

# BIG TECH'S BUSINESS PRACTICES THREATEN LOCAL JOURNALISM

## The issue:

From investigative reports to breaking news and weather coverage, broadcasters invest significant resources to keep Americans informed. Local radio and TV stations provide a lifeline for our communities, but the dominance of Big Tech platforms is threatening the future of local journalism.

- While misinformation runs rampant on social media, local **broadcasters provide “just the facts” reporting** – the most trusted news to communities.
- Due to the overwhelming size and power of Big Tech giants, such as Facebook and Google, they can serve as gatekeepers of online content, exerting power over what news Americans access and how advertisers reach them.
- The market power of Big Tech dwarfs local TV and radio stations, posing major threats to broadcasters’ advertising revenue. This revenue is what allows stations to invest in quality local journalism.

## Go deeper:

### Stations Rely on Advertising Revenue to Produce Local News

Local journalism requires significant investment, with some **broadcast stations spending one third (or even more) of their total expenses on news costs.**

- Broadcasters rely heavily on advertising revenue to produce and support local news and invest in online platforms to be available everywhere.

### Tech Platforms Divert Ad Revenue and Resources from Local Stations

Tech giants exert enormous influence over what online content is eligible to be monetized. These platforms control the share of revenue they retain and the amount passed on to news publishers that ironically bear the costs of producing the quality journalism that financially benefits Big Tech.

- Local broadcasters see at best a **little more than half of the revenue from video ads** on YouTube, and Facebook reportedly offers the same revenue share for instream ads.
- A report focusing on Google Search and Facebook News Feed found that local **broadcasters lose almost an estimated \$2 billion annually** by providing their content to these platforms.<sup>1</sup>
- Because of the size and power of Big Tech, their policies are almost always “take-it-or-leave-it.” There is little power to negotiate because broadcasters would lose access to hundreds of millions of consumers if they declined to publish their content on these platforms.

### Tech Giants Act as Gatekeepers, Controlling What Users See on Their Platforms

Digital platforms control the technologies that power search and content discovery.

- Whether consumers use search engines, social networks, voice or video platforms, or even broadcasters’ own apps to access news and other content, decisions made by a few dominant tech giants hamper local stations’ ability to connect with their audiences online.
- **Big Tech platforms’ algorithms can change the rankings of search results**, favor certain news sources over others and often steer users towards controversial content over high-quality journalism.

# BIG TECH'S BUSINESS PRACTICES THREATEN LOCAL JOURNALISM (CONTINUED)

## A Troubling Trend: The Loss of Local News

Tech giants' individual advertising revenues far surpass the ad sales of the entire broadcast television and radio industry. Yet, these digital behemoths are allowed largely unregulated and unfettered growth while local stations continue to be subject to archaic rules governing their scale and scope.

- Without action by policymakers, TV and radio stations may face the same future as other local media and be forced to cut back or even eliminate their investment in local news.
- Without someone to shine a spotlight on local government, health care, education, environment and business development, there is **less accountability in communities and a less informed electorate**. This has been proven to decrease voter turnout and civic engagement.

## The bottom line:

**Congress should support laws and policies that uphold broadcasters' unique and essential role in democracy and a free press**, ensure their ability to compete in the current media marketplace and encourage them to continue to produce high-quality local news.

- Congress should pass the bipartisan **Journalism Competition and Preservation Act (JCPA)** (H.R. 1735, S. 673, 117th Congress) to allow broadcasters and other news publishers to jointly negotiate with dominant digital platforms regarding the terms and conditions by which their content may be accessed online.

1. "Economic Impact of Big Tech Platforms on the Viability of Local Broadcast News," BIA Advisory Services, 2021