



公正取引委員会
Japan Fair Trade Commission




Market Study Report on News Content Distribution (Summary)

September 2023
Japan Fair Trade Commission

Purpose and Method of this Market Study

Purpose of This Study

- In recent years, regarding the way consumers read news, **the use of News Platforms such as News Portals 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.
 - On the other hand, it **may become difficult for consumers to enjoy high-quality News Content**, depending on the transactions between News Platform Operators and News Media Operators, and the usage conditions of News Content on News Platforms.
 - **Substantial improvements have not been seen** with respect to the issues pointed out in the Final Report Regarding Digital Advertising in 2021, such as the clarification of licensing fees and other transaction conditions.
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- **From the viewpoint of enhancing the fairness and transparency of transactions between News Platform Operators and News Media Operators and ensuring a fair competitive environment**, the JFTC decided to conduct this study on the News Content distribution services market, with the aim of making more effective proposals for solving issues.

Examination Method

Questionnaire Survey for News Media Operators	Questionnaire Survey for Consumers	Voluntary Interviews
Period: Nov.16, 2022 – Dec. 17, 2022 Subjects: Member businesses of the Japan Newspaper Publishers & Editors Association, Japan Magazine Publishers Association, or the Japan Commercial Broadcasters Association Subjects number : 319 Respondents: 220 (response rate 69.0%)	Period: Feb.17, 2023 – Feb. 20, 2023 Subjects: People who consult News Content on mobile phones, etc. 3 days or more per week Respondents: 2,000	Conducted interviews and/or written surveys for: <ul style="list-style-type: none"> 53 News Media Operators / relevant trade associations; 7 News Platform Operators; and 5 experts

International Cooperation

The JFTC exchanged opinions with the US Federal Trade Commission, the Australian Competition and Consumer Commission, and the Autorité de la concurrence of France.

News Platform Operators

NEWS

Internet Search Operators

- Google search
- Yahoo! search etc.

News Portal Operators

(Secondarily distribute entire text)

- Yahoo! News
- LINE NEWS
- SmartNews etc.

(Display titles only)

- Google News Showcase etc.

News Media Operators

- Newspapers, News services
- Book publishers
- Broadcasters etc.

[Internet Search]



- Display News Content's titles, snippets, and others as search results.

[News Portal]



- Display (parts of) multiple News Contents from different providers side by side.
- Secondarily distribute the entire text of the News Content, or provide the URL of the News Media Site displaying only the title of the News Content

[News Media Site]



- Edit News Content based on their coverage and provide it on their websites and apps (News Media Sites).
- Provide (license) News Content to News Portal Operators.

Issues Regarding News Portal

- **Trade Reality**
 - ✓ The average license fee paid is JPY 124/1,000 PV (max. 251, min. 49). The average advertising unit price for News Media Sites is JPY 352/1,000 PV. “PV” means Page View.
 - ✓ The average percentage of customer influx to News Media Sites per PV on News Portals is 8.9%.

(1) Setting a Significantly Lower License Fee by Unilateral Contract Amendment, etc.:	News Portal Operators are encouraged to disclose the basis for the license fee level, etc. It would be a problem under the AMA if they set a significantly lower license fee amount by unilateral contract amendment, etc.
(2) Changes to the Layout, etc. that Might Affect Customer Influxes:	News Portal Operators are encouraged to provide a sufficient explanation of changes in advance. It would be a problem under the AMA if they did not change the trade terms without sufficient negotiation while the number of customer influxes to the News Media Site had decreased due to the changes.
(3) Arbitrary Operation on the Selection Criteria for Main News Column:	News Portal Operators are encouraged to indicate the selection criteria and provide a sufficient explanation of changes in advance. It would be a problem under the AMA if they reduced the chance of the News Content posting based on criteria different from the ones preliminarily indicated.
(4) Restrictions on News Content Distribution:	News Portal Operators are encouraged to specify the scope of distributable News Content. It would be a problem under the AMA if they restricted News Content distribution or required modification beyond the scope preliminarily stipulated.

Issues Regarding Internet Search

- **Questionnaire Result**
 - ✓ More than 80% of consumers sometimes do not access News Media Sites from Internet Search results.
 - ✓ About 28% of consumers for Google search and about 26% for Yahoo! search selected them as the most frequently used service when searching for News Content.

(1) Use of News Content in Internet Search Result:	The parties are encouraged to reach a common understanding through sufficient negotiations in light of the Copyright Act. In circumstances where a copyright can be exercised, it would be a problem under the AMA if Internet Search Operators unilaterally set a significantly lower license fee or deals free of charge.
(2) Self-Preferencing for News Content on Internet Search Result:	Internet Search Operators are encouraged to treat News Content secondarily distributed by themselves and News primarily distributed by News Media Operators under the same conditions. It would be a problem under the AMA if they caused decreases of competitors’ business opportunities or others by interfering with their transactions.

Method for Trade Terms Negotiations

- ✓ On joint negotiation, acts that restrain prices and other items that are material means of competition may be problematic, but acts that: (1) request to disclose data; (2) create and distribute a document appealing the plight of the industry; or (3) request changes to the layout of the News Portal are not problematic under the AMA.
- ✓ It is not problematic under the AMA for a copyright management service operator to negotiate with a News Platform Operator regarding license fees and others for multiple News Media Operators based on the framework under the Act on Management Business of Copyright and Neighboring Rights.

Increased Importance of News Platforms in News Distribution (1)

➤ Regarding the ways of viewing News Content, browsing by electronic data via internet is increasing, while browsing by existing media (paper, broadcast) is decreasing.

Changes in Consumer Behavior

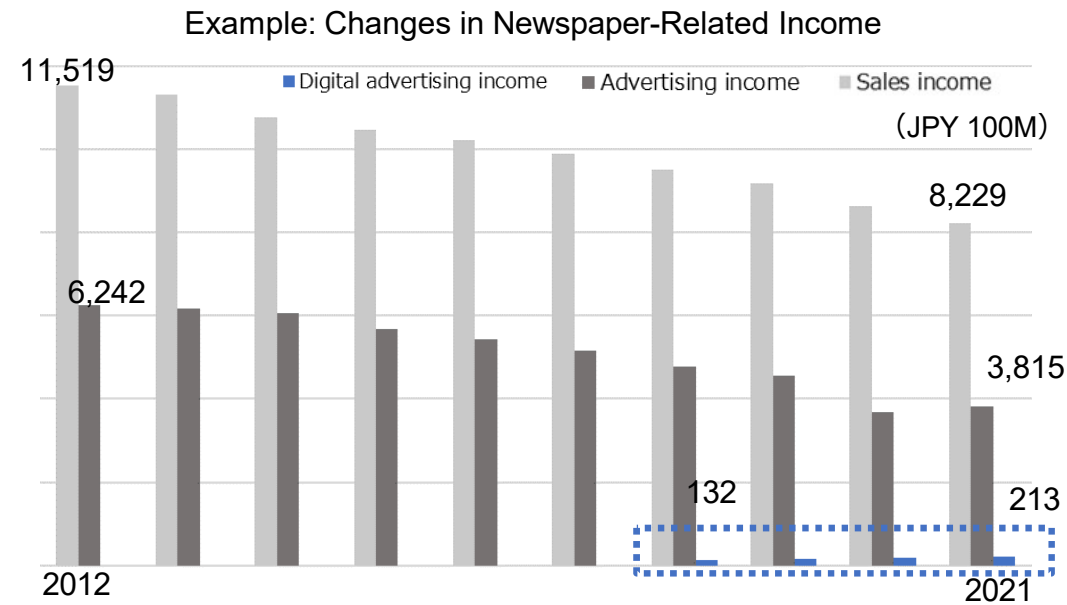
- Most used text-based news services: *1
- Newspaper 59.3% (FY2013) → 18.0% (FY2022)
 - News Portals 20.1% (FY2013) → **47.0%** (FY2022)

Changes in Distribution Structure

- [Decrease]
- Newspaper circulation: Approx. 30.85M in 2022 (64.6% compared to 2012) *2
 - Magazine circulation: Approx. 1,3301.36M in 2022 (44.8% compared to 2012) *3
 - TV viewing time: Decreasing trend from 2012 to 2022 *1
- [Increase]
- Number of PVs in News Portals: Approx. 236.5B in FY2021 (124.9% compared to FY2019)
 - Number of News Content License Agreement: 2,944 in FY2021 (201.0% compared to FY2016)

Changes in Earnings Structure

- Among News Media Operators, newspapers and magazines have seen significant decreases in advertising incomes under existing media and sales incomes.
- For both newspapers and magazines, digital advertising incomes (sales earned from digital advertising displayed on News Media Sites) are consistently increasing but have yet to make up for the decreases in existing advertising and sales incomes.



