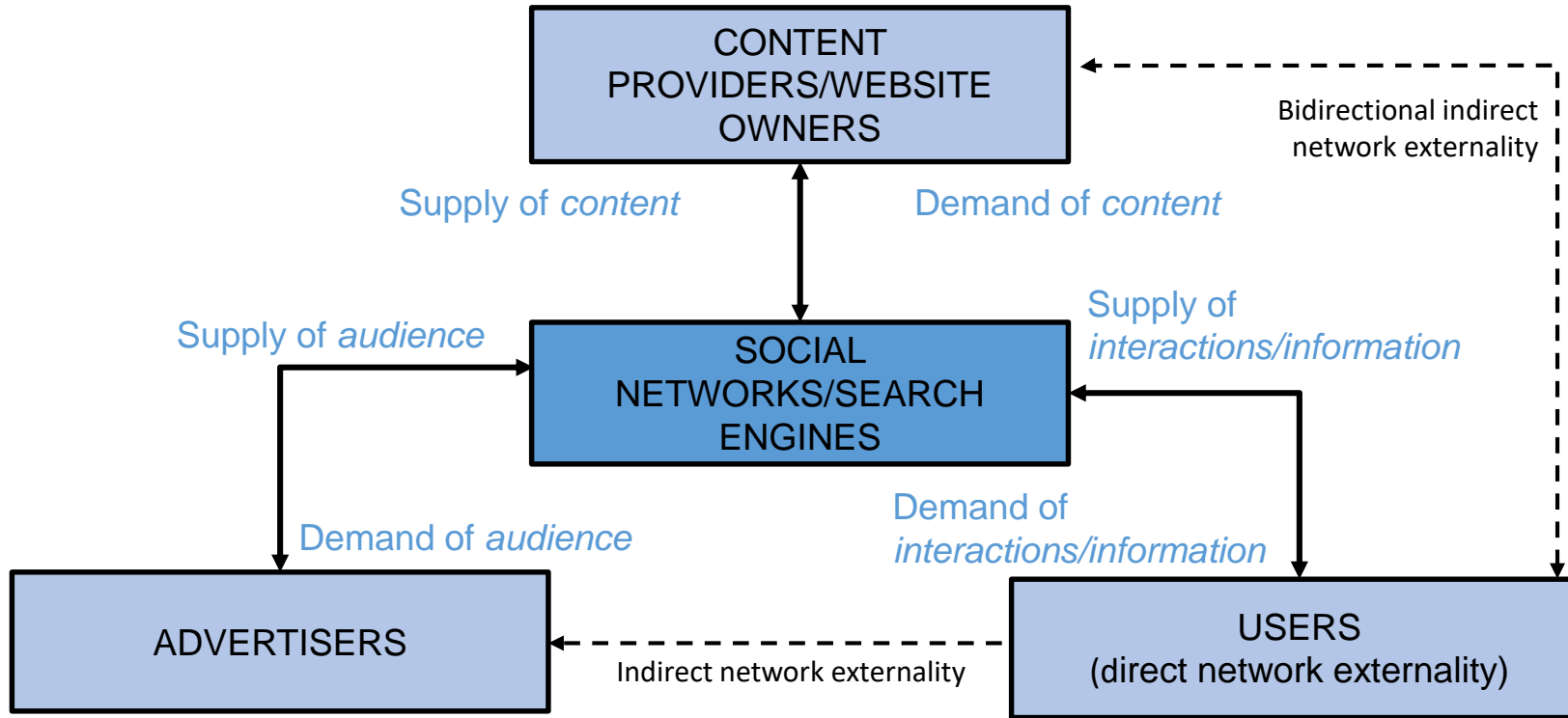
Prof. Pier Luigi Parcu
European University Institute
Florence, 25th October 2019

Traditional Media



Newspapers, TV channels, Web portals

Social Media/Search Engines



Facebook, Twitter, Instagram, YouTube, Google, Bing, Yahoo, Baidu



When a company with a global/digital platform meets a company with a local/analogic platform, the company with a local/analogic platform will be a dead company

