competition commission
south africa

Media and Digital Platforms Market Inquiry (MDPMI)

FINAL REPORT

NON-CONFIDENTIAL

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a competitive, dynamic, deconcentrated and inclusive economy

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1. INTRODUCTION

1. The Competition Commission formally initiated the Media and Digital Platforms Market Inquiry (the "Inquiry" or "MDPMI") on 17 October 2023 in terms of section 43B(1)(a) of the Competition Act 89 of 1998 (as amended) ("the Act"). An Inquiry was initiated because the Commission has reason to believe that there exist market features in digital platforms that distribute news media content, the AdTech markets that facilitate digital advertising and the AI services that use and display news media content, which impede, distort or restrict competition, or undermine the purposes of the Act, and which have material implications for the news media sector of South Africa. This includes features that adversely affect consumer choice, media diversity and media organisations that are small medium enterprises ("SMEs") or owned by historically disadvantaged persons ("HDPs").

2. The Scope of the Inquiry is set out in the Terms of Reference ("ToR") which was published on 15 September 2023. The Inquiry is broadly focused on the following areas of competition and public interest, namely:

   2.1. Market features that may distort competition for advertising revenue between news media organisations and digital platforms, and whether these are affected by imbalances in bargaining power.

   2.2. Market features of those digital platforms that may distort competition amongst news media organisations for online distribution and advertising revenue

   2.3. The impact of generative AI tools of digital platforms on the above.

   2.4. Market features of ad tech that may distort competition, affecting the level, price and share of advertising revenue to news media organisations.

   2.5. The impact of the above on the quality and choice of news content to consumers, and on SME and HDP owned news organisations.

3. The scope of the inquiry includes general search engines such as Google and Bing; social media platforms such as Meta and X (formerly Twitter); news aggregation platforms such as Google News; video sharing platforms such as YouTube and TikTok; DSPs and ad networks such as Google Ads and Display & Video 360; ad servers and ad exchanges such as Google Ad Manager and AdExchange, and generative AI such as OpenAI's ChatGPT and Google's Gemini.

4. All Inquiry documents and public submissions are available on the Inquiry website.[1] Since initiation, the key Inquiry processes and proceedings to date have been as follows:

   4.1. Release of the Statement of Issues ("SOI") for public comment (17 October 2023);

   4.2. Issuing a first round of Requests for Information (RFIs) and business user survey (October 2023);

   4.3. Release of the Further Statement of Issues (FSOI") for public comment (18 December 2023);

   4.4. Issuing of second round of RFIs

1 https://www.compcom.co.za/media-and-digital-platforms-market-inquiry/

and refined business user survey (December 2023);

4.5. Public hearings and follow up RFIs (March 2024);
4.6. Receipt of expert reports and in-camera hearings (July 2024);
4.7. Receipt of RFI submissions (November 2024);
4.8. Publication of the Provisional Report (February 2025);
4.9. Submissions from stakeholders on the Provisional Report (April 2025);
4.10. Engagements with stakeholders on submissions (2-20 June 2025);
4.11. Issuing of RFIs and submissions on RFIs (July-August 2025).
4.12. Remedial action discussions (June to September 2025) and issuing of draft remedial action orders to relevant stakeholders (29-30 September 2025).

5. The Final Report includes annexures setting out additional detailed evidence and findings on each of the sections covered in this report, along with responses to the submissions received on the Provisional Report. This report should be read in conjunction with the annexures.

6. The Inquiry has been tasked with identifying market features that may impede, restrict or distort competition. The Inquiry is also tasked with including a particular focus on SMEs and HDP participation. The analysis summarised below and outlined in more detail in the annexures, alongside all the submissions from stakeholders, including on the Provisional Report, has informed the final findings of the Inquiry.

7. In setting out these findings, the Inquiry notes that the relevant test in an Inquiry is simply whether a market feature has an adverse effect on competition, including regard for the impact on SMEs or HDPs, not that there is a substantial prevention or lessening of competition. The findings contain market features with varying effects on competition or the purposes of the Act, some small and others substantial. Ultimately that differentiation is reflected in the types of remedial action proposed where a feature which has a more limited adverse effect may attract more limited action, relative to a feature with a more substantial effect that may require more substantial action. In considering the proportionality of the interventions, the Inquiry has also considered the extent to which constitutional rights are likely to be implicated, and where this is the case, the harm is considered more substantial. The Inquiry is obligated by section 39(2) of the Constitution "*to promote the spirit, purport and objects of the Bill of Rights*".

8. The legal framework for the Commission to act in respect of any findings of the market inquiry is set out in sections 43C, 43D and 43E of the Act. More specifically:

8.1. Section 43C of the Act (Matters to be decided at a market inquiry) subsection 3 states that where an adverse effect on competition is decided, then the Commission must determine the action to take in terms of section 43D and whether to make recommendations to the Minister, regulatory authority or affected firm to take action to remedy, mitigate or prevent the adverse effect. Subsection 4 requires that the Commission should seek to achieve as comprehensive a solution as reasonably practical.
8.2. Section 43D of the Act (Duty to remedy adverse effects on competition) subsection 1 states that the Commission may take action to remedy, mitigate or prevent the adverse effect on competition, which may include a divestiture subject to a Competition Tribunal ("Tribunal) order as per subsection (2). Subsection (3) requires that the decision on remedy

must be consistent with the findings of the report and subsection (4) requires that any action must be reasonable and practical taking into account relevant factors listed under the subsection. These include the nature and extent of the adverse effect on competition, the remedial action and the relation between the two, the likely effect of the remedial action on competition and the availability of a less restrictive means to remedy the adverse effect on competition. In addition, the typical standards for competition law remedies are that they should have the ability to be monitored and enforced.

8.3. Section 43E of the Act (Outcomes of market inquiry) subsection 1 further identifies that report may include recommendations to the Minister for new or amended policy, legislation or regulations, as well as recommendations to other regulatory authorities. Subsection (3) further indicates that based on information obtained in an inquiry, the Commission may initiate a complaint against a respondent.

8.4. Section 43E(4) requires that before the completion of the inquiry, the Commission informs any person materially affected by any provisional finding, decision, remedial action or recommendation of the market inquiry and calls for comments from them. This has been done through the Provisional Report and subsequent engagements with affected parties, including on any revisions to the provisional remedial actions and recommendations.

9. The Inquiry sets out in each section the remedial actions and recommendations to address the findings, in line with the legal framework. These actions and recommendations only apply in respect of South African operations for global and domestic companies. In terms of section 43F(1), parties that are materially and adversely affected by the determination of the Commission have a right to appeal that determination to the Tribunal. According to the Tribunal Rules in an appeal, parties have 25 business days from the publication of this report to file an appeal with the Tribunal.[2]

2 Government Gazette No. 48649 (24 May 2023) available at https://www.comptrib.co.za/Content/Documents/REGULATIONS%20RELATING%20TO%20APPEALS%20ARISING%20FROM%20MARKET%20INQUIRIES.pdf

2. NEWS MEDIA AND DIGITAL ADVERTISING MARKET CONTEXT

10. It is common cause that the news media plays a critical role in ensuring the right to freedom of expression and promoting democracy through informing citizens and holding institutions to account. It is also common cause that the news media in SA is in severe financial difficulty as the shift to online consumption has seen an erosion of the traditional advertising revenues, the main source of funding for the news media.[3] The decline in revenues has seen newsrooms shrink, bureaus shut and a number of print titles close, creating news deserts and negatively impacting on the ability of the news media to fulfil its societal role. Even the public broadcaster, tasked with public interest journalism and ensuring citizens get news in their own language, faces a funding crisis. It is also common cause that neither search nor social media platforms themselves generate news content and thus are not in a position to replace the loss of news media journalism in SA.

2.1. The news media

11. The South African Constitution enshrines media freedoms as a cornerstone of democracy through Section 16: Freedom of Expression, which states in subsection (1) that "*Everyone has the right to freedom of expression, which includes - (a) freedom of the press and other media; (b) freedom to receive or impart information or ideas*". *protects the media in the performance of their obligations to the broader society, principally through the provisions of section 16.*" Informing the public is not just a function of the media but a constitutional responsibility essential for equipping citizens with the information necessary to exercise their rights and actively participate in governance.[4]

12. The media is thus fundamental to South Africa's democracy, serving as both a catalyst for civic engagement and a mechanism for holding power to account. This role has been consistently affirmed by the Constitutional Court, which recognises the media's "constitutional importance" in informing citizens of salient public information and investigating abuses of power. As outlined in *AmaBhungane Centre for Investigative Journalism NPC and Another v Minister of Justice and Correctional Services and Others* (2021), the Constitutional Court emphasised that "*[t]he Constitution thus asserts and*

13. The news media is a vital institution that extends far beyond delivering breaking news. It serves as a public good, promoting informed citizenship by providing information on a wide array of topics, including politics, economics, culture, science, lifestyle, and more. Beyond its role in disseminating information, the news media fosters public debate, promotes civic engagement, and provides a platform for diverse voices. It holds powerful individuals and institutions accountable, acting as a watchdog for democracy. Additionally, it entertains, educates, and connects communities, contributing to cultural and

3 SANEF, Google, Meta and Microsoft public hearings
4 SANEF Public Submission

social cohesion while equipping citizens to make informed decisions in their personal and public lives. In these ways, the work of the media promotes the fulfilment of other Constitutional Rights, including section 32: Right of Access to Information, section 30: Right to Language and Culture, section 9: Right to Equality, section 14: Right to Privacy and section 28: Rights of Children.[5]

2.1.1. News media landscape

14. Today, South Africa's media landscape reflects both its rich history and ongoing challenges. While it includes a mix of traditional outlets such as newspapers, radio, and television alongside digital platforms, the sector faces significant financial pressures, declining revenues, and operational hurdles. Furthermore, the concentration of media ownership limits diversity, and the shift to digital has disrupted traditional business models, leaving many outlets struggling to adapt and survive.

15. South Africa's news media is characterised by its range of platforms and ownership types, catering to the diverse needs of its population through private, public, and community media. Newspapers remain a critical source of information despite declining circulations, offering in-depth investigative journalism on political, economic, and social issues at both a national and local level. Television and radio dominate as popular news sources with the public broadcaster providing news in all official languages. Community radio stations play a crucial role in rural and underserved areas, delivering hyperlocal news and ensuring representation for marginalised communities.[6] There is a degree of complementarity in the roles of the different media, for instance with community media focused on stories of local interest whereas national media pick up stories of national interest. With a rapid shift toward online platforms, digital only news outlets are increasingly significant, offering immediate access to breaking news. Despite its diversity, with 380 print publishers, 5 community TV stations and 207 community radio stations[7], mainstream media ownership in South Africa reflects a global trend of consolidation, with a small number of companies dominating across platforms.

16. Licensed broadcasters, both radio and television, have obligations on news coverage as part of their licence conditions. However, the mandate of South Africa's public broadcaster, the SABC, is distinct from other broadcasters due to its responsibilities outlined in legislation such as the Broadcasting Act of 1999 and the Electronic Communications Act of 2005. These laws, along with regulatory oversight from ICASA, the Broadcasting Complaints Commission of South Africa (BCCSA), and the Press Council, define the SABC's role in delivering inclusive, high-quality, and accessible public service content. Key elements of the SABC's news mandate include:

    16.1. Providing news in all 11 official South African languages to ensure inclusivity across all provinces.
    16.2. Offering news content without paywalls or subscription fees, ensuring universal access.
    16.3. Delivering low-bandwidth content for audiences with limited internet access, particularly those relying on zero-rated platforms.

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5 SANEF SOI, Public and Provisional Report Submissions.
6 There are over 160 community radio stations with more than 8m listeners, delivering over 20,000 local news stories every week. NCRF public hearing.
7 MDDA meeting June 2025. Community TV and radio broadcasters based on ICASA licensing and print publications based on membership of the Association of Independent Publishers (AIP) and the Black Media Owners Association (BMOA).

16.4. Upholding public trust by producing accurate, dependable news in line with its public service obligations.

17. South Africa's media content is overseen by two key bodies: the Press Council of South Africa and the BCCSA. The Press Council oversees print and online media ethics and the BCCSA addresses complaints related to broadcasting content. Together, these bodies play crucial oversight roles in upholding media ethics, protecting press freedom, and ensuring responsible journalism and broadcasting practices.

2.1.2. News media content

18. There has been much debate in the Inquiry submissions and hearings about what constitutes news content. This debate has arisen in large part around how one measures the volume and consumption of news content on the different digital platforms. In that context, there has been the incentive for the digital platforms to limit what is considered news content, as this would reduce its perceived importance. For instance, platforms have at times referred to 'hard news' or 'public interest journalism' as a subset of what the news media produces. In other cases what appears to be a fairly inclusive definition is put forward but the measurement does not live up to that definition. For instance, Meta defined news articles as content about current events and other timely information which follows journalistic standards such as citing sources and having a byline[8], but measured news content as the content of organisations registered with its News Page Index.[9] Google incorporated all content from domains where news accounted for at least 20% of the content.

19. For the purpose of this Inquiry, news content comprises all the content produced by news media organisations that ascribe to the journalistic standards of the media, including that of verification.[10] The news media does not restrict itself to 'hard news' or 'public interest journalism' only, but produces content covering all aspects of society, be it politics, the economy, education, health, the arts, entertainment, sport, food, technology, etc. Most of this content is current and timely, but not all of it is as the news media will also seek to entertain, educate, set societal agendas and investigate. As the Inquiry incorporates news broadcasters, the content is not just articles with by-lines, but all content types produced by the news organisation and its journalists including video, live feeds, blogs and social media postings.

20. The variety of content works not only serves the broader societal role of the news media, but also helps to attract a broader audience, increase the attention of that audience and provides greater scope for advertising inventory and revenue to support some of the less commercial reporting of the media such as public interest or investigative journalism. As the commercial model of the news media is contingent upon the full variety of content, the Inquiry is concerned with how all this content is distributed through search and social media and the opportunities for generating advertising revenue against this content.

21. Even for radio and television broadcasters where news may make up a smaller proportion of overall content, news continues to be an important driver of traffic and viewership/listenership online. Radio is the most trusted source and listeners will look for news on radio websites, with presenters often setting

8 Meta RFI 1.
9 See the discussion in the social media section
10 Arena submission

the news agenda for the day on breakfast radio.[11] For instance, Kagiso Media estimates that c.30% of the online traffic it receives is based on news and news ranks as the number two reason for listeners, and for this reason it has a team of experienced journalists. Much of the talk radio content naturally revolves around news, but even non-talk stations state that much of the presenter engagement with each other and the audience is on news events.[12] The provision of news is generally an obligation under their licensing conditions and the use of state spectrum given its public good nature.

2.1.3. News as a public good

22. Journalism as a public good refers to its role in serving the public interest by safeguarding democratic institutions and empowering citizens to make informed decisions. Not all journalism fits this definition, but public interest journalism specifically contributes significant societal, individual, and economic value.[13]

23. In its submission, SANEF noted that "*informing the citizenry is a key role of news media organisations, which, in turn, is crucial to equip citizens with the necessary information and tools to exercise and vindicate their rights. There is, therefore, a crucial nexus to be emphasised between journalism as a public good alongside the need for public interest content to serve social needs, and the sustainability of the news media. Public interest journalism in South Africa has, in recent years, further demonstrated its immense contributions to holding the government and the private sector accountable. High-quality, accessible news is a public good, and it directly serves the public interest.*"[14]

24. As highlighted by the public submission of the Daily Maverick, the work of investigative journalists on state capture era revealed widespread corruption, leading to societal benefits valued in the trillions of rands. Despite this immense value, public interest journalism faces severe financial sustainability challenges, underscoring a market failure. Given the expense, the national mainstream media will often lead on investigative work but local media have also been known to uncover issues of national importance.[15]

2.2. The shift to online consumption

25. Globally, the news media is undergoing rapid changes due to technology, shifting business models, and the rise of social media. Like much of the world, South Africa is experiencing a shift towards digital news. That shift has significantly disrupted the traditional business models of the news media, as traditional advertising revenue sources decline without being replaced fully by digital advertising. This has required the news media to look at other revenue sources, but these are typically limited in a developing country context. However, it is apparent that the news media needs to adapt to the digital news environment and change its business models to survive.

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11 Primedia public hearing. EWN has a stackable reach of 36m with 4m subscribers and 14.3m page views monthly.
12 Kagiso and YFM public hearings. In addition, it was stated that there is considerable engagement on hyper local news.
13 Reuters Institute public hearing.
14 SANEF SOI submission
15 Joint submission of commercial media. Limpopo Mirror first uncovered corruption in the National Lotteries Commission.

2.2.1. Changes in consumption patterns

26. In SA there has been a significant shift to consuming news online as the population becomes increasingly connected to the Internet, reaching c.75% of the population in 2024.[16] According to the Reuters Institute online survey, 87% of South Africans get their news online, 71% from social media, 62% from television and 25% from print.[17] As the majority of the population access the Internet through their phones, Reuters Institute found that 87% of those accessing news online do so through their phone.

27. The shift to online consumption has also changed consumption patterns. Whereas consumers would have traditionally gone direct to their print, radio or television news provider, online consumption increasingly happens on search and social media or is intermediated by these digital platforms. The Inquiry's survey revealed that only 1.2% of the population's main online source for news was not through these online platforms, with only 41% of this 1.2% going directly to the news websites as their main online source.[18] Platforms like Facebook, YouTube, TikTok and X are now primary sources for news, especially among younger audiences, blending news with entertainment and user-generated content. The Inquiry survey showed that 77% of the population have social media as their main online platforms source for news, with 18% using search and 4% personalised feeds.

28. How news is consumed is changing too, with a growing demand for instant news alerts and live coverage as consumers increasingly access news through their mobile devices that are constantly with them. Consistent with this, the Inquiry survey reveals that the majority of users access news multiple times per day[19], taking 'informational breaks' from work or in downtime during the day. The Reuters Institute points to video becoming a more important source of online news, especially with younger audiences. The main locus of news video consumption is online platforms (72%) rather than publisher websites (22%), increasing the challenges for media around monetisation and connection.[20]

29. Given the shift to news consumption through social media, consumers are also turning to non-traditional sources for news content other than the mainstream media such as smaller alternative news media or journalists, personalities and celebrities, politicians and activists as well as ordinary people.[21] This has resulted in new competitors (e.g. individual journalists and commentators) and new forms of competition (e.g. podcasts) to traditional news outlets that may compete for consumer attention and news analysis.[22] It has also resulted in a proliferation of misinformation online which has served to erode trust in the media, with Reuters finding that only 57% of South Africans 'trust most news most of the time'.[23] Misinformation and attacks on the credibility of the media, along with a range of other factors such as negative news and the sheer volume of news now available online, has resulted in growing news avoidance and

16 As of January 2024, South Africa had 45.3 million internet users – an increase of about 1.8 million users compared to the previous year.
17 Reuters Digital News Report 2024, pg 163 available at https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2024/south-africa
18 Inquiry survey report slides 12-13
19 Inquiry survey report slides 22-24
20 Reuters Digital News Report 2024, pg 12-14 available at https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2024/dnr-executive-summary
21 Reuters Digital News Report 2024, pg 14-16
22 Meta Submission on the Provisional Report
23 Reuters Digital News Report 2024, pg 25

news fatigue globally.[24] The Reuters Institute found that 40% of South Africans surveyed were 'worn out' by the amount of news, up from 28% five years ago.

30. The online shift has not spared the broadcasters either. Growth of smart TVs and smartphones, lower data costs and loadshedding all contributed to the decline of linear television and appointment viewing and the rise of YouTube.[25]

2.2.2. Decline in traditional advertising revenue

31. As content and audiences moved online, this has resulted in a decline in print circulation and broadcaster viewership. For the print media, the daily newspapers have seen print circulation decline by 66% in the five years from 2018 to 2023[26], with a decline of 55% including weekend papers over the same period.[27] The corporate local newspapers have not experienced much decline, in large part due to the 'knock and drop' business model where it is delivered free to households along with advertising inserts that pay for the publication. For broadcasters, the total TV audience has declined by 20% from 2019 whereas for news broadcasts specifically there has been a decline in viewership of c.40%.[28]

32. The decline in circulation and viewership would naturally cause a decline in the print advertising revenues as these are based on the reach and the rate card. Print advertising revenue across the three large publishers has declined by 38% in the five years from 2018.[29] On the broadcast side, the SABC has seen a decline in its total advertising revenue of 47% since its peak in 2016.[30] The public broadcaster is highly dependent on advertising revenue as only 4% of its total revenue comes from government and a further 18% from the television license. The decline in advertising revenues has prompted the SABC Bill, recently withdrawn, which aimed to find a sustainable funding model over the next three years.

2.2.3. Challenges in the digital advertising market

33. The shift of online consumption and digital advertising has not been able to replace the level of traditional advertising revenues that the news media and broadcasters were capable of commanding from their print, radio and television audiences. Whilst digital advertising rates could match those of traditional media twenty years ago, the explosion of online content[31] and the use of advertising-based business models by search and social media has seen online advertising inventory explode causing digital advertising rates to plummet.[32] As the Mail and Guardian put it, when they started online, they received millions of Rands for thousands of views and now they receive thousands of Rands for millions of views.[33] The news media can still command a premium for direct online sales relative to programmatic advertising, but the blended rate has declined as advertisers shift to programmatic advertising. As a result, whilst the online audiences of the SA news media are growing rapidly and digital advertising revenue growing, the losses in traditional

24 Reuters Institute Digital News Report 2024 pg 26-27. See also https://reutersinstitute.politics.ox.ac.uk/news/five-things-news-media-can-do-respond-consistent-news-avoidance
25 Group M public hearing
26 ABC Daily Newspaper Circulation Q3 2018 & 2023, Caxton RFI 1
27 Compiled based on RFI 1 submissions of Media24, Caxton, Arena Holdings and Mail & Guardian.
28 Broadcasting Research Council (BRC), eNCA RFI 2 and estimated from a graph in the FTI Expert report submitted as part of the SABC RFI 1
29 Compiled based on RFI 1 submissions of Media24, Caxton and Arena Holdings
30 FTI Expert report submitted as part of the SABC RFI 1
31 Reuters Institute public hearing.
32 Google and Meta submissions on the Provisional Report. Supply increase without a rise in demand causes price to fall.
33 Mail and Guardian public hearings

advertising revenues between 2018 and 2023 were 4 to 5 times higher than the gains in digital advertising and subscription revenues.[34]

34. However, the other challenge in building digital advertising revenues is that users are mostly intermediated by the search and social media platforms that compete with the news media for digital advertising but exercise a degree of control over directing traffic to their websites. In this way, the digital platforms exacerbate some of the market disruption through conduct that adversely affects the news media – the focus of this Inquiry and the sections that follow.

35. Whilst the Inquiry can address some of the conduct of the digital platforms that adversely affect the news media, the fundamental market disruption is irreversible and necessitates that the news media re-examine their business models to find a more sustainable financial operating model that can support quality journalism.

36. The National Community Radio Forum (NCRF) also highlighted the specific challenges community media face in competing for advertising revenue amid the digital transformation. Digital platforms, with their targeted advertising capabilities, and larger media conglomerates dominate the market, leaving community media struggling to secure advertising income. Innovative strategies to overcome this - such as localised advertising or sponsored content tailored to community needs - also face significant hurdles as economic constraints in disadvantaged areas limit local businesses' ability to invest in advertising, even with customised packages.[35]

2.2.4. Challenge of non-advertising revenue sources

37. Media revenue, traditionally split between advertising and sales, has evolved into more diversified models with income coming from a myriad of sources. In addition to advertising, reader revenue has become a significant stream for some in the mainstream media, including subscriptions, memberships, sponsored content and paywalls. Other sources include grants and donations, content licensing and syndication, branded events, affiliate marketing, merchandise sales, and educational offerings such as courses and training.

38. In South Africa, non-advertising revenue sources face several challenges, reflecting broader structural and socio-economic issues. The country consistently ranks among the most unequal countries in the world, as measured by the Gini coefficient, and is reflected in unequal access to resources including media. As noted by the Association of Independent Publishers (AIP), most South Africans cannot afford subscription-based news models, limiting the potential for reader revenue through paywalls or memberships. While grants and donations can provide vital support, these are often insufficient or short-term in nature. Additionally, philanthropic funding is less developed, leaving public interest journalism at risk or targeted at bigger, more sustainable media houses.[36]

39. Media outlets with a public interest mandate and which cannot charge for content or offer sponsored content, such as the public broadcaster, face significant challenges in sustaining their operations. Without subscription or paywall revenue, they rely on advertising - or grants - that are declining and leading to restrictions in their ability to invest

34 RFI 1 submissions of Media24, Caxton, Arena, SABC, Moneyweb and Daily Maverick
35 NCRF public hearing
36 AIP public hearing

in high-quality journalism. Similarly, hybrid subscription models are often unfeasible, as residents in poorer communities prioritise essential expenses over media subscriptions.

40. The Reuters Institute Digital News Report 2024 highlights that across a basket of 20 wealthy countries only 17% of the survey respondents paid for any online news, but it was surprisingly high for South Africa at 30%. The Reuters survey found that there was a general reluctance to pay for news, in part due to many free options. Amongst those not paying currently, most indicated they would not pay for news and others only willing to pay a few dollars a month. Amongst those that pay, Reuters found that most people will only subscribe to one news source, and this results in a 'winner takes most' outcome as consumers gravitate around one or two national news brands.[37] This also plays out at a global level, with a few of the global news brands, such as the Financial Times, New York Times and the Guardian, securing the bulk of international subscriptions/membership resulting in record revenue figures.[38]

41. This trend is evident in SA too, as News24/ Netwerk24 is winning the subscription game with over 200,000 subscribers[39], with Arena and Daily Maverick (membership model) a distant second with under 50,000 digital subscribers/members each.[40] Many who do subscribe to News24, do so at heavily discounted rates which is consistent with the findings of the Reuters Report.

42. The inability to charge also affects who has access to verified news. While free content ensures inclusivity for audiences who cannot afford subscriptions, it also creates disparities in the quality of information available. Wealthier audiences may access premium, well-resourced journalism, while those relying on free platforms might be exposed to less reliable content, especially from social media or poorly moderated spaces. This divide exacerbates the inequality in access to verified news, leaving underserved communities in news deserts -- vulnerable to misinformation and unable to fully engage in informed civic participation. Most of the subscription-based news media in South Africa offer a mixed model whereby some content is available for free which can ensure that reporting of national interest can still be accessible to all citizens.[41]

2.2.5. Growing digital distribution costs

43. At the same time that revenue is shrinking due to the shift online, the news media is simultaneously facing higher digital media costs. Given the changing consumption habits, the mainstream news media is now under pressure to provide constant updates on breaking or trending stories and live commentary of key events. The shift to social media means that content needs to be repackaged to be suitable to the different formats, and there is greater pressure to offer video content even for the traditional print media. As the digital platforms become important intermediaries for the news media to reach consumers, there is a need to invest more in search engine optimisation and social media strategies to drive visibility and reach into those audiences. Whilst for the print

37 Reuters Institute Digital News Report 2024, pg22-24 and 163

38 See for instance for the Financial Times, https://pressgazette.co.uk/media_business/financial-times-revenue-profit-2023/, for the New York Times https://www.nytimes.com/2024/11/04/business/media/new-york-times-earnings.html and for the Guardian https://www.niemanlab.org/2023/07/the-guardian-keeps-growing-internationally-in-both-revenue-and-journalism/

39 https://www.businesslive.co.za/bd/companies/telecoms-and-technology/2024-12-09-paywall-subscriber-growth-not-enough-to-save-media24s-interim-earnings/

40 Arena RFI 1

41 Joint Submission of Commercial Media to the Provisional Report and the individual submissions of Media24, Arena and Moneyweb.

media there are cost savings from reduced print runs, this is not the case for broadcasters where digital costs are an addition.

44. The need to invest in digital skills and infrastructure to build online audiences and monetise them creates particular problems for community media which lack the resources to build or hire in these skills. In fact, many community media lack a website, preferring to build their social media presence as this is easier given the tools are designed for the public to post content. The digital skills and infrastructure gap has been recognised by the AIP and it has started limited offering support to its members.[42]

45. Misinformation and disinformation on social media pose significant challenges to public good media, undermining trust in reliable journalism and distorting public understanding of key issues. Investment in fact-checking, verification and media literacy campaigns to correct misinformation on social media is often borne by news media to the benefit of those who engage without accountability. This imbalance strains already limited resources in public interest journalism, further challenging their sustainability.

2.3. Impact of the online shift on the media

46. The market for attention and advertising has significantly impacted the news industry, with publishers competing not only among themselves but also against external players like large tech platforms with better data and more targeted advertising products. The attention economy prioritises engagement, often driven by strong emotions, leading to the amplification of extreme views to attract audiences. At the same time, as quality journalism has become increasingly difficult to monetise, fewer resources are being invested in investigative, on-the-ground reporting.[43]

47. The shift to digital media has presented considerable challenges for community media. While the sector is diverse and cannot be treated as a single entity, many community media outlets face similar struggles, albeit from varied perspectives. Restricted by limited digital access and skills, community media also face competition from social media platforms for local advertisers and where their stories may be copied and shared without proper attribution.[44]

48. Search and social media platforms have submitted that they are not the sole cause of the decline in the news media in South Africa, which is correct. The news media now faces a different environment and must adapt its business model to that environment if it is to be sustainable in the long-term. However, whilst not the sole cause of the decline, the platforms' behaviour has exacerbated the decline through an adverse effect on competition with the news media for digital advertising and amongst the news media and other content sources.

2.3.1. Shrinking of the news media

49. Reducing revenues has necessitated large-scale cost-cutting by the news media, in

42 AIP and Med8 public hearings. The AIP received 68 applications for the digital initiative but chose only 15 due to fund shortages.
43 Daily Maverick Public Submission
44 Submission by SANEF, the Press Council, AIP, MMA, FCJ, SOS, and the GIBS Media Leadership Think Tank on the Statement of Issues of the MDPMI – 14 November 2023

particular staff costs as these are a fixed overhead rather than variable cost which adjusts to the revenue decline. Strategies to reduce staffing costs has taken many different forms, with most news media using a combination of these strategies:

49.1. First, a reduction in journalist numbers. In under six years, Arena Holdings' newsroom staff has been nearly halved, dropping from 455 in June 2017 to 260 in February 2024 across titles like Sunday Times, Business Day, Sowetan, Daily Dispatch, The Herald, and Financial Mail. Arena was not alone with Media24, Independent newspapers and other media all reporting similar challenges. Even the Daily Maverick, the digital native that has grown into the digital space recently announced a 10% cost reduction including staff retrenchments.

49.2. Second, the closure of bureaus internationally and in less populated regions domestically by the broadcast media, particularly the public broadcaster.

49.3. Third, through increased casualisation of journalists. All news media reported an increase in the use of freelancers who are paid per article and which then converts fixed staff costs to variable costs.[45]

49.4. Fourth, the juniorisation of the newsroom. Senior journalists cost the news media much more than junior staff, and so where numbers are needed still to report on events, newsrooms have replaced senior staff with junior ones to reduce essential staff costs with fewer senior journalists left to run the newsroom.

49.5. Fifth, spinning off specialist units as independent non-profits which then syndicate the content to survive. This has been the case with AmaBhungane and Bhekisisa which originated in the Mail and Guardian.[46]

50. Reductions in staff costs negatively impact on the overall quality and coverage of news reporting. The public hearings provided much evidence on how this has occurred.

50.1. Remaining staff are now expected to produce more content each because despite shrinking newsrooms, the demands for content has increased. For instance, Arena published nearly 20,000 articles in the first two months of 2024, attracting an average of 10.2 million visitors across its news websites during the same period despite having halved its news staff.[47] Whilst some digital tools have improved productivity, quality reporting is still labour intensive and ultimately the quality and depth of reporting must suffer from this trend.