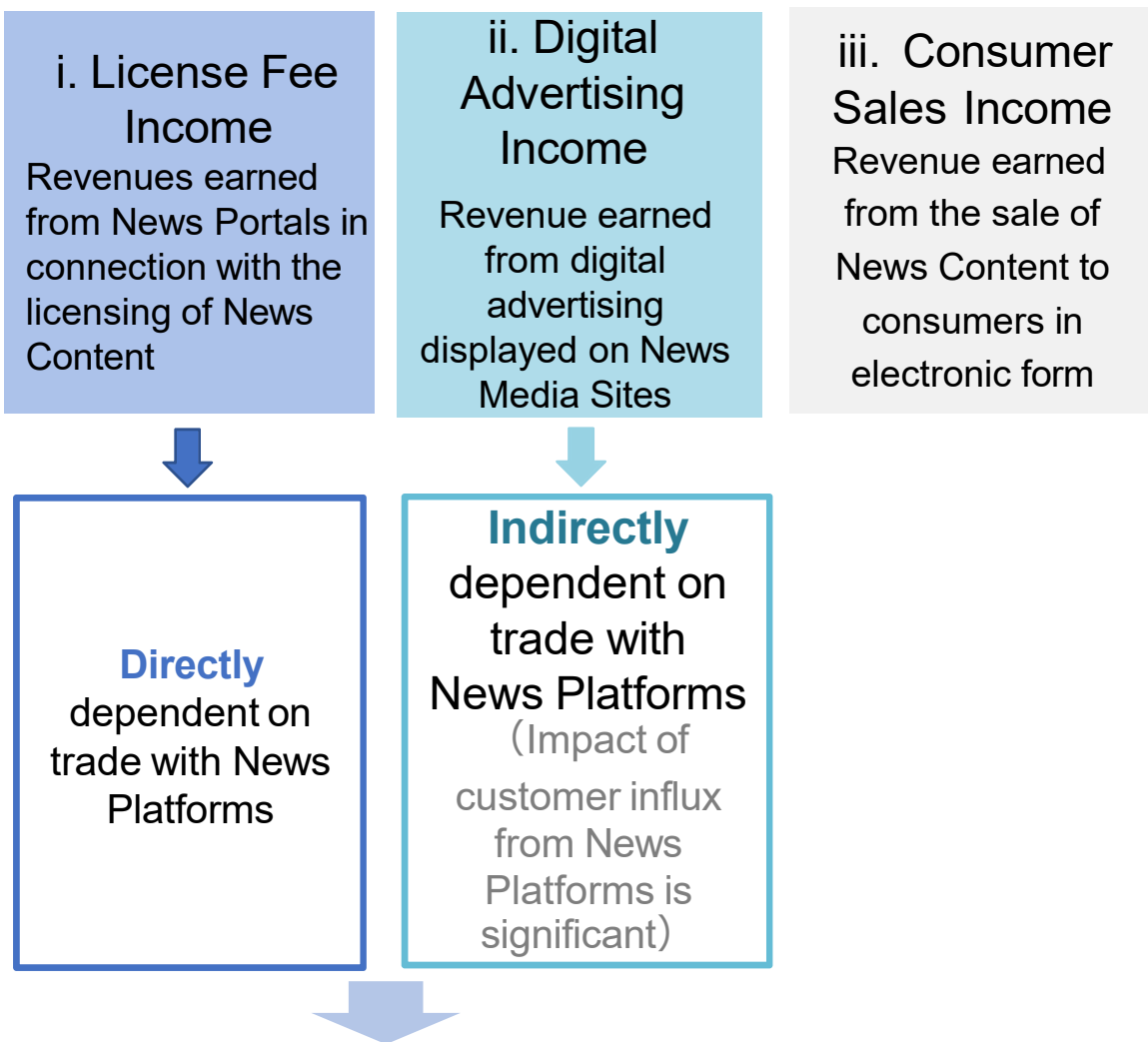
*1 Ministry of Internal Affairs and Communications, Institute for Information and Communication Policy “Survey Report on Information and Communication Media Usage Time and Information Behavior (FY2022)”
 *2 The Japan Newspaper Publishers & Editors Association “Circulation and Households (Set paper counted as one copy)”
 *3 National Publishers Association PIIA, Publishing Science Research Institute “Publication Index Annual Report 2023”

(Prepared by the JFTC based on “Newspaper Revenue” on the Japan Newspaper Publishers & Editors Association website)

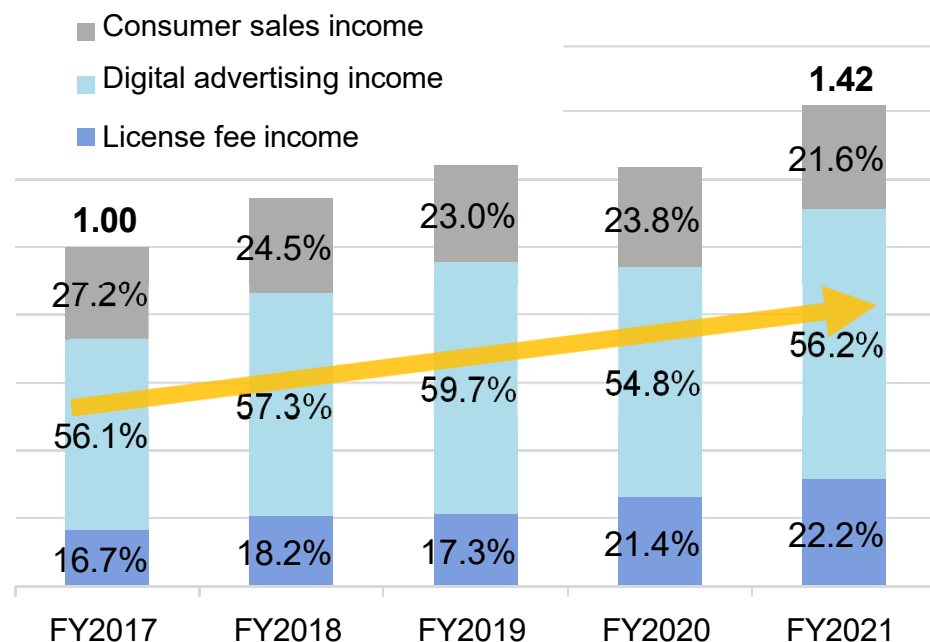


Income from Distribution via Internet

- The share of **license fee income** and **digital advertising income** in News Media Operators' income from distribution via internet is on the rise.



Changes in License Fee Income, Digital Advertising Income, and Consumer Sales Income



The figure is based on FY2017, with the total of 18 companies' sales as of that time set at 1.

The importance of trade with News Platform Operators is increasing



License Fee Payment Ratio

- The total amount of license fees paid by the 6 News Portal Operators in FY2021 is **approximately 1.3 times** the FY2019 level, and the market is expanding.
- * In FY2021, the total revenue of the 5 News Portal Operators (excluding one of the six operators that could not respond to our survey) is **approximately 1.2 times** the FY2019 level.
- The largest **license fee payments** were made by Yahoo! News, LINE NEWS, and SmartNews, in that order, with **Yahoo! News** accounting for **the majority with more than 40%** of the total.

Ratios of Each News Portal in the Total Payment Amount of the 6 News Portal Operators

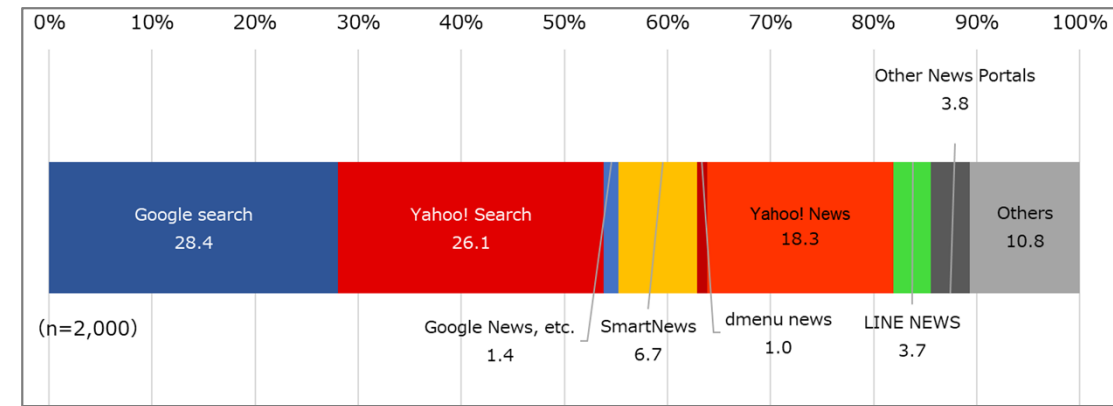
FY2021

Ranking	News Portal Name	Percentages
1	Yahoo! News	40 – 50%
2	LINE NEWS	20 – 30%
3	SmartNews	10 – 20%
4	Microsoft News (MSN News)	5 – 10%
5	Gunosy	0 – 5%
6	dmenu news	0 – 5%
	Total	100%

➤ Services Used When Consumers search for News Content

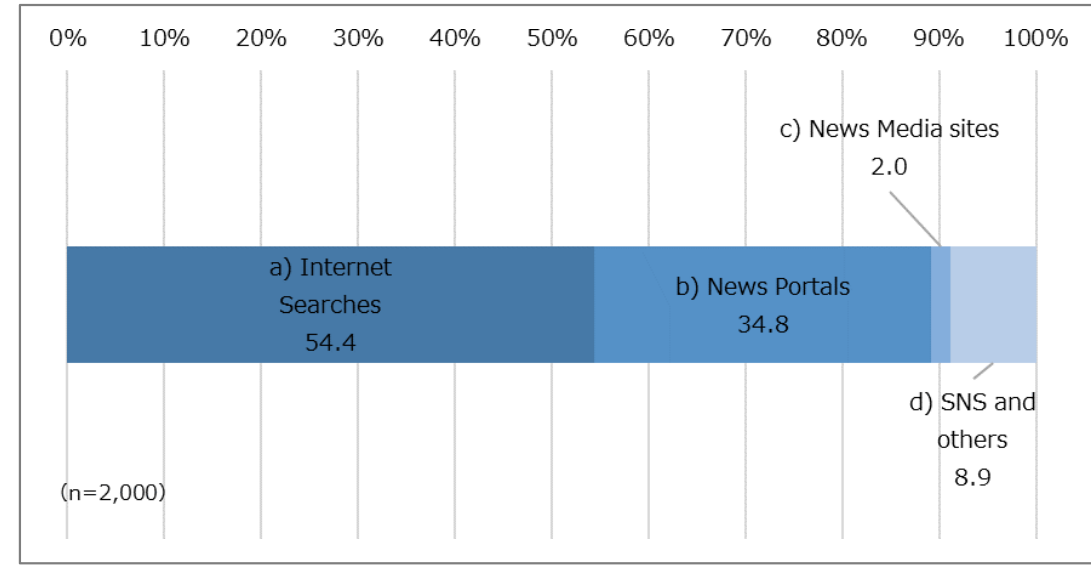
- The most frequently used services are **Google search (28.4%)**, **Yahoo! search (26.1%)**, and **Yahoo! News (18.3%)**. **Yahoo! News is the most frequently used News Portal.**