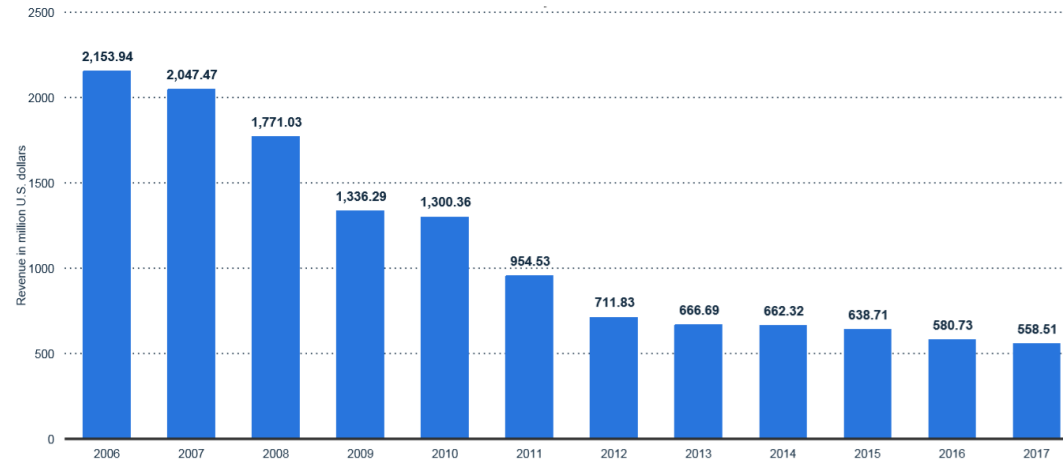
(Adaptation from For a Fistful of Dollars, 2019)

Digitalisation in media markets

- **Digitalisation negatively affects the 2 main sources of revenues for traditional media:**
 - 1) advertising revenues.
 - 2) sales to readers/viewers.
- Data reveals a **continuous migration of advertising towards the digital environment:** since 2016, Internet advertising revenues, mostly driven by mobile phones, have surpassed broadcasting TV revenues.
- In digital advertising, **Google and Facebook get the lion's share:** in 2017, they accounted for more than 60% of global online ad revenues.
- The duopoly's share is even higher in some European countries: the 2 companies attract over 70% of all digital advertising spending in UK.

New York Times Company's advertising revenue from 2006 to 2017 (in million U.S. dollars)

New York Times Company's advertising revenue 2006-2017



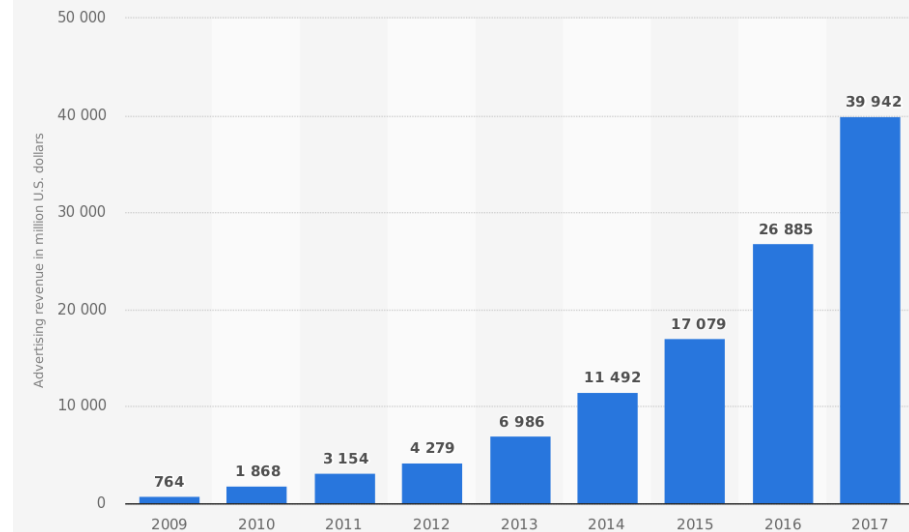
**In 11 years NYT lost
1,6 millions of US
dollars of advertising
revenues**

-74 %

**In 8 years Facebook advertising
revenue jumped up from 764
millions of US Dollars to about
40 billions**

+5.128%

Facebook's advertising revenue worldwide from 2009 to 2017 (in million U.S. dollars)