50.2. Coverage also suffers as there are limits to what the remaining staff can do. Newsrooms increasingly need to prioritise their reporting each day, with many stories that would previously have been reported increasingly left unreported.[48] This particularly impacts on coverage of smaller metros and secondary cities where news bureaus are cut or where travel and time costs push the stories down the list of priorities.[49]

50.3. Casualisation and juniorisation erode the journalistic skill base of the industry, with many senior journalists

45 Moneyweb public hearing. Moneyweb indicated it employed 2 full time journalists and had 19 regular freelancers.
46 SANEF public hearing
47 Arena public hearing
48 Media24 public hearing
49 Mail and Guardian public hearing

seeking opportunities outside of the news media out of necessity. This erodes capabilities in key areas such as investigative or financial journalism where experience is even more important. Juniors spend time developing their trade and networks, becoming useful only with some experience.[50]

50.4. Community and regional media have been the training ground for young journalists and their closure threatens the pipeline of on-the-job trained journalists.[51]

51. For many, cost-cutting was not enough and the news organisations were forced to close their doors. This has affected regional and local community newspapers more than the national papers, or weekend editions. Just before the public hearings, Arena announced the closure of the Herald Weekend Post and the Daily Dispatch Weekend edition.[52] In its submission, Caxton noted that producing local news requires a commercially viable business model. In areas too small to sustain such operations, local newspapers are disappearing with potentially catastrophic consequences for consumers and democracy.[53] Others are publishing when they have advertising revenue, leading to an ad-hoc existence.[54]

52. However, even the mainstream media is not immune to closures but sometimes these take the form of closing the print editions and moving the newspaper to online only. For instance, Media24 announced the closure of its print editions of Rapport, City Press and Daily Sun to focus on online but it also closed Beeld and the online editions of Volksblad and Die Burger to fold the readership into its Afrikaans online news Netwerk24.[55] As the mainstream media retreats to the metro areas, so the community media has had to step up and play their role in the communities which they serve.[56]

53. The closure of the media has negative implications in the long-run for advertisers too because the media remains an important provider of premium inventory and an effective means to reach SA audiences in a brand-safe and contextually relevant environment.[57] As the media compete with the global platforms for digital advertising, closure of news media would increase reliance on those global platforms, increasing concentration and reducing competition for digital inventory.[58]

2.3.2. Erosion of the public good

54. As the news media represent a public good, the shrinking and closure of newsrooms across the country naturally undermines the ability of the news media to fulfil this role adequately. The result is less oversight of democratic institutions and business, and ill-informed citizens less capable of participating meaningfully in democracy and inundated with false and deliberately shared disinformation campaigns.

55. This is especially the case in rural and disadvantaged communities where community media struggle to survive and which are then either left without reliable news sources or where there are fewer resources for producing high-quality, locally relevant and public interest journalism. This

50 Moneyweb and Daily Maverick public hearings
51 SANEF public hearing
52 https://www.heraldlive.co.za/news/2024-02-09-weekend-post-to-close-but-watch-out-for-the-weekender/
53 Caxton public hearing
54 AIP public hearing
55 https://www.businesslive.co.za/bd/companies/2024-06-18-media24-confirms-newspaper-closures-are-on-the-cards/
56 AIP in-camera session
57 Group M RFI 4
58 [✂]

reduces access to essential information for underserved communities, widening the information gap. Community media often serve as a platform for local voices and accountability. As they decline, opportunities for citizens to engage with local governance and hold power to account diminish, eroding trust in democratic institutions and public accountability. Submissions during the public hearings argued that the disfunction at the municipal level of government is causally linked to the weakening of community media. At the same time, broader societal understanding of those communities and the issues they face are also undermined by a lack of reporting. For instance, the water crisis in the Eastern Cape was unreported for weeks by the national media which instead focused on the crisis in Cape Town.[59]

56. The weakening of regional and community media, along with the public broadcaster, has detrimental effects on media diversity and the plurality of voices.[60] Those silenced are mostly the voices from disadvantaged or fringe communities which lack the purchasing power to support a more diverse media representing their perspectives. The trend to a 'winner takes most' outcome amongst the mainstream media similarly reduces media diversity as it drives greater concentration in the media. As those winners rely on the paying audience and corporate donations, the dominant discourse in the media increasingly reflects the perspectives of the wealthier class and business.[61] At the same time, the societal inequality gap then extends to news and information as wealthier communities can access better-resourced verified news sources behind paywalls while poorer communities rely on open platforms. The MDDA's mandate is to promote the sustainability of media but it has limited resources as its funding is based on a USAF broadcaster levy of 0.2% accounting for 58% of its funds, with an allocation from the fiscus (36%) and interest the rest.[62]

57. It is common cause that search and social media platforms are intermediaries for Internet or posted content and as such do not produce content themselves. As a result, the decline in the traditional news media will not be replaced by content from the platforms and will therefore be a net loss to the public good.[63] Moreover, the press has typically played the role of providing not just what citizens want to know but what they need to know. The shift to online consumption where users either search for what they want to know or are given a feed based on their interests, citizens have less exposure to what they need to know.

59 IFPIM public hearing
60 AIP public hearing
61 IFPIM public hearing
62 MDDA meeting June 2025.
63 Google and Meta public hearings

3. Search and News Verticals

58. Search engines have become the portal to the open web, the place most consumers start when they have a query of any sort to be answered from the vast content available on the public internet, including news queries. The search engine is central to the journey users embark upon, directing them to answers on the search page, to affiliate websites or 3rd party websites. The strong intermediary position means they shape competition with news publishers for advertising value and between news publishers.

3.1. The Search Engine Business

59. The value proposition of search engines is to assist users to navigate and retrieve information from the open Internet. Users turn to search engines with a particular query intent because they 'want to know', 'want to go', 'want to buy' or 'want to do'.[64] Search engines compete based on overall search quality, trust and reputation. Search quality includes latency, indexing (incl. breadth and speed of indexing), ranking algorithms and the user interface.[65] Trust is built on returning accurate and authoritative information, whilst reputation reflects the brand affinity. To do this, a search engine needs to return helpful results across all types of queries.[66] The quality of search is improved through using the data and insights from user engagement across all queries as the algorithms are broadly applicable, but with some differences around specific topics (or 'verticals') to improve results.

60. Search engines build an index of the Internet using web crawlers, which continuously crawl the open web to discover new websites and capture changes to websites. Once a web crawler has captured the content copies of the internet webpages, this information is indexed, by storing and organising it into a large databases in accordance to the relevant formats.[67] What the index enables is for search engines to return responses quickly to user queries, as they draw the information from the index instead of the entire open web using algorithms.

61. Search engines are offered free to consumers with the revenue model built around the sale of digital advertising, predominately for search queries with commercial intent. Whilst a narrow set of 'want to buy' queries may drive the vast majority of revenue, the search engine is only able to secure these profitable queries because of its overall general search value

64 In essence, most searches are because people are seeking knowledge and information, to go somewhere nearby, to research and purchase something or get advice on how to do something. See https://www.thinkwithgoogle.com/marketing-strategies/app-and-mobile/win-every-micromoment-with-better-mobile-strategy/. There are variants on this categorisation but 'know' and 'do' are constants. For example, another categorisation is split into get information (know), take an action (do) or have an experience (enjoy) [✂] . SEO marketing companies often categorise as navigational (go), transactional (do) and informational (know) search queries. See https://www.webfx.com/blog/seo/types-of-search-queries/ Navigational searches are where users are looking to find a specific website and make up c.12% of all search queries.

65 [✂]

66 [✂]

67 https://static.googleusercontent.com/media/www.google.com/en//support/enterprise/static/gsa/docs/admin/current/gsa_doc_set/quick_start/quick_start.pdf

proposition that habituates users to start their search journeys on search engines.[68] There are alternative specialist search websites for commercial verticals like shopping and travel, and so general search needs to retain users for these profitable searches through not only offering their own commercial verticals but also relying on the brand and trust established through all other queries.[69] This is self-evident from the investments made by search engines in improvements to non-commercial search which constitute 80% of search queries.[70] If these had no value to the search engine then it would cease to make such investments. The benefit is that if users start their journey on general search then they use it to make the commercial search queries too and there is an opportunity to direct users to their commercial verticals rather than specialist search rivals.[71] In short, users have a better experience if the search engine can respond fully to all queries and for this reason non-commercial search has value.[72]

62. Whilst search engines do have an incentive to ensure people find what they are looking for, this does not always equate to an incentive to end a query with clicks to the open web. If the user can find the answer on the search results page (SERP) itself or on a related property (e.g. Google Hotels, YouTube) then the search engine has still fulfilled its purpose of satisfying the user query. Retaining the user on the SERP or related properties has the additional benefit of habituating the user to the search engine, enabling it to attract commercial search queries or intermediation fees (e.g. Subscribe with Google).

63. Search is dominated by Google which has an effective monopoly position globally and in SA, where it constitutes c.95% of the search market.[73] Google has monopolised mobile search in part through its default status on Android and iOS phones[74], and in SA most citizens access the Internet through their mobile devices. Microsoft Bing is the only real alternative with mostly a desktop rather than mobile user base given the desktop focus of the Window's operating system and only c.5% share. Bing's algorithm also powers other search engines such as Yahoo and Ecosia. Bing has the potential to grow in future and become more relevant in the era of AI-powered search given the strong relationship between Microsoft and OpenAI, the largest provider of Generative AI LLMs. However, the remedies judgement in the *USA vs Google LLC* search case fell short of stopping default payments by Google altogether which would have provided more opportunities for Bing to improve its distribution platforms, albeit the data-sharing remedies may improve Bing performance.[75]

68 A general search engine is "the first place that you can turn to" and "a place that you go to for the vast majority of your informational needs". Memorandum Opinion in USA v Google LLC, Case No.20-cv-3010(APM) para 33 available at https://www.pacermonitor.com/view/VZTUTSQ/UNITED_STATES_OF_AMERICA_et_al_v_GOOGLE_LLC__dcdce-20-03010__1033.0.pdf?mcid=tGE3TEOA
69 [✂]
70 Memorandum Opinion in USA v Google LLC, Case No.20-cv-3010(APM) para 37-8
71 The Online Intermediation Platform Market Inquiry identified issues of self-preferencing by Google on commercial search verticals more generally. See https://www.compcom.co.za/online-intermediation-platforms-market-inquiry/
72 [✂]
73 This is the case for search volumes, unique visitors and daily active users.
74 https://www.pacermonitor.com/view/VZTUTSQ/UNITED_STATES_OF_AMERICA_et_al_v_GOOGLE_LLC__dc-dce-20-03010__1033.0.pdf?mcid=tGE3TEOA
75 Memorandum Opinion, *United States of America et al v. Google LLC*, Case No.20-cv-3010 (APM). The ruling simply excluded the time period for any default agreements and that they cannot be exclusive. However, it did not limit the coverage of the default agreements.

3.2. News on Search

64. The debate around news and search engines has been largely framed by the question of whether news brings value to search, and, if so, what is that value. The evidence provided to the Inquiry supports the proposition that news has particular value to search engines. Whilst there may be limited ads placed on the SERP in response to news queries relative to commercial queries[76], news is an important use case for search that builds its overall value proposition that enables search engines to secure commercial search queries. News is also used extensively to build personalised feeds which do directly generate paid ads for the search engines.

3.2.1. News is an important use case

65. Microsoft submitted that it "*has, as a general matter, included a news vertical and other news-related features in its search engine because it helps attract and retain users. It is well-known that searching for news and current events is an important use case for search engines, and many users use search engines for this purpose. Indeed, almost all search engines include a news vertical of some type, as it is more or less expected by users at this point.*"[77] Bing's predecessor included a news vertical on its launch in 2006 and has had one ever since. A vertical describes the topic or content classification, and aside from news there are other verticals (e.g. shopping).

66. The stated preferences of users in the Inquiry focus groups and consumer survey[78] are consistent with the importance of news as a use case, along with internal research by search engines.

66.1. The Inquiry survey results indicate that 22% of respondents used search or personalised feeds as their main platform to find and view news content.[79] Many reasons were offered for accessing news through a search engine, but most prominent was that it is easy to access and convenient (78%), they can access breaking news (49%) and they can access news stories when they have time (38%). Trust also featured prominently as an explicit reason (24%) but also through the use of search engines to confirm news stories found elsewhere (21%).[80] The issue of trust in Google and news websites comes through in the focus groups where people said they use the search engine to validate headlines and snippets they see on social media, and to verify and do deep dives into specific stories.[81]

66.2. Research by search engines is also consistent, identifying amongst the 'to know' need both getting updates on news and verifying information as quite specific to news and accounting for [10-15%] of respondents in a US survey.[82] The top reasons could equally have elements of news importance as they were to check a fact or learn more about a topic.

66.3. The Inquiry survey results indicate that the majority of respondents (66%) actively seek out news on the search engine once or more times per day, exceeding that of the passive consumption of news through search (53%). The focus groups brought out

76 Microsoft Bing RFI 1
77 Microsoft Bing RFI 2 Q19.1
78 Inquiry focus groups and survey available on the Inquiry website
79 Inquiry Survey Report slide 12
80 Inquiry Survey Report slide 17
81 Inquiry Focus Group Observations topic 2
82 [✂]

the access is mostly through mobile phones[83], and that people will consume news in the mornings, evenings and in free moments throughout the day. Online platforms were more flexible to use as and when people have time.

67. The importance of news as a use case is reflected in the fact that the news vertical was also one of the first verticals launched by Google in 2002, aimed at providing up-to-date and breaking news for which there was a strong user need.[84] This suggests news content has contributed to the development of the search engines themselves. The news vertical on Google consists of a Top Stories carousel that is launched for current news-related queries and where there are sufficient relevant, fresh and authoritative articles on current events.[85] Older stories may appear in the search results below the carousel. The carousel has thumbnails for stories which appears before the news text results and the ability to click on 'more news' which takes the user to the news tab. The news tab sits on top of the SERP as a filter which can be selected to focus on only the news results related to the search query, or where users are taken when they click on 'more news'. The news tab appears for all search queries, reflecting its near universal relevance to most search queries.

68. Bing has a similar news vertical, consistent with its submission that this is expected by users. The Bing news carousel also focuses more on recent news articles in response to a news-related query but would also seem to go further back in time for relevant articles if there are no relevant recent articles.[86]

69. The investment in news verticals by search engines is designed to take advantage of the engagement and trust that it builds for the search engine. Consistent with this, the Inquiry survey established that the presence of news increases the usage and builds trust in search engines.

    69.1. The Inquiry survey found that the impact of breaking/trending news specifically resulted in users accessing their preferred platforms more regularly (47%), doing so with the intention of consuming news (37%), and staying on their preferred platform for longer (43).[87]

    69.2. Consistent with this behaviour, 70% of those that mostly use search engines to access news stated that they would use the platforms less if news were not available (much less for 37%), or not at all (11%).[88]

    69.3. The survey found that 59% of search engine users felt credible news sources built trust in the platform, consistent with internal search engine research.[89] The presence of credible and trustworthy news on the search and feed platforms was seen as reducing the spread of misinformation by 61% of search users.[90] News therefore supports developing one of the three pillars of search engine competition and search would appear to have built trust based on credible news sources as many users reported going to search to precisely check the validity of stories they saw elsewhere like social media.

83 This is consistent with Similarweb data where 83% of news media web traffic is on mobile phones.
84 https://blog.google/products/news/building-google-news-everyone-retrospective/
85 Google Search RFI2 Tranche 1, p. 34. See also https://www.google.com/search/howsearchworks/how-news-works/
86 https://www.webpronews.com/bing-launches-news-carousel-feature-for-bing-news/
87 Inquiry survey report slides 82. These results are consistent with similar questions reported in the survey report on slides 96, namely on whether users access the platform more regularly and spend more time.
88 Inquiry survey report slide 85
89 Inquiry survey report slide 97
90 Inquiry survey report slide 106

70. The revealed preferences of users, as opposed to the stated preferences in surveys, are particularly informative, much like search engine investments, and are reflected in the statistics around the actual news consumption on search. The share of queries that are news-related provides the most useful measure of the importance of news as a use case for search by users, more so than share of impressions. This is because users start a search session with the intent to have a query answered and search engines aim to satisfy that need. The multitude of impressions surfaced are all aimed at responding to that single query, and the volume of impressions and how they are counted may be sensitive to the type of query.

70.1. Search engines have stated that it is difficult to determine what is a news-related query given that news is difficult to define more precisely. However, a non-controversial starting point is the number of times the Top Stories or News carousel is surfaced in response to a query because in these instances it is the search engine itself that has determined the query is news-related. In SA, the Top Stories Carousel is surfaced for [5-10%] of all Google search queries[91] whereas the News Carousel is surfaced for [10-15%] of all Bing search queries[92]. In both cases, the news-related share of queries is higher for search on mobile devices relative to desktop.

70.2. Google argues that only where Top Stories appears first in the SERP is there certainty that the query is news-related, which is only for [0-5%] of all queries, as otherwise one is ascribing a mix of different results on the SERP solely to news.[93] This raises the question of the intention of the user query and how the search engine is trying to interpret that intention to present results using its algorithm. It also raises questions of what else the search engine is seeking to present, including direct answers to queries such as AI summaries or information panels, and how the algorithm is designed to choose ranking. What is certain is that where Top Stories is initiated, the search engine clearly interprets there being a sufficiently strong news intent behind the query to warrant surfacing it. In addition, the actual click behaviour of users is informative of what they consider responsive to their query. Using Similarweb data, the percentage of overall outgoing search traffic to news media websites from 'google.com' and 'google.co.za' was 12.2%[94] over the 6-month period May to October 2024[95], with 16.6% for mobile search and 6.2% for desktop search[96]. While this observation reflects traffic flows, it is also reflective of news query shares on the SERP considering the congruence of CTRs between news publisher

91 Google Search RFI 3 Q4.1 and Annexure Q4

92 Microsoft Bing RFI 3 Annexure V

93 Google submission on the Provisional Report

94 Own calculations based on average monthly traffic to new publishers using Similarweb's "news and media" web category. Here organic search accounts for 43.62% of traffic to news media websites, which collectively had 172m monthly visits, and Google accounts for an estimate 95% of organic search. Therefore outgoing traffic to news media websites = 43.62% (organic search) x 172.8m (monthly visits) x 95% (Google's share of organic search) = 71.6m. This is divided by total incoming monthly visits to 'google.com' and 'google.co.za' (collectively 585.2m in traffic) over the same period. Therefore, news media's outgoing traffic of Google Search's total incoming traffic = 71.6m/585.2m = 12.2% over the period.

95 The assumption here is that each unit of incoming traffic to 'google.com' and 'google.co.za' corresponds to a user query, and therefore this query results in referral or "outgoing" traffic to a news media website. Therefore, 12.2% of queries on Google Search result in traffic going to news websites when considering Similarweb data.

96 People mostly access news on their mobile phones and mobile's prevalence for news is proportionately higher than other types of search queries. For example, on google.com, 64.5% of traffic was on mobile (35.5% on desktop) but within the "news and media" web category mobile traffic via organic search accounted for 83% of news media traffic (desktop accounted for 17%). Based on observations using Similarweb.

results and general results on Search.[97] This midpoint value is consistent with various data points observed by the Inquiry[98] and is consistent with the Bing share of news queries which is surfaced for older news articles than Top Stories on Google. In summary, the click share does not support the narrow view of news query intent.

70.3. A more expansive view of the importance of news would be to consider the share of queries where there is at least one news impression surfaced in response on the SERP and hence where news is considered by the search engine to have contributed to answering the user query. For Google, it is estimated that [20-30%] of queries included at least one news impression and the estimate also falls within this range for Bing.[99] However, this may be more open to the criticism raised by Google of ascribing news intent to a SERP with a range of non-news results too, and this too fails the click share test which are much lower for news.

71. Search engines argue that news is simply one of a range of content for which it needs to provide accurate information in response to a query and is not different or special relative to other content categories, and there are many other reasons users go into search other than for news. Whilst the latter is correct, the evidence suggests news is important and builds frequency because of its broad appeal and constant updates. These features set it apart from other non-commercial and commercial queries. However, what also makes news different is that it is advertising funded like the search engine itself, bringing it into competition for advertising. News also has public good properties and implicates numerous constitutional rights. This is in contrast to other content providers that monetise leads through commercial sales (e.g. books, travel, clothing) or have different funding models (e.g. journal subscriptions or government funding). As news builds trust for search engines, they indirectly benefit from the institutions that provide regulatory oversight of the news quality and standards, namely the Press Council and BCCSA.

3.2.2. News is used to build personalised feeds

72. A feature that has emerged across search engines is the integration of a personalised feed on the search page when the app is opened. On Google this is called Discover, and on Bing it is effectively the MS Start feed that is presented to the user. The personalised feed is a form of 'queryless search' to allow the user to discover content that matches their interests.[100] In essence, the personalised feed is a play by the search engines to get a larger slice of the attention economy by developing a 'social media style' feed and enable passive scrolling of results, and are built on the existing indexed open web content and user data held by search engines. The user data from their recent search activity, user data from interactions with other non-search properties and stated preferences by users determine the user interests. Content related to those interests is then sourced from the web index to populate the feed for Google, whereas MS Start will contract with specific news sites to show their content within an MSN environment. As with social media, the

97 CTRs were [✂] for both the 32k list provided by Google and the Inquiry's own curated list of news publishers within this list on average. Backlinko (2023) notes that the average CTR for overall search is 3% per organic result. See: Dean (2023). We analyzed 4 million Google Search Results: Here's What We Learned About Organic Click Through Rate. Backlinko. Available: https://backlinko.com/google-ctr-stats (accessed 28 August 2024).

98 Another data point and observation is the value attributable to Google's AdTech revenues from news media ad inventory which also falls within the [10-15]% range, more specifically [✂]. The Inquiry was able to backward engineer the value that news media attains from Google referrals to estimate news publishers representation of Google's AdTech revenues.

99 Google Search RFI 1, Annex 3.1; Microsoft RFI4, Annexure X.

100 [✂]

revenue model is to place ads within the feed. MS Start will share revenue from ads where an article is surfaced in MSN but not ads within the feed.

73. Google Discover has got traction in the SA market given it has the advantage of being a default app on Android phones and for most phones it is surfaced when the user swipes right on their home screen. Discover has millions of daily active users (DAU) who access it multiple times a day.[101] Ads currently appear every 6 impressions and monetisation is gradually building but is currently well below that of search.[102] MS Start is built into the Windows Desktop where most of the usage arises given the smaller Bing presence on mobile. As a result, it has less than 100,000 DAUs.

74. News, and other content from news organisations, is a significant contributor to the content and success of the personalised feeds. News is important in the attention and engagement economy because it has the following properties: it is current, frequent, timely, and relevant. It is also a universal interest across all consumers and therefore is the foundation for most users. This sets it apart from other content types as reflected in its contribution to personalized feeds which seek to habituate users.

74.1. In the attention and engagement economy, the objective is to make a personalised feeds part of a person's usage routine. Personalisation of content is one critical success factor. Search engine research shows news content is another factor as it drives frequency and delivers on quality content. User behaviour research shows that phones are prominent for accessing news as it is always with the person.[103] Typically, people will check the news multiple times a day, checking the phone when they are on a break or taking short informational breaks between tasks.[104] This is frequently to get updates on news items as [10-15%] of queries are repeat where [20-30%] of these are to get updates.[105] The presence of reputable news organisations contributes to the perception of content quality and builds trust.[106]

74.2. The Inquiry survey results are consistent with the research done by search engines. The top reasons for those accessing news online the most through personalised feeds, include both the ease of access and convenience (72%) and that it recommends news relevant to their interests (56%). Other prominent reasons include accessing breaking news (53%) and accessing when they have time (31%). The majority of users of personalised feeds access the feed one or more times per day, both actively seeking news (59%) and passively consuming it (60%).

74.3. The Inquiry survey found that the impact of breaking/trending news specifically resulted in users accessing the personalised feed more regularly (52%). They do so with the intention of consuming news (53%), and staying on their preferred platform for longer (40%).[107] Consistent with this behaviour, 84% of those that mostly access personalised feeds for news stated that

101 Google Discover RFI 3. Discover had [✂] DAU in May 2024
102 Google Discover RFI 3 and RFI 4. Revenue is c.[✂] p.a.
103 [✂] . Inquiry Focus Group Observations, theme 2.
104 [✂] . Inquiry Focus Group Observations, theme 2.
105 [✂]
106 [✂]
107 Inquiry survey report slides 83. These results are consistent with similar questions reported in the survey report on slide 100, namely on whether users access the platform more regularly and spend more time.

they would use the feed less if news were not available (much less for 44%), or not at all (10%).[108] As with search engines, 60% of personalised feed users also felt the presence of credible news built trust in the feed and 80% felt that having credible and trustworthy news on the feed reduced the spread of false and inaccurate information.[109]

74.4. The importance of news and other quality lifestyle content from news organisations in creating habituation into people's routines is reflected in the content shown on personalised feeds. An analysis by the Inquiry of the top 1000 domains that appear in Google Discover (accounting for [70-80%] of total impressions) shows that media companies make up [80-90%] of the top 50 domains and content from news media organisations constitute [50-60%] of total impressions.[110] YouTube itself constitutes the top domain with [10-15%] of Discover impressions and the SA broadcasters SABC, eNCA and Newzroom Africa made up [5-10%] of those impressions. This estimate is consistent with the Hamilton (2023) study.[111]

74.5. Google's own estimate based on the 32,000 domains (32k domains) it broadly associates with news but considers 'over-inclusive', is that [40-50%] of content comes from those 32k domains.[112]

74.6. Google's high level content tags for Discover content indicate that hard news, local news and entertainment news collectively accounted for [20-30%] of content in mid-2023, reducing to [10-15%] in 2024, or [15-20%] if categorised content is only considered.[113] This suggests news was more important in getting early traction with the Discover feed given that interest in news is near universal across users, but its role may reduce over time as the feed becomes more personalised to incorporate the other narrower interests of users. However, what this measure fails to account is the full range of quality content provided by the news media which extends far beyond hard news to include sports, entertainment and lifestyle. This broader set of content features strongly in the feed and is part of the overall package of content produced by media organisations to support its overall mandate around news. This is why the domain-level measures above are more accurate in reflecting the contribution of the news media industry rather than narrowly news.

74.7. MS Start began as a news service before being transitioned to a personalised feed, but it remains heavily weighted to news content. The importance of news in 'queryless search' is therefore consistent across search engines.

3.2.3. Users engage the news on the SERP or Feed

75. A concern expressed by news publishers is that their content is being consumed on the search platform without resulting in referral traffic, resulting in benefit to the search engine and not the content creator. This debate often centred around the role of snippets in potentially satisfying the user's need for news information and resulting in

108 Inquiry survey report slide 85
109 Inquiry survey report slides 101 and 106
110 [✂]
111 Hamilton (2023). Search Engine Journal. 2023. How To Succeed In Google Discover. Available online: https://www.searchenginejournal.com/google-discover/361142/ [accessed 1 October 2024].
112 [✂]
113 [✂] . Categorised content excludes content tagged as 'Unknown'.

no click to the news website and no revenue earned. Google has stated that the snippet improves click-through-rates (CTRs) relative to no snippet. News media also plays an important role in grabbing the attention of users in the form smartphone notifications, albeit these account of [0-5%] of total queries, where SA news publishers drive [20-30%] of all notification clicks onto the Search platform, accounting for millions of clicks monthly, with CTRs for SA news publishers being roughly double the average notification CTR.[114]

76. The Inquiry Survey has sought to shed some light on the issue of snippets and consumer behaviour. The results suggest that both news publishers and Google are correct.

76.1. The survey found that users more frequently scrolled through and read the headlines and snippet on search engines and feed, and more occasionally reading only the headlines or not even fully doing so.[115] This indicates that people frequently consume the snippet information on search and feeds.

76.2. In terms of click behaviour, the survey found that users more frequently clicked on a news article having read the headline and snippet, and more occasionally having read the headline only.[116] It would seem the reason for this was that the headline and snippet were seen as useful to help determine whether to read the full article (66% search engine and 65% feeds) or spark their interest to read it (43% search and 59% feeds).[117] Evidence from countries where snippets were removed from news impressions indicates a drop in traffic to news sites.[118]

76.3. These survey results indicate that people do consume news on search through reading the snippets and not clicking through. The top reason for not clicking through on a news story was that the headline and snippet provided enough information (53% of respondents for search and 50% for personalised feeds).[119] Aside from getting enough information from the snippet, another prominent reason for not clicking through was that users did not have time to read the full article (23% for search and 36% for feeds). The substitution of reading snippets instead of the full story is reflected in the number of respondents citing that headlines and snippets are a convenient (38% search, 47% feeds) or time-efficient (34% search, 33% feeds) way to view news or to avoid paying for news (19% search, 23% feeds). Of course, for many it was also that the story did not interest them (50% for search and 64% for feeds).

77. These results are consistent with behaviour on news media apps[120] and the manner in which people read print newspapers. The difference is that the news media would earn add revenue from the app feed or newspaper unlike when that consumption takes place on search or personalised feeds. Neither Google nor Microsoft share revenue from interstitial ads.

78. These results are also consistent with the growing share of 'zero-clicks' on Google

114 Own calculations based on data submitted in Google RFI4 response, Annex A. Google submission on Provisional Report.
115 Inquiry Survey Report slide 28. The result was fairly consistent for search across other strata such as age, location and language. For personalised feeds it was more mixed.
116 Inquiry Survey Report slide 38.
117 Inquiry Survey Report slide 64/65
118 Google SOI and RFI 3 Annex 29.1 and 29.2. The range varies from [5-10%] for Czech Republic to [20-30%] for Austria. However, it is not clear whether this was in part a result of a drop in news queries.
119 Inquiry Survey Report slide 49
120 Media24 public hearing.

search and the declining share of clicks to the open web as opposed to Google's own properties. Analysts have identified that Google is increasingly becoming a 'walled garden' insofar as its strategies promote users either finding what they need on the SERP itself (c.37% of queries), resulting in no clicks to the open web, or clicking through to one of Google's other properties such as YouTube, Maps, Images, News or other (c.24-28% of clicks, or 10-12% of total queries as only c.41% of queries result in a click).[121] c.22% of search queries result in another search query. The implication is that only c.36-7% of search queries result in a click to the open web and almost half now end on Google search or another Google property. For Microsoft Bing the proportion of zero-clicks are only [30-40%][122] compared to over 60% for Google Search, which suggests that Google has engineered a greater proportion of zero-clicks through both providing more of its own content on the SERP or referring traffic to its own properties.

79. The 36% proportion represents a 33% decline in the share of organic clicks to the open web from 54% of search queries in 2016.[123] Put differently, organic clicks would be 50% higher if the search environment of 2016 had remained in place. If every query that did not result in a query refinement resulted in a click, then the number of click referrals would be 117% higher than the current number.[124]

80. Google provided data on the number of queries that surfaced Top Stories, the 32k sites and the SA news media (separately) that resulted in no clicks, search refinement, clicks to Google properties and clicks to 3rd party websites.[125] The data is relatively consistent with the 36% figure based on studies above, with only [20-30%] of Top Stories queries resulting in a click to a 3rd party websites and [40-50%] for SA news media.[126] The same exercise of determining the likely increase in referrals to 3rd party websites were the no clicks and referrals to Google products diverted to 3rd parties, results in an estimated increase of [130-140%] for SA news media and [190-200%] for Top Stories. This is a result of Google strategies to keep traffic, with news video content largely going to YouTube rather than news websites and snippets/verticals resulting in consumption on the SERP for many queries. Whilst Google does not directly earn revenue on some zero-clicks and so its incentive to drive these may be questioned, it does increase the value of Google as an easy source for information and so increases the value of the platform overall. Moreover, zero-clicks include referrals to another Google properties (e.g. YouTube) and it earns revenues on those properties.

81. The proportion of clicks to the open web is consistent with actual click behaviour on the SERP for news-related queries, based on the average CTR for the Top Stories carousel of [5-10%] and for news impressions more generally of [0-5%] where 10 impressions follow the carousel.[127] Moreover, the stagnation of organic clicks to the news media overall in the past 3 years based on Similarweb data despite growth in search query volumes in SA is consistent with this trend of a declining proportion of clicks to the open web and more consumption of query results on Google search or its properties.