Most Frequently Used Service When Searching for News Content in Electric Data



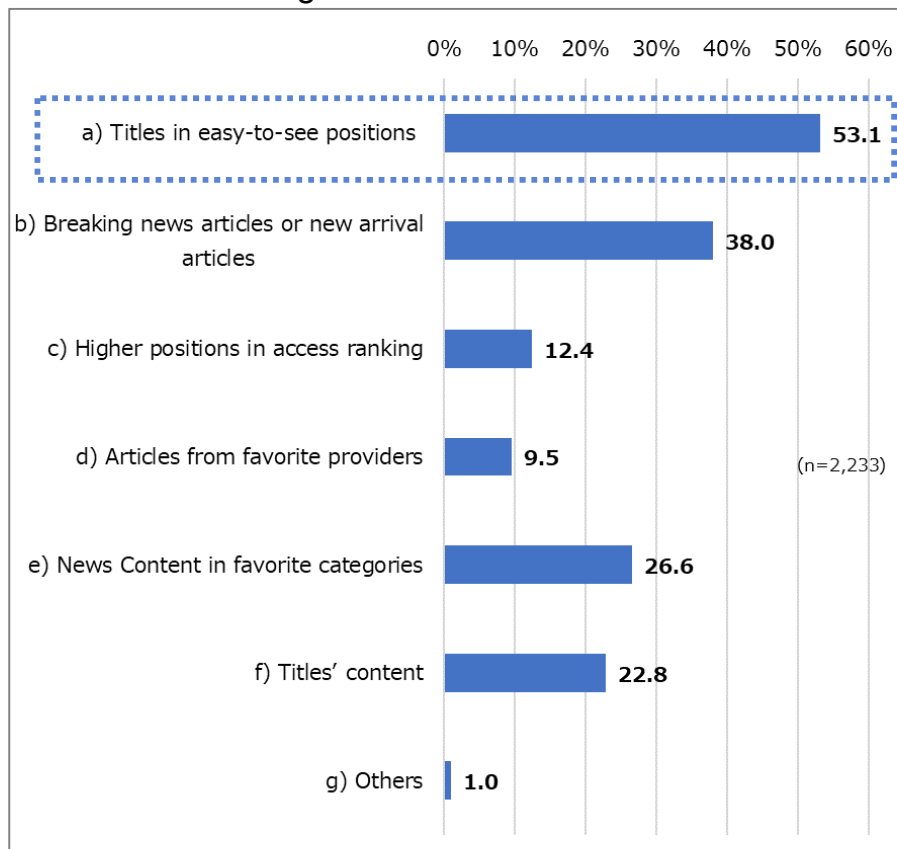
- By service category, **Internet Searches** usage accounts for 54.4% and **News Portals** usage accounts for 34.8% (**about 90%** in total), while **News Media Sites** usage accounts for **2.0%**.

Most Frequently Used Service (per Service Category)



- The most influential factor in a consumer's choice of News Content to read on a News Portal is whether **the title of the News Content is in an easy-to-see position**.
- **News Portal Operators influence consumers' choice of News Content** through the selection and display method of News Content in the "Main News Column", where News Content is selected and displayed in a prominent position.

Factors Affecting Consumers' News Content Choices



Examples of Main News Column in News Portals

Desktop browser

Smartphone

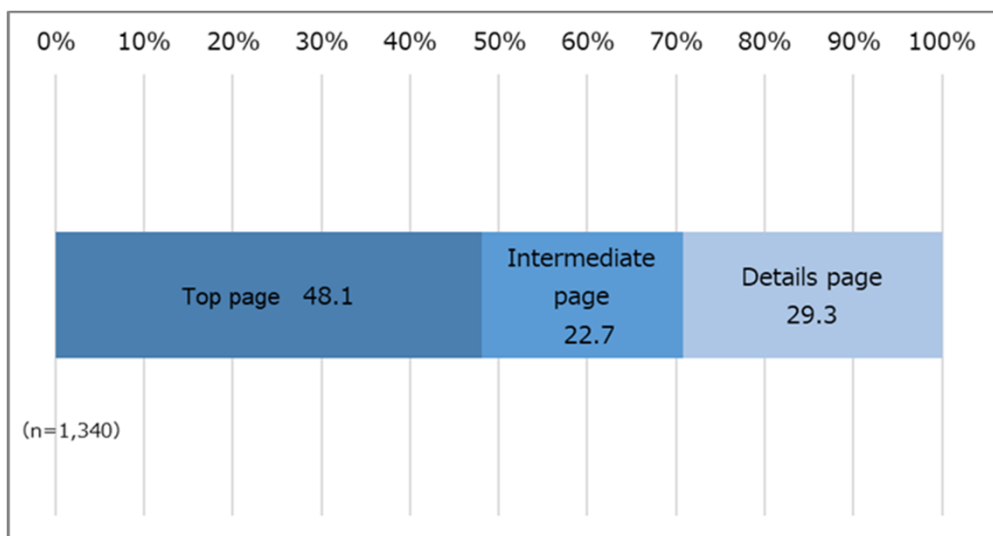
Main News Column
Some News Content titles selected by the News Portal Operator are displayed here.

- One of the methods to set the license fees is to pay the amount obtained by multiplying the number of PVs by the unit price per PV stipulated in the contract. In some cases, in the News Portals where “Intermediate Pages” and “Details Pages” are provided, only the details page is subject to such calculation of the number of PVs.
- **Nearly 50% of consumers often browse only the "Top Page" of News Portals. More than 20% of consumers often browse up to the "Intermediate Page" but not to the "Details Page" of News Portals.** Among them, more than 60% cite as the reason that the content they want to know is sufficient in the Intermediate Pages.
- **News Portal Operators influence consumers' choice of whether or not to browse to the Details Pages** through the descriptions in the Intermediate Pages.

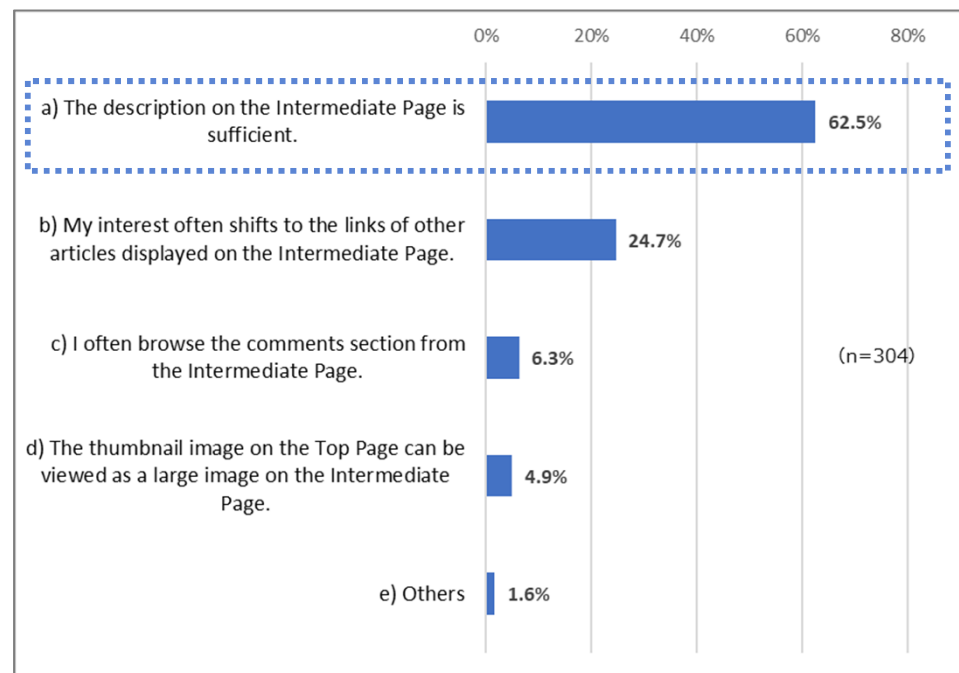
Examples of Intermediate Pages in News Portals



