

The Future of Publishing

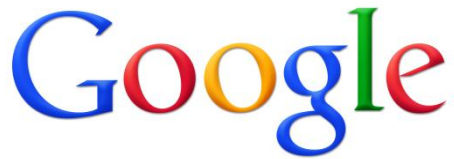


and the power of search



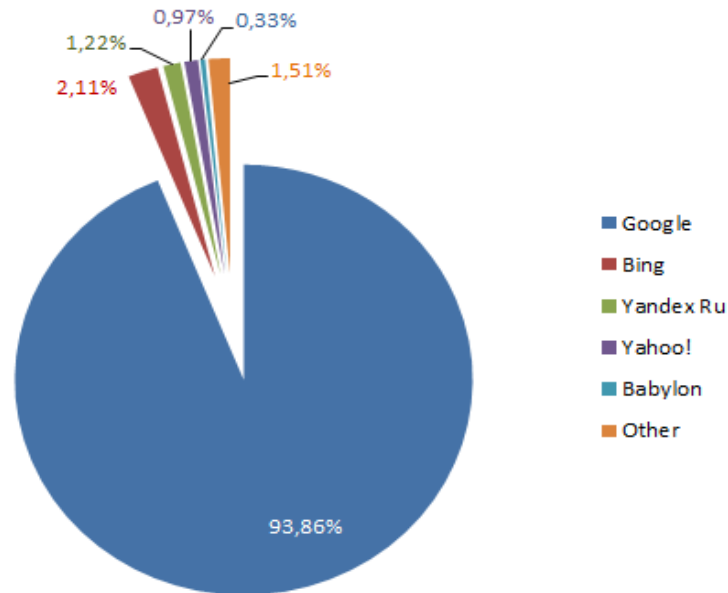
*Angela Mills Wade
Executive Director*

Conferência “Motores de Busca – O seu a seu dono”
17 January 2013

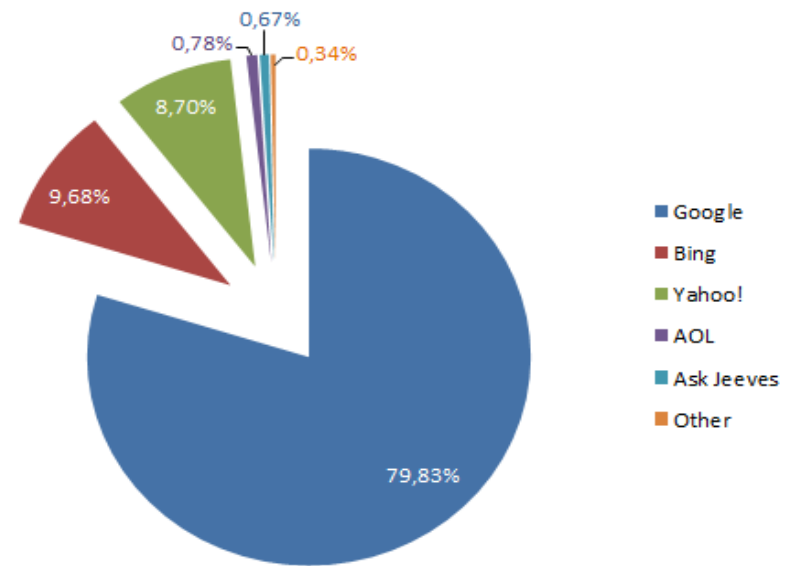


has a dominant position in almost every European country

StatCounter Global Stats
Top 5 Search Engines in Europe from Jan to Dec 2012



StatCounter Global Stats
Top 5 Search Engines in the United States from Jan to Dec 2012