121 The range is based on the difference between US and EU search outcomes. https://sparktoro.com/blog/2024-zero-click-search-study-for-every-1000-us-google-searches-only-374-clicks-go-to-the-open-web-in-the-eu-its-360/
122 Microsoft RFI 4
123 https://sparktoro.com/blog/less-than-half-of-google-searches-now-result-in-a-click/
124 This is calculated as 78%/36% where 78% is the share of queries that do not result in a query refinement and 36% is the share of queries resulting in a click to a 3rd party website.
125 Google RFI 4 Annex A
126 This is based on a list of 439 news media and broadcasters
127 Google RFI 3 Annex 5 and 6

82. For Google Discover, it is more complicated as not every session may result in a news impression and the user may not have a strong interest in the news impression that is shown. However, news impressions do make up a sizeable share of the Discover feed, and Discover is meant to present content based on the revealed and stated preferences of the user. For Google Discover, only [50-60%] of sessions result in a click to a 3rd party website.[128] For Google News, as with Discover, it is more complicated to assess given that users will scroll through a list compiled by Google where there are top stories but also personalisation options. Google News DAU click on [0-5] articles per day. Where users enable notifications, these represent another prompt for users to potentially click through to the story. Notifications on Google News and Search realise CTRs of [0-5%] but this is higher for SA news organisations at [5-10%].[129]

83. The Inquiry also notes that the view held by some in the media that a c.5% CTR for their impressions means 95% of the value is held by the search engine is also not correct. This is because in response to a user query the SERP provides alternative sources to answer that query, and the user may select to click on one amongst those. The problem identified above is that the user often clicks on none of them as their query is answered by the snippet or by another Google property (e.g. YouTube).

3.2.4. Content engagement provides data

84. Search engines build user profiles based on their search history and content engagement, including search and engagement with news media content. One use for that data is to design and improve their products and services, including increased personalisation.[130] Product and service improvements benefit consumers but also benefit the search engines as they create greater levels of engagement with search, building its role in the usage routine of users. The other use for the data is to sell advertising. Whilst search ads are driven predominately by the query itself with little personal information aside from location, this is not the case for personalised feed ads and display ads sold by Google on its other properties (YouTube) and on 3rd party sites. It is the greater ability to target advertising through the rich data sources that provides search (and personalised feeds) which provides an edge over 3rd party web publishers.

85. Data gathered on the consumer engagement with news media content, both hard news but also the wider variety of sports, entertainment and lifestyle content, is likely to provide some benefit to search engines. From a product improvement perspective this includes the news vertical and personalised feeds. Whilst it is likely correct that news interests may have a limited role in ad sales, the wider variety of quality content including lifestyle, financial advice and entertainment content is likely to find more application in interests driving ad sales.

128 Google RFI 4 Annex A
129 Google RFI 4 Annex A
130 https://policies.google.com/privacy?hl=en-US#infocollect

3.3. Imbalance in bargaining power

86. The expert economic paper prepared at the request of Google argues that the current arrangements whereby search engines and news publishers have not charged each other for value created *"is consistent with well-functioning markets and fairness"*.[131] Aside from the issue that the authors take a very narrow conception of value for the search engines, namely ads on SERPs with news results, a fundamental problem with the approach, as highlighted in the panel engagement with the expert, is that it ignores the fact that Google is a monopolist.[132] A monopoly market structure on one side of the negotiating table does impact on the fairness of the exchange of value in the outcome. Hence the findings of competition regulators such as the ACCC that there is a market distortion requiring correction.[133] This is also evident from the difference in outcomes where Google is forced through regulation to negotiate with news publishers as a collective with the threat of arbitration, resulting in payments to news publishers and not the current market outcome. Of course, that has still occurred under information asymmetry, another factor known to impact bargaining outcomes.

3.3.1. Hobsons choice

87. Google states that the news media have a choice as to whether they want their content to be indexed by the GoogleBot webcrawler and, if so, whether to permit a snippet or not, and the snippet length. Google then proceeds to argue that because the news media have a choice, they must get sufficient value from the relationship given that they choose to be indexed and to provide a snippet.

88. However, as the media voiced in the public hearings, this is really no choice at all given the position of Google in search and the use of search by consumers for news that has been habituated over time. For any single news organisation, were it to elect not to appear in Google Search index, then it can only lose traffic it currently gets as consumers will continue to query news on Google and other news organisations will appear in the results and secure the traffic as news organisations do report on similar matters. Google's bargaining position is strengthened not only by its market position but also by competition amongst news organisations to secure the traffic that comes from Google.

89. The same logic applies to snippets. Even though snippets result in many users reading the snippet only and not clicking through, if the subset of users that do click through are more likely to click on impressions with snippets then withholding a snippet simply results in that traffic moving to a competitor that provides a snippet. Again, there is only a downside.

90. The weak bargaining position is exacerbated by another feature of the news media. The media is predominately advertising funded in large part out of an obligation to keep news accessible to all given its critical role in keeping people informed and exercising their democratic rights. This is particularly the case with community media and the public broadcaster where charging for access is simply not an option given their audience is incapable of paying. The public broadcaster goes further by stating that it has an obligation

131 Nilausen and Padilla (2024). *The Value Exchange Between Search Engines And News Publishers*. Pg 4 Available: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4833985#:~:text=Any%20assessment%20of%20fairness%20must,they%20help%20them%20for%20free.

132 Jorge Padilla in-camera discussion

133 https://www.accc.gov.au/about-us/publications/digital-platforms-inquiry-final-report

to make its news available to the citizens through whatever distribution channel they are consuming news.[134] The dependency on traffic to fund their operations means that the news media simply cannot afford to lose whatever traffic it currently gets from search even if it is not getting the full value for its content. The bargaining position for news media is weak because there is no credible threat of severing access collectively, enabling a 'take it or leave it' approach by Google.

3.3.2. Imbalance in value

91. Google and their expert paper start from the premise that the allocation of value is fair under the status quo where neither party pays each other because the value accruing to Google is limited to the ad sales on SERPs with news content, which Google estimates at less than R35m in revenue for Google in 2022, and publishers benefit from referral traffic, estimated by Google as R370m based on an estimated 600m referral clicks in 2022 in SA.[135]

92. However, if the value to Google is much greater than this, as set out above, then the only logical conclusion is that the 'no charge' outcome cannot be fair. This conclusion is also more consistent with the market dynamics whereby Google has a search monopoly and news publishers have no choice but to be indexed by Google given consumer search behaviour on news and the ecosystem of news verticals that Google has built. The conclusion that the value exceeds ad revenues on news queries is also consistent with outcomes where Google has been forced to bargain with the news media with negotiated amounts well above the revenue from ads served on news queries only. Indeed, the agreement with the AIP for R114m over a 3 year period[136] exceeds the R35m per annum estimate of ad revenue.[137]

93. Many parties in the public hearings have referred to the FehrAdvice Switzerland behavioural study as a model for determining the value share and which estimated a 35% share of search revenue where '*the media content makes a value contribution*'.[138] The FehrAdvice report used a particular methodology to arrive at its estimate, using the proportion of informational search queries (estimated at 50% of queries) and the proportion of people that stated they preferred search with news content based on being asked to search for up-to-date information in three thematic areas (politics, society and the economy).[139] The PSS has also made submissions on the specific value accruing to SA news publishers based on this study.[140] Google and its expert have made submissions on the FehrAdvice paper, stating it is not a reliable method to determine the value of news to Google[141] and accordingly not a methodology usable for SA.[142]

94. The Inquiry agrees with the FehrAdvice report that the value of news is what news contributes to the overall search engine business. However, the share of news-related search queries as set out in the previous sub-section is a more accurate measure of where media content makes avalue contribution to

134 SABC public hearings
135 Google. Public Hearings presentation slides, 12 March 2024, slide. 61.
136 https://aip.org.za/2024/11/25/aip-google-launch-major-local-news-support-fund/
137 [✂]
138 FehrAdvice (March 2023) "*The value of journalistic content for the Google search engine in Switzerland*", pg 38. Available: https://fehradvice.com/wp-content/uploads/2023/04/2023_04_21_study_journalistic_value_google_en.pdf
139 Ibid pg. 16
140 PSS in-camera presentation slide 9.
141 Padilla and Nilausen (2024). *The Value Exchange Between Search Engines and News Publishers*. Available: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4833985#:~:text=Any%20assessment%20of%20fairness%20must,they%20help%20them%20for%20free. [Accessed 16 August 2024].
142 Google Search submission 17 January 2025

the search engine because it reflects where media content is actively fetched to answer the user query rather than a selection of user queries. However, the Inquiry notes that an overlooked aspect of the FehrAdvice report is the estimation of an 11.6% greater 'willingness to pay' for search engines with news which provides a different measure of the value of news that can be useful[143]. This broadly aligns with the share of news queries on search, and is certainly closer than the 35% used elsewhere by the study.

95. In response to the FehrAdvice report, Google has undertaken a number of natural experiments of switching off local news content. In its most recent and largest yet, Google shut off European news sites to a treatment group across 8 EU countries against a control group over a 2.5 month period, both representing 2% of live traffic. The results showed the impact to be a reduction in DAU of 0.77% and revenues of at most 0.5% on search (according to Google), with a higher 5.47% reduction in DAU and 2.03% reduction in revenue for Discover. Applying these estimates to SA would result in a revenue loss for Google from showing no domestic SA news sources that is similar to its current ad revenue estimate on news of [R30 - 40m]. When applying these figures to South Africa using Greece/Croatia data, which had the highest revenue impact, an equivalent revenue loss to Google would be [R70-80m] per annum, albeit not statistically significant. The experiment did not eliminate all news and only measured the very short-term effect which brings the results into question, particularly as these estimates are substantially lower than what Google is willing to negotiate when forced to do so and other estimates of all revenue earned from search sessions initiated with a news query.[144] What is also questionable about the results is that the projected revenue loss is similar to the ads on news queries and yet there is a loss of DAUs aside from the loss of news results. This suggests that losses to news media are higher than what is projected in the experiment.

96. The PSS has made other submissions on the value accruing to SA news publishers from Google based on a 15% profit share of advertising revenue lost since the peak year for ad revenue for each publication.[145] The Inquiry has identified numerous issues with this approach, most prominent amongst them that it is not only Google to whom they have lost revenue and the total loss of revenue itself cannot be used to conclude on the effect of any conduct.[146] The zero-click outcomes on Google discussed above seems to be a more accurate measure of the loss of traffic stemming from the intermediation of Google, given that users have gone to Google with a news-related search query and been kept on Google or directed to its own properties rather than to a news website.

97. The PSS has also estimated a potential value for SA news publishers from Google based on various proportions of total publishing costs or total payrolls costs. This is apparently based on estimates that the deal in Australia equated to roughly 30% of total publishing costs.[147] Google disputes these calculations too.[148] Whilst bargaining outcomes might be informative of relative value that Google wishes to retain from news and hence willing to make an offer when forced to negotiate,

143 This is based on the Inquiry's estimate when adjusting for those users who wish to have news on Search.
144 These estimates are [✂] for sessions initiated with a query surfacing Top Stories ranked first, and less than [✂] for sessions initiated with a query surfacing Top Stories on the SERP (the Inquiry's preferred measure).
145 PSS in-camera presentation. More specifically, the PSS take the advertising revenue in a previous peak year (2011-2014), inflate that revenue to 2022 Rands using the annual CPI, subtract the actual advertising revenue in 2022 to determine lost revenue, and then apply a 15% profit margin against lost revenue to calculate value lost to Google.
146 These are similarly identified by Google. Google Search submission 17 January 2025
147 PSS in-camera presentation slides 5-8. No basis has been provided for this estimate.
148 Google Search submission 17 January 2025

the specific exercise has issues. In Australia both Google and Meta contributed, which means the amount cannot be ascribed to Google alone.[149] In addition, if the issue is how much value in terms of ad revenue has been transferred, then looking at the share of ad revenue would seem more logical than share of publisher cost. This has been estimated to be around 4% of Google local search revenue for Australia, the UK, 1.7% for Canada, and 4.1% of France's total Google revenues.[150] However, this also depends on the value that the media brings to Google in each country and these deals have occurred under information asymmetry so the Inquiry is unable to determine what that is relative to SA.

98. The Inquiry is not persuaded by the estimates of either Google, which concludes the current outcome is fair and whose experiments estimate news brings no more value than ads on news queries, or the PSS representing some large news publishers, which estimate annual payments due to the news media of R1.3bn. It is maybe unsurprising that in the context of a negotiation the two parties have started with vastly polar positions. In contrast, Google and AIP have concluded an agreement for a Digital News Transformation Fund of R114m over three years.

99. The Inquiry has produced its own estimates based on a few different methodologies to help get a better sense of the orders of magnitude of the value accruing to both Google and the news media.

100. Google argues that the value accruing to the news media from referrals from search should be recognised. The Inquiry estimates these using actual media data for a sample of the largest media at c.R200m in 2023 as set out in the Search annexure. Google has submitted revised estimates which essentially are the same as its previous estimate of R370m. However, this is based on R300 per 1000 clicks on the SERP, which is apparently justified on the basis of each click resulting in multiple ads per page and potentially multiple page views. This is not substantiated with evidence and also fails to account that many clicks hit paywalls and unsold inventory. Even if we take multiple ads per page, the evidence on actual media CPMs of R50-150 for direct sales but R5-15 for programmatic sales which account for half the impressions makes a R300 per click infeasible. The more reliable evidence is what the media actually earn which is what the Inquiry has done.

101. For Google search, the value of news can be estimated using the share of news-related search queries to annual revenues. Google submits that the mid-point of the [10-15%] share of search queries is not appropriate as it more reflects Bing's share than that of Google but does not dispute the [50-60%] for Discover.[151] It is also appropriate to add in the additional value that Google derives from referrals to YouTube for news video referrals (from the SERP and Discover feed) as well as the AdTech fees it earns ads surfaced on news websites from the search referral traffic.[152] Applying the news share of

149 Google Search submission 17 January 2025

150 https://www.poynter.org/business-work/2024/why-google-and-meta-owe-news-publishers/ and https://www.adnews.com.au/news/exclusive-how-much-are-google-and-facebook-paying-for-news-in-australia. Government of Canada (2023). Canada Gazette, Part I, Volume 157, Number 35: Regulations Respecting the Application of the Online News Act, the Duty to Notify and the Request for Exemptions. Available: https://www.gazette.gc.ca/rp-pr/p1/2023/2023-09-02/html/reg1-eng.html

151 Google submits that the estimate for search revenues also includes gmail and Play store and so this needs to be adjusted downwards. Google submission on the Provisional Report.

152 For YouTube our estimate is [✂] based on the share of news-related referrals from Search and Discover over total YouTube views of [✂] . For Adtech, we use a 11% take-rate across the value chain as set out in the Adtech section on fees across all impressions, which if applied to R200m in ad revenue accruing to the media would result in earnings of R25m.

queries to total revenues, the Inquiry reaches an estimate of the news value to Google search and Discover of [R500-R600m] in 2023 on Google's Top Stories share.[153] Using the higher share of news queries at [10-15%] that accounts for Bing and news share of Google clicks, this would be [R800-R900m].[154]

102. It is apparent that the value derived by Google from the relationship with the news media far exceeds that derived by the news media.[155] If this were to be an equitable relationship, then the value would be shared equally. There are a few ways that one might consider an equitable shared value outcome.

102.1. First, one could consider the total value from the relationship consisting of both the Google value from the news query share and the news media value from referral traffic, and determine an equitable 50% share[156]. Using the Google Top Stories and Discover share of queries, this would result in an equitable share of c.R385m for the media, or R185m more than they currently get from referral traffic. Using the news query share that accounts for Google clicks share, an equitable share for the media would be R523m, or R323m more than the media currently gets from referral traffic.

102.2. Second, one could look simply at an equitable share of the value that Google earns from news content in line with how the FehrAdvice has conceptualized the value-share along with certain academics[157], which would place the estimate at [R250-R300m] based on Google Top Stories and Discover share.

102.3. Third, benchmarking to some of the deals done in other jurisdictions and the claims as to the share of revenue would place the estimate at [R200-R300m] on Google SA search revenues.[158]

103. In its response to the Provisional Report, Google rejected the assumption that organic referral traffic less than 100% is considered "destroyed value"[159]. However, it was conceded that at most the amount of destroyed value is 50% which corresponds to the decline in organic traffic for the period 2016 to 2024. Since the release of the Provisional Report, Google's SERP featuring AI Overviews has gained traction, further reducing organic traffic to the SERP. It would therefore not be unreasonable to include 2025 third-party referral traffic into the analysis, suggesting that an assessment of changes in third-party referral traffic over the period 2016 to 2025 as acceptable to Google. This means that had the 2025 rate of third-party referral traffic been the same as 2016 levels, third-party websites would

153 Search revenues were [✂] and Discover revenues were [✂] in 2023/4. [✂] plus [✂] from Youtube and Adtech to come to [✂] (Google RFI4, tranche 1).
154 More specifically, R846.1m based on adjusting up the search value to [✂]
155 We note that in the provisional report there was an estimation of the value destroyed for the media based on zero clicks. This partly included traffic diverted to other Google Properties which is accounted for in the YouTube referral revenue calculation above. The rest was based on no clicks as the user may be satisfied by the snippet. Google has criticised this calculation as users do not click for other reasons and a 100% click through rate is unrealistic. For this reason we have excluded this component from our calculations.
156 The 50/50 split reflects a balance of bargaining power, reflective of a platform monopoly on the one side and a media collective bargaining position on the other side of the bargaining table.
157 Dr Anya Shriffrin public hearing and Dr Holder et al (2023) Paying for News: What Google and Meta Owe US Publishers. This also reflects the views of the Brattle Group.
158 Google notes that the earlier deals in Australia and France/UK are not reflective of the deals being done subsequently in Canada and California.
159 Google Response to the Provisional Report *[non-confidential version],* footnote 197.

have more than double their current levels of referral traffic[160] (i.e. an increment of 103%). Inflating the c.R200m value in referral traffic that news media gets from Search by 103%, then additional Search referral traffic revenues news media would need to meet 2016 levels of referral traffic would be c.R206m.

104. In summary, the Inquiry estimates the imbalance in value is in the region of [R200-R300m] in favour of Google. The Inquiry has used this as a guide in its engagements with Google over an appropriate remedy but has ultimately sought to find a negotiated agreement that all parties can live with in the best interests of the media.

3.3.3. Transfer of risks and costs

105. The consideration of the exchange of value and the bargaining outcome is not limited to 'price factors' alone but includes how risks and costs are allocated across parties. There is evidence before the Inquiry to indicate that Google has been able to leverage its monopoly position to transfer some of the risks and costs of improving its own search business to the news media because of the importance of a high ranking on Google for search traffic.

106. Google has a strong interest in ensuring that its search product performs well for users to make it attractive to enter the web through search. This includes ensuring the service has low latency, provides enriched content and delivers high quality content in response to queries. Whilst Google itself will invest in its product performance, it is also able to transfer some of these costs to websites through setting the ranking parameters to promote behaviour which supports search performance. As websites, including news media sites, value ranking on search, this will prompt their own investments to support search performance. This category of investments is generally captured under Search Engine Optimisation (SEO) efforts by websites to attain high rankings and benefit from more traffic from Google.

106.1. Many of the larger news media organisations have submitted that SEO efforts impose a cost on their operations, in large part due to the continuous changes to the ranking algorithm. Google submits that daily small changes have no discernible effects, but core updates can significantly re-weight a website's quality score and ranking and are released several times per year.[161] These may require SEO adjustments to be made to prevent traffic loss, a risk transferred to news publishers. Google does communicate core updates prior to their release, but the news media cite the lack of transparency over core updates which can result in the loss of traffic at substantial cost to the news media in lost revenue. Google disputes the lack of transparency and cites the need to prevent gaming of its algorithm, but it is apparent that publishers are not always clear on how they may be affected and need to have invested in SEO capacity to respond even if they do understand. This places smaller media in particular at the mercy of core updates to the algorithm.

106.2. An illustrative example raised by the Publisher Support Services (PSS), representing a number of mainstream media, is the Accelerated

160 The Inquiry calculated that the 2025 3rd party referral traffic to be 26.6% leveraging off data in the Similarweb Report where based on the Fishkin study, third-party organic traffic was 54% in 2016. (see Annexure 3 for more calculations).

161 Google RFI 1

Mobile Pages (AMP) format.[162] This was made a requirement by Google to appear in the Top Stories carousel to enable pages to load faster in support of an enhanced browsing performance. The pre-loaded pages have less inventory space to facilitate faster loading time, restricting the ability to monetise the content. AMP has been replaced with Core Web Vitals (CWV) which similarly imposes restrictions that impact on the ability to serve responsive ads.

106.3. The game has changed significantly with the introduction of AI Overviews, adding more risk and uncertainty to publishers. AI Overviews reshapes how content is discovered, interpreted, and shared and this puts the burden on publishers to curate their content in accordance with Google's prescripts. Abouobaia (2025) notes that AI Overviews don't just steal clicks, they dominate screens replacing real estate that once belonged to organic search results.[163]

107. The transfer of risks and costs associated with SEO and AI summaries places smaller news publishers at a particular disadvantage given their inability to invest in SEO and navigate AI summaries. This has implications for competition on the search engine, discussed next.

3.4. Competition amongst news organisations on search and personalised feeds

108. Apart from shaping competition and value-sharing outcomes between search and news publishers in general, the search engine is also in a position to shape competition between news publishers given its large intermediary role for news queries and directing those queries to individual news publishers.

3.4.1. The ranking algorithm

109. The ranking algorithm determines what search results to return and how they are ranked based on the responsiveness to the query. Search engine algorithms rely on hundreds of ranking factors to assess the relevance of all the indexed pages. The same underlying algorithm is used across queries, but some factors may be weighted differently for news-related queries. Broadly, the main factors are[164]:

109.1. Relevance:- the match to the user query and user interaction data for the same queries,

109.2. Quality:- the freshness and trustworthiness of the content, the reputation and expertise of the website,

109.3. Location and language settings.

109.4. Usability:- compatibility with different browsers and devices, page load times.

110. For news queries, the algorithm would put more weight on the following:

110.1. Prominence:- is a news story prominent on the website, is it cited by others and is there original reporting,

162 PSS OIPMI submission 18 February 2022

163 Abuoubaia, J. (2025). Will Google's AI Overviews kill the click? *Search Engine Land*. Available: https://searchengineland.com/google-ai-overviews-kill-click-456453 [accessed 31 October 2025].

164 Google RFI 1 and Microsoft Bing RFI 1

110.2. Authoritativeness:- the expertise, trustworthiness and authoritativeness of the site, including do other sites link to the website and do people value the source for similar queries,

110.3. Freshness, particularly if looking at current news,

110.4. Registration and additional criteria are typically required to appear in news verticals on search engines.[165]

111. Apart from language and location, the general search algorithms do not use personal information as a factor in returning relevant results. However, for personalized feeds such as Discover, MS Start and Google News, user interests, both stated in preferences and revealed through search and click history, do play a role in the ranking algorithm. Whilst some factors are not expressly included as factors, they may still influence the results if they correlate with factors that are included. For instance, Google indicates that the snippet is only relevant where required for special features but if it correlates with CTR then it may influence ranking through user interaction factors. Similarly, beliefs or political ideology may correlate with revealed preferences from clicks in personalised feeds.

112. The focus on authoritativeness as a factor in search generally and emphasised in news particularly, does mean search has far less of a misinformation problem relative to social media. The survey evidence is consistent with this as more people trust news on search engines (24% vs 7% on social media), fewer do not click through due to not trusting the source (21% vs 35% for social media) and more people go to search to confirm news stories seen elsewhere (21% vs 11% for social media).[166] However, how authoritativeness is proxied using other measures may distort the rankings on search.

3.4.2. Local vs Foreign

113. Globally there is the emergence of a few international publishers that have been winners in the digital era, such as the prominent broadcasters (BBC, CNN, Al Jazeera), subscription based global papers (New York Times, Financial Times, Guardian) or syndicated newsrooms (Reuters, AP). These international news media will report on international news stories but they will also report on significant South African national news stories. Google states that no specific search factor gives international publishers a systemic advantage and a single factor out of hundreds is unlikely to tip the scales consistently.[167] However, the ability to consistently make large investments in SEO does provide a systemic advantage to international publishers, a factor known to enable domination of the SERP.[168] Anecdotal evidence was given in the public hearings of the additional benefit of a closer relationship to Google by international publishers.[169] Moreover, some of the proxy measures for authoritativeness, such as how many others link to your news website, are likely to be biased in favour of larger news organisations.

114. The Inquiry review of news impressions on search suggests that foreign media have considerable prominence on Google even though the level of user engagement may be lower than for the SA press.

114.1. Top Stories, where there are more requirements to feature, has the highest share of foreign news

165 On Microsoft Bing these criteria include newsworthiness, originality, authority and readability. For Google transparency criteria include news article bylines, information on authors, publishers and the publication.
166 Inquiry Survey Report slides 16, 18, 49 and 50
167 Google in-camera RFI submission.
168 [✂]
169 International Fund for Public Interest Media (IFPIM) public hearing.

impressions at [70-80%] but lower CTRs (user engagement) than SA news impressions and so only accounts for [50-60%] of clicks.[170] CTRs for local news media are effectively double that of foreign media on Top Stories.

114.2. On search more generally, based on the top 200 websites from Google's list of 32k news-related domains, foreign news media accounts for [40-50%] of impressions but only [30-40%] of clicks. The Inquiry estimates, using Similarweb data on traffic sourced from Google, that foreign media account for 37% of clicks. The lower proportion of clicks relative to impressions indicates a lower level of engagement with foreign relative to domestic media. Like Top Stories, CTRs for local news media are effectively double that of foreign media.

114.3. Similarweb data on organic search news traffic indicates that the SA news media share relative to foreign news media has declined, being within the c.60-70% range between September 2021 and September 2023, and has since been within the c.55-65% range thereafter to date.

114.4. In contrast, on Google Discover, SA news media has [70-80%] of impressions with fairly similar CTRs to foreign. As Discover is personalised to stated and revealed preferences rather than driven solely by the search ranking algorithm, this indicates that SA user preferences is for more domestic news media. This is also more consistent with the Reuters Institute digital news survey where SA news sites dominate the top online news brands for weekly direct usage.[171]

115. The high impression share but lower CTRs for foreign media in search and Top Stories, along with the higher share for local news in Discover where SA user preferences impact on the feed, suggest that the foreign media is over-represented on Search and Top Stories for SA users. This may not be the intent of search engines but rather the outcome of algorithm design, such as a failure to give sufficient weight to SA user interactions for SA news-related search queries. That over-representation would seem to be negatively impacting on traffic to SA news media given the declining share trend and the role that prominence on the SERP has on user behaviour over time. Furthermore, lower CTRs of foreign media on Search and Top Stories is indicative of less engagement where rising foreign media on Google's SERP suggesting a trend to lesser efficiency. The over-representation of foreign media is therefore adversely affecting competition between local and foreign media, and is inefficient.

116. On Microsoft Start, which began as a news service and has transitioned to a personalized service like Discover, the media content displayed is based on the news media that Microsoft contracts under its MSN programme. As few SA media companies are contracted by Microsoft, the result is that SA media content has only a [15-20%] share of the Start content served in SA.[172] This is substantially less than Discover and reflects the restricted contracting practices of Microsoft. On Microsoft Bing, where at least one news impression surfaced following a query, [60-70%] related to foreign news and [30-40%] related to local SA news[173].

170 Own calculations from Google Search RFI 3 Annex Q6.
171 Reuters Institute Digital News Report 2024, pg. 163
172 Microsoft RFI 3. Microsoft contracts with only [✂] SA publishers.
173 Own calculations from Microsoft RFI4 submission, Annexure X.

3.4.3. Vernacular and Community Media

117. The ability to receive news in your own language is a critical element of realising constitutional rights underpinned by news. Being informed of developments in your local community is another essential element to exercising democratic rights at a municipal level. However, on search platforms vernacular and community media have little traction. For vernacular media, this is largely the result of limited language capabilities of search engines. Google fairly acknowledges that this is an area where it needs development, with currently only English, isiZulu and Afrikaans supported on search and plans to extend to Xhosa.[174] However, for non-English languages more support is still required as identified by isiZulu publications and acknowledged by Google. For English-based community media, the inability to invest in the website and SEO makes a lower quality scores is a more likely reason whereas for vernacular community media there is the combination of both language, website quality and SEO.

118. Whilst Google indicates that almost all search queries in SA are in English, this is most likely the outcome from its inability to support African languages in the past. There is demand for search platforms to provide news in local African languages. The Inquiry survey established that South Africans are more likely to access the platform if news is available in local languages (13% for search and 21% for feeds) and spend more time on the platforms when news is in local languages (21% for search and 24% for feeds).[175] This is consistent with traffic data which shows vernacular and community media predominantly sourcing referrals from social media rather than search.

119. The language shortcomings of search places vernacular news organisations at a material competitive disadvantage relative to their English counterparts, in part reflected in the fact that people are conditioned to query search engines in English not their home language. This is reflected in traffic data. For instance:

    119.1. The Citizen, an English daily, receives 45% of traffic from organic search.
    119.2. Isolezwe, an isiZulu weekly, receives 26% of its traffic from organic search but 64% of this is branded search (i.e. navigational based on the website name).
    119.3. Maroela Media, an Afrikaans online site, receives 18% of its traffic from organic search.
    119.4. Mpumalanga Mirror, a community newspaper, gets no organic search referral traffic.

120. However, where vernacular media does surface on search, the CTRs are much higher than the English media, indicative of higher levels of engagement and the desire of South Africans to get news in their home language. For instance, for local news sites overall CTRs are [0-5%] whereas for Isolezwe, Maroela Media, son.co.za and Netwerk24 the CTRs are [5-10%].[176] Similarly for Discover, the average CTR for local news sites is [5-10%], whereas Maroela Media, son.co.za and Netwerk24 had CTRs in the [10-15%] range[177].

121. This applies to a much greater extent to the public broadcaster too, as the largest provider of vernacular news across all official languages to the population. The impact on competition also implicates constitutional rights and negatively impacts

174 Google RFI 3 tranche 1.
175 Inquiry survey report slides 97 and 101
176 Calculated CTRs using Google data (Google Search RFI3, Annex Q5)
177 Isolezwe did not feature in the data that was provided. (See data in Google Discover RFI3, Annex 12)

on media diversity and plurality in SA. The concentration of news impressions on search is evident from a 0.70 Gini coefficient for just the top 200 news sites, which would be higher if all news sites were included. The same is true for Google Discover which has an even higher Gini coefficient of 0.80 based on the top 270 news sites.

3.4.4. YouTube and video content

122. Increasingly consumers are turning to video content for news, part of a general shift in consumer behaviour towards audio and video content. Search engines will often surface a video unit within a news-related search if there is relevant video content. For Google search the proportion of video impressions is [5-10%] of all search impressions.[178] Video content will also form a larger part of the personalised feed, such as Google Discover where video impressions and clicks constitute [20-30%] of total impressions and clicks.[179]

123. Given the growing popularity of video content, the ranking and referral behaviour of search for news-related video content has a growing impact on traffic to news websites. An inescapable fact is that YouTube, owned by Google, is the beneficiary of the vast majority of video impressions and hence also video click traffic from search to pages on YouTube.

    123.1. For the year to May 2024, a YouTube video appears on page 1 for [20-30%] of all Google search queries and [5-10%] of all page 1 organic impressions on Google search in SA. In contrast, a non-YouTube video appears on page 1 for [10-20%] of all Google search queries and [0-5%] of all page 1 organic impressions. For page 1 organic video impressions overall, YouTube accounts for [80-90%] for all Google search results in SA.[180]

    123.2. For news-related queries where the Top Stories Unit was triggered in SA in the same period, YouTube accounted for [80-90%] of video impressions on page 1 and along with TikTok, Facebook and Instagram, accounted for [90-100%] of video impressions. The statistics for share of clicks in the same period are the same. In that same period, video impressions and clicks from the top broadcasters in SA had a share of [0-5%].[181]

    123.3. On Google Discover, for the past year YouTube accounted for [60-70%] of all video impressions and clicks and [10-15%] of total impressions and clicks.[182] For non-YouTube video content, SA news media had a share of [5-10%] on Discover.[183]

    123.4. Experiments conducted by searching on Google for publishers that loaded nearly identical content on YouTube and competing video platforms revealed that YouTube was first in the video carousel over 80% of the time. SEO advice is that marketers should upload their video to YouTube if they want to surface in Google search results.[184]

178 Google RFI 3 Annex Q25
179 Google Discover RFI 3 Annex 19 read with Annex 12
180 Google RFI 3 Annex Q25
181 Google RFI 3 Annex Q24 and Annex Q25. The video impression share of the SABC, eNCA, News24, Newzroom Afrika and EWN was [✂] with the public broadcaster at [✂] in the six months to May 2024.
182 Google Discover RFI 3 Annex 20 read with Annexes 12 and 19
183 Google Discover RFI 3 Annex 22
184 Southern (2020). Google Search Allegedly Boosts YouTube Results Ahead of Competitors. *Search Engine Journal* Available: https://www.searchenginejournal.com/google-search-allegedly-boosts-youtube-results-ahead-of-competitors/374712/ (accessed 16 January 2025).