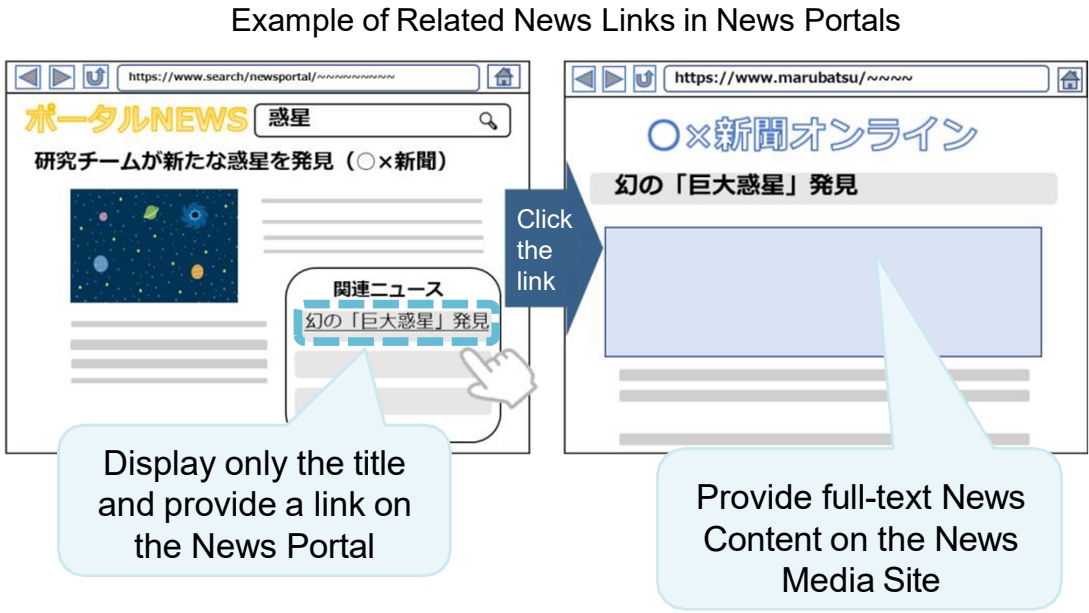
The Pages Consumers Often Browse to on News Portals



Reasons Why Consumers Often Browse to Intermediate Pages



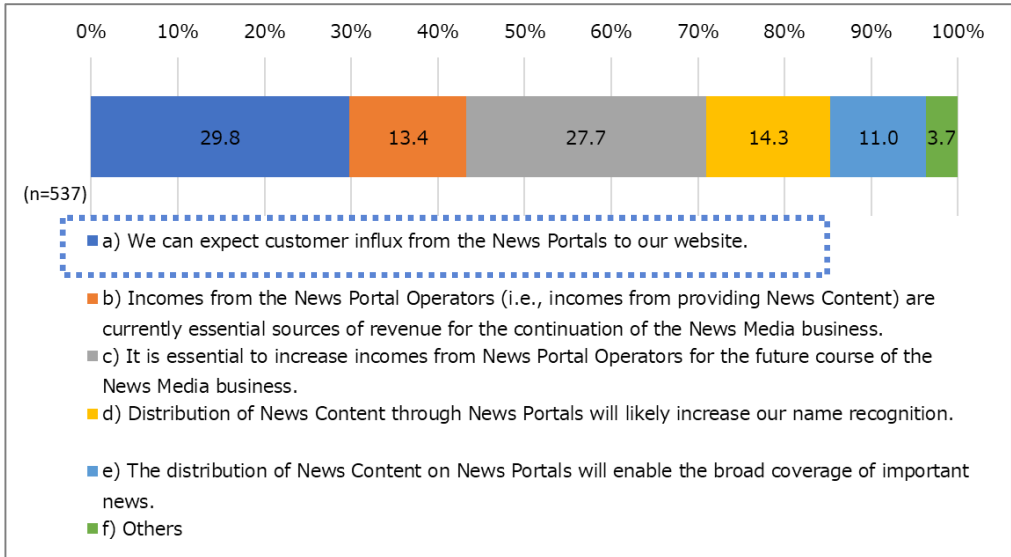
- Regarding contracts with News Portal Operators, News Media Operators place the highest value on the expectation of customer influxes (29.8% of the total). In fact, 39.5% of the influxes to News Media sites are derived from Related News Links.
- The most influential factor in a consumer's choice of News Content to read on a News Portal is that the title of the News Content is in an easy-to-see position (see page 8).
- **News Portal Operators influence customers' use of Related News Links** by setting and changing the display positions of Related News Links.



Ratios of Customer Influxes from Each News Platform in Total Customer Influxes to the Websites of 17 News Media Operators

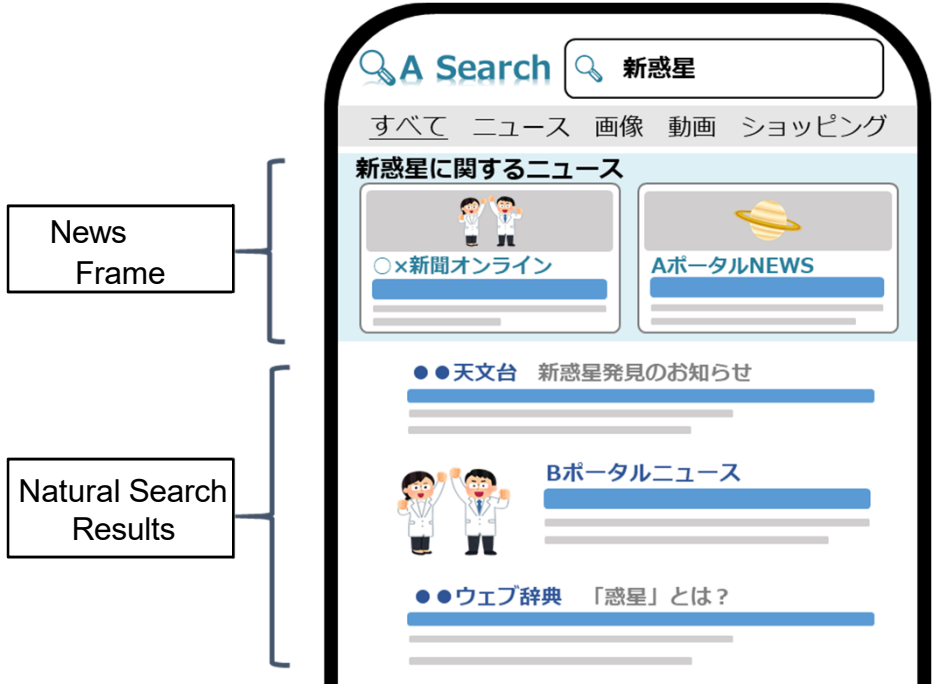
News Platform	The Ratio in Total Customer Influxes (%)
Internet Search	30.7%
Google search	24.1%
Yahoo! Search	5.9%
Bing search	0.7%
Related News	39.5%
Yahoo! News	23.3%
LINE NEWS	7.7%
SmartNews	6.5%
dmenu news	0.7%
Gunosy	0.4%
News Pass	0.3%
livedoor NEWS	0.3%
Microsoft News (MSN News)	0.2%
Principal News	8.4%
Google News, etc.	8.3%
News Picks	0.1%
Others	21.4%

Most Important Reasons for Doing Business with News Portal Operators

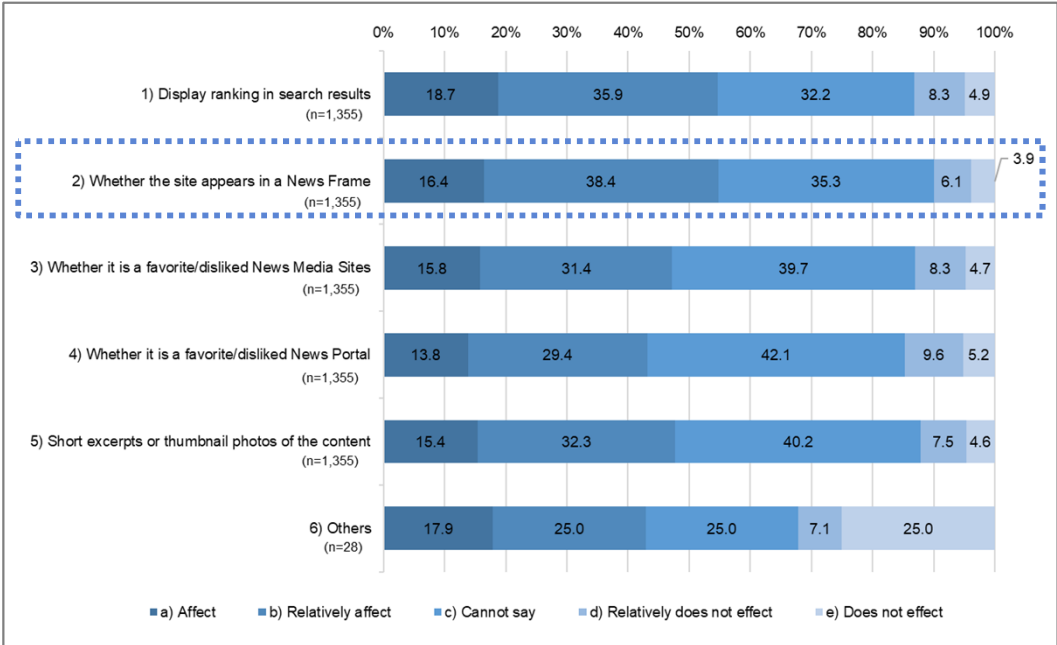


- When consumers use Internet Searches to find News Content, the most influential factor regarding whether or not they select the News Content shown as a search result is whether **the News Content is displayed in the News Frame**.
- About 50% of consumers often browse only the News Frame in the Internet Search results, **about 30% often browse up to the first page**, and about 10% often browse up to the second page.
- **Display format for Internet Search results has a significant impact on consumers' choice of News Content.**