Source: StatCounter Global Stats, Top 5 Search, Desktop Search

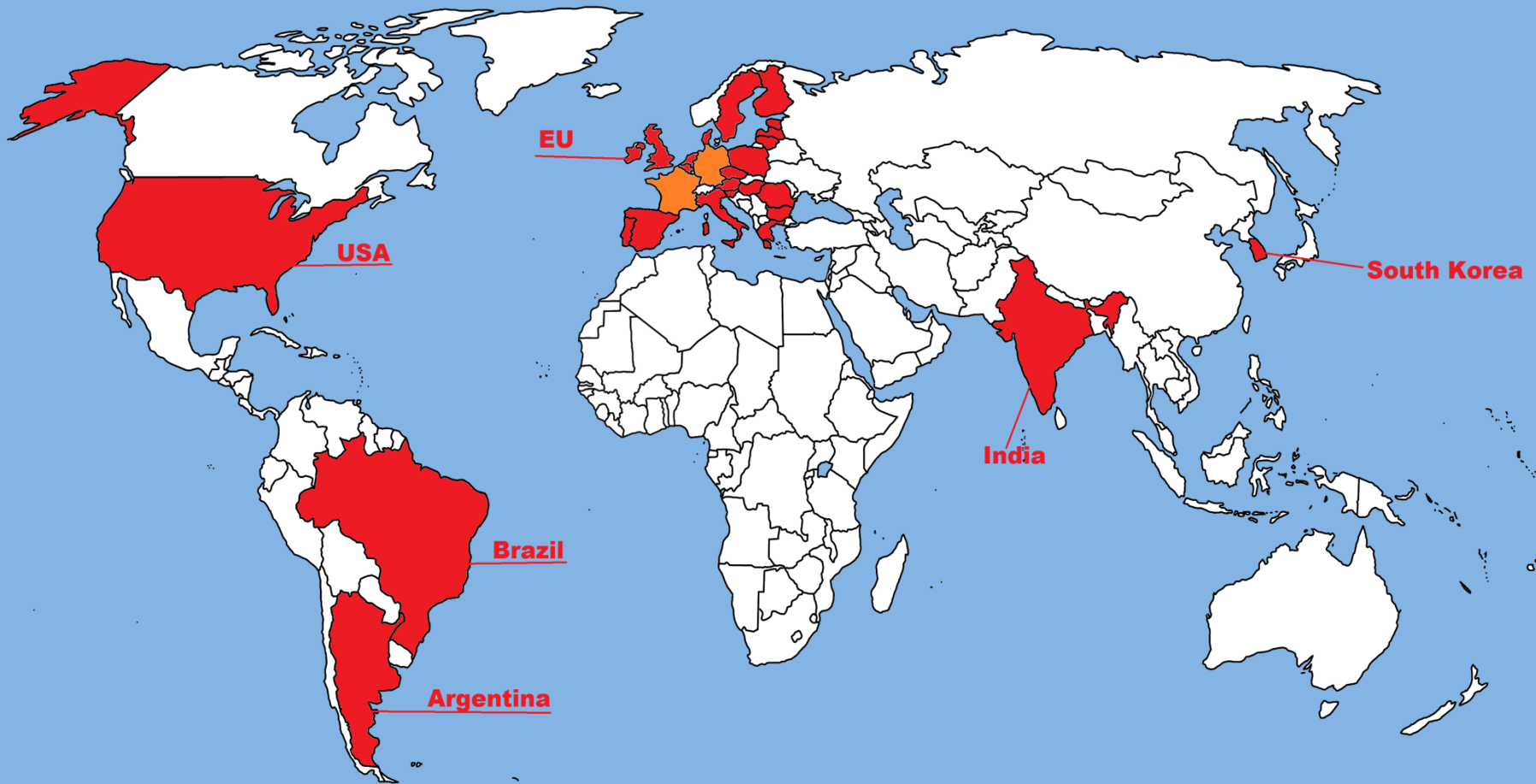
What goes to

95% in Europe and also in Australia
of total **search advertising revenues** goes to Google

60%, but rising fast, of **mobile
advertising revenues** in Europe goes to Google.