124. Google states that there is no explicit algorithm bias that systemically favours YouTube, with the algorithm treating it like any other website, evaluating it on information that other websites can provide too. Google states YouTube is simply a very popular website with the most direct traffic and referrals from other search engines.[185] Consistent with this statement is the fact that Microsoft Bing has YouTube links on [30-40%] of queries, higher than the [20-30%] on Google Search. Of course, This suggests more the structural dominance of YouTube in general rather than a bias. the search algorithms can still play to YouTube's strengths by weighting those factors more, and YouTube is also likely to have advantages in certain search factors because it is part of the Google properties.[186] For instance, Average YouTube CTRs are lower than average CTRs to third-party news websites on Search and Discover[187]. This suggests that click throughs to YouTube on Search and Discover are less efficient than clicking through to third-party news publishers websites. Similarly, when Top Stories is triggered, video links to third-party news publishers has a CTR that is more than double that of YouTube[188], yet YouTube impressions surface by a factor of [300 – 400] times more than SA publisher video link impressions[189].

125. YouTube video impressions will reflect different content pages on YouTube, including the pages of SA news media. For instance, within YouTube content surfaced on Discover, the domestic news broadcasters and online media have a share of [5-10%] of page impressions and clicks.190 The news media may also share in the benefit of that referral click to YouTube if they are part of the YouTube Partner Programme (YPP) which entitles them to a revenue share. In addition, many news media embed YouTube videos on their own website which means that traffic to their site still benefits YouTube as it can earn ad revenue on embedded videos. Of course the news media can too if they are part of the YPP.`

126. The Inquiry is not in a position to determine whether there is a bias to YouTube as it dominates even Microsoft Bing for video traffic. This suggests that there is a structural dominance rather than a bias necessarily. In addition, if news media embed YouTube videos then it matters not whether the user is directed to YouTube or the news site. What is required is then that the news media benefit from YouTube YPP and earn revenues from these referrals or embedded videos.

3.4.5. Subscription vs ad-based

127. Neither Google nor Bing penalise publishers with paywalls in the search results as it is not a factor in the ranking. Media with paywalls can have paywalled content crawled for indexing purposes whilst the paywall remains in place for users. Google states this practice avoids a negative impact on publishers wishing to paywall and provides lead-in to promote subscription whilst still providing a good user experience if the content interests them.[191] It is possible that the paywall does indirectly impact negatively on ranking through lower CTRs or user interaction with the site (bounce rates).

185 Google in-camera RFI
186 For instance, better indexing and quicker speeds due to integration benefits.
187 On Search average news media CTRs are [✂] but average CTRs to YouTube is [✂] (data analysed in Google Search RFI3, Annex Q5). On Discover, average news media CTRs are [✂] but average CTRs to YouTube is [✂] (data analysed in Google Discover RFI3, Annex 12)
188 Average CTRs for ewn.co.za, enca.com, and news24.com video links was [✂], whereas the CTR for YouTube was [✂] when 'Top Stories' was triggered. (Own Analysis using data submitted in Google Search RFI3, Annex 24).
189 Total impressions for YouTube was [✂] higher than ewn.co.za, enca.com, and news24.com video link impressions collectively was when 'Top Stories' was triggered. (Own Analysis using data submitted in Google Search RFI3, Annex 24).
190 Google Discover RFI 3 Annexure 21
191 Google RFI 2

128. Whilst this practice may avoid a negative impact on subscription publishers, it is relevant to ask whether in the process it creates a negative impact on advertising-based publishers seeking to keep their content accessible to the broader public.

128.1. Only a few subscription publishers are likely to win the subscription game as those willing to subscribe to multiple news sources is limited[192], particularly in SA. Those that do win the subscription game have the advantage of subscription revenues to support their journalistic efforts along with advertising revenue relative to those pursuing an advertising strategy only. This is likely to then provide an advantage in search as the SEO and quality ratings can be improved with the additional resources. As paywalls are not penalised, search may then contribute to a growing bifurcation of the news industry if it directs traffic to subscription publishers and away from advertising-based publishers.

128.2. The discussion is complicated by the fact that mixed strategies are used by most subscription publishers in SA, such as not applying a paywall to some content, giving non-subscribers a limited number of free articles per month, or offering users the option of a free trial period. For instance, News24 indicates that all breaking news of national importance is not paywalled whereas Moneyweb only paywalls historic content. In addition, some ad-based publishers may look to use an Offerwall, which Google has recently launched in SA following the initiation of this Inquiry, for donations or have a user watch an ad before access to the content to assist in revenue diversification.

129. As the news media is likely to need a mixed business strategy going forward in order to survive financially, it seems appropriate at this stage not to penalize those using some form of Offerwall or Paywall for certain content especially as most SA publishers do not have a hard paywall.

3.5. The future of search

130. Search has not escaped the explosion of AI and the race to integrate it into all technology tools. Just before the Inquiry commenced, Bing introduced the AI-powered Bing Chat, later renamed Copilot, and shortly afterwards Google followed with Search Generative Experience (SGE), its own AI-powered search results. Since the Inquiry commenced, AI assisted search results have evolved in terms of when they are invoked and how the results are presented. AI Chatbots have also evolved to answer current questions by integrating with search engine indexes through Application Programming Interfaces (APIs), discussed later in the report. There is little doubt that search will continue to evolve into the future as AI tools improve and consumer interaction evolves.

131. Initially, Bing Copilot appeared as an option on the menu bar of Bing, and users can click on it if they want to make use of Copilot for their query. Copilot was not the default search screen nor was it invoked in

192 Reuters Institute Digital News Report 2024

response to a query. However, in April 2025, Copilot Search in Bing was launched. For Microsoft Bing, AI summaries have quickly escalated from [5-10%] of search queries in 2024 to [40-50%] in 2025[193]. For Google, it has taken the direction of integrating AI Overviews into search, which is invoked when Google determines generative responses are useful and is placed at the top before any search results. Subsequent to launching AI Overview, Google quickly moved to reduce the frequency with which it was invoked and states that it does not aim to invoke AI Overviews for hard news queries.[194] However, recently the Google Chrome browser introduced AI Mode similar to Copilot Bing search. The Google Gemini Chatbot is distinct from its search product. Sources are displayed in the AI generated results for both AI Overviews and Copilot. Where AI summaries for both Google and Microsoft has taken information extensively from a source then the source appears on the side or as the user hovers over that text.

132. The news media globally and locally have expressed considerable concerns about how the use of AI for news queries and the provision of summaries may impact on news traffic from search engines. This concern is not unwarranted given that the AI summaries are far more extensive than snippets, which users already read to get information without clicking through to news websites. The search engines seem acutely aware of this concern and have made efforts to incorporate sources of information with clickable links. The question is whether users click on those sources or not. For Google, the evidence from independent sources is mixed with Similarweb indicating a material rise in zero-clicks on news queries and a decline in organic traffic for news publishers globally[195], whereas NP Digital reporting from marketers, i.e. not news specific, an increase in traffic for more than half the respondents.[196] For Microsoft Bing, the levels of CTRs for AI summaries are not dissimilar to traditional search[197] with [60-70%] of summaries resulting in a click and the average click per link being [5-10%]. However, this is not news specific. The best indicator may be overall traffic levels to the news media in SA, which saw a 16% decline in the first 9 months of 2025 compared to the same period in 2024.[198]

133. Co-pilot also launched a daily news digest which provides a summary of key stories and weather, which can be listened to. This is a further incursion into a news service that may displace direct traffic to the news sites.[199] The news is provided by Microsoft partners which receive branding and attribution, also drawing from Microsoft Start partners with an opt-out option.[200]

134. Given the concern over AI displacing news traffic, a number of prominent news titles globally have opted out of web crawlers for AI models. However, these opt outs are for the training of models and their development, but not for search results. Google Extended is a separate command that websites can use to opt out of having their content used to train and improve Gemini. However, Google offers no opt out for AI Overviews, except to opt out of the

193 Own assessment on data submitted in Microsoft RFI4, Annexure X.
194 Google RFI 3
195 Similarweb Report "The Impact of Generative AI: Publishers", OpenAI RFI 4
196 https://ppc.land/marketing-concerns-over-ai-search-may-be-overblown-study-finds/
197 Microsoft RFI 4
198 Similarweb data shows all traffic to SA news sites declined from 1.5bn in the first 9 months of 2024 to 1.3bn for the same period in 2025. However, the September traffic numbers for 2024 and 2025 were stable at 10.4m.
199 https://www.zdnet.com/article/i-got-my-news-briefing-from-microsofts-copilot-ai-this-morning-and-id-do-it-again/
200 Microsoft RFI 4

search index altogether which is a Hobsons Choice as that will eliminate all search traffic.[201] This appears to be a deliberate design choice by Google to prevent websites opting out of AI Overviews. For Bing one can opt out of AI summaries and still be available in Bing search index and traditional search sources. Google and Bing make their search index's accessible through APIs to other AI companies to ground responses to current queries. For Google this is called Vertex API. If news media opt out of Google-Extended then they will not be used for training or grounding in the Vertex API to third parties, in the same way as Gemini.[202]

135. Even if the opt out mechanism for AI-powered search was offered, the design as an opt out rather than opt in means that most news media in SA are likely not making any conscious decision to opt in or not but are doing so by default. For community media whose websites were prepared by a web page designer and were taught to update the contents, there is also a lack of technical capacity to opt out. For opt-out to be effective, it requires that the media of all sizes are capable of making that choice.

136. Given that AI-powered search query summaries represent more of a substitute to clicking through to news websites as a source of news information, then this would constitute unfair competition. This is because the search engines effectively force news websites to make their content available for AI summaries by tying permission to general search indexing, and then use that content to compete as a source of news information against those same websites, thereby reducing traffic to the websites. By the same notion, this conduct is also unlikely to consist fair use of the copyrighted work of the news media as the purpose is for commercial gain in competition with the copyright holder which will affect the market value of that work.[203]

3.6. Findings and remedial actions

3.6.1. Findings

137. The findings on search and personalised feeds are as follows:

137.1. Google's monopoly position and the unequal bargaining position of the media means there has not been an equitable share of value between Google and news publishers in South Africa both historically and currently. This inequity has materially contributed to the erosion of the media in SA and will continue to do so unless remedied. The Inquiry has used a variety of measures to determine the additional value extracted by Google search annually

201 Google in-camera RFI
202 Google submissions August 2025
203 The SA Copyright Amendment Bill (version B13D-2017) sets out the notion of fair use in section 12A, with section 12A(b) setting out the non-exhaustive set of factors to be taken into account in determining fair use. These include subsection 12A(b)(iii)(bb) '*the purpose and character of the use including whether it is of a commercial nature or for non-profit research, library or educational purposes*' and 12A(b)(iv) '*the substitution effect of the act upon the potential market for the work in question*'. See https://www.parliament.gov.za/storage/app/media/Bills/2017/B13_2017_Copyright_Amendment_Bill/B13D_2017_Copyright_Amendment_Bill.pdf. This is similar to the US Copyright Act section 107 https://www.copyright.gov/title17/92chap1.html#107

from publishers, or value destroyed through conduct that promotes zero-clicks, resulting in a range of estimates from R200m-R300m for 2023. This has served as a guide to the Inquiry negotiations with Google over remedies.

137.2. The Google algorithm distorts competition between news media organisations insofar as it a) over-represents global news media in SA for search and Top Stories, and b) under-represents vernacular and community media These issues are exacerbated by SEO requirements for the algorithm and for core updates to the algorithm where there is insufficient transparency on how the media will be affected and how to avoid traffic loss. Microsoft similarly under-represents SA media on Start due to the limited number of SA media companies that it contracts. It also under-represents SA media on Bing.

137.3. AI-powered search is likely to cause an even greater extraction of value by search engines from news publishers unless news publishers have the option to opt-out of AI summaries and a market develops for news content.

137.4. Microsoft Bing has the potential to become more relevant to news publishers in future given its relationship with OpenAI. This will make its approach to search, and AI-powered search, more impactful on the media in future.

138. The conduct identified has an adverse effect on competition through:

138.1. Competition for advertising revenue and consumer data by throttling referral traffic and denying the user data to enable better ad targeting. Evidence of the effect includes the high levels of zero-clicks for news queries, the declining share of 3rd party referral traffic and the limited data sharing.

138.2. An imbalance in bargaining power that enables the extraction and monetisation of news media content, distorting competition for news content distribution and monetisation. Evidence of the effect includes practices designed to extract news content from the media and the higher value derived by search engines for news content relative to the media itself.

138.3. Distorting competition amongst news media through degrading the prominence of SA media relative to foreign and community and vernacular media relative to mainstream English media. Evidence of the effect includes the higher levels of impressions despite lower CTRs for foreign over SA media and for mainstream English over community and vernacular media.

139. As a result, the conduct has an adverse impact on the quality and consumer choice of SA news media, particularly the diversity of media through SME and HDP-owned media that offer community and vernacular media along with the public broadcaster. Harm to the quality and diversity of media, along with the plurality of voices and the ability for citizens to get news in their home language, undermines citizen's Constitutional rights and hence the adverse effect is considered substantial.

3.6.2. Remedial actions

140. The Provisional Report set out a provisional set of remedies for discussion which have been the focus of submissions and further engagements by the Inquiry with

the search platforms, the media and other stakeholders. The Inquiry has sought to reach agreement with the search engines as to the way forward where it can, but on the basis that the remedies do address the harm identified which is required by section 43D of the Act. The central issues that require remedial actions include fair value for the media content on search whilst addressing biases that may unfairly restrict competition on news queries from SA news media. In remedy design, the Inquiry has sought to ensure greater long-term sustainability of the media in its relationship with search whilst ensuring fairer short-term value exchange.

141. Search generates value from the news content on the search engine but only shares value in the form of referral traffic with no on-platform monetisation sharing options unlike social media. The preferred remedy for mainstream media which predominate on search, is to create an on-platform monetisation option through Google News Showcase, which is more sustainable in the longer-term. This can be topped up in the short-term with funding for mainstream media to innovate around AI applications to reduce costs and enhance products. For small independent and community media, a fund in lieu of on-platform monetisation is preferred as this can be used to enable the digital news transformation of this group of media which lays the foundation for more search traffic and monetisation in the future.

142. In addressing the biases within search against SA media and vernacular and community media, general algorithmic changes are considered impractical and potentially less effective given the constant updates to the algorithm. Google has proposed the introduction of Preferred Sources which allows users to choose their preferred media sources which are then promoted by the algorithm. For vernacular and community media, access to the fund can build the digital transformation to improve the presence on search complemented by vernacular language training in the Google News Initiative (GNI). GNI would assist with 3 of the 5 pillars identified by the MDDA for a digital transition, namely digital skills development, digital media platform development and digital revenue generation.[204] These can be complemented by specific programmes to improve search ranking through website improvements, improve the use of AI adoption to reduce costs and innovate on products, and improve the use of data insights provided by Google to undertake better advertising targeting and editorial performance.

143. Microsoft is a fraction of the size of Google and therefore proportionality does require the Inquiry to be more light-handed. Microsoft also does offer an on-platform monetisation option through Microsoft Start and the Microsoft News Service targeted more at mainstream media. However, this has seen little adoption in SA as Microsoft has not engaged in a push to market and onboard the mainstream media. A proportionate remedy is therefore for Microsoft to do exactly that such that more of the mainstream media can monetise on its platform in addition to referral traffic. However, given its size, limiting the number of SA media allowed onto the platform is justified due to the revenue dilution that may occur with existing SA news media.[205]

144. In terms of opt-outs, the central concern is Google which has AI summaries in search linked to its indexing and an opt out option that aligns with how this is dealt with in the EU should suffice as they have similar concerns.

204 MDDA RFI 4. The other 2 pillars are strategic partnerships and content development.
205 Microsoft correspondence 16 October 2025

145. The remedies imposed by the Inquiry are as follows:

145.1. Google

145.1.1. Google to fund the SA news media in the following manner:

145.1.1.1. A Digital News Transformation Fund for small independent and community media at R38m per year for 3 years from November 2024, with matching funding of R19m per year for a further 2 years. The purpose is to support small independent and community media to digitally transform their newsroom and audience engagement to become more sustainable in the digital era.

145.1.1.2. The launch of Google News Showcase, or a successor programme, within 3 months for mainstream national media and broadcasters, including the SABC, valued at R71m per year for 5 years. The purpose of the GNS is to compensate the media for content provided through the News Showcase.

145.1.1.3. An AI Innovation Fund within 6 months for mainstream media valued at R45m per year for 3 years. The purpose is to support AI innovation projects to reduce costs and build audience engagement through AI news products.

145.1.2. Google to support training and product change initiatives that can grow the digital presence of the SA news media on search in the following manner:

145.1.2.1. Launching Preferred Sources functionality in SA within 12 months and invest R8.7m in a marketing campaign to encourage SA users to adopt SA news media as preferred sources on Google Search. The purpose is to improve the visibility of SA news media on Google Search results where they are preferred by SA users.

145.1.2.2. Provide a Core Web Vitals programme within 6 months offering individual support to 15 publishers per year for 3 years to audit, recommend optimisations and assist in implementing changes to their website performance that will improve search ranking.

145.1.2.3. Google News Initiative (GNI) Vernacular language training within 3 months in partnership with the MDDA valued at R11.6m over 3 years. The purpose is to make GNI training on developing audiences, strengthening digital journalism and growing revenue accessible to vernacular language publishers and broadcasters.

145.1.2.4. Support AI adoption in the news media through AI training to small independent and community media within 6 months and for a 3 year period, including training on content opt-out controls for Google products.

145.1.2.5. Continue to make Offerwall available in SA and offer training on its use to improve monetisation of content.

145.1.2.6. Support for News Consumer Insights and Google Search Console within 6 months for a period of 3 years, including individual consultations and direct advice from Google experts. The purpose is to use shared data from Google to develop audiences, grow revenue, strengthen digital journalism and optimize site performance.

145.1.3. Google will ensure that publishers in South Africa will have parity with publishers in the European Union in respect of the degree of control over how web content appears in AI Overviews in Search.

145.2. Microsoft

145.2.1. Microsoft to support news media monetisation on its platform within 6 months through inviting national news media and broadcasters the option to contract with MSN and onboarding five national media and broadcasters that express interest.

146. The Inquiry makes no recommendations on compensation for historic inequities in the value exchange with Google as the Inquiry's focus has been on how to address the current market features that adversely affect competition. This does not prevent the news media from pursuing its own case if it so wishes.

4. Social Media

147. Social media is a broad term used to capture digital platforms that enable users to create and share content with virtual communities on the platform. It covers a diverse set of platforms which primarily focus on particular content formats, but which have in common an interface design that includes a user feed, a follow feed and search capabilities. Unlike the open web, social media platforms are 'walled gardens' where the platform's set 'Community Guidelines' for content posted to the platform and design the algorithms that determine what content appears on the user's social media feed, which accounts for the vast majority of user time spent on the platform.[206] News has become a feature of all these platforms but to different degrees, and the platforms policies have actively shaped the sources of news users are exposed to and how users interact with news on the platforms.

4.1. The social media business model

148. Social media platforms are originally built around the creation and sharing of particular content or social mechanic, including family and friends for Facebook, long-form videos for YouTube, short-text for X (formerly Twitter), photos for Instagram, short-form videos for TikTok and instant messaging for WhatsApp. Social media platforms do mimic content types from the other platforms, such as short-form video on YouTube (shorts) and Facebook (reels), but the platforms still have distinct identities which differentiates them from each other. As the business model is built on the content posted and shared by users, social media platforms are subject to extremely strong network effects whereby the more users posting content of interest, the more attractive the platform becomes to other users, who in turn create more content driving a virtuous cycle of user growth.

149. Once a social media platform in a particular content format or social mechanic reaches critical mass, it not only sees explosive growth, but it also entrenches itself as the dominant platform for that social mechanic or format. As Mark Zuckerberg observed, *"[T]here are network effects around social products and a finite number of different social mechanics to invent. Once someone wins at a specific mechanic, it's difficult for others to supplant them without doing something different."*[207] In essence, 'me too' platforms that closely replicate existing successful platforms are unattractive to users because they are the same but lack the scale of content and network of users. The result has been for venture capital to be used to fuel the explosive growth of social media platforms before focusing on monetisation of that platform.

150. The result is a broad social media market that has strong differentiation amongst the largest social media companies, with each dominating in the particular format in

206 For instance, on X users spend [✂] of their time on the For You feed and only [✂] on the follow tab. X Corp RFI 4.
207 FTC v Facebook Inc Case no. 1:20-cv-03590, FTC complaint para 14, extract of email from Mark Zuckerberg to CFO David Ebersman. https://www.ftc.gov/system/files/documents/cases/051_2021.01.21_revised_partially_redacted_complaint.pdf

which they specialise with some competitive interaction between them for user attention. An example of the type of competition is the move by YouTube and Meta into short-form video content, and TikTok expanding into long-form video. The differentiation is evident by the fact that consumers can often make use of all these platforms for different purposes. Meta specialises in applications around the 'social graph' that maps personal connections, YouTube in long-form video, X in real-time public debate and TikTok in short-form video. TikTok submits that it is not dominant in short-form video given the expansion of that content on YouTube and Meta[208], but TikTok still has a distinct character to the other platforms based on specialization in short-form video such as its audience (younger), content type (dance, pranks) and algorithm (viral videos).[209] Each platform retains its distinct character despite some areas of content competition to retain user attention. Amongst these four social media platforms, Meta and YouTube are by far the largest in SA from both a user and digital advertising perspective.

151. Social media platforms have criticised the provisional report for apparently finding markets of one based on each social mechanism.[210] This is misplaced as the Inquiry focuses on a broad but differentiated social media market as has been found in other jurisdictions. The platforms have also expressed that they are not dominant, but the differentiation does provide them with a degree of market power and, in any event, dominance is not a requirement for making findings in a market inquiry which is more focused on market features which may be common to all participants.

152. Meta goes further and argues that they operate in a broad market for user attention in which they are not dominant.[211] However, this is akin to firms arguing that they compete for a 'share of wallet' of the consumer which finds no support in competition law. Meta further submits that in the context of the terms of reference, social media, search and direct traffic all operate in the same segment of sources of referral traffic and the degree of significance of Meta is based on their share in overall traffic. This is a further attempt at finding an expanded market in which its share is lower and hence not dominant. However, Meta does not compete to provide referral traffic, and in fact it has actively sought to limit such traffic to keep users on its platform, which highlights too that its share of traffic is a function of its own conduct too. The Inquiry sees these are not only distinct markets but different distribution channels and the questions raised in the ToRs relates to bargaining and competition on each distribution channel.

153. Monetisation strategies across social media platforms are the same, namely to sell the attention of their users to advertisers and those wanting to reach a wider audience through promoted posts. Social media platforms are able to gather substantial user data beyond demographics by observing and inferring psychometric data (interests, attitudes and behaviour) of users through their interactions with content on the platform. The permits social media to engage in highly targeted advertising with literally tens of thousands of detailed categories to choose from.[212] Engagement on the platform is therefore essential for monetisation of the platform, through providing data for ad

208 TikTok submissions on the Provisional Report
209 See for instance the advice given to content creators such as https://www.opus.pro/blog/youtube-shorts-vs-tiktok and https://sendshort.ai/guides/tiktok-vs-youtube/
210 TikTok, Meta and X Corp submissions on the Provisional Report
211 Meta submission on the Provisional Report
212 See for instance the options on X at https://business.x.com/en/advertising/targeting and Facebook at https://leadsync.me/blog/wp-content/uploads/2018/11/Facebook-Ads-Audience-Targeting-Guide-1.pdf

targeting and by building user numbers, frequency and time on the platform which increases advertising inventory levels. As Meta candidly stated in its recent annual report, "*The size of our active user base and our users' level of engagement across our products are critical to our success*".[213]

154. Driving engagement on the platform is intimately linked to driving content creation on the platform. Encouraging content creation is necessary because not all users create content and not all content creators create original, quality content that generates high levels of engagement. Personalisation is also key to driving engagement, and a larger volume of diverse content enables social media to tailor enough content to a wide variety of individual interests.[214] Social media platforms can promote content creation by providing easy tools for creating and posting content, and by enabling community feedback which encourages users to post more content. Social media platforms also look to attract professional content providers to post to their platform to build original content on the platform to drive engagement. They do so by providing those content providers with an audience, but in addition will invest in attracting specific content providers through marketing, professional tools and monetisation options. This is another way in which social media platforms may compete, albeit it is still limited insofar as they are ultimately each gatekeepers over access to their own audience and are differentiated in the type of content that may succeed on their platform. Twitter, in the year before it went private, set out in its annual report the importance of particular accounts in contributing unique and engaging content, stating under business and operational risk factors:

"A number of factors have affected and could potentially negatively affect mDAU growth and engagement, including if:

- *accounts, including influential accounts, such as those of world leaders, government officials, celebrities, athletes, journalists, sports teams, media outlets and brands or certain age demographics, do not contribute unique or engaging content, or engage with other products, services or activities as an alternative to ours;"*

4.2. News and social media

155. News is a feature of all social media platforms, to a greater or lesser extent. Most platforms were determined to play down the presence and role of news, arguing that users on their platform are primarily there for entertainment or engagement with family and friends. However, the one does not preclude the other as every social media platform covers a broad range of content categories and news will be one of those. News has a presence because most people want to be informed and understand the world around them, staying up-to-date as to what is happening and forming their own opinions.[215] News is something that many people engage daily, including sharing

213 Meta Platforms Inc. 2023 10-K filing, pg 16. https://investor.fb.com/financials/sec-filings-details/default.aspx?FilingId=17229405
214 [✂] in-camera hearing
215 [✂]

news[216] and engaging with others on news stories of interest or which impact their lives. It is therefore natural that news emerges as a content category on social media whether the platform seeks to drive it or not. At different points, most platforms have sought to attract news to promote engagement. As much as news content as a driver of engagement on social media varies across individuals, it also varies across countries and platforms.

4.2.1. General observations

156. The Inquiry survey found that social media was the platform used the most for news by 77% of respondents.[217] This is similar to the Reuters Institute survey which found in its 2024 report that 71% of SA respondents get news from social media. In both cases much larger than other online alternatives. Amongst those that mostly use social media, the top reason for doing so was ease and convenience (77%), with the ability to access when they had time (40%), offering access to breaking news (42%), a variety of news (25%) and news relevant to their interests (23%).[218] Similar themes emerged from the focus groups, where attractive features for social media included instant updates and trending stories, push notifications and personalisation, and the variety of news sources. The multifunctionality of social media in offering both news and entertainment was seen to enhance the overall value of the social media platforms.[219] The Datareportal Digital 2024 Global Overview Report identifies that 'reading news stories' is the 3rd main reason for using social media, cited by 34.2% of respondents globally, with 'seeing what's being talked about' coming in 5th (28.7%). For South Africa, 46.4% said reading news is a main reason for using social media.[220]

157. In terms of consumption habits, 70% of those choosing social media actively sought news daily or multiple times a day, with an equal proportion also consuming news passively daily.[221] Actively going to platforms for news meant that 50% of respondents access platforms more regularly when news is available, with 46% indicating they spend more time than intended because they are consuming news. Roughly a quarter of respondents also follow individual journalists, presenters or reporters.[222] Consistent with this behaviour, 69% stated that they would reduce platform usage were news no longer available, with 37% stating usage would be much but only 7% stating they would no longer use the platform.[223]

158. Those mostly using social media for news do consume news on the platform. The survey found that the respondents more frequently scrolled through the feed reading both the headline and snippet, with scrolling and reading the headline or not fully less frequent.[224]

    158.1. Those that do click through, did so more frequently after reading the snippet rather than just the headline.[225] The reasons provided was that the headline and snippet were seen as useful to help determine whether to read the full

216 Reuters Institute Digital News report 2024 states that 51% of South Africans share news on social media, messaging or email.
217 Inquiry Survey report slide 12
218 Inquiry Survey report slide 15
219 Inquiry Focus Group report
220 https://datareportal.com/reports/digital-2024-global-overview-report slides 221 and 267. Reading news stories appears 5th for 16-24 year olds and 2nd for 45+ year olds – slide 222.
221 Inquiry Survey report slide 22
222 Inquiry Survey report slide 93
223 Inquiry Survey report slide 85
224 Inquiry Survey report slide 28
225 Inquiry Survey report slide 39

article (72%) or spark their interest to read it (45%).[226]

158.2. Equally, the fact that the headline and snippet provided enough information was a prominent reason for not clicking through (48%) along with the lack of time to read the full article (22%).[227] The substitution of reading snippets instead of the full story is reflected in the number of respondents citing that headlines and snippets are a convenient (46%) or time-efficient (37%) way to view news or to avoid paying for news (23%) and accurately reflected what the news story was about (33%).228 Naturally, for many it was also that the story did not interest them (54%), but also for social media concerns over trust in the source (35%) or clickbait (28%) were other reasons people did not click through.

159. The public hearings highlighted that social media is also popular due to the prevalence of vernacular and community media. This sentiment emerged in the focus groups too.229 The survey found that people spend more time on social media platforms when community news is available (43%) or when news in local languages is available (19%). Whether people are more likely to access a platform when news is available in local languages is stronger amongst 18-34 year olds (16%), rural (19%) and African home language (16%) respondents. Consistent with this evidence is the fact that more community media have Facebook pages than websites, and often prioritise social media presence due to consumer habits.[230]

160. The large number of followers of news media and journalist/presenter pages on social media is consistent with the survey evidence that users wish to access news on their social media feeds. The SABC radio stations amongst them have almost 9m followers alone, community media organisation Maroela Media has c.580,000 followers and even small community media documented followers in excess of 50,000 individually.[231]

161. News media, particularly radio, have used social media to generate engagement with their audience, to the benefit of social media platforms as they drive consumers to use the platform to engage the news media. For radio, presenters will often run competitions or ask for listener views on on-air topics through a social media platform, but despite this [0-5%] of community stations generate any money out of social media.[232] Print and broadcast journalists similarly post breaking news and updates on social media, attracting users to the platforms more frequently to get informed. At the same time, citizens will often use social media to engage with community media to highlight newsworthy issues in the community.

162. Meta has leveled several criticisms at the survey, ultimately arguing that evidence on referral traffic is a better barometer of the prominence of news consumption across search and social media and this indicates social media is far less important than the survey suggests and Meta is not dominant.[233] No survey can escape some criticism, especially of the more speculative type such as what the respondents understood by the questions asked or whether there is

226 Inquiry Survey Report slide 63
227 Inquiry Survey Report slide 48
228 Inquiry Survey Report slide 63
229 Inquiry Focus Group report
230 AIP public hearing presentation where it showed that 112 members had a Facebook page whereas 104 had a website.
231 SABC RFI 1, Maroela Media, NCRF and Limpopo Mirror public hearings
232 YFM public hearings, NCRF public and in-camera hearings
233 Meta submission on the Provisional Report.

bias in recruitment.[234] This is why the Inquiry made available the survey instrument and raw data. However, the survey was primarily used to get a better understanding of the consumer thought processes which cannot be easily inferred from hard data, such as do consumers go onto the platform for news or not, do they not click on stories because of a snippet, etc. The survey provides useful information on how consumers engage news on social media in the context where referral traffic is no longer a reliable indicator as social media companies deliberately seek to reduce this by deprioritizing posts with links. In this context, the survey gives insights that cannot be inferred from hard data and what matters is the insights and rough order of magnitude and not the specific percentages. Moreover, the survey results are aligned to the results of other surveys.