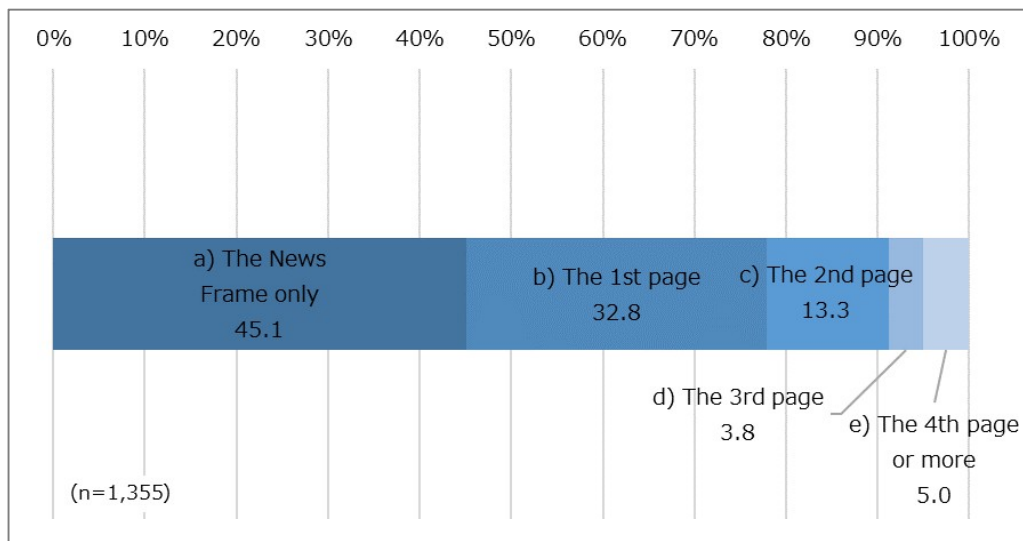
Example of News Frames



Degree of Impact on Clicks per Factor



Pages Consumers Often Check up to on Internet Search Results



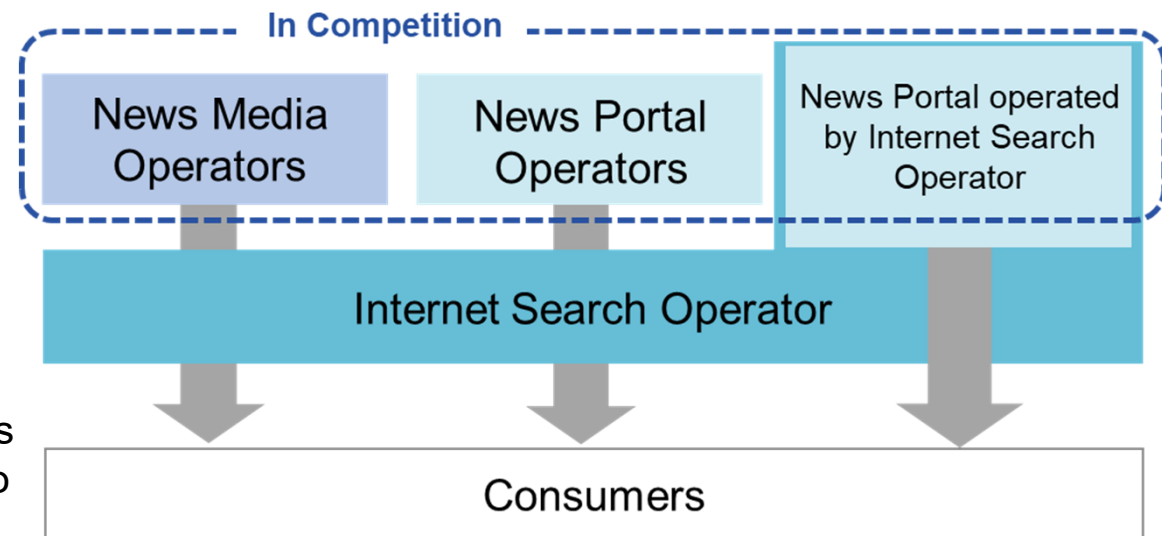
- **Major Internet Search Operators** also operate News Portals, so they have a **dual role** in their relationship with News Media Operators: **they are both competitors and providers of services that may affect competition.**
- Such a role may induce Internet Search Operators to give **preferential treatment to the News Content they distribute compared to what their competitors distribute** through: (i) rankings of the Internet Search results; or (ii) News Frames in the Internet Search results display (so-called **self-preferencing**).

- **Role as a Competitor**

As a News Portal Operator, the firm is in competition with other News Portal Operators and News Media Operators regarding the distribution of News Content to consumers.

- **Role as a Provider of a Service that May Affect Competition**

As an Internet Search Operator, the firm provides consumers with Internet Search results related to News Content that other News Portal Operators and News Media Operators are to distribute to consumers.

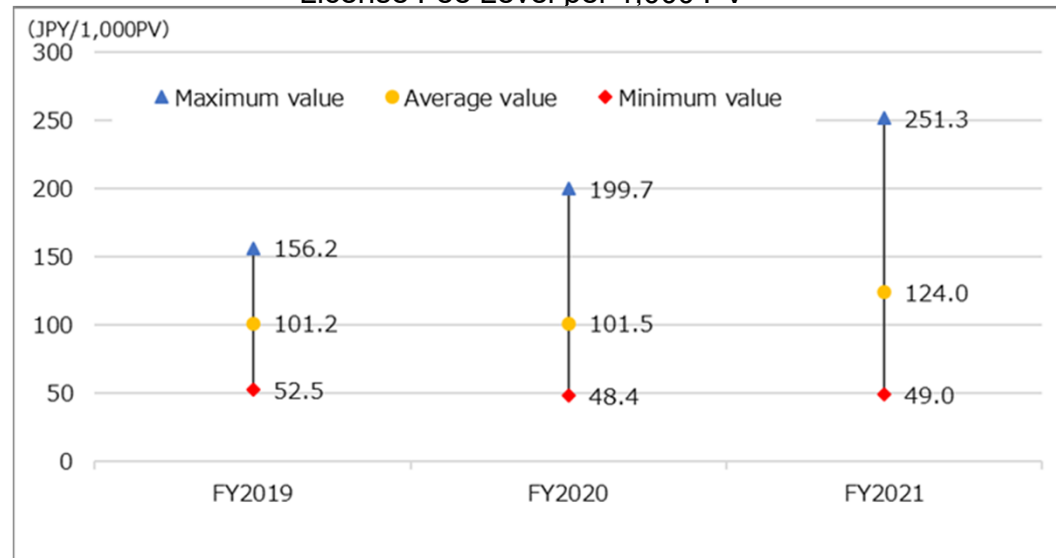




- The level of license fees per 1,000 PV in FY2021 is **JPY 124 on average**, JPY 251 on maximum, and JPY49 on minimum.

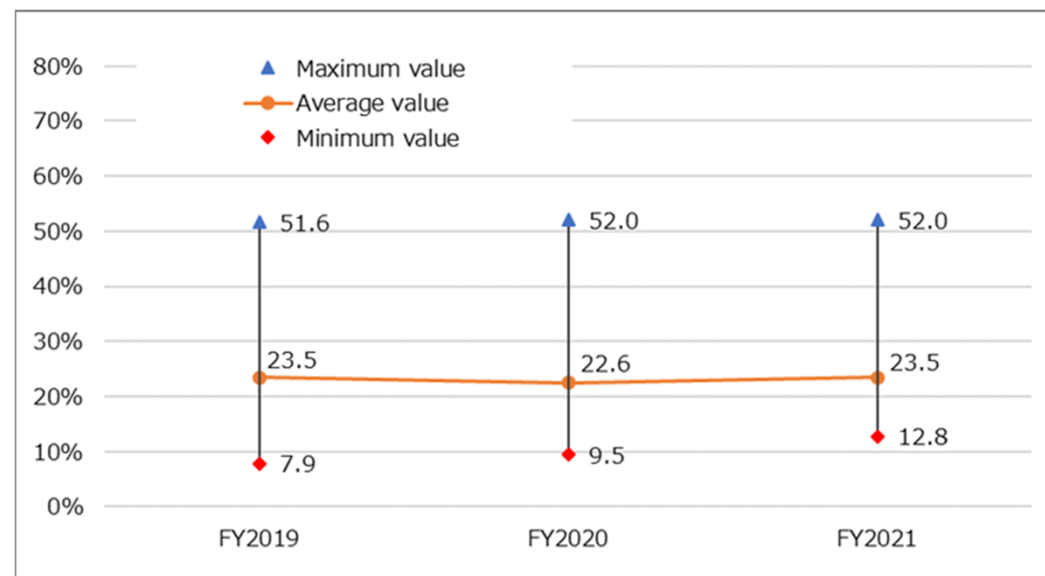
* The level of the digital advertising unit price per 1,000 PV on News Media Sites is JPY 352 in FY2021.

License Fee Level per 1,000 PV



- News Portal Operators use the advertising revenue from News Portals as the source of license fee payment to News Media Operators. Though the ratio of the total amount of license fees paid to News Media Operators to the total amount of advertising revenue on News Portals varies from about 8% to about 50%, the average per News Portal Operator is **about 24%** in FY2021.

Percentage of Total Licensing Fee Payments to Total Advertising Revenues on News Portals



- In FY2021, the number of clicks on Related News Links on News Portals is **about 9%** of the number of PVs for pages thereon which News Content usage license fees are paid for.

