

Market Study Report on News Content Distribution

September 21, 2023
Japan Fair Trade Commission

1. Purpose

In recent years, as a contact for consumers regarding news content, the use of news platforms such as news portals that display news in one place on internet and internet search services has increased, while the use of existing news media such as newspapers and magazines has decreased.

Appropriate provision of news content to the public is essential not only for the sound democracy but also for delivering information to consumers, as it contributes to ensuring a fair competitive environment through consumers' voluntary and rational choice of goods. In this regard, concerns have been raised that it may become difficult for consumers to enjoy high-quality news content playing a key role in the people's lives, depending on the transactions between enterprises operating news platforms ("News Platform Operator(s)") and enterprises that edit and provide news content based on their coverage ("News Media Operator(s)"), and the usage status of news content on news platforms.

In February 2021, the Japan Fair Trade Commission (the "JFTC") published the "Final Report Regarding Digital Advertising". Among issues related to transactions between the News Media Operators and the News Platform Operators as well as other issues, the report argued that clarification of trade terms and appropriate negotiations between the two parties are desirable from the competition policy perspective to address issues regarding license fees for news content usage on news platforms and display rankings on internet search, which were pointed out by the News Media Operators. However, according to the interviews that the JFTC conducted from August to November 2022 with business operators of newspapers, magazines and TV broadcasting, their relevant trade associations, and others in order to understand the status of the News Platform Operators' efforts for addressing the issues pointed out by the JFTC in the report, no substantial improvement has been recognized.

In light of the above circumstances, the JFTC conducted a market study on the news content distribution services sector (the "Market Study"), with the aim of making more effective proposals for solving issues after gaining a more detailed understanding of the actual status of transactions in the news content distribution services market.

(1) Scope of the Market Study

The JFTC conducted a study on the news content distribution via textual information through websites and apps, focusing on transactions between the News Platform Operators and the News Media Operators.

(2) Methods of Study

(a) Questionnaire Surveys for the News Media Operators and Consumers

From November to December 2022, the JFTC conducted a questionnaire survey for News Media Operators (Number of respondents: 220).

In February 2023, the JFTC conducted a questionnaire survey for people who browse news content on mobile phones, etc. at least three days a week (Number of respondents: 2,000).

(b) Voluntary Interview

The JFTC interviewed 65 persons (53 entities consisting of the News Media Operators and relevant trade associations, 7 News Platform Operators, and 5 experts).

(c) International Cooperation

Through the process of compiling this Market Study report, the JFTC exchanged opinions with the US Federal Trade Commission, the Australian Competition and Consumer Commission, and the Autorité de la concurrence of France.

2. Results

Please see the Market Study report, attachments, and summaries as attached.

3. Future Initiatives

- (1) To ensure that the News Platform Operators and the News Media Operators work together to resolve issues through negotiations based on mutual understanding, the JFTC will continue to monitor the progress of efforts by those operators while maintaining our necessary communication with them. Depending on the future situations of competition, the JFTC will consider further measures necessary to improve the fairness and transparency of transactions and ensure a fair competitive environment.
- (2) The issues studied by the JFTC involve copyright issues. Moreover, there are certain areas where the government is considering actions for addressing competition concerns. With that, the JFTC will continue to proactively engage in collaboration and cooperation with relevant ministries and agencies.
- (3) Since various efforts are being made by competition authorities in other jurisdictions, the JFTC will exchange opinions with them at various levels, and also

make use of opportunities offered by the Organization for Economic Cooperation and Development (OECD), the International Competition Network (ICN), and other organizations to promote continuous collaboration with relevant overseas authorities and develop competitive environment.

- (4) The JFTC will strictly and appropriately respond to concrete cases involving the News Platform Operators that become problematic under the Antimonopoly Act (AMA), including conduct pointed out in this report.
- (5) The JFTC will proactively consider and introduce study methods utilizing new technologies such as scraping for the data-analysis conducted in this Market Study, so that JFTC will be able to gain a more detailed understanding of the business activities of digital platform operators and take more effective measures.
- (6) As the competitive environment surrounding the News Platform Operators and the News Media Operators is expected to change further due to the development of digital technologies such as the rapid spread of AI, including generative AI, the JFTC will pay close attention to the impacts of generative AI on competition in the digital market including the market related to news content distribution via internet.