4.2.2. Meta

163. Meta's current position is that "*accessing news is simply not the reason why most people use our apps*", that their focus is on responding to what users want and "*for most of our users, that's not news links*".[235] News is unlikely to be the main reason people use the app, which is focused on connecting friends and family, and building community, but that does not mean that the availability of news is not valued and engaged with by platform users. Meta has repeatedly referred to surveys showing no interest in news on the feed by users in the public and in-camera hearings, but when pressed to provide these to the Inquiry, Meta has not been forthcoming. This position also stands in stark contrast to their position when launching the Facebook Journalism Project in 2017, where they stated[236]:

   "Facebook wants to do our part to enable people to have meaningful conversations, to be informed, and to be connected to each other. We know that our community values sharing and discussing ideas and news, and as a part of our service, we care a great deal about making sure that a healthy news ecosystem and journalism can thrive." (emphasis added)

164. Facebook began actively courting news publishers around ten years ago, launching Facebook Paper in January 2014, an iOS news reader app that provided a different user interface for the news feed, but also the ability to add news sections with curated stories from posts by newspapers amongst others.[237] This was Facebook's attempt to create a personalised newspaper. Facebook Newswire was added a few months later, designed to assist journalists find news on Facebook. Instant Articles for publishers was launched in May 2015, designed to rapidly load mobile web articles to enhance the Facebook mobile experience as "*people share a lot of articles on Facebook*".[238] Google launched AMP in response to Instant Articles, demonstrating the value of offering a good mobile news experience to both Facebook and search.[239]

165. Even when the major change of the Facebook algorithm that occurred in January 2018, reducing 'public content', Facebook still retained the view that news was important because it was content users demanded and it created engagement, particularly

234 Meta argues that the broad definition of news does not distinguish media content from user-generated and speculates over the recruitment of respondents and whether there is a social media bias.
235 https://about.fb.com/news/2023/03/news-industry-reaps-considerable-economic-benefit-from-facebook/
236 https://www.facebook.com/formedia/blog/introducing-facebook-journalism-project
237 https://techcrunch.com/2014/01/30/facebook-paper/
238 https://www.facebook.com/formedia/blog/introducing-instant-articles/
239 https://www.theverge.com/23711172/google-amp-accelerated-mobile-pages-search-publishers-lawsuit

local community news which is relevant on a platform building community, stating[240]:

"People tell us they come to Facebook to connect with friends. They also say they want to see news about what's happening in the world and their local community. This month, we've announced changes to prioritize posts from friends and high-quality news sources. Today, we're updating News Feed to also prioritize local news so that you can see topics that have a direct impact on you and your community and discover what's happening in your local area." (emphasis added)

166. Facebook argued in the public hearings that they tried news but it provides minimal value and hence the shift in direction based on user surveys and feedback. Meta was challenged to provide these surveys, particularly for South African users but also for Africa. To date the Inquiry has received no SA or Africa specific surveys despite repeated requests. Meta points to declining use of Facebook for news globally and that news links constitutes less than 3% of what people see on the feed, and [0-5%] for SA. There are clear measurement issues that serve to underestimate news content on the feed, as this is based on publishers registered with Meta's News Page Index only and it focuses on posts with links, not all posts.[241] But the most obvious problem with citing these figures is that Facebook is actively deprecating news content on its platform, as confirmed by its representatives in the public hearings, so they are a product of the Facebook algorithm not user preferences. Interestingly, news queries in SA which the algorithm does not control, are considerable higher than news feed posts.

167. In contrast, the Inquiry has surveyed SA consumers and of the 77% that use social media the most to find and view news, 84% of respondents indicated that Facebook was amongst their top 3 platforms to find news. Other Meta products also featured, including WhatsApp (46%), Instagram (24%) and threads (3%). The general observations from the survey are therefore representative of Facebook users in SA, namely that many users actively go to the platform for news, spend more time on the platform and consume news snippets which are convenient, time-efficient and free. The Reuters Institute 2024 survey also identified Facebook as the top social media platform used by South Africans for news (51%) and shows that Facebook's use for news is far more prevalent in SA and Africa more broadly relative to most developed economies.[242] On Facebook, over 20m people follow SA news publisher pages with the SABC radio c.9m alone.[243]

168. Whilst the general observations on why people turn to social media for news applies to Meta too, the focus groups also highlighted specific reasons for the use of Facebook. The focus groups identified that for community news people often turn to Facebook or WhatsApp groups. Users expressed a desire for news in their own languages, and whilst they go to traditional sources for vernacular news, they also go to Facebook and WhatsApp.[244] Facebook is also popular in rural communities in part due to its data-free mode[245], and [70-80%] of Facebook MAU users in SA make use of the basic mode.[246] This is borne out in the higher traffic share that community and vernacular

240 https://about.fb.com/news/2018/01/news-feed-fyi-local-news/
241 Meta public hearing
242 The use of Facebook for news was the top amongst social media platform across African countries surveyed, at 51% for Morocco, 60% for Kenya and 62% for Nigeria. In contrast, the use of Facebook for news was 17% for the UK, 31% for the US, 32% for Australia and 4% in Japan.
243 Meta RFI 2, SABC RFI 1
244 Inquiry Focus Group report topic 6
245 Inquiry Focus Group report topic 2
246 Meta RFI 4. Basic mode allows up to 20MB of Facebook use per day when a user runs out of data.

news media get from Meta, especially relative to search.

169. Meta argues that social media differs to search insofar as news is on media platforms because the news media choose to post, not because it fetches articles from their websites. Whilst it is correct that the news media posts content on social media, they do so because there is demand from users for news content on the platform as reflected in engagement with that content, and historically Meta has courted the press to post more content. The Inquiry survey which shows social media platform users value news but also Meta's observations on their user needs. If there was no demand or engagement then the news media would cease to post. That demand and engagement benefits Meta, which is why Meta invested in products and features to make it easier for the news media to post content and to persuade them to do so through the various news initiatives.

4.2.3. YouTube

170. YouTube has closely followed Google search in how it has approached news content. YouTube has seen news as an important use case and sought to build specific news verticals on YouTube to enhance the news experience. This includes the News Watch Page (content on a specific story), Breaking News shelf (appears on the homepage during major breaking news events) and Top Stories carousel (appearing when searching for news).[247] YouTube, like Google search, prioritises authoritative news sources in its news verticals, using signals such as channel quality, coverage of current events and compliance with Google News content policies.[248] YouTube also offers training under the Google News Initiative to support news organisations in building their video operations and runs a News Working Group to discuss how to improve the news experience on YouTube. Both obviously benefiting YouTube too as it ensures more video news content on their platform, which drives usage and engagement.

171. These investments have paid off insofar as YouTube is seen as a destination for news, growing in relevance as people increasingly prefer watching video clips. The Reuters Institute Digital News report 2024 found that there is a shift to short-form video globally, but which is particularly pronounced in developing countries with 82% of South Africans using short-form online news weekly. It found that 23-25% of all age groups identified YouTube as their main online news video platform, similar to Facebook.[249] In SA the Reuters survey found that 47% use YouTube for news, similar to the Inquiry survey finding that of those citing social media as being used the most for news, 45% cited YouTube as one of their top 3 platforms for news.[250] The Inquiry focus groups found that for short video clips were preferred over more time-consuming alternatives like reading lengthy articles, and YouTube was seen as a primary source for news based on its recommendations and ability to watch.[251]

172. Whilst YouTube is not classified as a search engine, and YouTube itself does not see it as one, some see it as the world's second largest search engine insofar as there is more search on YouTube than other social media and a substantial share of search sessions are informational rather than entertainment.[252]

247 https://www.youtube.com/howyoutubeworks/product-features/news-information/#top-news
248 Channel quality is assessed by reviewers using the EEAT criteria, namely experience, expertise, authoritativeness and trustworthiness. YouTube RFI 1
249 Reuters Institute Digital News Report 2024, pgs 12-14
250 Inquiry Survey report slide 14
251 Inquiry focus groups report
252 [✂] . https://searchengineland.com/youtube-ranking-factors-getting-ranked-second-largest-search-engine-225533

For the younger generation that prefer video, [90-100%] use YouTube to gather information and knowledge, and for news specifically, they seek to feel informed, understand the world and stay up to date. Given concerns over misinformation, YouTube is seen as the most credible platform to go for news.[253] YouTube does not dispute that it promotes news and that some see it as a primary site for news, but it argues that it does so despite the low commercial value as a counterweight to misinformation.[254]

173. YouTube estimates that [5-10%] of the impression CTRs on YouTube Homepage relate to channels identified as containing news content, accounting for [0-5%] of total watch time.[255] The share of impression CTRs, or share of videos watched, is more informative of the value of news than watch time as the latter is influenced by video length.

4.2.4. X and TikTok

174. X describes itself as "*a real time, global, open, public conversation platform where people can see every side of a topic, discover news, share their perspectives, and engage in discussion and debate*".[256] News has always been a central part of the value proposition of Twitter, used to break news with the media and journalists contributing to original and engaging content.[257] However, since being taken private and renamed X, considerable cost-cutting of content moderation staff and the absolutist free speech perspectives of its new owner has seen concerns grow over misinformation on the platform which has seen a decline in people using it for news globally.

175. In SA, the Inquiry survey found that of the 77% of users using social media as their main platform for news, X came in 5th amongst the top platforms used with 30% citing it as amongst the top 3 platforms used for news.[258] The Reuters survey found that 19% of respondents used X for news in SA, down from 28% when it was Twitter in 2021.[259]

176. In contrast, TikTok has been on the rise as a source of news amongst social media platforms. This is a product of its huge popularity and the shift to news consumption on short-form video. The Inquiry survey places TikTok now 2nd to Facebook at 47% of social media users, alongside YouTube and WhatsApp, whilst Reuters finds that 28% of respondents use TikTok for news in SA. Due to the growing interest in news content on TikTok, news media are putting more of their content on TikTok whereas previously they would have focused on Facebook and X. Whilst TikTok started as a pure entertainment platform, as it grows and matures so the content loaded onto the platform has evolved. This is not unlike YouTube.

253 [✂]
254 YouTube submission on the Provisional Report
255 Google YouTube RFI 1
256 X RFI 1
257 Twitter SEC 10-K filing 2021.
258 Inquiry Survey report slide 14
259 Reuters Digital News Report 2021 and 2024

4.3. Imbalance of bargaining power

177. The social media platforms are immensely powerful in the 'attention economy' given their tens of millions of DAU and the considerable time spent by these DAUs on the platforms, ranging from 30-90 minutes per DAU daily across the different platforms.[260] They do so without generating content of their own, but rather harnessing user-generated content. As consumers seek to access news through these aggregator platforms because it is easy and convenient, the social media platforms have enormous power to direct traffic based on their algorithms. In contrast, the bargaining power of news media is limited, in part because one media source is largely interchangeable with another when reporting on national events, which means the threat of withdrawing just means the void is filled by a competitor. This is exploited to ensure access to content for free and the ability to make unilateral decisions on content recommender algorithms.

178. Meta is the largest user platform for news and has deliberately deprecated news content on its platform since 2021 but started to choke organic reach since 2018, forcing news media to promote posts for reach. Meta, along with X, has also deprecated posts with links which cuts referral traffic. This makes monetisation on their platforms more important, reinforced by the growing importance of video content viewed on platform. With YouTube the issues are different insofar as content must be viewed on their platform and this enables them to set the terms for monetisation of news media videos. This has significant implications for broadcasters particularly, including the public broadcaster, given it's a video platform. TikTok is still growing and still trying to monetise its own platform, and there is no evidence currently that it deliberately deprecates news content. All social media benefit from discounted data bundles that incentivise more use of social media for content, including news content. Large social media platforms share some user data with the news media, but less around user demographics and interests that would permit more targeted advertising, and more on behaviour on its platform.

4.3.1. Meta

179. In January 2018 Mark Zuckerberg announced a major change in the algorithm at Facebook. Citing that "*feedback from our community that public content -- posts from businesses, brands and media -- is crowding out the personal moments that lead us to connect more with each other*", the shift was to less public content and more from friends, family and groups.[261] The previous year Facebook had seen a decline in user engagement on the platform, a key indicator of the health of the platform[262], and had indicated that it had been running out of space to put ads in the News Feed and had been warning of a slowdown in revenue growth as a result.[263] The algorithm change was aimed at fixing these problems.

180. The effect of this change was to substantially reduce the organic reach of 'business, brands and media' on Facebook, with estimates of

260 For instance, YouTube has [✂] DAU spending [✂] per day, or 13.2m hours a day of attention (YouTube RFI 1). X has [✂] DAU spending on average [✂] per day, or 700,000 hours per day of attention (X RFI 1).
261 https://web.facebook.com/zuck/posts/10104413015393571?_rdc=1&_rdr
262 https://edition.cnn.com/2021/10/27/tech/facebook-papers-meaningful-social-interaction-news-feed-math/index.html
263 https://www.vox.com/2017/7/25/16021034/facebook-mark-zuckerberg-earnings-q2-2017-preview

a drop by 35% organic reach on average[264] and a 50% decrease in engagement for the top 500 brands on Facebook.[265] Average organic reach per fan was estimated to drop from 2-6% in 2016 to 1.2% in 2018, meaning for every 1000 fans only 12 would see the post. The decline in organic reach compelled businesses to pay to promote their posts to improve reach, with marketers advising that businesses needed to 'embrace Facebook as a paid channel'.[266] The rise in paid content to replace organic was reflected in the earnings of Facebook which more than doubled from $40.7bn in 2017 to $86bn in 2020, along with net income.[267] Compelling more businesses to pay on Facebook is also likely to redirect ad sales from other sources, including those of news publishers. However, as set out above, this change did not necessarily target a reduction in news content because it created engagement for Facebook users.

181. The 2018 algorithm change was found to reward outrage with more clicks on negative comments.[268] In 2021, following the US election where Meta was accused of spreading misinformation, Meta reduced political content by placing less emphasis on shares and comments on political content – a fix for the outrage problem. Early 2021 was also when the first law to have Google and Meta compensate news publishers was passed in Australia. After eventually agreeing to compensate news companies in Australia, Meta has adopted a strategy to prevent further contagion by shutting down news entirely in Canada after it passed a similar law, but also reducing news content generally in reaction to the 'pay for news' sentiment. It is not that news has little value to users on the platform, it is that Meta is not willing to share in that value. Given that users are dependent on Meta for the social network, with the barrier to switching extremely large as it requires moving all your friends and family with you, Meta is a strong position to retain users even whilst reducing news. However, the move has substantially harmed overall and Facebook-specific engagement with the news media by Canadians, in particular small local community media, albeit that politically orientated groups continue to share news on Meta platforms.[269]

182. Since 2021 there have been substantial shifts in organic content that users see in their news feed on Meta, effectively eliminating posts from followed pages and those with links to external content. This can be tracked using the Widely Viewed Content Report that reports on content viewed by US users which Meta has put out quarterly since Q2 2021.[270]

182.1. In Q2 2021, 14.3% of posts in the news feed came from pages followed by users and posts with links constituted 12.9% of posts in total, with 6.6% of the 12.9% being posts with links from followed pages. As for the rest of the posts, 57% were from friends and people followed and 19.3% from groups joined, or

264 https://www.marketingscoop.com/marketing/the-decline-of-facebook-organic-reach-what-marketers-need-to-know-in-2024/
265 https://advidi.com/blog/facebook-policy-updates-what-happened-in-2018/
266 https://www.marketingscoop.com/marketing/the-decline-of-facebook-organic-reach-what-marketers-need-to-know-in-2024/
267 Facebook SEC 10-K 2020 filing. https://investor.fb.com/financials/default.aspx
268 https://www.dailymail.co.uk/sciencetech/article-9997467/Facebook-quietly-changed-algorithm-2018-prioritise-re-shared-material.html
269 Media Ecosystem Observatory, Canada. Old News, New Reality: A year of Meta's News Ban in Canada at https://static1.squarespace.com/static/6450265301129e5dbabfe8a2/t/66c36dba3066f124adb4000c/1724083643261/Meta+News+Ban+Report-08-19.pdf and When Journalism is turned off: Preliminary findings on the effects of Meta's news ban in Canada at https://static1.squarespace.com/static/6450265301129e5dbabfe8a2/t/6622c8a408f39611294ebdb2/1713555621401/Whenjournalism+is+turned+off_Preliminary+Report.pdf
270 https://transparency.meta.com/en-gb/data/widely-viewed-content-report/

76.3% from 'connected people' that Facebook sought to place emphasis on in the 2018 algorithm change. Only 8% of posts were unconnected, i.e. content from sources they are not connected to but recommended by Facebook based on interests.

182.2. By Q2 2024, 0.0% of posts in the news feed came from pages followed by users and posts with links had reduced to only 3.3%, with none coming from pages followed. There was also a large reduction in posts from 'connected people' to 59.3%, with 43.9% from friends and people followed (original and reshares) and 15.4% from groups. Unconnected content is what grew, constituting 29.6% along with 11.2% for other content including Events. Meta argues that the rise of unconnected posts is a response to competition from TikTok.

183. The effect of these changes is to substantially reduce organic reach and referral traffic to news publishers (amongst other followed pages). This is because news publishers seek to build a follower base on Facebook and then rely on reaching a cohort of followers to drive organic reach for posts with links to in turn drive referrals to their website, which is the way in which news media can monetise those audiences and derive any value from the relationship. For instance:

183.1. Moneyweb has seen a [50-60%] decrease in Facebook referrals from 2023 to 2025 and a [70-80%] decline in reach into followers.[271] Daily Maverick saw a [30-40%] decline in its reach from 2023 to 2024 and a [80-90%] decline in referral traffic from Facebook since 2020.[272] Arena identified that referral traffic has declined by [40-50%] from 2018 to 2023 across titles like TimeLive, Business Live, Business Day, Financial Mail, Sowetan Live, Herald Live and Dispatch Live. [273] Netwerk24 saw a [5-10%] reduction in referral traffic, while Network24 recorded a [50-60%] decrease in referral traffic between 2021 and 2024.[274] eMedia has seen the share of Meta platform in traffic sources decline from [20-30%] in 2019-2022 to [10-15%] in 2023.[275] Caxton reported a reach into their followers of [5-10%].[276]

183.2. For community and vernacular media, Isolezwe has seen a [90-100%] decline in social media referral traffic from mid-2022 to mid-2025.[277] Maroela Media has seen an [80-90%] decline in Facebook referrals since 2021, despite only a [20-30%] drop in post impressions, indicating a drop in referral rates from [15-20%] to [0-5%] in the same period.[278] The Limpopo Mirror saw its Facebook organic reach drop from [15-20%] in 2023 to [0-5%] in 2024.[279]

183.3. According to Similarweb, overall social media referrals to the news and media sites has plunged by roughly a third from c.27.5m in the year to September 2022 down to c.18.5m for the year to September 2024. As Facebook is the most substantial source of social media

271 MoneyWeb RFI 4
272 Daily Maverick RFI 4
273 Arena Holdings RFI1
274 Media24 RFI2
275 eMedia RFI 4
276 Caxton in-camera hearing
277 Independent Media RFI 4
278 Maroela Media RFI 4.
279 Limpopo Mirror in-camera presentation

traffic to news sites and other social media, bar X, were growing referrals, this huge drop can be ascribed to Facebook.

183.4. The International Fund for Public Interest Media (IFPIM) estimates that globally social media referrals are down 50-80%.[280]

184. The push for Meta to pay for news would seem to have resulted in unintended consequences, in large part because of the choice of instrument and the choice of strategic response adopted by Meta. As a result of these algorithm changes, SA news media organisations are in the bizarre situation of paying for promoted posts much like brands to improve reach and engagement.[281] The public broadcaster is not permitted to pay to boost its content and so it falls behind on how it ranks online.

185. Following the most recent US election, it seems Meta may reverse this trend and allow for posts on politics to be in the user news feed.[282] Meta submits that its new approach to civic content is to allow a more personalized approach and so where users express an interest then the feed will include more news content. This is in contrast to the more blunt approach to news content in the past.[283]

186. Meta submits that referral traffic from Meta has been modest and it has never been an important distribution channel for the media. Whilst it has been a lower share than search for mainstream media, community and vernacular media are far more reliant on social media, and Meta in particular, at least prior to the deprecation of news by Meta. For instance, 55% of traffic to Isolezwe, the largest vernacular paper, was from social media in mid-2022 and +- 95% of that traffic was from Meta. AIP submitted that more members have Facebook pages than a website, and for those focused on Facebook, the traffic is to their Facebook page for monetisation rather than their website. However, even for the mainstream media, the traffic volumes from Meta remain important as a vehicle for direct monetisation but also as an opportunity to build a loyal subscriber base.[284] In addition, even the 3rd party evidence submitted by Meta as evidence for a modest role in referrals shows a steep decline in referral traffic from Meta, either globally (from 16% in 2015 to 5%) or locally (a decline from 5% to 9% with some recovery)[285], consistent with the evidence from the SA media. In its submissions, Meta refers to Daily Maverick as an example of having only modest referrals from Meta, but Daily Maverick has seen a [80-90%] decline since 2020, and so the modest levels are a result of Meta's algorithm not Daily Maverick's dependency.

187. Meta has responded by arguing that the referral traffic decline is a symptom but not the cause of declining news interest and trust in news. Whilst it is correct that there are a multitude of factors at play which have placed the news industry under financial strain, as set out in the first section, this does not mean that Meta's conduct has not contributed to that decline, as set out above. More specifically, community media near universally complain that Facebook has taken most of the community advertising, which is a very direct negative impact on the financial sustainability of community media.[286] The spread of misinformation and attacks on

280 IFPIM public hearing
281 For instance, NCRF public hearing and RFI 2 media submissions.
282 https://edition.cnn.com/2025/01/07/media/mark-zuckerberg-meta-fact-checking-analysis/index.html
283 [✂]
284 Daily Maverick RFI 4
285 Meta submissions on the Provisional Report.
286 AIP meeting June 2025

the media on social media platforms is also a major factor in the reduced trust in the media.

188. Meta cites paywalls as one factor that may impact on user willingness to click through to links. However, this is unlikely to be the case as the media in SA don't have hard paywalls and have seen rising traffic from search which would be equally affected if this theory was correct.[287] Community media have no paywalls but experience large drops in referrals. Meta argues that media have been slow to respond to short-form video content, but broadcasters have always showed video content and print publishers have all expanded video content.[288] Lastly Meta cites increased competition from independent journalists and commentators, a factor we cite in the news section.[289] However, Meta has conceded that it deprecated news during the past 5 years and the content trends show a massive reduction in posts with links in the Facebook feed. There is therefore direct evidence that Meta has been one of the causes, even if there are others.

189. However, the strategy adopted by Meta has negative consequences for digital advertising competition, consumer choice and constitutional rights. This is because the impact of the algorithm changes on the news media are materially different to that of brands and businesses that Meta pursues for commercial gains.

189.1. Facebook actively courted the news media to build its platform with the 'bargain' being that it would provide the referral traffic as the benefit to news media. Facebook has now substantially reduced the referral traffic, backing away from its side of the bargain. This represents an unfair bargaining outcome.

189.2. The news media also competes with social media for digital advertising inventory whereas business and brands are advertisers. The reduction in organic reach and referral traffic to displace it with more ad inventory of its own distorts competition in digital advertising.

189.3. Consumers in SA choose to use Meta platforms for news and to follow news media on those platforms. Meta has unilaterally and adversely restricted choices for consumers by deprecating news and reducing organic followed posts in the News Feed of users in SA. It has done so purely to profit more from those users, an uncompetitive outcome that does restrict consumer choice.

189.4. The news media performs an important public interest mandate and promotes constitutional rights. It is particularly important on social media platforms in countering misinformation. Facebook's strategy has a far more substantial harm given the negative implications for constitutional rights.

190. Meta argues that the value bargain fails to account for the fact that Meta offers a free source of promotion and monetisation on the platform. Aside from traffic referral which has declined materially, the media can monetise off Meta by selling sponsored Facebook posts to advertisers. However, given the sharp decline in organic follower reach for media posts, the media have had to purchase post boost options from Meta to achieve the reach for sponsored deals. As such, Meta effectively takes a cut from that monetisation option.

287 For instance, MoneyWeb has seen a [20-30%] growth in search traffic and a [50-60%] decline in Facebook traffic since 2023. Moneyweb RFI 4.

288 Daily Maverick RFI 4

289 Meta submissions on the Provisional Report

191. Outside of the off-platform monetisation options, Meta offers options for content creators, including the news publishers, to monetise on the Facebook platform itself. Meta has launched a Content Monetisation Programme which is in beta testing and consolidates the in-stream ads, ads in reels and a performance bonus program into a single tool for creators.[290] It also provides tools for the news media to offer subscription services through Facebook. However, practically few of the media are part of these programmes and hence do not benefit from them. Facebook's in-stream video ad monetisation programme limits the eligibility of businesses to be part of the programme. While the larger news publishers submit that they are aware of Meta's in-stream ads,[291] smaller publishers are not aware of these offerings,[292] and have indicated that they do not participate in it due to a) a lack of resources and expertise to manage a monetizing social media account, b) they do not meet the eligibility criteria as Meta provides insufficient video views to do so[293], c) low levels of revenue share relative to the cost of producing content, and d) the non-negotiable terms for revenue share and a lack of transparency on qualifying earnings. Meta sets the revenue share at 55% in line with YouTube. Those on Meta's monetisation programme report trivial earnings even for those with large followings and video content.[294]

4.3.2. YouTube

192. YouTube captures a substantial share of news video traffic. First, as set out in the search section, Google directs the majority of video traffic, including news, to YouTube. In SA, YouTube gets 20% of its traffic from organic search, or roughly 1m videos per day across all content categories according to Similarweb data. Second, YouTube is itself a dominant video-sharing platform with a substantial news vertical, attracting enormous volumes of direct traffic from SA users, including for news. Third, many news sites use a YouTube player for their videos on their own websites, and YouTube earns revenues on ads surfaced in the YouTube player.[295]

193. YouTube operates on a revenue share basis for those creators that are eligible for the YouTube Partner Programme (YPP).[296]

193.1. Eligibility for fan funding (membership, super chat and thanks) requires at least 500 subscribers, 3 public uploads and 3000 watch hours (or 3m short views). The revenue share is 70% for the content creator, net of taxes, refunds/chargebacks and iOS fees.

193.2. Eligibility for ad revenue share requires at least 1000 subscribers and 4000 watch hours in the past 12 months. Ad revenue share is 55% of net revenue for the content creator from watch page ads displayed on their video on the watch page.

193.3. For shorts views, the revenue share is 45% based on the share of views from the creator pool allocation. Ads are placed in the shorts feed and the interstitial revenue from those

290 Meta submission to the Provisional Report
291 Arena Holdings WS2 page 8. Caxton WS2 page 16. Media 24 WS2 page 20. MoneyWeb WS2 page 6 and 7.
292 Maroela Media WS2 page 4. Mpumalanga Mirror WS2 page 1. ITWeb WS2 page 3. Jacaranda FM WS2 page 5. Radio Riverside WS1 page 5. Vukani Community Radio WS1 page 9.
293 The eligibility criteria are 5000 page followers, 60,000 minutes of view time in the past 60 days and 5 active videos. Meta submissions on the Provisional Report. Meta considers these as fairly low in contrast to the media's perspectives.
294 For instance, eMedia reported only [✂] in Facebook revenue in 2024 despite 3.15m followers on Facebook. eMedia RFI 4
295 YouTube RFI 1
296 YouTube RFI 1

ads goes into the creator pool as they cannot be attributed to a single short.

193.4. For YouTube premium where users pay a monthly subscription for a service with no advertising, YouTube will pay YPP partners a share of subscription revenues based on their share of content watched. However, YouTube premium is not a major feature in SA and Africa given the lower income levels.[297]

194. The eligibility criteria excludes many news organisations that do not focus predominately on video content, leaving them unable to benefit from the occasional viral video they post on YouTube. YouTube determines the revenue share and which ad revenue is shared. The basis for doing so is not subject to negotiation but rather a unilateral decision influenced by YouTube's market position and the extent to which content creators have alternatives. For instance:

194.1. YouTube has increasingly placed interstitial ads on its homepage and search page for long-form content, and yet it does not share this interstitial ad revenue unlike for shorts, a product that was responding to the success of TikTok, a strong alternative for short-form video content. YouTube only launched the interstitial creators fund in 2023, albeit it had a temporary fund in place from 2021 to reward shorts.

194.2. For fan funding which has most application in gaming, there was a greater need to be competitive with the 70% revenue share of fan funding on Twitch, the largest video game live-streaming site, to be accepted in the market.[298] This is despite the higher transaction costs associated with micropayments.[299] Whilst content creators need to create engagement to derive fan-funding revenue, for news publishers using long-form video have the costs of reporting which in turn creates engagement on the YouTube platform.[300] In contrast to fan funding, for long-form video ads, which launched in December 2007 when it was already larger than its three nearest rivals, its market position to drive volumes of traffic is unmatched leaving content creators with little alternative especially so today. This enables YouTube to be the market maker and set more profitable percentage shares at 55% for the content creator. Overall, YouTube is making healthy profits with content acquisition cost of [50-60%] and an operating profit of [10-15%].[301]

195. In addition to YPP, YouTube has a Partner Sales programme where eligible partners are permitted to undertake direct sales for their own in-video advertising to which they retain 100%. However, the eligibility criteria are set at levels that effectively exclude all SA broadcasters despite their substantial volume of content, followers and views.[302] Where Partner Sales are offered, the criteria appear innocuous at face value, and include a dedicated online video sales team, sufficient inventory and use of GAM 360 Advanced to serve ads. Sufficient inventory there is a need for 5m monthly impressions which the

297 Google YouTube RFI 1. It was reported that in 2023 there were [✂] premium subscribers in the whole of SSA.
298 [✂]
299 [✂]
300 [✂]
301 YouTube RFI 3. YouTube RFI 2 Annex 25.5 slide 7 shows that cost for YouTube is at a [✂] revenue split in favour of creators.
302 YouTube correspondence 3 September 2025.

SABC has only recently achieved but could be within reach of eMedia.[303] In addition, YouTube offers a directly competing advertising product which can target specific channels or even videos at a lower cost.[304] As such, direct sales are not a feature of the monetisation strategies of the news media and broadcasters, nor likely to be so in future based on the current situation.

196. For news publishers which are on the 55% net revenue share, YouTube offers insubstantial revenues relative to the views on the platform with the major broadcasters reporting under R10m in revenue annually.[305] In fact, the earnings are so miniscule that one specialist news broadcaster indicated it did not even bother using the monetisation features.[306] This is unsurprising as the reported costs of digital news teams are far higher than the revenue generated.[307] For non-broadcasters with less video content, the earnings are negligible, where the strategy is not around monetistion but rather a public service in debunking misinformation or viewer retention.[308] Lack of monetisation is the top priority annually from the news industry engagements with YouTube globally[309], but adjustments are never made to this metric because of the lack of alternatives to YouTube for long-form content from news publishers. Videos on their own websites will not surface frequently on Google search, and so they follow the advice provided by marketers, namely to place the videos on YouTube if you want discovery on search. In another context, namely Play Store commission fees, Google reduced its fee in recognition of high content costs for streaming services, but this was where it faced litigation from large companies. News broadcasters similarly have high content costs yet this is not recognized by YouTube in its revenue share.

197. Another reason why the monetisation is not meaningful, is the low ad rates on YouTube.[310] YouTube has lower costs because it does not bear the costs of content creation and so does not object to low ad rates if it can do volume. As YouTube shares in all ad revenue generated from videos, YouTube has every incentive to offer as much inventory as possible, driving down ad rates. However, this strategy is not optimal for the individual content creators that only share in a small proportion of total views on YouTube and bear the full cost of content creation which is large for news broadcasters. For instance, on their own websites the news publishers and broadcasters seek to maximise ad revenues by optimally managing rate card levels and inventory. If the option of direct sales on YouTube was open then revenue would be more meaningful as broadcasters could set much higher YouTube rate cards, closer to their broadcast rate cards.