Percentage of the Number of Customer Influxes of Number of PVs on News Portals

Fiscal Year	2019	2020	2021
Percentage (simple average of 3 companies)	7.4%	8.1%	8.9%

Related News (“関連ニュース”) Links on a News Portal



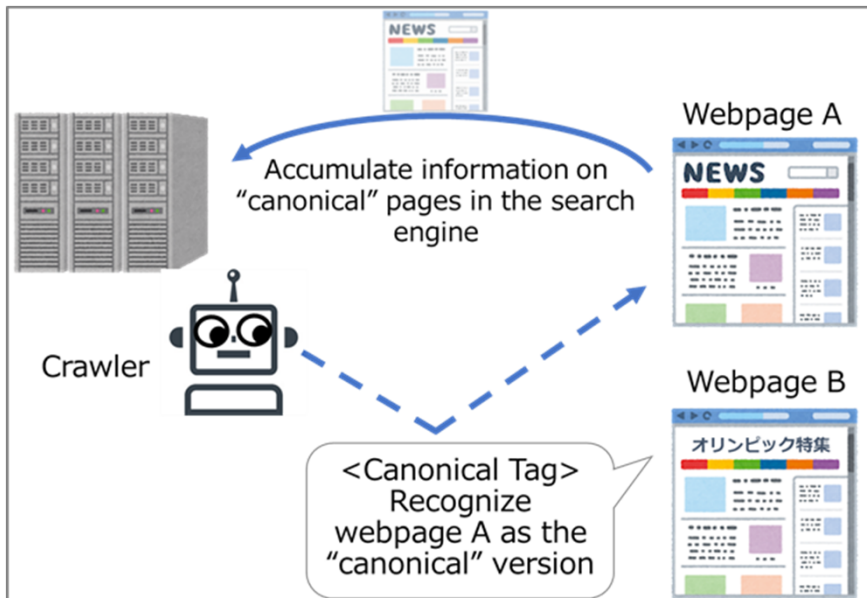
Comment from News Media Operators

• A News Portal Operator started to install a canonical tag* to designate the News Content page on its News Portal as the "canonical" version in November 2019. Since then, the number of customer influxes from Google search results to our News Media Site posting the same News Content decreased. We guess this decrease might be attributed to the fact that the News Portal Operator's installation of canonical tags made News Media Site pages posting the same News Content difficult to be displayed in Google search results.

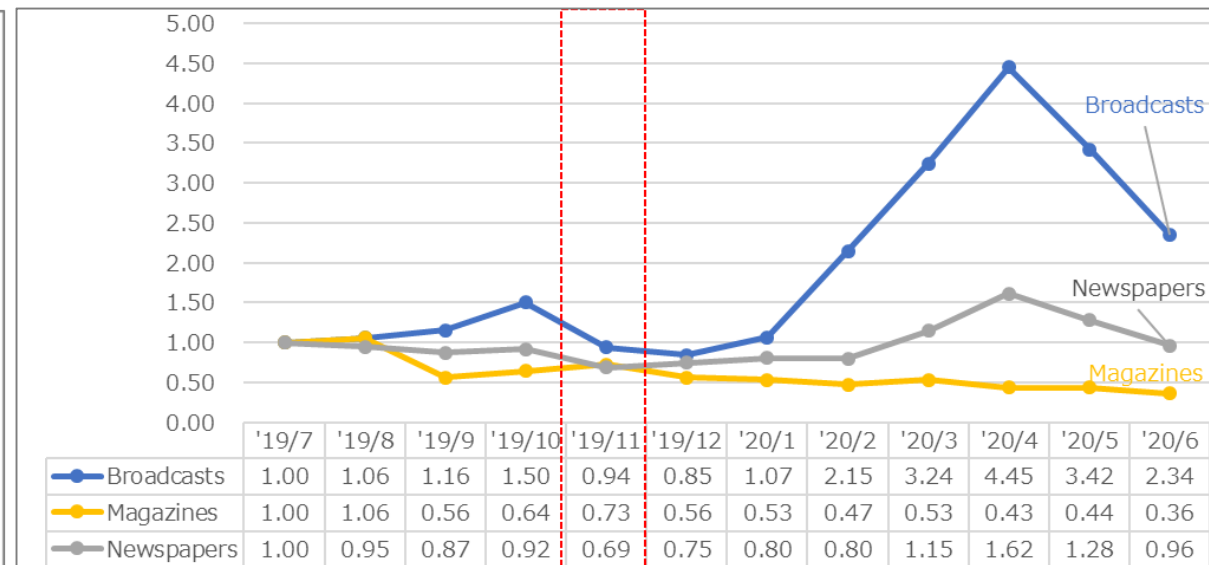


- Looking at the trends in customer influxes to the websites of News Media Operators, those in newspapers and broadcasts showed an increasing trend from December 2019 to April 2020, while those in magazines showed a decreasing trend during the same period.
- **There has been no consistent downward trend in the overall volume of customer influxes from Internet Search results to News Media Operators' websites** since November 2019, when the News Portal Operator started installing canonical tags.
- Google states that the installation of a canonical tag that designates another page within the same website as "canonical" does not affect the relative display ranking of that website and other websites in Internet Search results.

* Function of Canonical Tag



Trends in the Volume of Influxes from Internet Searches per Business Type



Based on the figure in July 2019, the changes in the influx volume from the following month onward are relativized.

Comment from News Media Operators

- In the natural search results displayed in Yahoo! search (using a search engine provided by Google), we guess that the News Content on Yahoo! News is given priority over the News Content on the News Media Sites.



➤ Collection and comparison of natural search results by scraping

The JFTC scraped the top two pages of natural search results for specific search words (words introduced as those had a sharp rise in search frequency) for about two weeks on Yahoo! search and Google search, which use the same search engine, then compared the numbers of Yahoo! News websites and News Media Sites displayed there. The following chart shows the results. Within the scope of this analysis, there was no statistically significant difference between the two Internet Search results compared. Consequently, **it is not recognized that the News Content on Yahoo! News was displayed in priority in the natural search results of Yahoo! Search.**

➤ Verification of results using economic analysis techniques

The JFTC used an economic analysis method to verify whether the difference between Yahoo! search results and Google search results is statistically significant. The result was that **it cannot be said that there is a statistically significant difference.**

Number of Displayed News Content, etc. on the Two Internet Search Results

			Yahoo! Search	Google Search	Differences in Appearance Rate	
					Differences (point)	Ratios (%)
Top 5 Natural Search Results	Number of Cases	(1) Yahoo! News Website	336	294		
	Displayed in Natural Search Results (case)	(2) News Media Site	786	714		
		Note: All Natural Search Results	4,065	4,065		
	Appearance Rate of (1) to (2) (%) [(1)/(2)]			42.7%	41.2%	1.6
Top 10 Natural Search Results	Number of Cases	(1) Yahoo! News Website	583	490		
	Displayed in Natural Search Results (case)	(2) News Media Site	1,914	1,726		
		Note: All Natural Search Results	8,130	8,130		
	Appearance Rate of (1) to (2) (%) [(1)/(2)]			30.5%	28.4%	2.1
Top 2 Pages in Natural Search Results	Number of Cases	(1) Yahoo! News Website	748	675		
	Displayed in Natural Search Results (case)	(2) News Media Site	4,001	3,822		
		Note: All Natural Search Results	15,033	15,790		
	Appearance Rate of (1) to (2) (%) [(1)/(2)]			18.7%	17.7%	1.0

Superior Bargaining Position in the News Content Trading

- It becomes a problem under the AMA as the abuse of a superior bargaining position when a party who has a superior bargaining position on the other party causes an unjust disadvantage to the other party in light of normal business practice (Article 2(9)(v) of the Antimonopoly Act (AMA)) by taking advantage of such position.

News Portal Operators

- Based on the fact that about 60% of News Media Operators cited Yahoo! News as the News Portal paying the most licensing fees, that about 20% of respondents to the consumer survey cited Yahoo! News as the most frequently used service, and that about 40% of News Media Operators cited that licensing fees were essential for the continuation of the current news media business and for future business strategies as a reason for doing business with News Portal Operators, many News Media Operators have high needs for transactions with Yahoo. Thus, **Yahoo might have a superior bargaining position** to the News Media Operators transacting with it. In addition, it is relatively likely supposed to have a superior bargaining position to the News Media Operators with relatively small business scales.
- Considering that the percentage of consumers who use News Media Sites when searching for News Content is low and the percentage of those who use News Portals is high, the **possibility of even News Portal Operators other than Yahoo having a superior bargaining position** in individual business relationships **cannot be ruled out**.

Internet Search Operators

- If it were necessary to conclude a license agreement for the use of News Content in Internet Searches, News Media Operators might have no choice but to accept even Internet Search Operator's extremely disadvantageous requests to avoid their News Content to be no longer posted on Internet Searches, which would be a major obstacle to their business operations, and based on that, **Internet Search Operators who operate Internet Searches that send a certain number of customers to News Media Sites might have a superior bargaining position** over News Media Operators.



Position in the Market of Services Used When Searching for News Content including Internet Searches

- It becomes a problem under the AMA when a party influential in the market employs unfair trade practices such as causing a market foreclosure effect by interfering with competitors' transactions (Paragraph 14 of the Designation of Unfair Trade Practices (Article 2(9)(vi) of the Antimonopoly Act (AMA)), etc.).
- About 28% of the consumers for Google search and about 26% for Yahoo! search selected them as the most frequently used service when searching for News Content, so **Google and Yahoo might fall under the influential firms in the market** of services used when searching for News Content.

- **Enhancing the fairness and transparency** in transactions between News Platform Operators and News Media Operators, and in the use of News Content, as well as **ensuring a fair competitive environment**, will contribute to the development of a fair business environment and contribute to the development of an environment in which consumers can enjoy high-quality News Content on a sustainable basis.
- Given that it was inferred through this study that there is insufficient consultation and communication between the two parties, **it is expected that the parties will first make efforts to resolve the issues through negotiations between them.**
The two parties are encouraged to proceed with such efforts based on sufficient mutual understanding, in light of their mutual relationship, as News Content produced by News Media Operators is essential for the News Platform Operators to provide their services, and the News Media Operators use News Platforms for distribution of their News Content.
- On the other hand, **depending on the transactions between the parties, etc., problems under the AMA may arise.**
From such perspective, regarding issues related to News Portals and Internet Searches, this report indicated **our views regarding joint negotiation on trade terms**, as well as the related business' claims that may be used as a reference during negotiations between the parties and facts revealed through this study. It also summarized **our views on the efforts encouraged for the concerned parties (Views from the Competition Policy) and acts that may be problematic under the AMA**, from the viewpoint of enhancing the fairness and transparency of transactions, etc. and ensuring a fair competitive environment.