97% of **all mobile searches world-wide**
go to Google (98% in the USA)

The Google cases globally



The impact on Publishers

- Obligatory implementation of **Google tools**
- **Unfair contractual requirements** cover:
 - the search box
 - the advertising tools

→ **no transparency on terms or revenue share.**
- Publishers have **no close competitor** to choose
- **No alternative** in terms of quality, service in local languages, total share of searches and advertising volume.
- 80% of advertisers use Google → publishers are obliged to use Google as the **de facto gateway** to the internet.

So publishers are left with...

1. Low shares in advertising revenues
2. Low or no bargaining power
3. In effect obligation to contract and accept disadvantageous and anti-competitive exclusivity agreements in order to remain visible.

**The more publishers use Google,
the more data Google collects,
the more advertisers it attracts
and further roots its dominant position**

**Remedies which allow competitors to Google to
emerge are therefore urgent.**

The **Google** case in Brussels

- The “Brussels” investigation is reaching a climax:
- 21 May 2012, Competition Commissioner Almunia writes to Google outlining **four areas** where he suspected there is abuse of market power:
 1. Google’s **ranking of rival services** in its **search results**;
 2. the **copying of content** from other sites;
 3. **exclusive** advertising agreements
 4. **restrictions** on “porting” of advertising campaigns to other platforms.

The Google case in Brussels (2)

- Google had until **2nd July 2012** to submit **written proposed remedies**. Google has offered those and the Commission is considering.
- One of them, leaked to the press: Google would “label” their own services to provide transparency to the market
- On December 18 the Commission gave the company a month to come up with **detailed proposals** to resolve the investigation. It is expected at the **end of January 2013**
- If it fails to address the complaints and is found guilty, could be fined up to 10% of its revenue = **up to \$4 billion**
- *“We are still investigating but my conviction is [Google] are diverting traffic” (Almunia 10 January 2013) and*
- *“They are monetising this kind of business, the strong position they have in the general search market and this is not only a dominant position, i think, i fear, there is an abuse of this dominant position”*

The case in Brussels (3)

- *“This process is without prejudice to the continued investigation of other issues that have been raised with the Commission.”*
 - Panda - designed to reduce rankings for “low quality” sites while at the same time improving the rankings of high quality sites.
 - Specific mobile issues: exclusivity for search browsers, discriminatory agreements with OEMs, patent issues arising out the Motorola acquisition, mobile payments.
 - *“Looking into the way some platforms have established or are establishing a relationship with the ‘app’ industry, or the creation of apps”* – Almunia, November 2012

At the same time, on the other side of the Atlantic...

FTC probe commenced in 2011

- Scope of investigation included:
 - Preferential treatment of its own services in Google Search Rankings
 - Exclusive search syndication deals with web portals & publishers
 - Discrimination & scraping of vertical search sites (inc. travel & local services)
 - Search exclusivities on Android partner phones
 - Misuse of Standard Essential Patents to prevent competing smartphones coming to the market
 - Lack of portability of advertising campaigns using Google APIs

At the same time, on the other side of the Atlantic...

- FTC after 19 months of investigation **closed its antitrust investigation** of Google with no charges
- The settlement has **three agreed components**:
 1. no involuntary scraping of third party content for inclusion in “specialized” (vertical) Google search results (the Yelp case).
 2. Google will enable easier exporting of AdWords campaigns to Bing and other platforms.
 3. Google (through a consent decree) will be required to license Motorola’s “standards-essential” patents and stop using them in an anti-competitive way to block rival products.

For publishers it would be ideal if



- End the requirement on publishers of **exclusivity for Google's search box**
- End the requirement of **exclusivity of advertising platforms**
- Allow advertisers to run advertising campaigns across several advertising platforms.
- End contractual restrictions on **advertisers so they can use AdWords campaign data on other ad platforms** in order to foster competition.
- **Open its own content to search** by competing search engines, including third party content on Google's websites such as YouTube.
- If the special **one-box** is retained, allow publishers' links to be integrated
- Divest ownership of vertical search operations
- **Separate into new legal entities** with separate management and accounting all properties other than Google search
- **Prohibit discrimination** and/or **manipulation** in favour of Google or its commercial partners with respect to search rankings

FROM PRINT TO ONLINE

Publishers need to both defend traditional revenue streams and build new ones

Revenue streams

Printed publications

Subscriptions and newsstand sales

Selling their audiences to advertisers (classified or display advertising)

Online operations

Charging readers for access to content

Charging advertisers for access to readers

+

Membership schemes

e-commerce

Content deals with ISPs

- Exporting the key revenue streams of print to the online world does not come automatically ... “Digital” revenue streams now account for a significant part of the turnover of many groups ; however seldom above 10% of the total revenues.