198. Broadcasters have also raised concerns over the lack of transparency around the payments received from YouTube. In particular, YouTube provides them with a monthly payment but does not provide sufficient underlying information to determine whether that payment fairly reflects the viewership and ad revenues generated on their content on YouTube. This

303 Correspondence from Google, 21October 2025
304 https://support.google.com/youtube/answer/2454017?hl=en
305 eMedia reported YouTube revenues of [✂] in 2024 and the SABC [✂] eMedia and SABC RFI 4. Arena public hearings. Arena raised the example of receiving 11m views on the Oscar Pistorius trial yet only receiving R54,000.
306 [✂]
307 The SABC reported that its digital news team cost [✂] in FY2025 and it would require a further [✂] to expand its offering. This is in contrast to the [✂] earned from YouTube which is a fraction of the costs. SABC RFI 4. Daily Maverick reported its video content costs are [✂] but it earns only [✂] on YouTube. Daily Maverick RFI 4.
308 Maroela Media and Daily Maverick RFI 4. Maroela Media is earning only [✂] per month on YouTube.
309 YouTube RFI 2 Annex 2.2(1) & (2)
310 Primedia public hearing

mirrors to some extent the calls for greater transparency on Adtech more generally to ensure that revenue received does indeed match what advertisers or their agencies have paid, but also more granular details on viewership, CPMs and revenues earned on individual videos. Revenue queries take up to 6 months to resolve. Broadcasters report that YouTube is unable to protect their Livestream content from being used by others. YouTube does monitor automatically if other videos are using a broadcaster's content but requires manual confirmation to act on any red flags.[311]

4.3.3. Other social media

199. X Corp has made changes to its algorithms since being renamed, several of which have resulted in a substantial reduction in traffic from X to news websites. X Corp first removed headlines from links 'for aesthetic reasons', albeit this decision was later reversed.[312] More directly challenging has been the deliberate move to keep users on its own platform by reducing the exposure of posts with links.[313] X submits that it does not deliberately reduce the exposure of posts with links, but its algorithm has been configured to maximise engagement and this is measured by the active time spent reading a post. However, this does impact posts with links as people click through and this reduces the engagement measure on the X platform.[314] This change reduces impressions on X, with a [20-30%] decline in impressions per post for SA media from 2023 to 2024[315], causing a decline in reach into followers and referrals to news websites.[316] This gives X more opportunities to monetise on the same content rather than allow the websites to compete with X, and it also drives more ads on X as users seek to boost content to make up for lost reach. For SA media, ads get as many impressions as all their organic posts.[317] However, on 19 October 2025 X Corp introduced for testing on iOS a new link experience whereby the post will remain on the bottom of the page when the link is clicked and displayed on the rest of the page.[318] If implemented, then posts with links will no longer be penalised by the X algorithm as the time spent reading the link counts as engagement on X.[319]

200. As with all social media, X's response to the decline in referral traffic has been to point out that news media has opportunities to monetise directly on X and the benefits from this along with exposure to a larger audience are the benefits that social media provides.[320] X offers opportunities to monetise through (1) the Amplify programme that shares pre-roll ads on videos, (2) the ad share programme for X premium accounts that shares ad revenues from verified users replying to content posted by the account holder and (3) paywalling full articles for Premium + subscribers. However, Amplify is not available in SA, the ad share program paid out small amounts monthly in SA across all content creators[321], and Premium+

311 [✂]
312 X Corp RFI 3
313 https://www.theguardian.com/technology/2023/oct/05/x-twitter-strips-headlines-new-links-why-elon-musk?trk=public_post_comment-text
314 X Corp submission on the Provisional Report. X submits that users add threads with links in a secondary posts. X Corp meeting June 2025. X Corp RFI 4.
315 X Corp RFI 4
316 Maroela Media reported a [70-80%] decline in X referrals from 2021 to 2024, alongside a [40-50%] decline in reach (defined as impressions/followers. Maroela Media RFI 4. MoneyWeb reported a [50-60%] decline in X referrals from 2023 to 2025.
317 X Corp RFI 4.
318 https://x.com/nikitabier/status/1979994223224209709?s=46
319 X Corp letter 3 November 2025
320 X Corp submission on the Provisional Report
321 X Corp RFI 2

membership is a cost to the news media without an apparent large benefit which has seen some drop out of membership.[322] As with other social media, the low ad rates and limited sharing options make it far more attractive to divert users to your own website rather than monetise on X, and that is what the algorithm now seeks to prevent. The overall impact has been that the media is earning far less on X than it did historically[323] and is less inclined to devote resources to the X platform as a result. This reflects a general issue for the media with the monetisation programmes on the social media platforms, namely that the media is already financially constrained and can only invest more resources on platform strategies where the monetisation provides a return.

201. For TikTok, its success is more recent and it is still building its ad revenues on its own inventory. As TikTok has started with short-form content, it shows interstitial ads in the feed and not pre-roll ads in the individual videos. TikTok does not share interstitial ad revenue. However, it has introduced Pulse Premiere to enable advertisers to link ads directly to high quality content, and to share that ad revenue with the content providers if shown immediately before or after their video.[324] TikTok determines who joins the programme and it is not open to any content creator. TikTok offers users the ability to give content creators video and live gifts which are also shared. TikTok also offers users the ability to give content creators Tips, which is facilitated by a third party service provider and no fees are charged to creators or users by TikTok. However, this feature is not available in South Africa.[325] This is a concern as it reduces the ability of news media to monetise on TikTok which reduces the ability to monetise its content and the incentive to devote resources to monetizing on the platform. TikTok does not allow external links on any of its video content. However, TikTok is trialing new monetisation options and tools for publishers that are likely to address these deficiencies. There is also no evidence that TikTok has sought to deliberately deprecate news content on its platform to date.

4.3.4. User profile data

202. Just like search engines, social media builds user profiles based on their user information, stated interests and revealed preferences from content engagement, including search and follower activity. One use for that data is to design and improve their products and services, including personalisation of the feed to enhance engagement. The other use for the data is to sell advertising. Unlike search, social media ads are driven by personal information, giving social media the advantage of enhanced targeted advertising.

203. Data gathered on the consumer engagement with news media content, both hard news but also the wider variety of sports, entertainment and lifestyle content, does provide benefits to social media, both in personalisation to enhance general engagement but also in building a profile to drive ad sales. Historically, very little of this data on the social media users engaging with the content of news media and other content creators was shared. However, social media companies have increasingly expanded their audience interest insights beyond the gender, age and location demographics. They have done so primarily to enhance their advertising sales by offering businesses insights into both their organic audience so they can plan ad campaigns better along

322 [✂]
323 For instance, eMedia has seen its revenue on X drop from [✂] in 2019 to [✂] in 2024 (eMedia RFI4).
324 TikTok RFI 1
325 TikTok RFI 2
https://www.tiktok.com/legal/page/global/tip-terms/en

with the ad campaign audience reached for ex-post assessment of campaigns. News media can make use of organic audience insights and where they do sponsored posts, to get post audience insights for the sponsor.

204. For instance, Meta Insights includes a demographic overview (age, gender, education levels, job titles and relationship status), people's interests and hobbies and audience lifestyles.[326] X offers little audience insights on its free option but offers deeper user insights as news media subscribe to premium, premium+ and enterprise accounts.[327] TikTok Audience Insights similarly offers age, location and interests.[328] Social media platforms argue that the news media does not make sufficient use of the data it does make available and that needs to change first before offering more data.

4.3.5. Zero-rating and discounted data bundles

205. Social media use has benefited from having their traffic zero-rated on mobile networks or being the beneficiary of discounted data bundles for use on social media including WhatsApp. All MNOs offer discounted social media data bundles where users can purchase a bundle of data to be used on social media only and some additional data for non-social media use. WhatsApp bundles are most prominent but offers extend to all other main social media platforms. MNOs submit that the high levels of demand for social media data use are driving them to offer discounted rates as ways to increase traffic from consumers along with competition from other MNOs also offering discounted data bundles. [329]The reduced relative price of social media may prompt greater use of social media, including for consumption of news, but there is no evidence that this may displace direct consumption of news.

206. Facebook has been the beneficiary of zero-rating, with a strategy in developing countries to promote Facebook use through both Basic Mode and Facebook Free Basics being offered by MNOs.

    206.1. Facebook Basic Mode allows users that run out of data to have 10-20MB per day to use a text-based version of Facebook as a temporary measure, and once the user purchases more data they move back to full Facebook.[330] In the year of launch, Basic Mode peaked at [10-15%] of MAU. Of the Facebook MAU in SA in 2023, [70-80%] make use of Basic Mode on a monthly basis and the average time spent per DAU on Basic Mode is [60-70%] of the average time spent per DAU of Facebook.[331] Facebook does not pay for the free data, but motivates to MNOs to absorb this on the basis that it allows the MNO to prompt recharging of data by the user.

    206.2. Facebook Free Basics is an app that is an open platform offering basic services, such as health, education, and Facebook messenger. Apparently Free Basics is open to any developer making a submission as long as the site is not data-rich through the inclusion of video or large photos. News24 is present on Free Basics in SA. Free Basics is far less popular than Basic Mode, with only [0-5%] of Facebook MAU using Free Basics.

326 Meta submissions on the Provisional Report and https://www.facebook.com/business/insights/tools/audience-insights/
327 X Corp submissions on the Provisional Report and https://business.x.com/en/advertising/analytics
328 TikTok submissions on the Provisional Report and https://ads.tiktok.com/business/en/insights
329 Cell C meeting June 2025
330 Facebook in-camera presentation
331 Facebook RFI 4

207. In the Inquiry focus groups, some people stated that access to Free Mode was one of the reasons for consuming news on Facebook. However, the largest MNO, Vodacom, recently stopped offering Facebook free mode which will substantially reduce its prevalence in SA and hence any impact on where news is consumed. Engagements with MNOs indicate that zero-rating generally does not result in more than some incremental traffic to the site in the long-run.[332]

4.4. Competition on social media

208. Social media's business model is to offer a personalised feed, responsive to the stated and revealed preferences of each individual user. Whilst this may avoid some of the search biases, such as for foreign news over local, it is vulnerable to other biases such as creating echo chambers. Similarly, the imperative of social media to generate engagement also makes it vulnerable to sensationalist and misleading content. The extent of vulnerability depends on the algorithm design and controls put in place which tend to differ between social media platforms. In addition, it impacts on content competition on the platform, including the ability of news media to compete with each other in echo chambers and to compete with misinformation.

209. Meta has a history of algorithmic bias to sensationalist content and outrage to promote engagement, alongside deprecating credible news content. In contrast, YouTube has sought to position itself as a destination for credible news. Harmful content and misinformation is a problem for all social media platforms as users post content to their platforms. All social media platforms will look to remove harmful content, with much commonality as to what is considered harmful. Policies to misinformation do differ amongst social media platforms, with TikTok adopting a policy of making it ineligible for the For You feed, not amplifying and preventing its eligibility for promoted posts. X has moved to community enforcement where notes are attached to potential misleading content. Meta has started to move in the same direction in the US but still retains some fact-checkers outside of the US. TikTok is adopting community notes in addition to fact-checkers. Misinformation not only competes for position on the user feed with credible news content but also imposes a cost on the news industry as they counter false narratives. The Inquiry has no evidence of a bias against community or vernacular media, or SA media in favour of foreign media on social media.

4.4.1. Algorithm

210. All social media platforms have a main feed, a follower feed and a search function with feed results. There are algorithms for each which need to determine first what content to fetch out of millions of posts, and second the ranking of that content in the feed. In doing so, the algorithms will consider millions of signals and weight them, often deploying machine learning to refine this on an ongoing basis. In general, the primary parameters seek to identify content with the greatest likelihood of *engagement*. This tends to have a personal and community dimension.[333]

332 June 2025 Meetings with MTN and Cell C.
333 Meta RFI 1, X Corp RFI 1, YouTube RFI 1 and TikTok RFI 1

210.1. The first stage is typically determining the likelihood of engagement based on the user stated preferences (i.e. stated interests and filters selected) and their revealed preferences through engagement with content historically. Those engagement signals assess the likelihood of engagement (clicking, viewing, commenting, liking, sharing, emojis) based on past engagement such as clicks on similar category posts, cumulative time viewing, post features, past searches, posts shared, scrolled past, how engage photos and videos, likes, dislikes, etc. , For platforms based on a social graph (i.e. Meta and X), consideration will be given to the strength of connection, mutual friends and the network of accounts they follow. User information on device and account settings, language, country, device time zone will also be relevant to the selection.

210.2. Social media platforms will then also consider community factors in refining the likelihood of engagement, including signals based on popularity or trending, content engagement by people with similar interests, freshness and strength of connection.

210.3. Platforms will also apply certain heuristics to the selection and ranking to ensure a diversity of content of interest, such as not too many posts from the same person or topic.

210.4. Meta and X which use a social graph, will include a share of posts from in-network and out of network sources, but these are still based on the likelihood of engagement. How much is in or out of network will be determined by the platform algorithm.[334] Platforms may also include a little bit of content unrelated to interests to allow content discovery.

210.5. For the Follower feed, the selection will be limited to posts from accounts followed and the posts listed in reverse chronological order or signals on likelihood of engagement are then applied to that subset of content. Similarly, for the search feed, the relevance of the content to the search query will determine the subset of content to which the likelihood of engagement is then applied.

210.6. YouTube indicates that the exception to personalisation, aside from user location, are their news verticals, namely breaking news, top news, news watch page and youtube.com/news.

211. Social media platforms indicate that the algorithm treats all content the same, including the news media content. News media content must therefore compete for its selection and position on the feed.

4.4.2. Echo chambers and the promotion of sensationalism, misinformation and outrage

212. The singular focus of social media algorithms on engagement levels to determine the selection and ranking of content in the feed quite obviously brings with it the risk of the algorithm creating echo chambers and promoting sensational, false and provocative content that generates stronger emotions and engagement. This is also the finding of many academic studies and observed outcomes on social media platforms, cited in numerous submissions.

334 For instance, when Facebook reduced public content, it adjusted the algorithm to do so.

212.1. Echo chambers can develop if a user is exposed to content they are most likely to engage with. For instance, if a user follows and only engages with right-wing news pages, whilst disliking or scrolling past left-wing news pages then the algorithm will learn and feed the person more right-wing content. Moreover, the recommender system will actively drive this as it will find content that the user is unaware of which fits that profile.[335] Some studies have found this may even drive the political views of users more to the right (or left).[336] Even on TikTok, it is not uncommon for users to express that they are on a particular TikTok linked to specific types of content (e.g. K-pop TikTok). Some of the Inquiry focus group participants recognised that the personalisation can create echo chambers unless they actively look for alternative sources, expressing concern that this can result in polarisation.[337]

212.2. It similarly follows that sensationalist and misinformation may get more engagement like clicks and shares because of the nature of the content, including its novelty value. Some of the Inquiry focus group participants indicated that sensationalism in headlines grab users' attention and baits you into engaging with the story, driving click throughs if compelling.[338] A 2018 MIT study found that false news travel faster and further over social media relative to credible news.[339]

212.3. The 2018 Facebook algorithm change has become a case study in how social media algorithms can reward outrage and drive provocative, negative content including misinformation. To improve engagement on the platform, the 2018 algorithm change sought to reward posts with more comments and emojis relative to likes as a proxy for more engagement. However, negative and polarising posts result in stronger engagement of this type, promoting that type of content and resulting in the press and political parties pivoting to posting more of that type of content.[340] This culminated in Facebook being accused of spreading misinformation during the 2020 US election and ultimately changes to reduce the spread of comments on political content in 2021.

212.4. Already in 2017, Facebook was associated with the spread of hate speech in Myanmar leading up to when genocidal acts took place, highlighting the use of social media

335 Brown et al (2022) Echo chambers, rabbit holes, and ideological bias: How YouTube recommends content to real users. The paper used a carefully constructed experiment to separate user behaviour from platform recommendations, finding that the YouTube algorithm pushed people into mild ideological echo chambers, reinforced over time, but not into extremist rabbit holes. Available at https://www.brookings.edu/articles/echo-chambers-rabbit-holes-and-ideological-bias-how-youtube-recommends-content-to-real-users/

336 Ribeiro et al (2020) Auditing radicalization pathways on YouTube. The paper found that people who initially consumed Alt-lite and Intellectual Dark Web progressed to Alt-right videos. Also that Alt-right content is not easy to find for first time users and tended to be only reachable through channel recommendations. The authors estimate that about 60,000 people or 26% who commented on alt-lite or intellectual dark web content got exposed to alt-right videos over a period of about 18 months. Available at https://dl.acm.org/doi/abs/10.1145/3351095.3372879?download=true

337 Inquiry Focus Group report topic 7

338 Inquiry Focus Group report topic 3

339 Dizikes (2018) Study: On Twitter, fasle news travels faster than true stories. MIT News. The study found that on Twitter "*falsehood diffuses significantly farther, faster, deeper and more broadly than the truth, in all categories of information, and in many cases by an order of magnitude*". Available at https://news.mit.edu/2018/study-twitter-false-news-travels-faster-true-stories-0308

340 https://www.dailymail.co.uk/sciencetech/article-9997467/Facebook-quietly-changed-algorithm-2018-prioritise-reshared-material.html

to share with like-minded people inflammatory content through groups and connections.[341]

212.5. SA had its taste of social media campaigns to promote division, with Bell Pottinger using a range of fake Twitter accounts to attack critics of the Guptas in 2016.[342] More recently, X was used to harass journalist Karen Maughan, including threats of violence. This is not unusual and woman journalists in particular are often the target of online abuse, silencing their voices as journalists.[343]

213. Whilst the news media content does create engagement on social media, the Press Code requirements to confirm facts with multiple sources prior to publication and not engage in sensationalist or false reporting places the credible news media at a competitive disadvantage in securing more prominence in the social media feed. As the MIT study found, falsehoods and rumours travel further and faster relative to the truth. The result is not only an adverse effect on competition, but also substantial damage to constitutional rights as misinformation and polarising content undermines democratic institutions. Social media has also become a tool to spread misinformation and hateful content about the press itself, further undermining the constitutional rights as the press is hindered in doing its work and trust in the press is eroded.[344] However, it need not necessarily be this way, as is evident from YouTube that seeks to promote authoritative news content above engagement metrics in its news verticals. News content also counters the polarising effect of echo chambers, as it promotes a plurality of voices which deepens our understanding of each other, particularly important in a complex society such as SA.[345]

214. Misinformation on social media is particularly harmful to children which lack the digital literacy skills to navigate a world of sensationalist and misleading content. This in turn undermines children's rights, as set out in the Constitution but also the POPI Act. If children are to navigate without violations of their rights then they do need digital literacy training. Moreover, the deprecation of credible news on social media platforms exacerbates the problem as there is no easy access to the correct information even if children are more digitally literate. As some harmful content is only blocked once reported, even children with digital literacy may be harmed.[346]

4.4.3. Addressing harmful content, misinformation and disinformation[347]

215. Early on in the development of the Internet, the US passed the Communications Decency Act (1996) where section 230 protected online platforms from liability for content created by users.[348] Similar laws were introduced globally, with South Africa

341 https://edition.cnn.com/2018/04/06/asia/myanmar-facebook-social-media-genocide-intl/index.html
342 https://mg.co.za/article/2017-06-01-guptaleaks-uk-firm-pushed-white-monopoly-capital-agenda-to-save-zumas-reputation/
343 Media24 and SANEF public hearing. See https://sanef.org.za/sanef-calls-for-an-end-to-cyberbullying-of-women-journalists-on-this-international-womens-day/ and https://www.sowetanlive.co.za/news/2025-10-07-editors-forum-calls-on-social-media-companies-to-stop-attacks-on-women-journalists/
344 Media 24 public hearing
345 IFPIM public hearing
346 Media Monitoring Africa public hearing
347 Harmful content is typically content for which freedom of speech is limited, such as in the Constitution which lists in clause 16(2) propaganda for war, incitement of imminent violence and hate speech. According to the UNESCO definitions, misinformation is information that is false but the person disseminating it believes that it is true. In contrast, disinformation is information that is false and the person disseminating it knows that it is false, with intent to deliberately mislead. See https://unesdoc.unesco.org/ark:/48223/pf0000265552.locale=en
348 See the recent Congressional Research Service report of the history and case law on section 230 at https://crsreports.congress.gov/product/pdf/R/R46751

passing the Electronic Communications and Transactions Act of 2002 (ECTA), with chapter XI dealing with the limitation of liability of service providers.[349] That chapter removes liability for the mere transmission of information without modification (section 73) and imposes no obligation to monitor (section 78), albeit there is an obligation to take down upon content that infringes rights or is unlawful to qualify for the limitation of liability (section 77). The Press Code chapter 2 on user-generated content (UGC) and activities, takes its lead from the ECTA on liability and take-down provisions, albeit requiring the media to have a UGC policy consistent with the constitution governing moderation and removal of content, can remove content in contravention and should discourage posting of prohibited content.[350]

216. The social media platforms have all pursued a similar approach to managing user-generated content posted on their platforms, albeit with differences in details and application.[351]

216.1. All platforms have Community Guidelines or Standards which set out what content is prohibited on the platform.[352] This is generally various categories of harmful content. For instance, Meta prohibits hate speech, suicide and self-injury, child exploitation, violent and objectionable content, adult sexual exploitation, bullying and harassment, and privacy violations. For some categories, there are nuanced differences in approach and platforms may permit labelling of certain content such as violent or consensual adult content.

216.2. As part of Community Standards, platforms will also typically remove misinformation that can cause physical harm, including medical misinformation or that which undermines democratic processes (e.g. election interference, voter suppression).

216.3. For misinformation that the platforms do not consider presenting imminent harm, the practice appears to be labelling the content if found to be false and reducing the spread of that content on the platform. For instance, YouTube will reduce recommendations for borderline content, Meta will reduce its ranking in the feed and TikTik will make it ineligible for the For You Feed. X Corp only appears to keep harmful content out of its recommender system, not all misinformation.[353] However, most platforms will still permit followers of accounts that post misinformation to see such posts. Platforms do not necessarily distinguish between misinformation and disinformation, treating disinformation in the same way as misinformation in part because of difficulties in inferring intent.[354] However, platforms will seek to detect and stop coordinated disinformation campaigns across multiple accounts.[355]

349 https://www.gov.za/sites/default/files/gcis_document/201409/a25-02.pdf
350 https://presscouncil.org.za/wp-content/uploads/2024/08/Press-Code_Eng.pdf
351 YouTube RFI 3, X RFI 3, Meta RFI 3 and TikTok RFI 3
352 For Meta see https://transparency.meta.com/en-gb/policies/community-standards/; For X Corp see https://help.x.com/en/rules-and-policies/x-rules; for YouTube see https://www.youtube.com/intl/en/howyoutubeworks/policies/community-guidelines/ and for TikTok see https://www.tiktok.com/community-guidelines/en/community-principles
353 https://help.x.com/en/rules-and-policies/recommendations
354 Africa Check meeting June 2025
355 For instance Meta does not have a disinformation category in its Community Standards. See https://transparency.meta.com/en-gb/policies/community-standards/. TikTok will look to detect disinformation campaigns across accounts on particular content. TikTok in-camera hearing. So does X Corp. X Corp meeting June 2025.

216.4. All social media except TikTok permit political advertising including the paid promotion of political content. TikTok prohibits paid promotion of political content, political advertising, or fundraising by politicians and political parties, including both traditional paid advertisements or creators receiving compensation to support or oppose a candidate for office. For platforms that do permit political advertising, generally the Community Guidelines apply in addition to any advertising policies.[356]

216.5. For detecting harmful content and misinformation, platforms employ AI tools to review posted content and human reviewers and fact-checkers to review content referred by the tools and community users. Platforms do employ internal content moderation staff along with external fact-checking organisations. X Corp has pursued a different approach to misinformation which relies on the community to police misinformation by attaching community notes to potentially misleading posts.[357] Community notes are seen as a scalable solution to addressing misinformation with some academic research finding a reduction in the sharing of potentially misleading posts, more likely to delete post and more rapid responses to misleading posts.[358] Critics have expressed concern about its efficacy, particularly for political posts that may be more divisive and not result in consensus for attaching a note.[359] This is particularly where it replaces fact-checking altogether rather than complementing fact-checking. The view of some in the media is that Community notes can be useful if it is transparent, consistent and with input from a broad and diverse contributor base.[360] Meta replaced fact-checking with community notes for the US market where the political environment has changed, whilst acknowledging that this will result in users seeing more harmful content.[361] TikTok launched its version in April, called Footnotes, but sees it as complementary to fact-checking.[362]

216.6. In terms of enforcement, the platforms have generally adopted a warning and strike system that first warns an account for content that violates the Community Guidelines and if a further violation occurs then proceeds to suspend the account from posting for a period. If the account violates the Community Guidelines numerous times in a set period, then the account will be terminated. The account can be terminated sooner for more egregious violations.

217. Platforms have some incentive to self-regulate insofar as not addressing harmful content may cause some people to leave the platform, some advertisers to do likewise if they consider it unsafe for their brand and may invite more stringent regulation by governments. However, at the same time

356 See for instance Meta's approach at https://en-gb.facebook.com/business/help/313752069181919?id=288762101909005
357 https://help.x.com/en/using-x/community-notes
358 X submissions on the Provisional Report
359 https://www.nytimes.com/2024/07/25/technology/elon-musk-x-community-notes-election.html
360 Moneyweb RFI4. X Corp indicates that there were [✂] contributors in SA and it seeks to add more weekly. X Corp June 2025 meeting.
361 https://www.bbc.com/news/articles/cly74mpy8klo
362 https://newsroom.tiktok.com/en-us/footnotes

platforms have an incentive to promote engagement and, as was seen with the Facebook 2018 algorithm change, this can benefit from provocative content that may be misleading. Therefore, eliminating misinformation altogether has the potential to reduce engagement and advertising revenue too. The result is light self-regulation, with greater or lesser degrees of tolerance for misinformation, but where misinformation is not eliminated as the platforms bear no liability ultimately.

218. A further problem is that the self-regulation is on the terms of the platform given laws that limit liability, and hence it is for the platform to determine what it considers harmful or not, and the tolerance on misinformation. This is inevitably driven by the US-centric ideologies of the corporations and the individuals that lead them, rather than elected officials shaping the laws of different countries. Not only does this result in a greater tolerance for some content that may be considered offensive in SA given its particular history, but also the removal of content that is simply the exercise of free speech in SA.[363] For instance, the SABC complained of its Palestinian coverage being 'shadow banned' on YouTube.[364] This form of digital repression does impact on human rights and often targets activists. Similarly, a failure to stop online harassment is another form of digital repression as it silences communities.[365]

219. A further problem is that platforms are likely to take more seriously incitement in the US or EU, but drag their feet in Africa or other developing countries. For instance, Meta allegedly made algorithmic changes within a few hour of the US Capitol Riots but has allowed incitement in communities in Africa and Asia to go unchecked.[366] This would also be a resource allocation decision with fewer languages covered in developing countries and fewer Trusted Partners to provide context to online activity and detect harmful online trends like incitement to violence.

220. This has meant that regions such as the EU have felt the need to impose regulations, namely the Digital Services Act (DSA), that do not dictate the enforcement tools to be used but do require social media platforms to have effective tools which are independently assessed and to report on their enforcement in compliance with EU laws. This includes offering reasons for take downs of news media content.

221. Despite the efforts of some social media to reduce the levels of misinformation on their platforms, users still perceive social media as having a misinformation problem. Internal surveys consistently identify that platform integrity concerns over misleading information and news from untrusted sources are highly prevalent pain points for users, rated with a high degree of severity.[367] The Inquiry focus groups noted social media as typically containing more misinformation.[368] Only 7% of respondents in the Inquiry survey cited that for social media they could trust the news on the platform, compared to 24% for search.[369] Some 35% indicated they did not click through on stories because they did not trust the source.[370] The Reuters Institute survey found that South Africa recorded the highest level of concern about false

363 Media banning was used by the Apartheid government to suppress freedom of expression and digital repression is simply another form of that.
364 SABC public hearings
365 Centre for Applied Legal Studies, WITS, meeting June 2025.
366 Foxglove meeting June 2025.
367 [✂]
368 Inquiry Focus Group report topic 8
369 Inquiry Survey Report slides 15 & 17
370 Inquiry Survey Report slide 48

online news (81%), well above the global average of 59%.[371] The Inquiry focus group participants expect platforms to implement stricter verification processes and take action against misinformation, with some saying that the sharing of misinformation should be regulated.[372]

222. The public perception is borne out by evidence of misinformation and harmful content on platforms which they are exposed to. In the public hearings, evidence was submitted around harmful content targeting journalists, particularly female journalists, on social media, particularly X.[373] Whilst the content may or may not have been amplified by the recommender algorithm, the policy of still making such content available to followers who themselves may reshare to their own followers enables the content to spread quickly, in line with the MIT research findings that falsehoods spread rapidly as a result of resharing. Similarly, despite all these policies, it was possible for a deepfake nude of Taylor Swift to go viral across social media before being reviewed[374] and for election misinformation from X's owner being viewed more than 2 billion times.[375] Deepfake content using the logos of SA broadcasters along with their prominent presenters were also used to spread misinformation and solicit commercial sales.[376]

223. The question raised throughout this Inquiry was whether enough was being done to prevent the spread of misinformation. Certainly, the platforms face challenges in dealing with the flood of misinformation, exacerbated now by AI. However, they are also highly profitable (or on their way to being so for TikTok), given their digital advertising market share. Profit maximisation does mean that platforms will consider containing the cost of content moderation, with Community notes offering a lower cost but scalable approach that most platforms seem to be adopting. However, this may be at the expense of fact-checking as is the case on X rather than a complementary measure such as on TikTok. In contrast, the news media that competes for the digital advertising, is subject to more stringent standards.

224. The media submit that the spread of mis-and dis-information imposes a cost on the news media as they have an obligation to investigate and then dispel the misinformation.[377] This is because followers of the news media send queries through social media asking whether certain stories are true or not, with the expectation that their trusted news source will inform them either way.[378] This requires resources and is a negative externality imposed on the media by failures to prevent misinformation. The spread of misinformation and harmful content against journalists themselves imposes different costs, namely a restriction on their ability to perform the important role of investigating illegal activity and holding institutions, corporates and individuals to account. This, in turn, limits constitutional rights.

225. Efforts to prevent the posting and spread of misinformation is an important tactic to reduce misinformation on social media platforms. However, ensuring the presence of credible news sources on the platform is considered an important complementary tactic to address the spread of misinformation,

371 Reuters Digital News Report 2024, pg 10. Available at https://www.digitalnewsreport.org/
372 Inquiry Focus Group report topic 8
373 Media 24 and SANEF public hearings
374 https://www.cbsnews.com/news/taylor-swift-deepfakes-online-outrage-artificial-intelligence/
375 https://techcrunch.com/2024/11/05/elon-musks-false-and-misleading-election-claims-have-been-viewed-2-billion-times-on-x/
376 eMedia public hearings
377 Public hearings and Daily Maverick submissions on the Provisional Report
378 Caxton in-camera hearings

and an approach that seems to have support amongst South Africans.

225.1. The Inquiry survey asked the extent to which respondents agreed that the presence of credible and trustworthy news reduces the spread of false or inaccurate information. For social media users, 59% agreed or strongly agreed, with only 16% disagreeing and the rest neutral. This position was fairly uniform across age groups, location and language.[379] In the public hearings, the media companies similarly expressed agreement with the proposition.

225.2. Evidence cited above for search engines which focus on selecting authoritative news indicated that consumers went to search to precisely check the validity of stories that they first saw on social media. The Inquiry focus group participants expressed that a news story is seen as more reliable if reported across multiple platforms and they have checked with trusted news channels.[380]

225.3. Many organisations submitted to the Inquiry that credible news and its elevation is critical in the fight against mis-and dis-information.[381]

225.4. All platforms except X Corp partnered with the IEC to combat disinformation during the national elections, which included the promotion of access to accurate information as one of the strategies alongside the identification and removal of disinformation.[382]

225.5. Credible media sources are also the result of regulatory oversight, and so social media indirectly benefits from the work of the Press Council and BCCSA in enforcing the press codes.

225.6. Some social media platforms do accept that access to credible news is an antidote to misinformation.[383] However, as noted already, internal surveys highlight that a major pain point for users is the presence of posts in their feed from news sources they do not trust, suggesting that trusted sources of news are more welcome.

226. However, aside from YouTube which seeks to make authoritative news available through news verticals, this is not a strategy that platforms have used outside of elections. However, there is a difference between platforms that are neutral on news and whilst not actively promoting news, they also do not degrade news content, and others where the deliberate deprecation of news content may actively undermine the antidote effect.