Questionnaire Result, etc.

- The average license fee paid is JPY 124/1,000 PV, and the average advertising unit price for News Media Sites is JPY 352/1,000 PV.
- About 44% of News media Operators are dissatisfied with the license fee stipulated in the contract when they signed the contract, and about 63% are dissatisfied after the conclusion of the contract. Out of these, about 70% cited the unclear calculation standards as a reason, and about 50% reported that there was no specific material for negotiation.
- More than 40% of those who browse the top page onward browse to intermediate pages, but not to details pages.

Comment from News Media Operators

- In order to enable fact-based contract negotiations, data used for calculating licensing fees, including advertising unit prices for pages displaying News Content, should be disclosed. The licensing fees level should reflect the contributions to News Portal Operators' revenues other than advertising revenues from the pages displaying News Content, and related information should be disclosed.



Explanation by News Portal Operators

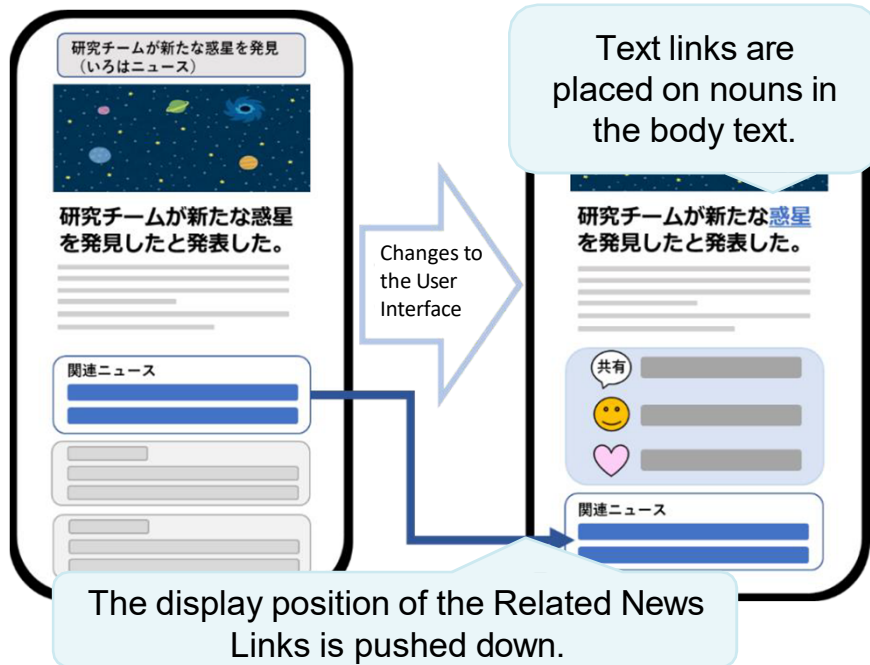
- We have presented to the extent possible the basis for license fees calculation and payment conditions, and have concluded the contracts under mutual agreement. If there is a specific request for information disclosure, we would like to consider it to the extent necessary.
- Considering the difference in the business conditions of other services operated by us and the interactive effect of sending customers from such other services to the News Portal, such contribution to the revenue of the News Portal Operators should not be flatly taken into account in the licensing fee level. However, if there is a specific request, we would like to consider it to the extent necessary.



Views from the Competition Policy (■) and from the AMA (★)

- News Portal Operators are encouraged to **disclose as much information as possible**, such as the data used to calculate the license fees level, including its advertising revenue from the usage of News Content (including such revenue on intermediate pages), and the calculation method for the licensing fees that were actually paid, so that News Media Operators may review the appropriateness of the license fee level and negotiate smoothly with News Portal Operators. In addition, it is important for News Media Operators to **communicate specific requests** regarding information disclosure to News Portal Operators.
- News Portal Operators are encouraged to **reflect in their licensing fees the contribution to the News Portal Operator's revenues** other than advertising revenues at the News Portal, which is generated by the use of News Contents.
- ★ It would be a **problem under the AMA (Abuse of a superior bargaining position)** if a News Portal Operator who has a superior bargaining position over the other party, by taking advantage of such position, **set a significantly lower license fee amount by unilaterally changing the content of the contract** or through other conducts, thereby caused an unjust disadvantage to a News Media Operator as the other party in light of normal business practice.
- ★ From the viewpoint of preventing violations of the AMA, when a News Portal Operator is requested by a News Media Operator to negotiate the level of license fees during the renewal of a News Content License Agreement, the News Portal Operator is encouraged to hold sufficient discussions, including disclosure of the basis for determining the level of license fees, with the News Media Operator.

Example of Changes to the Layout of the News Portal



Comment from News Media Operators

- The number of customer influxes to News Media Sites has decreased (or has likely decreased) due to changes in the user interface (depressing the position of Related News Links and automatically adding text links to search-linked advertisements in articles).



Explanation by News Portal Operators

- We have been paying attention to the position of Related News Links and have confirmed that the impact on customer influx is minor. We have not heard of a significant decrease in the customer influx number, but if such an event has occurred concretely, we would like to respond appropriately.
- As the customer influx number is also affected by Related News titles, careful analysis is required to understand the causal relationship.
- Text links can be set for each News Media, and some News Media Operators have postponed their introduction.



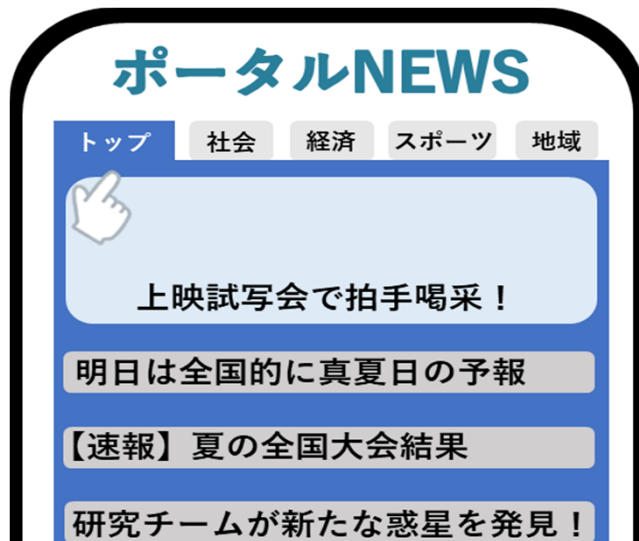
Views from the Competition Policy (■) and from the AMA (★)

- News Portal Operators are encouraged to **provide a sufficient explanation in advance** to contracting News Media Operators in the case of changes to the layout, etc. of the News Portal that might affect customer influxes to the News Media Sites. In addition, if technically possible, they are encouraged to change the layout, etc. based on the wishes of each News Media Operator.
- ★ If the number of customer influxes to a News Media Site has decreased due to changes in the user interface of a News Portal and the News Media Operator requests the News Portal Operator to review the trade terms including those for the license fee, it would be a **problem under the AMA (Abuse of a superior bargaining position)** if a News Portal Operator who has a superior bargaining position over the other party, by taking advantage of such position, **refused the negotiations to review the trade terms and did not change the trade terms without sufficient negotiation**, thereby caused an unjust disadvantage to the News Media Operator as the other party in light of normal business practice.

- The consumer questionnaire result shows the most influential factor in choosing News Content to read on a News Portal is titles being in an easy-to-see position (over 50% of the respondents).

=> News Media Operators are competing to have their News Content featured in the Main News Columns.

Example of Main News Column



Comment from News Media Operators

- As the News Content posted on the Main News Column of the News Portal has a significant impact on the number of customer influxes to News Media Sites, we are concerned that the selection criteria and operational methods for the Main News Column are vague and unclear and that arbitrary decisions are being made. We are also concerned that excessive emphasis is placed on “breaking news” and that misinformation is likely to occur.



Explanation by News Portal Operators

- News Content for Main News Columns is selected mainly based on "public nature" and "social interest". We will continue to provide detailed explanations of how the News Content is displayed, how it is posted, and so on, and we will continue to make improvements so that users can use the site more comfortably and securely.



Views from the Competition Policy (■) and from the AMA (★)

- News Portal Operators are encouraged to, **as specifically as possible, clearly indicate** the criteria for the News Content selection for the Main News Column. In addition, when revising the criteria, they are encouraged to **provide a sufficient explanation in advance**, by indicating the specific revisions and responding appropriately to their inquiries.
- ★ It would be a **problem under the AMA (Abuse of a superior bargaining position)** if a News Portal Operator who has a superior bargaining position over the other party, by taking advantage of such position, and **based on criteria different from the ones preliminarily disclosed**, selected the News Contents to be posted in the Main News Column and **reduced the chance of the News Content of a News Media Operator to be posted**, thereby caused an unjust disadvantage to the News Media Operator as the other party in light of normal business practice.

Premises regarding Secondarily Distributed News Content

- News Content that a News Portal distributes secondarily are reviewed by the News Portal Operator based on its Posting Guidelines (which stipulate the prohibition of posting certain content such as inappropriate content in light of socially accepted norms).
- News Portal Operators may restrict the secondary distribution of News Content that violates Posting Guidelines or News Content License Agreements ("Posting Guidelines, etc."), or may require News Media Operators to modify the expression method of the News Content in order to meet the regulations of the Posting Guidelines, etc. (the News Media Operator shall owe additional cost due to the modifications of the News Content to meet the regulations).

Comment from News Media Operators

- We have the impression that the Posting Guidelines set by News Portal Operators are operated arbitrarily.
- There are cases where News Content distributed in certain categories is requested to be withdrawn or the form of expression of News Content is unilaterally restricted, even though there is no contractual basis for doing so.