Source: Statista 2018

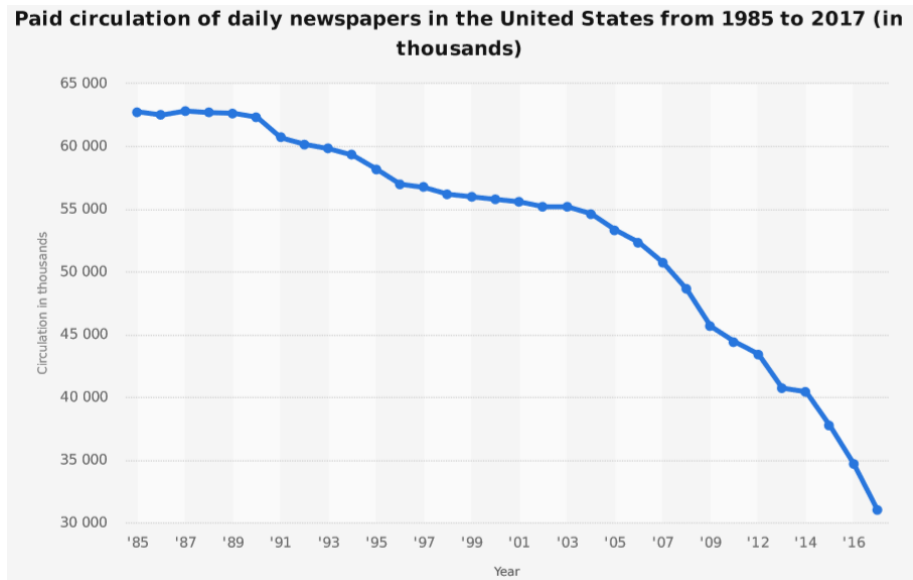
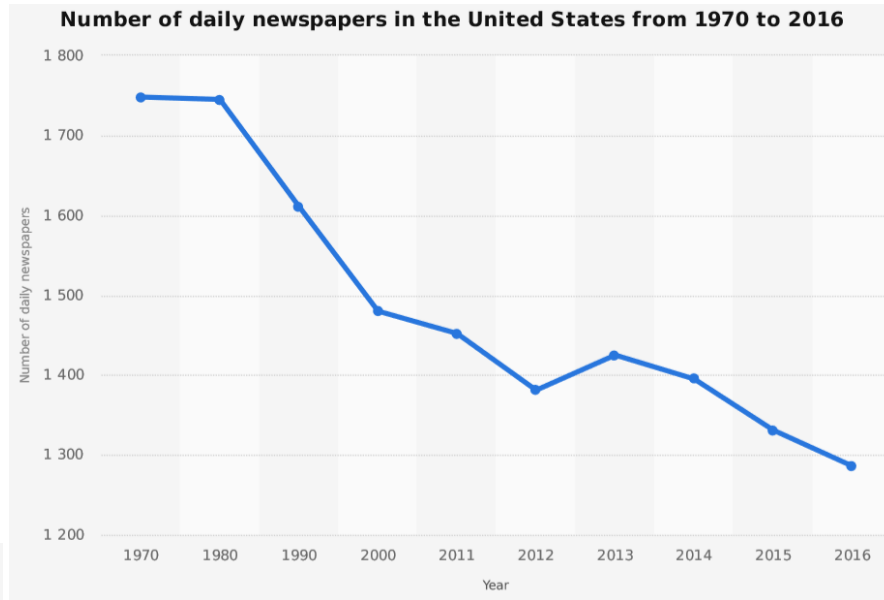


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In the last decades
more than 462 daily
US newspaper
closed **-26,4%**



In the last decades the
circulation of paid US
newspapers fell by 32 millions
-50.7%

New digital threats

- The effect on media markets is **twofold**:
 - 1) Decline of traditional media and decreasing plurality of independent sources of news and information.**
 - 2) Decreased quality of information ➤ threats to the democratic process:**
 - a) voters profiling.
 - b) voters micro targeting.
 - c) social bots.
 - d) wide dissemination of disinformation.
- A recent major empirical study reports that “**false**” news on Twitter are typically retweeted by many more people, and far more rapidly, than “**true**” news, by a factor higher than 10 (Vosoughi et al. 2018).

The Way Forward ➤ inefficient solutions

- 1) **Self-regulation** by the platforms (e.g. code of conducts against fake news; philanthropic financing of professional media).
- 2) **Binding legislation** to establish the platform liability in relation to the posted contents.
- 3) National governments could **actively support traditional media** to ensure the plurality of media ➤ BUT this gives media to politics?

The Way Forward ➤ competition policy

- Although competition policy seem *prima facie a possible way* to deal with new digital threats(i.e. abuse of dominance and merger control), there are a number of **challenges**:
 - 1) **Goals**: broadening the goals of competition policy to safeguard media pluralism would negatively affect legal certainty and it would not solve the problems linked to the quality of information.
 - 2) **Definition of the relevant market**: SSNIC/ SSNDQ are less reliable than SSNIP test.
 - 3) **Theories of harm**: competition policy could only sanction exclusionary conducts that negatively affect the media plurality by dominant platform that try to exclude competitors, BUT not easily practices negatively affecting the quality of information.

The Way Forward ➤ competition policy

- **Competition policy is currently not effective to solve digital threats**, unless we are true European hipsters and we change something.
- *Ex-ante* limitations to concentration in media markets already exist in a number of EU Member States: outdated legislation to safeguard media pluralism ➤ focus on traditional media.
- Possible solution: move to a new principle that **forbids the creation or the maintenance of dominant positions ONLY in the media markets??**

Many thanks for your attention!

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You can download the working paper [*New digital threats to media pluralism in the information age*](#)