4.4.4. Local vs foreign media

227. As social media is personalised, it is expected that the news feed would reflect SA user preferences and be predominately local news. Similarweb data confirms this is the case with the local media share of social media referrals at c.70%, remaining fairly stable around this level for the past 3 years albeit with some minor monthly variations of maximum +/- 4%. Therefore, even as news referrals have declined substantially, this has impacted both local and foreign news equally. The share of referral traffic that is

379 Inquiry Survey Report slides 106 -8
380 Inquiry Focus Group report topic 8
381 MMA and SOS public hearings
382 https://www.elections.org.za/pw/News-And-Media/News-List/News/News-Article/Electoral-Commission-partners-with-social-media-giants-to-combat-disinformation-in-2024-National-and-Provincial-Elections?a=AISDGvpz75ps1u-sOfX7oimHCQG6/AToNAzCQK374oSg=
383 [✂] in-camera hearing

local news is of a similar share of referral traffic for search and the impression share of personalised feeds.

228. It is only YouTube that does not personalise the news verticals, aside from user location. YouTube uses the same approach as Google search and News in looking to put forward authoritative news content. It therefore risks the same foreign media bias in its algorithm for the news vertical itself, although users can still follow their preferred channels and the personalization will factor that into the YouTube feed which may reduce the impact of any potential bias. .

4.4.5. Vernacular and community media

229. Based on submissions, social media suffers far less than search in enabling users to discover and consume vernacular and community media. This is because the algorithm is personalised and returns content that the user has shown a preference for, including media pages that they follow. As a result, more users look for vernacular and community media content on social media platforms, as indicated in the Inquiry survey report. The traffic referral data for vernacular and community media is also more skewed towards social media, particularly Facebook, but this is also a function of poor performance on search engines as overall referral traffic remains limited in most cases. YouTube news verticals is probably one exception as it draws on the Google approach to authoritative news content. However, news is available outside of the news verticals on YouTube, allowing users to select news in their preferred language.

230. In this context, the deprecation of news on Facebook has far more severe effects on vernacular and community news media than the mainstream media. That in turn, has negative implications for constitutional rights given the importance of people accessing news in their home language to fully exercise their rights and the role of community media in holding democratic institutions to account at a municipal level. The public hearings heard submissions that the weakening and closures of community media is correlated with the extent of corruption and maladministration at the municipal level.

4.5. Provisional findings and remedies

4.5.1. Findings

231. The findings on social media are as follows:

231.1. Within a broad social media market there is strong differentiation with Meta, YouTube, X and TikTok each dominating their particular social media mechanism and have a large consumer base in SA with the ability to adversely affect the news media in SA. However, YouTube and Meta are the largest from a digital advertising perspective that warrants particular focus on their conduct.[384] TikTok is likely to become more important in digital advertising as they improve monetisation of an already large consumer base. Whilst smaller, X is an influential platform given its role for breaking news and public debate. South African consumers value news content on social media platforms which they actively visit

384 Meta and YouTube RFI 1

more regularly for news and where they actively choose to follow the accounts of news organisations and their journalists/presenters.

231.2. YouTube

231.2.1. YouTube has considerable market power as an aggregator of long-form video content where users go to search and view video content, evident in the fact that it dominates video results on search engines. News has value for YouTube, establishing itself as the platform to watch authoritative and breaking news on its various news verticals which it monetises through in-video ads and increasingly interstitial ads in the feed.

231.2.1. Its market position results in an inequitable bargaining outcome as news media need to place their content on YouTube to reach the audience and monetisation must happen on the platform which is where the videos are viewed but YouTube determines who are eligible for sharing in ad revenue. YouTube has set criteria for the YPP at levels which exclude most of the small independent and community media and do not offer support for onboarding. YouTube has also set the criteria for direct sales though its Partner Sales programme at levels that effectively exclude all SA broadcasters, including the SABC, preventing the option of higher-value ad sales on YouTube that may result in more meaningful monetisation on the platform. In this way, the public broadcaster is particularly affected by YouTube's conduct, making public interest broadcasting in vernacular languages far less financially sustainable.

231.3. Meta

231.3.1. Facebook is the largest social media platform with consumers using the platform as a source of news. The value bargain historically has been that the news media provides content and this creates referrals for the news media which they can monetise with higher-value digital ad inventory.

231.3.1. However, the deliberate deprecation of public content and follower posts more generally since 2018, and news more specifically since 2021, on Meta, along with the deprecation of posts with links to keep users on their platforms distorts competition for digital advertising and distorts the value share arrangements with the news media. It has resulted in a substantial decrease in the media's reach into its followers and referral traffic from Facebook, worsening the precarious financial position of the media. It also undermines consumer choice which is to have news content available on their feed, including credible news which users have made a deliberate decision to follow on social media.

231.3.1. Opportunities to monetise on Meta as an alternative revenue generating mechanism for the media are limited with the majority of small independent and community media effectively excluded by the criteria or lack of onboarding support and training.

231.4. X

231.4.1. X has previously deprecated posts with links to keep users on their platform and starving the news media of referral traffic as the means to monetise their content. However, a new link experience being tested by X should reverse this outcome. In addition, X does not offer all of its monetisation tools in SA and subjects others to premium account holders for which it charges a fee. This has excluded most of the media from any monetisation on X.

231.5. TikTok

231.5.1. No evidence has been put forward to indicate that TikTok deliberately deprecates news content on its platform. However, TikTok does not offer all of its monetisation tools in SA, including those being trialed specifically for news publishers, which means there are limits placed on the ability of the news media to monetise their content on the platform.

231.6. YouTube, Meta, X and TikTok

231.6.1. The incentive to drive engagement on social media has resulted in the promotion by the social media algorithms of more sensationalist and provocative content. This algorithmic bias distorts competition on the platform for selection and ranking, placing the news media at a disadvantage given their focus on credible news reporting. It also undermines efforts to counter the negative impact of misinformation with credible news content, as credible news is surfaced less in the feed. The news media also bears a cost of fact-checking mis-information spread on social media These effects are particularly harmful to children that lack the digital media literacy skills.

232. The conduct identified has an adverse effect on competition through:

232.1. Competition for advertising revenue and consumer data by throttling referral traffic. Evidence of the effect includes the substantial reductions in referral traffic from Meta through deprecating credible news and, along with X historically, deprecating posts with links.

232.2. An imbalance in bargaining power over the monetisation options offered to the news media in SA and that effectively exclude the majority of small independent and community media from monetisation options. Evidence of the effect includes the low levels of the news media qualifying for monetisation programmes and the low levels of revenue generated by the news media on the social media platforms despite large numbers of followers and engagement.

232.3. Distorting competition for user attention and monetisation between credible and regulated news media content and unregulated, untrusted sources of misinformation through algorithmic promotion of sensationalist content over factful news reporting. Evidence of the effect includes documented rises in algorithmic bias to sensationalist content and the visible deprecation of credible news content.

233. As a result, the conduct has an adverse impact on the quality and consumer choice of SA news media, particularly an adverse

effect on credible news media that supports the realization of citizen's Constitutional rights to be informed and active members of a democracy which makes the adverse effect substantial.

4.5.2. Remedies

234. The provisional report set out a provisional set of remedies for discussion which have been the focus of submissions and further engagements by the Inquiry with the social media platforms, the media and other stakeholders. The Inquiry has sought to reach agreement with the social media platforms as to the way forward where it can, but on the basis that the remedies do address the harm identified which is required by section 43D of the Act. The central issue that requires remedial action revolves around conduct by social media platforms that harms the ability of the news media to compete for digital advertising through referrals or alternatively to monetise their content on the platforms themselves. In addition, conduct that promotes misinformation over credible news content, with both harm to competition for position on the user feed but also substantial implications for constitutional rights of South Africans.

235. On the deprecation of news content reach and referrals by Meta and X, the provisional report proposed broad remedies to restore traffic. One option would be changes to the algorithm, but social media platforms see this as undesirable and impractical, as some changes are designed to improve engagement and respond to competition from other social media platforms.[385] However, X Corp is experimenting with another option which is where the link shows on the same page as the post which effectively eliminates this bias against posts with links which should address the deprioritisation. For Meta, the preferred remedy is to provide the media with substantial direct support to boost the media's presence on the platform and the provision of ad credits to boost their presence on the user feed to achieve the same outcome of restoring traffic.[386] Ad credits also support the use of sponsored posts to generate revenue for the media.[387] The Inquiry has considered the levels of ad credits required to achieve this outcome and the type of support required by Meta to make a meaningful difference to the presence of the media on its platform.

236. To address monetisation on the platforms themselves, which is relevant given the growth of video content viewed on platforms directly and particularly for the public broadcaster, The preferred remedy is to bring the media into the existing monetisation programmes through training and onboarding along with assured eligibility. This applies equally to all social media platforms and requires them to offer all monetisation options available globally to the SA news media. For the public broadcaster in particular, access to the YouTube Partner Sales programme would enable it to monetise directly at much higher CPMs to get a better return on its content that is viewed on YouTube.

237. Some submissions have questioned why the remedies require payments from Google but not the social media companies.[388] However, this misunderstands the differing nature of value creation for the media and the interaction with users. Search is responding to user queries and needs to source the best information from publishers to respond to user news queries, which derives value for the search engine through building its

385 Meta and X submissions on the Provisional Report and subsequent correspondence.
386 AIP has proposed this form of remedy too. AIP meeting June 2025. However, it identified the need for ongoing credits to sustain boost and not simply drop off later.
387 Meta correspondence 6 September 2025
388 SANRF submissions on the Provisional Report

value proposition and being able to then profit from commercial search. In contrast, social media places user generated posts into a feed to derive engagement and hence publishers actively choose to post to build audience and engagement for their news service. In addition, whilst both search and social media offer the potential to create value from referral traffic, the monetisation of content on social media platforms is a form of value creation and transfer that is currently not available on search engines. The remedy of Google's compensation for content value through GNS effectively creates an on-platform monetisation option akin to those of social media. For small independent and community media, Google has offered a fund in lieu of an on-platform monetisation option.

238. On content moderation, the social media platforms and even many in the media have warned against establishing platform liability as this may have the unintended consequence of stifling free speech. Many in the media have supported an ombud model, which has also found some support from DCDT in its AAVMS White Paper, albeit limited to streaming services only. The Inquiry is of the view that the ECTA can be used as an interim measure to allow a form of self-regulation by the social media platforms given its existing legislative structure of recognizing an Industry Representative Body (IRB) with a code of conduct aligned to Ministerial Guidelines and the ability to issue take-down notices to members on behalf of complainants, which if acted upon then immune members from liability.[389] An ombud will require new regulations and potentially legislation, which can be the medium-term objective if the ECTA approach fails to achieve the objective. In both cases, this does not close out the use of legal processes through other bodies such as the SA Human Rights Commission or Film and Publications Board.[390]

239. As issues of content moderation and oversight has broad public implications, any remedies should go through a government and parliamentary process to ensure the outcome best suited to SA. The Inquiry therefore makes recommendations to the DCDT to take this forward with the benefit of the Inquiry record and engagements as a foundation for that effort. This can be complemented by digital literacy programmes by the social media platforms in SA.

240. The remedial actions imposed by the Inquiry are as follows:

240.1. YouTube

240.1.1. YouTube Scaling Support Programme within 6 months to deepen skills in developing, scaling and monetising a YouTube news channel, and provide access to YPP for participants along with support from YouTube partner managers. The purpose is to open up YouTube monetisation for all SA media using video content.

240.1.2. YouTube Partner Sales programme support, skills development and onboarding for the SABC within 6 months for a 3 year period. The purpose is to enable the SABC to do direct sales of advertising on its YouTube channels to improve its monetisation through YouTube. Support for the digitalisation of SABC archives.

389 The ECTA was deliberately drafted in a manner that would be inclusive of a broad set of "information system services" and service providers. DCDT meeting June 2025 and ISPA meeting June 2025.

390 SANEF, MMA and CALS submissions on the Provisional Report.

240.1.3. Adjustment of the YouTube Partner Sales programme criteria for South Africa to enable access to be achievable by Free-to-air broadcasters.

240.2. Meta Platforms (Facebook, Instagram, WhatsApp)

240.2.1. Establish a Media Liaison Office (MLO) with a dedicated SA Strategic Partner Manager and two liaison personnel within 6 months for a 3 year period to support the SA media to:

240.2.1.1. Enhance operational support channels for faster resolution of strategic, operational and technical issues faced under agreed service standards;

240.2.1.2. Enable direct access to Meta Support Operations Teams to resolve requests and operational issues faced by the media including, but not limited to, reporting IP infringements, reporting impersonation accounts, reporting harassment, recovering hacked accounts and accessing monetisation options.

240.2.1.3. Offer 24 one-on-one sessions annually with SA news media to resolve individual challenges.

240.2.2. Launch the Meta Platform Support Programme within 6 months for a 3 year period to:

240.2.2.1. Offer quarterly training on establishing a stronger presence across Meta's platforms, sharing opportunities to increase visibility and organic reach and promoting effective use of Meta's Insights tools to drive both engagement and referral traffic from their audience;

240.2.2.2. New Meta product training;

240.2.2.3. Individual news media performance optimization assistance to resolve issues on raising organic reach and engagement.

240.2.2.4. Provide all monetisation programmes operated by Meta globally in SA

240.2.2.5. Offer quarterly skills development workshops on leveraging Meta monetisation tools and use of the Meta Insights data for all media

240.2.2.6. Access to the Meta monetisation programmes for all media attending training.

240.2.3. Initiatives to grow audience reach and engagement on the Meta platforms through:

240.2.3.1. The provision of annual ad credits within 6 months and for a period of 3 years to SA news media. The purpose is to enable the media to boost news media presence and monetise sponsored posts.

240.2.4. Meta to provide or fund a media digital literacy programme for SA adults and children within 6 months for 3 years.

240.3. X Corp

240.3.1. Initiatives to grow audience reach and engagement on the X platform, and to monetise that audience, through:

240.3.1.1. Provide all monetisation programmes operated by X Corp globally in SA

240.3.1.2. Biannual skills development workshops on leveraging the X Corp monetisation programmes and the development of content strategies to maximise audience reach;

240.3.2. Access to the X Corp

monetisation programmes for all media attending trainingX Corp to provide or fund a media digital literacy programme for SA adults and children within 6 months for 3 years.

240.4. TikTok

240.4.1. Initiatives to grow audience reach and engagement on the TikTok platform, and to monetise that audience, through:

240.4.1.1. Provide all monetisation programmes operated by TikTok globally in SA, including a phased approach for those in testing currently, including Article Links, Publisher Suite, Bulletin Board, Smart-Split, Moderation Support and Lead Generation.

240.4.1.2. Biannual skills development workshops on leveraging the TikTok monetisation programmes and the development of content strategies to maximise audience reach;

240.4.1.3. Access to the TikTok monetisation programmes for all media attending training

240.4.2. TikTok to provide or fund a media digital literacy programme for SA adults and children within 6 months for 3 years.

240.5. DCDT

240.5.1. A recommendation to the Department of Communications and Digital Technology (DCDT) to regulate content moderation in South Africa through the following mechanisms:

240.5.1.1. Bringing social media under the ambit of the limited liability provisions of the ECTA whereby limited liability is granted if an industry body is formed with the social media platforms as members, along with an industry Code of Conduct that complies with the guidelines for such codes under ECTA. This would provide for liability limitation only where the social media platforms comply with the industry code and respond to the take-down notices issues by the industry body.

240.5.1.2. Looking to establish a regulatory framework for the establishment of a Social Media ombud to represent consumers in their disputes with social media platforms and to refer certain matters to the appropriate regulatory body for investigation and/or prosecution.

241. The Inquiry makes no recommendations on compensation for historic inequities in the value exchange with Google as the Inquiry's focus has been on how to address the current market features that adversely affect competition. This does not prevent the news media from pursuing its own case if it so wishes.

5. Generative Artificial Intelligence

242. Consumer-facing AI Chatbots exploded onto the scene in 2022 with the release of OpenAI's ChatGPT, a generative AI (GenAI) model that caught the public's imagination and became the fastest growing app in the history of the web, reaching 100m users within 2 months of its launch. Since then, OpenAI's large language models (LLMs) have been used to power many AI applications integrated into productivity and other tools. It has also spurred competing GenAI foundational models with the largest global tech firms all launching their own foundational models. AI has become the new gold rush amongst venture capital (VC) with estimates of $190bn worth of VC funding into generative AI investments, in the past five years, and investment in generative AI companies alone reaching $29.4bn in 2023 growing to & $94.7bn in 2025 (to date)[391].

243. The relationship to news media stems from the use of news media content, amongst other content, to train these large language models (LLMs) and the evolution of the chatbots to respond to user queries on current news topics. This in turn raises questions as to the value of news content for training GenAI LLMs and the potential threat to the news media of further disintermediation using their content by AI Chatbots in addition to search and social media.

5.1. The GenAI Business

244. The GenAI business is to build foundational LLMs with natural language processing capabilities that can then be fine-tuned to different applications. One such application is a chatbot which users can engage with to assist with writing, summarising, learning, analysing, coding, etc.[392] The business model has been to offer a free lite version of the chatbot to enable user trial and then to sell an enhanced version with more capabilities.[393] OpenAI sells ChatGPT Plus for a monthly fee of $20 and Pro for $200 per month.[394] Google offers an AI premium plan offering Gemini Advanced bundled with Gemini in Gmail and other Google applications, 2TB of storage and Google One premium plan benefits for R430/month, and Gemini AI Ultra for R5,400 per month.[395] X.AI offers SuperGrok for $30/month and SuperGrok Heavy for $300/month.[396] Meta currently mostly bundles Meta AI with its social media platforms and does not have a premium product but is apparently working on one.[397] Aside from individual users, GenAI businesses offer enterprise contracts to make the tool broadly available to users within

391 Dealroom (2025). Generative AI. Available: https://dealroom.co/guides/generative-ai#:~:text=During%20a%20rapid%20emergence%2C%20Generative,AI [Accessed 4 November 2025].
392 OpenAI.2024. Overview. Available online: https://openai.com/chatgpt/overview/
393 For example Gemini Advanced is more capable at logical reasoning and analysis, processes more information and is faster than the free Gemini version.
394 See https://chatgpt.com/overview?openaicom_referred=true
395 See https://gemini.google/subscriptions/?hl=en-GB&Emc=web&Dmc=owned&Cmc=gemini_lp
396 See https://grok.free/supergrok/
397 Meta. 2024. Overview. Available online: https://ai.meta.com/meta-ai/

an enterprise. For OpenAI this includes the option to create customised GPTs using specific instructions and additional knowledge to serve a specific purpose.[398]

245. Another application is to offer the integration of the foundational model capabilities into other products or applications through API access. This enables features such as virtual assistants or chatbots where a text (or voice) prompt is sent via API and the text (or voice or image or video) completion is returned by the GenAI model. This is typically charged on a usage basis for the different GenAI features.[399] Meta AI offers both an API access to its Llama model but also offers its Llama model on an open access basis to developers.[400]

246. Tech firms that have their own AI foundational models will also integrate those models into their own products to improve their performance and monetise through greater levels of adoption and use. Google and Microsoft have integrated AI into search, as outlined above, and Meta has integrated AI into all its social media platforms. Microsoft, which is invested in OpenAI's for-profit business, has integrated Copilot built on OpenAI models into its productivity tools and Apple is also integrating OpenAI models into its devices, branded as Apple Intelligence, as part of a distribution arrangement.[401] X Corp has integrated Grok into X, allowing users to have Grok answer questions based on public posts on X.[402]

247. AI LLMs are therefore typically monetised in ways other than the sale of advertising using user data, unlike search and social media. However, they are selling knowledge and capabilities, and to the extent they are integrated into search and social media, may contribute to the traditional means of funding those businesses.

248. It is no coincidence that the largest tech companies are part of the leadership in GenAI, as building and operating models requires considerable supercomputing power and cloud storage which these tech companies have to power their existing businesses, and training data which is available from the open web and their existing products. Even OpenAI is in a close partnership with Microsoft which has an investment in OpenAI's profit-orientated entity and provides it with supercomputing power in exchange for model use, with some competition authorities investigating whether this amounts to some form of control and a notifiable merger.[403] The global tech companies also command most attention on the web, and so distribution through these companies is an important use case for GenAI. Hence the OpenAI deal with Apple. There are successful AI companies outside of the Big Tech firms, such as Perplexity, DeepSeek and Anthropic. But as these companies go through multiple funding rounds to build their models, so opportunities emerge for Big Tech to get shareholding in them. For instance, Amazon and Google are large shareholders in Anthropic.

398 OpenAI. 2023. Introducing GPTs. Available online: https://openai.com/index/introducing-gpts/ [accessed 28 November 2024].
399 OpenAI. 2024. Pricing. Available online: https://openai.com/api/pricing/ [accessed 28 November 2024].
OpenAI submission by Christ Charter dated 06 December 2023. Written response to RFI 1.
400 Meta. Available online: Introducing Llama 3.2. available online: https://www.llama.com/
401 Apple. 2024. Press release: Introducing Apple Intelligence, the personal intelligence system that puts powerful generative models at the core of iPhone, iPad, and Mac. Available online : https://www.apple.com/newsroom/2024/06/introducing-apple-intelligence-for-iphone-ipad-and-mac/ https://openai.com/index/openai-and-apple-announce-partnership/
402 x.AI submission by Derushka Chetty dated 15 January 2024. Written response to RFI 2.
403 Microsoft. 2023. Microsoft and OpenAI extend partnership. Available online:https://blogs.microsoft.com/blog/2023/01/23/microsoftandopenaiextendpartnership/
Financial Times. 2023. How Microsoft's multibillion-dollar alliance with OpenAI really works. Available online: https://www.ft.com/content/458b162d-c97a-4464-8afc-72d65afb28ed

249. As AI is seen as a transformative foundational technology, venture capitalists and markets have placed huge value on those companies with a leadership position in AI. OpenAI is currently valued at $500bn[404], up from $157bn a year ago[405], whilst xAI was recently valued at $200bn.[406] and the AI chip maker Nvidia has been propelled to the world's most valuable company with a market capitalisation of over $4.5trn as of October 2025.

250. In SA, OpenAI's ChatGPT is the largest standalone Chatbot with the most paid subscriptions and DAU, but Meta AI, Google's Gemini and Microsoft's Co-pilot all have extensive distribution through social media, Android devices and desktops respectively giving them each more MAU than OpenAI.[407] The integration of their AI models into search and social media platforms means that they will have a material impact on how the news media content is used and intermediated on their platforms. For this reason, the Inquiry is focused primarily on these AI companies and products.

5.2. GenAI Training and Data

5.2.1. Training

251. GenAI models are trained in three phases. The first phase is called 'pre-training' and develops the base LLM which can predict the most likely word to come next in a sentence, what word makes most sense in a variety of situations and to learn the elements of language such as grammar and basic reasoning. LLMs also learn how sequences of words and word connections form ideas, structured thoughts and associated concepts. LLMs are built on deep learning neural networks with multi-layered interconnected neurons that each perform basic transformation functions which feed into other neurons that do the same. A LLM contains billions of neurons each with their own weight. Training data is tokenised – i.e. converted to numerical representation – and shown to the neural network which adjusts the weights based on predicting the output and comparing to the actual output. The base mode consists of a set of predictive weights and the training data is neither stored nor memorised. LLM's require exposure to trillions of words in this development phase, with scale but also variety important.[408]

252. The base LLM is then taken through 'fine-tuning' on high quality data or filters to help models provide more appropriate results. This process can adapt the model to specific needs, improve its accuracy on specific topics and reduce bias in the results. LLMs can be fine-tuned to a variety of different tasks.[409] Finally, there is 'post-training' using reinforcement learning with human feedback (RLHF). The post-training teaches the LLM to respond in ways that is useful and

404 https://www.reuters.com/technology/openai-hits-500-billion-valuation-after-share-sale-source-says-2025-10-02/
405 TechCrunch. 2024. OpenAI raises $6.6B and is now valued at $157B. available online: https://techcrunch.com/2024/10/02/openai-raises-6-6b-and-is-now-valued-at-157b/
406 https://www.cnbc.com/2025/09/19/musks-xai-10-billion-at-200-billion-valuation.html
407 ChatGPT has [✂] WAU in SA compared to [✂] MAU for Meta AI and [✂] MAU for Co-pilot. In revenue terms, OpenAI earned [✂] YTD June 2025 vs [✂] for Co-pilot in SA. OpenAI, Meta and Microsoft RFI 4. Globally, Meta's GenAI Industry Insights of May 2025 put Gemini with only [✂] app DAUs but [✂] MAU across all distribution surfaces globally and Meta AI itself with [✂] DAU but [✂] MAU. In SA, ChatGPT had [✂] WAU whereas Meta AI had [✂] MAU.
408 OpenAI RFI 1 and RFI 2. Prof. Marivate public hearing
409 Ibid

aligned to human values. It also teaches the LLM to predict, reason and solve problems. Post-training uses smaller datasets with ideal answers, with learning from receiving human feedback on the answers the LLM produces.

5.2.2. Training data and the news media

253. Given the substantial data requirements for pre-training, a foundational dataset for many AI models has been the Common Crawl, a corpus of petabytes of data collected from the public internet since 2008 with a monthly crawl.[410] The Common Crawl is not a copy of the entire Internet and has predominantly English content. South African content is a small part of the Common Crawl, with the .za domain accounting for 6.8m URLs from 130,639 domains representing 0.26% of the total URLs. However, some SA content falls under the .com (42.5% of URLs) and .org (5.6% of URLs) domains, and so this figure is an underestimate.[411] In general terms it appears that African data has not been a large source of training data for AI historically, resulting in cultural biases of the AI models.[412]

254. AI companies will also create their own corpus by scraping the Internet for high quality and diverse content. For instance, GPT-2 was trained on an OpenAI dataset called WebText using only web pages curated by humans.[413] As alleged in the NY Times lawsuit against OpenAI, this training dataset had a significant emphasis on news media website content. As confirmed by Github's list of GPT-2 domains, 5 of the top 10 domains and 23 of the top 50 are news sites. News24 comes in at 730 with 6494 tokens, but no other prominent SA news site seems to feature.[414] GPT-3 was trained with 300bn tokens, of which c.62% were from the Common Crawl, c.19% from WebText2 and the remainder from books and Wikipedia.[415] No information is available on the domains used in WebText2. OpenAI has revealed nothing about GPT-4 training data. OpenAI is not alone, as the Google C4 dataset used to train Bard is reported to have 13% of tokens from news sites.[416] Gemini has also used the Common Crawl. The Inquiry has requested the domains and tokens used in the training datasets from the AI companies to determine how much SA news media content has been used but the Inquiry has thus far not been provided with that information.[417] However, as the number of tokens used to generate the base models explodes, such as the 30 trillion tokens used in training Llama 4[418], it is expected that news content will play a far less significant role. But it may still play a more prominent role in fine-tuning those base models.

255. Aside from the Common Crawl, OpenAI, Google and other AI developers have their own web crawlers that collect data from the web for training their AI LLMs. The Big Tech AI developers and OpenAI state that their bots adhere to the Robots.txt protocol which allows websites to opt out of allowing the web crawlers access to their website. However, there are smaller AI companies that

410 https://commoncrawl.org/overview
411 Github (2024). Available: https://commoncrawl.github.io/cc-crawl-statistics/plots/tld/latestcrawl.html Note that this website updates statistics on a monthly basis.
412 Prof. Marivate Public Hearing.
413 https://openai.com/index/better-language-models/
414 Github (2024) https://github.com/openai/gpt-2/blob/master/domains.txt
415 https://lambdalabs.com/blog/demystifying-gpt-3
416 https://www.washingtonpost.com/technology/interactive/2023/ai-chatbot-learning/
417 OpenAI has stated that it does not provide a breakdown by geography, but as it sources from domains with geographic indicators (e.g. *.za domains), it must be feasible to extract this information from the training dataset as is the case with Common Crawl. In response to a repeated request, OpenAI simply stated that it would be manual and resource-intensive (OpenAI RFI 4). Similarly, Meta refused to indicate it SA news content was part of its training data (Meta RFI 4).
418 https://ai.meta.com/blog/llama-4-multimodal-intelligence/

do not necessarily adhere to such protocols with news media often inundated with web-crawlers that can start to undermine website performance.[419] The AI companies will also enter into data deals where it will help development of a particular capability given gaps in other available data, such as multilingualism.[420] However, the AI race has led some of these companies to break the rules in the past such as OpenAI allegedly transcribing a million YouTube videos for GPT4 training.[421]

256. The large social media companies have direct access to content posted on their platforms and may use this to train their own models and/or sell that data to other AI companies. Platform operators have changed their terms of service to allow them to harvest public data from their own suite of platforms, which has given them access to substantial amounts of data with no options for users to opt out at all. For instance, Google's terms were changed to permit using public data from across its properties, Meta uses public social media posts to train their LLM[422] and the OpenAI/Reddit partnership grants OpenAI with access to Reddit's Data API with the ability to train its model using Reddit posts. [423] The potential use of YouTube videos raises much larger copyright concerns relative to short public social media posts because entire copyrighted broadcast content is uploaded to YouTube whereas posts may contain a link to the website where the content sits outside the platform. YouTube has opted out of other AI crawlers to restrict access. In addition, YouTube has introduced opt-in controls for content creators whereby the default is they have opted out of sharing their YouTube content with AI companies but can instruct YouTube to opt-in to specific or all AI companies.[424] This is one of the few opt-in instances, and whilst YouTube does not assist content creators to monetise that content, the controls form a basis for the content creator to do so.

257. The unauthorised use of copyrighted content has been raised by the news media and some litigation is taking place. The AI developers argue there is no copyright infringement citing both the data mining and fair use provisions which permit transformative use not in competition with the original producer. OpenAI also emphasises that steps are taken to ensure there is no memorisation of training data to avoid duplication of copyright material in answers, and fair use has enabled the US to take a lead in AI.[425] There are now some court rulings examining the fair use provision for AI training in the US, with the outcomes fact-dependent. Where content is used without permission and to offer substitutable products then a violation of fair use has been ruled. For instance in fine-tuning training for specific applications.[426] But for base model training, this can be seen as transformative unless the model threatens to reproduce substantial portions of their content or undermine the content market.[427] This would also suggest that use of content without permission for grounding responses that

419 SABC RFI 4
420 Meta RFI 4
421 https://www.nytimes.com/2024/04/06/technology/tech-giants-harvest-data-artificial-intelligence.html
422 Meta RFI 4
423 Reddit is an online community network, that allows users to post (i.e., text, links, images, and videos) vote, and comment in communities organized around their interests.
OpenAI. 2024. OpenAI and Reddit Partnership. Available online: https://openai.com/index/openai-and-reddit-partnership/ [accessed 30 November 2024].
424 https://support.google.com/youtube/answer/15509945?hl=en
425 https://www.regulations.gov/comment/COLC-2023-0006-8906
426 For instance, in the development of legal research tools through training AI models on legal headnotes. See https://theipcenter.com/2025/07/ai-copyright-infringement-recent-rulings-and-the-future-of-generative-ai/
427 Ibid

constitutes more direct competition is likely to not be considered 'fair use'.[428] Of course, the 'fair use' concept predates AI and so there is still an open question as to whether training does indeed not constitute fair use especially where trained models are able to replicate creator content.

258. However, the pursuit of deals with leading global news publishers for their content for training and grounding AI responses as they opt out of the web crawlers[429] suggests that both the volume and content of at least some of the large news media are useful to AI developers as training data. Access to copyrighted material for training purposes has been cited in press statements in which OpenAI has done publisher deals with the Associated Press[430], Axel Springer[431], Le Monde and Prisa Media[432], the Financial Times[433], News Corp[434], the Atlantic and Vox Media[435], Time[436] and Conde Nast[437]. Licensing permits access to non-public data and data being put into particular formats for use by the models.[438] However, some AI companies cite access to the content for grounding responses to queries as the primary benefit of these deals.[439]

5.3. The Chatbot and news queries

259. The Inquiry has sought to understand the extent to which AI Chatbots, distinct from AI-powered search, are used to query and return news media content. The almost uniform response from the AI developers initially was that they do not track how users engage with news on their AI Chatbots but that it not a substantial use case and consumer use is evolving.[440] However, that evolution is starting to point strongly to consumers using AI Chatbots for creating and productivity but also to query knowledge in some ways similar to search, where news content typically features. This is based on the revealed behaviour of AI developers in adding such features, presumably in response to identified consumer needs.