Explanation by News Portal Operators

- We close a contract after agreeing on the content of the Posting Guidelines, and we have been notifying News Media Operators of the specific revisions when we update the Posting Guidelines.
- At the time of contracting, distribution categories are determined after our confirmation of the characteristics, distribution track record, and editorial structure of each News Media Operator and through discussion with it. The establishment of distribution categories is also important to prevent propaganda, unreliable medical-related articles, and so on.



Views from the Competition Policy (■) and from the AMA (★)

- News Portal Operators are encouraged to, **as specifically as possible, clearly indicate the content** of the Posting Guidelines, etc., to contracting News Media Operators. In addition, when revising the Posting Guidelines, etc., they are encouraged to **provide a sufficient explanation** to the contracting News Media Operators **in advance**, by indicating the specific revisions and responding appropriately to their inquiries.
- ★ It would be a **problem under the AMA (Abuse of a superior bargaining position)** if a News Portal Operator who has a superior bargaining position over the other party, by taking advantage of such position, and **beyond the scope of the Posting Guidelines, etc. that had been preliminarily disclosed, restricted the secondary distribution of News Content to a News Media Operator, or required it to modify the expression method of the News Content**, thereby caused an unjust disadvantage to the News Media Operator as the other party in light of normal business practice.

Comment from News Media Operators

- As data on the attributes and behavior of consumers who viewed our News Content on News Portals is important information that affects the amount of advertising revenue, each News Portal Operator should disclose such data as well as average data for the whole News Portal to us, so that we can fully analyze such data.



Explanation by News Portal Operators

- We have disclosed such data upon request from News Media Operators. We will continue to respond to such request.
- Estimated attribute data of users, the number of views of each article, etc. are disclosed on the management screen for each News Media Operator. Based on the requests of each News Media Operator, we have also regularly been improving the management screen and strengthening the public data and analysis.
- In addition to publishing the data of the whole News Portal on our official website, etc., we have also announced it through strategy briefings, etc., and provided medium- to long-term support. We will continue these efforts in the future.



Views from the Competition Policy (■)

- In order to realize the disclosure of consumer browsing data, it is considered important that each News Media Operator should **communicate specific requests for data disclosure** to News Portal Operators, and each News Portal Operator should make **its disclosure policy fully known to the personnel in charge of actual negotiations** with News Media Operators.

Questionnaire Result

- More than 80% of consumers sometimes do not access News Media Sites from search results when using Internet Searches to find News Content. About half of them cited the fact that "the content of the news can be roughly understood from the search results" as a reason.

Provisions under the Copyright Act

- As a general rule, the rights of copyright holders are restricted for snippets and thumbnails that appear in Internet Search results. However, this does not apply if the interests of the copyright holder are unfairly harmed, and the use of the work may require the authorization of the copyright holder (Article 47-5 (1) of the Copyright Law).



Featured Snippets/Rich Snippets

Text and images of linked sites that effectively correspond to search keywords

Normal Snippets

Comment from News Media Operators

- The Internet Search result screen is playing the same role as News Media Sites, as snippets, thumbnails, etc. are lined up in a list on the screen, and "featured snippets" and "rich snippets" may help users solve their queries, so traffic to the source website decreases. Such use of copyrighted material may violate the spirit of the Copyright Act, and should be compensated for.



Explanation by Internet Search Operators

- We do not believe that the general mechanism of featured snippets and rich snippets violates Article 47-5 of the Copyright Act.
- News Content does not contribute significantly to our advertising revenue. News Media Operators, on the other hand, get a ton of free traffic from search results, which they can monetize on their websites.
- The website operator can decide whether or not snippets can be displayed in search results, as well as the upper limit of the number of characters in snippets, etc.



Views from the Competition Policy (■) and from the AMA (★)

- Internet Search Operators and News Media Operators are encouraged to **reach a common understanding** on how News Content should be used by Internet Search Operators in the form of snippets, etc., including the setting of trade terms of compensation, etc., through sufficient negotiations between them.
- ★ If a copyright holder can exercise its right to News Content used by Internet Search results, it would be a **problem under the AMA (Abuse of a superior bargaining position)** if an Internet Search Operator who has a superior bargaining position over the other party, by taking advantage of such position, **unilaterally set a significantly lower license fee or deal free of charge**, thereby caused an unjust disadvantage to a News Media Operator as the other party in light of normal business practice.

Consumer Questionnaire Result

- About 50% of the consumers browse only News Frame.

Example News Frame



In the News Frame, only News Content on the News Portal operated by the Internet Search Operator is shown.

The Internet Search Operator can influence the influx of consumers to News Media Sites by its self-preferencing on the search results screen.
(About 85% of News Frames are displayed in the top 3)

Comment from News Media Operators

- In the news frame displayed at the top of the natural search results, only content on the News Portal operated by the Internet Search Operator is shown. News Content secondarily distributed on the News Portal are prioritized over News Content on News Media Sites (original articles), and it leads to a decrease in the number of users who visit News Media Sites, which causes decrease in advertising revenue for the News Media Operators.



Explanation by Internet Search Operators

- The posting position of News Frames in our Internet Search differs depending on the user's usage conditions and other needs, and it is not always displayed at the top of the natural search results.



Views from the Competition Policy (■) and from the AMA (★)

- Regarding the News Content shown in the News Frame displayed in the Internet Search result and those shown in the natural search result, Internet Search Operators are encouraged to treat News Content secondarily distributed by themselves and News Content primarily distributed by News Media Operators **under the same conditions**.
- ★ It would be a **problem under the AMA (Interference with a competitor's transactions, etc.)** if an Internet Search Operator influential in the market of services used when searching for News Content decreased business opportunities with News Media Operators or excluded News Media Operators, by **displaying News Content secondarily distributed on its own News Portal in the Internet Search results at positions easier to appeal to consumers** than those for News Content primarily distributed by News Media Operators then **interfering with transactions** between News Media Operators and consumers.

Comment from News Media Operators

- Disclosure of information regarding changes in internet search algorithms from Internet Search Operators is insufficient. Due to unpredictable algorithm changes, the search ranking of our website could drop, leading to a significant decrease in the number of PVs and associated advertising revenue.



Explanation by Internet Search Operators

- We are facing the problem that website Operators manipulate search result rankings by outsmarting search algorithms, which reduces the credibility of our Internet Search, so we are maintaining and developing the search algorithm to cope with such manipulation.
- We disclose on the web in advance the significant impact of algorithms on website search result rankings, and provide a wealth of information and guidance on how rankings are operated.
- To keep fighting with bad actors while protecting trade secrets, we need to balance carefully among various factors. Decisions about how much detailed information should be disclosed should be made by service operators, who have sufficient knowledge of the actual technology and potential security risks, and not by regulators.



Views from the Competition Policy (■)

- Internet Search Operators are encouraged to **disclose key factors used by search engines to determine the ranking of search results (search engine parameters, etc.)** to News Media Operators as much as possible.

Comment from News Media Operators

- There is a large gap in bargaining power between News Platform Operators and News Media Operators, including knowledge and bargaining skills, as well as in business scale. A framework in which small and mid-sized News Media Operators can collectively negotiate would be needed.



Views from the AMA Regarding Joint Negotiation by News Media Operators

Acts that may be problematic under the AMA:

- Acts that restrain prices and other items that are material means of competition
- Acts that restrict the entry of new businesses
- Acts that exclude existing businesses

Acts that are not problematic under the AMA:

- Acts that jointly request to disclose data in order to confirm whether transaction conditions such as those on license fees are being properly executed (*limited to cases in which data of each company is disclosed on a company-by-company basis)
- Acts that jointly request to conclude a News Content License Agreement with a News Portal Operator that uses News Content titles etc. without permission (*limited to cases in which negotiation and conclusion of an agreement is made on a company-by-company basis)
- Acts that jointly create and distribute a document raising the plight of the industry (*however, careful handling is required if the content of the document does not merely explain the plight of the industry, because it may encourage violations of the AMA)
- Acts that jointly request changes to the layout of the News Portal in order to make News Media Operators providing the News Content more recognizable for consumers.

(Note) It is not problematic under the AMA for a copyright management service operator to negotiate with a News Platform Operator regarding license fees and others for multiple News Media Operators based on the framework under the Act on Management Business of Copyright and Neighboring Rights.

Consultation with JFTC

When negotiating with News Platform Operator, News Media Operator and others may consult with the JFTC regarding potential problem under the AMA on such negotiation. The JFTC will proactively respond to such consultations while communicating with related businesses and referring to the content of this report, in order to support efforts to realize a fair business environment in the distribution of news content via internet and an environment in which consumers can continuously enjoy high-quality news content.

- 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 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 to address competition concerns. Thus, the JFTC will continue to proactively engage in **collaboration and cooperation with relevant ministries and agencies**.
- 3 The JFTC will **exchange opinions with competition authorities in other jurisdictions** 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**, since various efforts are being made by them.
- 4 The JFTC will **strictly and appropriately respond to concrete cases involving the News Platform Operators that become problematic under the Antimonopoly Act (AMA)**, through conducts including those pointed out in this report.
- 5 The JFTC **will proactively consider and introduce study methods utilizing new technologies** such as the scraping regarding the data-analysis conducted in this 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.

* This survey was conducted from the standpoint of enhancing the fairness and transparency of transactions between News Platform Operators and News Media Operators and ensuring a fair competitive environment. In order to maintain and develop an environment in which consumers can enjoy high-quality News Content on a sustainable basis, it is important that not only competition policy, but also various efforts, including those by concerned parties, are taken.