Sharing Revenue with Online Content Developers

Why in news?

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EU is debating to evolve a revenue sharing model between conventional news agencies and online aggregator sites like Google and Facebook.

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What is the debate about?

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- Sites like Google and Facebook aren’t involved in the difficult task of gathering, checking and serving news from around the world.
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- However, these online giants do receive a lot of eyeballs and generate huge amounts of advertising revenue from providing links to such news stories.
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- As this effectively means serving users the work done by others (news media in this case), this is touted to constitute a case of copyright infringement.
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- The current discussion is hence, premised on giving news agencies leverage to negotiate with online news aggregators on revenue sharing models.
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- If the negotiations succeed, then the big online platforms would be paying for the millions of news articles they feature on their sites.
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- This could potentially change the current revenue model for news consumption and, perhaps, for other content as well.
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What are the current revenue trends?

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- News articles are the second most popular category on social networks, exceeded in viewership only by posts related to friends and families.

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- Under the current copyright laws, the online aggregators are not obliged to share this revenue with the content creators.
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- Notably, revenues for conventional news media are dropping, thereby making the expensive task of investigative reporting increasingly unsustainable.
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- On the contrast, Google and Facebook together hold 60-70% market share of online advertising across the world and their profits are increasing.
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- In 2016, Facebook reportedly tripled its profits to $10 billion and Google reported a 20% increase in profits that accounted to $20 billion.
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- This shift of revenues away from the content creator to the disseminator started with the very emergence of the “world wide web”
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- This is a classic example of technological disruption altering the value chain and it has been accentuated with the rise of social media.
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What is the binary in the arguments?

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- Social media platforms can argue that they have invested significantly to build their platforms and deserve the right to monetise from it.
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- On the other hand, news agencies do need revenues to produce high-quality reporting to facilitate continued online traffic on these sites.
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- While there is logic on both sides, recognizing that there is also a symbiotic relationship is crucial.
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- It is true that, if Google and Facebook stop linking to news then the revenue for news agencies will decrease even more than the present.
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- But at the same time, Google and Facebook will also lose some revenues and suffer loss of credibility, as news agencies provide credible content.
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How does the future look?

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- **Possible Solution -** Some have mooted to extend the concept of “neighbouring rights”, which in the EU is currently available only to authors and not news agencies.
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- This concept allows authors the right, with 20 years validity, to control the reproduction and publication of their content.
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- If it is extended to publishers, the news agencies would get better control over the sharing of their content.
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- **The Challenge -** While enhancing news monetisation through deals with social media giants is a possibility, given their monopolistic nature, Facebook and Google would play tough.
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- They could even consider selectively removing articles that demand payment or rather, fine-tune their algorithms to filter out anything that the surfer does not explicitly seek.
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- **The Impact –** An enhanced copyright regime could, at the very least, give the news agencies some leverage to try and grab a slice of advertising revenue.
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- More significantly, this would open the possibility for other content creators like bloggers, musicians and video makers to aspire for a similar deal.
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- It is to be noted that, while now these people are already being remunerated by sites like YouTube, their share has largely been a pittance and completely according to the terms and conditions of the websites.
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Source: Business Standard

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