Different approaches

→ In Belgium:

After years of legal proceedings (2006) the Belgian French-language news publishers, the authors' societies came to business partnerships with Google to generate **business opportunities** regarding online content aimed at driving traffic and increasing user engagement and revenue on publisher sites.

→ In Germany:

A draft law **extending copyright protection to snippets of news articles** republished by search engines and aggregators.

News publishers can charge for reproducing short snippets from their articles.

→ In France:

President Francois Hollande is said to be considering a new tax that would see search engines such as Google have to pay each time they use content from French media.

But EPC does not only ask and complain!

It goes forward with plans and concrete practical proposals in order to advance the re-use of publishers content, notably through **licensing**

EPC has been the motor force behind major initiatives or projects such as:

- Commissioner's Kroes **Media Futures Forum**
- The **Linked Content Coalition** project, which created
- Commissioner's Barnier **Licenses for Europe** initiative
- New opportunities for advertising – through **OBA!**

1. Media Futures Forum :2012-2013

- ✓ *Report published by Neelie Kroes June 2012*
- Removal of **obstacles resulting from diverging rules** and practices at national level
- **Offline and online VAT should be aligned** to incentivise creation of quality content; and because of the important role media and the press play in our society
- Business can only continue to produce content if **the reward is fairly shared between the players of the value chain** (e.g. artists, media companies, search and aggregated digital services).
- This is the necessary condition for a healthy business for all and more particularly to support quality journalism. We believe the best response to illegal downloading is legal offers, and **making payment** for content easier, notably through **the use of the latest technological means**.
- Different regulations apply for off-line and on-line; to broadcasters, telecom or information service providers; or between EU-based and third-country based companies operating in the same marketplace.
This is not fair competition.

✓ *Implementation Meeting March 2013*

2. The Linked Content Coalition

Why do we need a Linked Content Coalition?

- ✓ **Every digital media content transaction is a rights transaction**
- ✓ **IP rights are the core units of commerce in digital media**

The LCC will provide partial answers to the following questions

- How do people who want to trade in rights find each other?
- How can more people be enabled to trade in rights?
- How can they trade cost-effectively?
- How can we use technology to manage better scale and complexity
- How do we support a trading infrastructure which is cross-media in the long term?

3. The “Licenses for Europe” initiative

- “Battle of the wills” in the European Commission
 - **Radical changes to copyright** including the **introduction of new exceptions**, versus
 - No change in the law, but that more can be done to **improve the conditions for licensing** of content, particularly across borders.

A broad stakeholders dialogue will start in January 2013 with **4 work streams**:

1. **Cross-border access** and the **portability of services**
2. **User-generated content** and licensing for small-scale users of protected material
3. **Audio-visual sector** and cultural heritage institutions
4. **Text and data mining**

EPC will participate and indeed nominate **experts**

4. Oba! Oba! Oba!

- *Fear of “covert tracking” of consumer behaviour for advertising required a response by industry to prevent statutory opt-in for data collection via cookies*
- EPC Set up a Steering Group to develop a framework to self-regulate online behavioural advertising (Oba!)
- We developed a **s-r code**, and **universal icon** to label OBA with centralised **opt-out tools** for consumers - www.youronlinechoices.eu
- Imposed **requirements to monitor** and audit implementation of the icon and opt-out
- Set up a **new association “Digital Interactive Advertising Alliance”** to license the icon, manage the monitoring and fund industry education programmes.

Obrigada pela sua atenção!



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