259.1. When ChatGPT was launched in late 2022 it could only provide information up to September 2021 based on the training data. However, in under a year the AI Chatbots were able to do current web searches for information by integrating with search engines through APIs. This was initially for ChatGPT Plus but is now pervasive across Copilot, Meta

428 We note that the latest RFI 4 response from [✂] defends fair use for training but is silent on grounding.
429 It was reported by the Reuters Institute that by the end of 2023, 48% of the top news sites had blocked OpenAI crawlers and half that were blocking Google AI crawler. See https://reutersinstitute.politics.ox.ac.uk/how-many-news-websites-block-ai-crawlers#header--3
430 https://www.ap.org/media-center/ap-in-the-news/2023/chatgpt-maker-openai-signs-deal-with-ap-to-license-news-stories/
431 https://www.axelspringer.com/en/ax-press-release/axel-springer-and-openai-partner-to-deepen-beneficial-use-of-ai-in-journalism
432 https://openai.com/index/global-news-partnerships-le-monde-and-prisa-media/
433 https://www.ft.com/content/33328743-ba3b-470f-a2e3-f41c3a366613
434 https://openai.com/index/news-corp-and-openai-sign-landmark-multi-year-global-partnership/
435 https://www.reuters.com/business/media-telecom/openai-signs-content-deals-with-atlantic-vox-media-2024-05-29/
436 https://time.com/6992955/time-and-openai-announce-strategic-content-partnership/
437 https://www.reuters.com/technology/openai-signs-deal-with-cond-nast-2024-08-20/
438 [✂]
439 [✂]
440 OpenAI RFI 2, Meta Public Hearings dated 27 March 2024

AI and Gemini.[441] The integration of search engines enables generative AI chatbots to ground their responses to user queries with the information that they source from search engines, which may include news content. Grounding is the process of using LLMs with information that is use-case specific, relevant, and not available as part of the LLM's trained knowledge.[442] This helps the generative AI chatbots to address some of the inherent LLM limitations such as inaccuracies, hallucinations, ambiguous responses and the inability to return responses with topical information due cut-off dates on the data that trained the LLM. As a result of these new capabilities, news-related queries on ChatGPT increased by over 200% from January 2024 to May 2025.[443]

259.2. As news publisher deals have been announced by OpenAI, as set out in detail above, a feature of all deals after the first Associated Press deal has been the inclusion of allowing AI Chatbot users access to the latest journalist content from the publishers, often promising new and interactive ways in which to engage the news content. Where OpenAI leads, others seem to follow and Meta has recently announced a deal with Reuters to provide real-time answers to news queries on Meta AI.[444] Google has signed up News Corp and is also exploring deals with the news media[445] whilst Perplexity has done publisher deals with Automattic, Der Spiegel, Entrepreneur, Fortune, The Texas Tribune and Time.[446] Copilot through partnerships with Reuters, Axel Springer, Hearst Magazines, USA TODAY Network and Financial Times draws on news content for the recently launched Copilot Daily feature.[447]

259.3. AI developers are taking Chatbots into a space as potential alternatives to search engines, in which news media content is an important use case as set out in the search section. Perplexity was probably the first to position itself as an alternative to search by providing answers to queries, not just source references.[448] OpenAI has recently entered the fray, announcing the SearchGPT prototype, seemingly making use of the publisher content that OpenAI has contracted recently.[449] Meta is also apparently working on an AI search engine to reduce reliance on Google and Bing.[450] Microsoft

441 Microsoft Bing Blogs. 2023. Expanding Our AI Partnership with Meta. Available online: https://blogs.bing.com/search/september-2023/Expanding-Our-AI-Partnership-with-Meta-(1)
Google. 2024. Gemini API and Google AI Studio now offer Grounding with Google Search. Available online: https://developers.googleblog.com/en/gemini-api-and-ai-studio-now-offer-grounding-with-google-search/
Microsoft. 2024. Overview of Microsoft Copilot. Available online: https://learn.microsoft.com/en-us/copilot/overview

442 Microsoft. 2023. Grounding LLMs. Available online: https://techcommunity.microsoft.com/blog/fasttrackforazureblog/grounding-llms/3843857

443 Similarweb Report "The Impact of Generative AI: Publishers", OpenAI RFI 4

444 Reuters. 2024. Meta Platforms to use Reuters news content in AI chatbot Available online: https://www.reuters.com/technology/artificial-intelligence/meta-platforms-use-reuters-news-content-ai-chatbot-2024-10-25/

445 Reuters. 2024. Google to pay up to $6 mln to News Corp for new AI content, The Information reports. Available online: https://www.reuters.com/technology/google-pay-up-6-mln-news-corp-new-ai-content-information-reports-2024-04-30/

446 https://techcrunch.com/2024/07/30/perplexitys-plan-to-share-ad-revenue-with-outlets-cited-by-its-ai-chatbot/

447 Microsoft. 2024. An AI companion for everyone. Available online: https://blogs.microsoft.com/blog/2024/10/01/an-ai-companion-for-everyone/

448 https://technologymagazine.com/articles/from-500m-to-9bn-charting-perplexitys-soaring-valuation

449 https://openai.com/index/searchgpt-prototype/

450 https://www.reuters.com/technology/artificial-intelligence/meta-develops-own-ai-search-engine-cut-reliance-google-bing-information-reports-2024-10-28/

recently launched Copilot daily, which is a personalised audio briefing with news and weather updates on the Copilot chatbot.[451]

260. The Inquiry survey sought to understand the extent to which South Africans are already using AI Chatbots for news queries and the likelihood of them doing so in the future. The results confirm that AI Chatbots is already being used extensively for news queries, with 25% of respondents saying they use AI Chatbots frequently to access news and a further 20% using AI Chatbots occasionally. The survey also confirmed that usage is likely to increase as 57% of respondents indicated they are likely or very likely to use AI Chatbots to access news in future.[452]However, the extent of news queries may well differ across different AI Chatbots depending on how they are distributed and positioned. For instance, news queries are more common in search and should be similar in AI-powered search, but where the majority of MAU are using the Chatbot on a social media platform or in productivity tools then it is not obvious that there will be the same level of news queries as in the case of search. For instance, on ChatGPT the number of current affairs prompts has gradually increased in absolute terms but is still a far lower share than on search and is a declining share of total prompts as other use cases grow much faster.[453] Similarly for Meta AI, news prompts are a much smaller share of total prompts as other use cases for the AI chatbot predominate.[454] Using Similarweb data, monthly average user segmentation of AI chatbots and tools puts the news and media industry segment at 6% of total usage AI chatbot usage over the period January 2025 to September 2025[455]. Over the same period, the news and media segment has declined by 16% of total usage, consistent with the trend seen in data submitted by GenAI companies. As the Inquiry survey established that a high proportion of South Africans already feel snippets can provide sufficient information and are a convenient, time-efficient way to consume news that avoids having to pay for it, then it follows logically that a more extensive AI summary is likely to exacerbate the habit of not clicking through. As AI is integrated into more devices it will be easier for consumers to access and use it, exacerbating the impact on news queries.[456]

261. All of the main AI Chatbots provides a summary along with some source links in response to news queries, much like AI-powered search engines. This too is most likely the result of pressure from the news media on the lack of attribution initially and ongoing litigation. However, as with AI-powered search, the real concern is whether users bother to click through to these sources given the summary provided by AI which goes well beyond a conventional snippet that consumers already read instead of clicking through. The Inquiry has asked all the tech platforms with AI-powered search or chatbots to provide the CTRs for source links provided in response to news queries. As set out in the search section, for Microsoft the evidence indicates no material drop in CTRs across all queries, not just news, and for Google the independent reports are mixed. On Meta, for all prompts on Meta AI, only [10-15%] resulted in at least one source link

451 Microsoft. 2024. Microsoft Introduces a More Personalized Copilot with Voice and Vision Features. Available online: https://news.microsoft.com/source/asia/2024/10/09/microsoft-introduces-a-more-personalized-copilot-with-voice-and-vision-features/
452 Inquiry survey report slides 112-113
453 OpenAI RFI 4. Prompts for current affairs constituted [✂] of total prompts in July 2025.
454 Meta AI RFI 4. News prompts were 0.2% of total prompts in June & July 2025.
455 A major limitation of this data is that it reflects mobile and web usage but not app-based usage.
456 Media24 public hearing dated 5 March 2024, referencing a SalesForce survey.

being surfaced with a negligible number of sources resulting in a click, but for prompts that surfaced news website links there was an average of 3 source links surfaced per prompt.[457] OpenAI continues to refuse to provide this information, from which the only conclusion to draw is that there are low CTRs.[458] However, web data from Similarweb shows that in 2024 a collective total 137 million traffic visits generated by ChatGPT, Copilot and Perplexity in South Africa, the chatbot only referred 0.3% (i.e., 465,000) of traffic to news media – a combination of the share of news-related queries and the CTRs.[459] A 2025 Similarweb analysis shows a vast increase in referrals overall, with ChatGPT seeing a 10 fold increase, but this is most likely due to growing use of AI models. Referrals to the news media specifically by the top 5 models was only just over 2m in 2025 to date, of which ChatGPT accounted for the bulk.[460] A Similarweb 2025 report states that referral traffic to news media from ChatGPT rose substantially since 2024, but this is off a very low base and referrals remains far below the levels of referrals seen from search engines.

262. The Inquiry can only draw one conclusion from the evasive behaviour by AI developers in failing to provide the most basic information on CTRs for news query source links, and that is the results confirm the concerns of the news media and users are rarely clicking through to the news websites where news publishers can monetise that information used in the AI summaries. This is consistent with the drop in organic traffic from the SERP since the introduction of AI Overviews (discussed in the Search section). The variety of deals with the largest global news publishers is also indicative of the lack of indirect monetisation through referral traffic and the need to compensate these news publishers for the content that will be shown by AI Chatbots.

263. As the AI Chatbots currently interface with search index APIs from Google and Bing, it is the web crawler terms of those search indexes that determine if news media content is used in the AI Chatbot summary in response to a user query or not. The AI web crawlers only determine whether a website opts out for training purposes only. Google confirms that the Vertex API, which offers the API service on Google's search index, will not respond with indexed content from websites that have opted out of Gemini training and grounding.[461] Where AI companies develop their own search web crawlers, which is increasingly the case to reduce reliance on Google and Microsoft, then their choices on the opt-out options available may become important for websites in the future.

5.4. Content icensing deals and the market for content

264. As the large global publishers opt out of AI training and summaries and several of them litigate the AI companies on violation of copyright, the AI companies have responded with numerous content licensing deals covering both training and grounding as set out above. It is likely that deals with the largest global publishers is in part designed

457 Meta RFI 4
458 OpenAi RFI 4
459 The data is for the period of January 2024 to October 2024.
460 Similarweb uses a curated list of 222 news and media website domains which recorded 1.9m referrals from ChatGPT, 500 from Meta AI, 25,000 from Gemini, 10,000 from Co-pilot and 170,000 from Perplexity in 2025 to date.
461 Google correspondence August 2025

to blunt copyright infringement lawsuits as the global publishers are more likely to bankroll such litigation, and if successful could open the door for others to make claims.[462] However, it is also in part affirming the value of media content particularly for grounding AI responses. Much like search engines, AI companies must position their chatbots to respond to user prompts or queries and therefore need access to content that can offer a quality response to satisfy the user prompt. As models are prone to hallucination, grounding of AI responses to current news events has become important to avoid embarrassing and misleading replies that may undermine the credibility of the AI chatbot.

265. This trend suggests at one level that an opt-out can be a useful tool in creating a market for content from AI companies. However, the deals are only being made with a select group of global publishers, and for non-English languages, only the largest in that language. This is an obvious place for the AI companies to start given they can get global news coverage for user prompts and avoid litigation. There is no need to license content from all news organisations given that many will cover the same story, but also because most of the smaller news organisations have not opted out of AI crawlers.[463] This may be in large part due to ignorance or technical challenges. For instance, at the start of this Inquiry only Media24 had opted out of AI crawlers, but by the time of the final report the top 20 news sites have all opted out. However, the remaining 80% of the top 100 sites have not done so.[464] Of course, one cannot eliminate the possibility that some news organisations have consciously not opted out as they do not object to AI companies crawling their information.

266. A further issue is the proliferation of AI crawlers and the proliferation of bespoke opt-out instructions, resulting in an increasing complexity for news media. For instance, OpenAI has separate opt-outs for ChatGPT and SearchGPT. The opt-out options are also not uniform in approach, with some only allowing the media to opt-out of both training and AI summaries (e.g. Microsoft), whilst others allow more granular opt-outs of training separate to AI summaries (e.g. OpenAI and Meta). The Internet Engineering Task Force (IETF) initiated a process to standardize AI preferences for content providers and AI companies in January 2025 through the AI Preferences working group.[465] However, there are many different interests and it is not clear what level of granularity will emerge for preferences or if the initiative will be successful by drawing in all AI companies into an agreed standard.

267. However, solving the opt-out problem may still not result in content licensing deals for SA news organisations. Repeated engagements by the Inquiry with the AI companies on concluding some SA content licensing deals has drawn a blank. The AI companies respond that they do not see the value as yet in SA content deals and for some it is learning from the content deals that they have already concluded globally before moving on to any other deals. This can create a conundrum for SA publishers looking to monetise content from AI companies, as opting out may not result in content licensing and a loss of any potential referral traffic whereas opting in may not result in material

462 https://theconversation.com/openais-content-deal-with-the-ft-is-an-attempt-to-avoid-more-legal-challenges-and-an-ai-data-apocalypse-229215
463 The Reuters Institute study cited above also found the results varied significantly across countries with 79% of top publishers in the US opting out but only 20% in Mexico and Poland.
464 Microsoft RFI 4
465 https://www.ietf.org/blog/ai-pref-progress/

referral traffic.[466] However, dealing with numerous smaller individual publishers in SA has higher transaction costs than dealing with a group of publishers where the data is AI-compatible.[467] Permitting collective sales may therefore improve the odds of content deals.

268. A further risk of selective content deals with a few large publishers is that their content is favoured in AI summaries, securing more of the source links and any referral traffic that follows. Whilst AI companies submit that they will not favour those with whom they have done deals, this answer is questionable. First, if SA news media opts out of AI but fails to get content licensing deals then the opt-out means they will not be represented in source links. Second, having struck content deals with a select group of publishers, the AI companies will want to use that access to get a return on their investment. Reasons cited for the content deals is to ensure a reliable source of information to supplement any existing knowledge to prevent 'hallucinations' by the AI Chatbots and to enable more lengthy excerpts from news articles.[468] This will be the case even if SA publishers do not opt-out unless SA news content is the only relevant source for a particular news prompt by a user.

269. The concern with the current content licensing deals is that it further bifurcates the news media market by strengthening the few global publishers that already win at the subscription game at the expense of smaller publishers that are not compensated for their copyright material. Whole countries such as SA risk being left out of content licensing and at risk of losing out on revenue opportunities in the AI age. This has dire consequences for media diversity and plurality, undermining constitutional rights. At the same time, it is difficult to demand both 'must deal' and 'must pay' for SA publishers as we have seen in the long-standing debate on 'must carry' for the public broadcaster.

270. However, there are some AI companies trialing alternatives whereby there is compensation for a news publisher whose content is used in an AI summary. Microsoft recently started exploring compensation for publisher content used in AI through a 'Publisher Content Marketplace' (PCM) which would be open to a select group of news publishers but could be expanded later.[469] PCM is designed as a marketplace for content that is not publicly available where prices for content are reached that brings in both AI companies and publishers. PCM is in trial currently and there is no guarantee that it will reach commercialisation, and if it does, the price outcomes may be at levels that do not bring in all media companies.[470] Perplexity has launched Comet Plus with a $5 subscription for users "to access premium content from a group of trusted publishers" and will allocate the revenue to participating publishers.[471] This has the potential for bringing more media into the AI monetisation net, but the risk with both these models is that the group remains small in the long run and this is simply a different way to compensate the same large global news publishers but on a usage basis rather than lump-sum content licensing deals. However, it does show that content monetisation on AI is still evolving and may ultimately benefit SA news publishers if they can opt-out effectively.

466 For instance, whilst referral traffic on ChatGPT has increased, the NY Times is a small part of this because it has opted out. Similarweb Report "The Impact of Generative AI: Publishers", OpenAI RFI 4. However, the NY Times has done a content licensing deal with Amazon.
467 Daily Maverick meeting, June 2025
468 Meta RFI 4 and OpenAI RFI 4
469 https://techstory.in/microsoft-launches-ai-marketplace-that-pays-publishers-for-their-content/
470 Microsoft meeting October 2025.
471 https://www.perplexity.ai/hub/blog/introducing-comet-plus

5.5. Provisional findings and remedies

5.5.1. Findings

271. The findings on AI Chatbots are as follows:

271.1. In SA, OpenAI's ChatGPT, Meta AI, Google's Gemini and Microsoft's Co-pilot will have the largest collective impact of all AI products on the news media due to their extensive distribution through standalone sales, partnerships, social media, Android devices and desktops respectively.

271.2. The AI developers have already benefited from SA news media content in the training and development of their AI Foundational Models and Chatbots, but this is likely to be a very small fraction of the total training dataset based on information currently available to the Inquiry.

271.3. The larger South African news media are starting to opt out of AI web crawlers but the vast majority of SA media has not opted out. Whilst this may be a choice for some, the evidence suggests the smaller news media is either ill-informed or ill-equipped to protect their content from AI web crawlers due to the opt out rather than opt in requirements. Restricting access places SA news media in a better position to negotiate content deals with AI developers, whilst still providing access for public interest GenAI projects that deploy their own web crawlers.

271.4. It is now fairly certain that news queries will be a relevant use case for AI Chatbots, as it has been for search, but this may not be the case for all AI chatbots as how they are used will depend on their market positioning and distribution channels. However, the manner in which AI Chatbots summarise news queries and provide limited source links may not result in much shared value through referral traffic to the news websites as the evidence on this is mixed currently.

271.5. There is currently little interest from AI companies in doing content deals with SA news publishers as the AI companies pursue a handful of deals with large global media groups which will be compensated for use of their content. There is a strong likelihood of favouring content, and hence sources, from those global media companies for which content deals have been struck, which further reduces the potential for referral traffic from AI Chatbots even if SA media wished to opt into being used in those summaries. This means that SA news publishers are likely to be left out of AI monetisation options. One of the barriers to licensing deals may be the smaller size of the SA media, where collective selling may solve this issue.

271.6. Some AI companies are looking at transactional compensation for when a news publisher's content is used in an AI summary, but these remain experimental and contained to a small group of global publishers. There is an opportunity that this model opens up compensation for more media, but also the risk that it does not.

272. The conduct identified has an adverse effect on competition through:

272.1. The unfair use of news media content to train and ground AI chatbots that now compete to inform consumers on news queries and monetise that consumer traffic, offering only opt-outs options which most smaller media are not able to exercise. Evidence of the effect is the actual use of news media to develop models and to respond to news queries on Chatbots.

272.2. An imbalance in bargaining power that enables the extraction of news media content for responding to news queries by linking traditional search indexing to AI summaries. Evidence of the effect is the practices themselves and the number of news organiszations in SA that opt out of AI chatbots but not AI summaries on search.

272.3. Distorting competition amongst news media through marginalising SA media relative to contracted foreign media. Evidence of the effect includes the contractual provisions to make use of the contracted news media as the preferred source for news query grounding.

273. As a result, the conduct has an adverse impact on the quality and consumer choice of SA news media, particularly the diversity of media through SME and HDP-owned media that offer community and vernacular media along with the public broadcaster. Harm to the quality and diversity of media, along with the plurality of voices and the ability for citizens to get news in their home language, undermines citizen's Constitutional rights and hence the adverse effect is considered substantial.

5.5.2. Remedies

274. The provisional report set out a provisional set of remedies for discussion which have been the focus of submissions and further engagements by the Inquiry with the AI companies platforms, the media and other stakeholders. The Inquiry has sought to reach agreement with the AI companies as to the way forward where it can, but on the basis that the remedies do address the harm identified which is required by section 43D of the Act. The central issue that requires remedial action is empowering the SA media to opt-out of AI training and summary options if they so wish. This will assist in developing a market for content in SA which may see AI companies undertaking content licensing deals in future.

275. To empower the media to opt-out, an effective and practical remedy is for the AI companies to provide periodic training and technical support, particularly for smaller media that lack the resources. On opt-out options, these are generally evolving to be more fair and most AI companies offer separate opt outs for training and grounding, and the IETF is embarking on a standardisation of AI preferences. As such interventions are not necessary at this point and are likely to be impractical if new options are required for SA only. Whilst this would promote a market for content licensing, the AI industry is rapidly changing and the latest development has seen some AI companies such as Microsoft to trial a use-based compensation model rather than lump-sum licensing deals. The Inquiry is the of the view that where these models have emerged then those compensation mechanisms should be open to the SA media within a reasonable time from when they are rolled out in other markets.

276. The AI industry is in the process of rapid development and change with some of the media impact speculative at this stage with conflicting evidence, and so the Inquiry has considered it appropriate to not be heavy-handed with regulation that may restrict innovation or hinder product changes.

277. The remedies imposed by the Inquiry are as follows:

277.1. Google

277.1.1. AI training for news publishers will include a module on publishers' options for exercising controls and opt out protocols relating to Google products, including the use of content for training of large language models and grounding of AI-generated responses.

277.1.2. Establishment of an experimental African News Innovation Forum to collaborate with a number of digitally mature publishers from South Africa and other African countries to participate in early-stage discussions of ideas on potential AI features and experimentations for the news industry.

277.2. Microsoft

277.2.1. Provide annual training to all SA News Publishers on publishers' options for exercising controls and opt out protocols relating to AI products.

277.2.2. Microsoft's Publisher Content Marketplace (PCM), or any successor programme, that aims to compensate publishers for content used as sources for AI-generated information should be extended to SA News Publishers were it to move beyond the testing phase and become commercialised.

277.3. Meta, OpenAI and X.AI

277.3.1. Provide biannual training to all SA News Publishers on publishers' options for exercising controls and opt out protocols relating to AI products.

6. Digital Advertising Technology

278. Digital advertising technology (AdTech) is the stack of software services that enable the buying and selling of display advertising inventory on websites and mobile apps, including those of news publishers. Every time a user clicks onto a website/app and moves to a different page on the website/app, the AdTech stack determines what display advertising is served to that user. This includes serving inventory that has been pre-sold directly to advertisers by the news publisher, but also serving programmatic advertising which is sold in real-time auctions to advertisers. The AdTech stack therefore is central to how direct and referral traffic to the news publishers is monetised, with the advertising bids and AdTech fees determining the net revenues earned by news publishers.

6.1. The AdTech Stack

279. The AdTech Stack broadly consists of three components, namely the ad server technology that manages the advertising inventory on a website/app and serves ads to that inventory, the supply-side platforms (SSPs) that sell the inventory on behalf of the website/app and the demand-side platforms (DSPs) which buy the inventory on behalf of the advertisers. These components must all interoperate to facilitate the market for digital advertising on the open web where the demand of advertisers is matched to the supply of websites/apps. Google submits that the Adtech stack is best characterized as a single two-sided market matching advertisers and publishers.[472] However, this was dismissed by the US Court on the basis that there are not competing ecosystems but rather competition amongst each element, with a distinct role and pricing.[473] Google also submits that the market should include Owned and Operated (O&O) platforms and direct deals. However, neither the CMA, nor the US Court in respect of ad servers and ad exchanges, took this perspective as O&O platforms are not options for publishers in the open display market and programmatic is used to sell remnant inventory after direct deals.[474]

6.1.1. Ad server

280. The ad server is the central piece of software for the publisher website, orchestrating the different inputs and outputs to manage the display advertising inventory on the website/app. In doing so it will determine what part of the inventory to draw from and serve the appropriate advertising creative when the user clicks onto the website/app page. This may include the direct sales made by the publisher against reserved inventory, or the programmatic sales done through the SSP.

472 Google submission on the Provisional Report

473 Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA), section A. Market Definition. The Court did find that closed ad networks differed insofar as industry saw them as one product inclusive of the publisher side.

474 CMA Online Platforms and Digital Advertising: Market Study Final Report (July 2020) and Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA). The US Court found that internal Google documents estimated a price elasticity of 1 for programmatic sales suggesting no diversion if the price increased.

Direct sales may be done programmatically through a DSP where the creative is sent to the ad server or direct with the publisher. The ad server must interoperate with the SSP to receive programmatic ads along with the appropriate creative to serve. Historically the ad server used a 'waterfall' system to serve the advertising sequentially in descending order of value from reserved through to programmatic but this has now evolved to a more dynamic approach where programmatic bids can be served instead of reserved sales if the bid is of higher value. Total daily/monthly inventory is estimated based on historical demand and so reserved or programmatically guaranteed sales are prioritised based on outstanding impressions sold and estimated inventory left.

281. The ad server manages the data and inventory from the publisher side which then forms the basis for its ad serving functions. The ad server is integrated with the website and with the publisher data management system to provide data on user and website page to the SSP (and onto the DSP) to inform the bids that are made. It may also provide additional audience data on the website to inform the bidding by DSPs on the impression being served, which it may gather from the website analytical tools (e.g. Google Analytics) but also its own audience data collection methods. Where 3rd party cookies are in operation, the ad server will also communicate the cookie information for remarketing purposes.[475]

282. The ad server revenue model is to charge a variable fee per advert served and a fixed fee based on the inventory volume of impressions regardless of whether ads are served or not. As the dominant ad server, Google Ad Manager (GAM) integrates ad server, SSP and advertising exchange services, it is sometimes difficult to distinguish where one service ends and the other service starts.

6.1.2. Supply Side Platforms (SSPs)

283. The SSP provides the programmatic sell side of the inventory, and from this perspective interfaces with the ad server to receive data and instructions on the sale of publisher's inventory, and the DSPs from the buy side to receive bids and advertising creatives to serve for the winning bid. Historically, the SSP was separate from the advertising exchange which facilitated auctions of bid requests issued by the SSP on the sell side to DSPs on the buy side. However, the SSPs have evolved to contain their own ad exchange services.[476]

284. Auctions enable competition for inventory but the quality of inventory on a website varies and some advertisers are willing to pay a premium for different inventory. Advertisers may do direct deals for brand advertising and open bidding for performance advertising.[477] The SSPs have numerous transaction types for the sale of inventory including[478]:

284.1. Open auctions:- this inventory is open to any advertiser to bid on the inventory. This may include other SSPs that interoperate with the ad server.

284.2. Private auctions:- this is only open to a selection of advertisers, typically the larger brand advertisers known to the website publisher.

284.3. Preferred deals:- direct pre-negotiated deals where a price is set

475 See Media24 public hearing presentation slide 27 for an example of the interfaces with the ad server.
476 Microsoft Xandr RFI 1
477 Taboola RFI 1
478 Google AdTech RFI 1

for the advertiser on any impressions purchased.

284.4. Programmatic guaranteed deals: - directly pre-negotiated deals where the total number of impressions purchased are guaranteed and programmatically delivered

285. The SSP revenue model is to charge a commission fee on the sale of any advertising inventory as a percentage of the advertising revenue. The percentage varies depending on the transaction type, with a higher fee for auctions and a lower fee on pre-negotiated deals where the SSP does less work.[479] SSPs contract with website/apps and the selection of SSPs by the publisher is influenced by the selection of the ad server as GAM is an integrated ad server and SSP. Publishers can select other SSPs to participate in open bidding auctions which must then be capable of interoperating with the ad server and separately contract with the ad server. The selection of those SSPs is based on the fees, the advertising quality based on their DSP relationships, the interoperability with the rest of the AdTech stack, the ability or provide its own data management and technology such as speed, latency, reporting and optimization.[480]

286. Given that the selection of SSPs is in part based on its DSP relationships, SSPs can seek to attract DSPs by requesting bids based on knowledge of the type of inventory that each DSP is seeking. This can include bundling advertising inventory of a similar content type (e.g. travel or health) from different publishers to help specific DSPs locate the inventory they need. SSPs will also provide data to the bidders to enable better targeting which would attract higher bids where the audience matches the DSP advertiser targeting. The data exchanged with DSPs includes the request itself, the device information including the IP address, the GPS location, the date/time, URL and cookie IDs, mobile network and event data. SSPs can integrate audience data and inferred interests from its own data management.[481]

6.1.3. Demand Side Platforms (DSPs)

287. DSPs contract with advertising buyers, either the advertiser itself or its media agency representative, and provide the interface with the supply-side of the AdTech stack. DSPs must integrate with SSPs for them to bid on inventory, and will interoperate with SSPs that offer the inventory that matches that of their clients. Whilst some advertisers/ media agencies may be more prescriptive to the DSP on the specific inventory they want, but otherwise the advertising buyers will set up campaigns with DSPs where they set the broad parameters such as the budget, KPIs and audience targeting strategy. The DSP will use this information to determine what inventory to bid on and the size of the bid.

288. As the DSP may be operating a number of advertiser campaigns at the same time, when it receives a request to bid from an SSP, it needs to determine whether to bid and which campaign to bid for. As multiple bid requests may be received every second, the first step for the DSP is to select the most promising bid request to respond to. The second step is to select the best advert to respond with, based on which campaign values the opportunity the most and hence will have the highest bid most likely to win the impression. Lastly, the DSP must determine the bid for that campaign based on the advertiser goals and budget constraints.[482]

479 Google AdTech RFI 2. For instance, GAM charges [✂] for auctions and [✂] for pre-negotiated deals.
480 Google AdTech RFI 1
481 Google AdTech RFI 1
482 Google AdTech RFI 1

289. In selecting a DSP, advertisers/media agencies consider the fees, range of inventory they have access to through SSP integration, the product functionality such as brand safety and targeting capabilities, the ease of use through the user interface and the ability to track and report on campaign performance.[483] The DSP business model is to charge a commission fee on the spend, and much like SSPs, will charge a higher commission fee on auctions compared to directly negotiated deals which are then implemented programmatically.[484]

290. There are performance-based DSPs which seek to offer either performance-based sales such as cost-per-click (CPC) or conversions (e.g. Google Ads) and may make use of advertiser website data to understand consumer behaviour and do retargeting advertising (e.g. RTB House).[485] These performance-based DSPs may proactively purchase inventory which is then resold to their clients rather than simply bidding in a programmatic manner based on advertiser campaign objectives and budget. Performance-based DSPs take on risk as they purchase on a CPM basis but sell on a CPC/conversion basis.

6.1.4. Ad networks and performance-based advertising

291. For less popular websites/apps that hold too little inventory to warrant the individual attention of SSPs, ad networks have emerged to pool the inventory to sell collectively to DSPs. For instance, Google's ad network products include Adsense for smaller websites and Admob for mobile apps are the largest, but both Meta (Meta Ad Network) and Microsoft (Microsoft Ad Network) have similarly used their internal AdTech capabilities and sales function to offer ad network services to smaller websites and apps. This inventory is then made available through their sales function to advertising buyers alongside their own inventory. The benefit for the search and social media companies is being able to offer a larger and more varied inventory, whereas the benefit for the small websites and apps is the ability to get their inventory discoverable and sold.

292. On the buyer side, performance-based digital advertising companies have emerged which offer clients the opportunity to only pay for actual clicks or conversions rather than simply impressions. They do this by taking risk themselves through buying on an impression basis (or CPM – cost per thousand impressions) and selling on a cost per click or conversion basis. These companies make use of rich user and SSP data along with sophisticated data analytics to build predictive models for user behaviour, informing them how to bid on impressions to build the clicks and conversions at least cost for themselves and to price those clicks and conversions at a level that enables a return on their effort. These are not classic DSPs but perform many of the same technical functions. Google Ads is the most well-known of these but others have entered this space such as RTB House.

6.2. Google dominance

293. A feature of the AdTech stack for the open web is the dominance of Google products across the entire value chain. It was not always this way as independent companies

483 Google AdTech RFI 2
484 Google AdTech RFI 2. For instance, DV360 charges [✂] for auctions and [✂] for pre-negotiated deals.
485 RTB House RFI 1

emerged to build the opportunities to monetise digital advertising in the open web, foremost amongst them DoubleClick. However, through a series of acquisitions Google has acquired and accelerated the development these disparate capabilities, integrating them into a suite of products that now covers each component of the AdTech stack.[486] These acquisitions include:[487]

293.1. Urchin Software Corp. (2005) – website traffic software which formed the basis for Google Analytics, later integrating AdWords.

293.2. DoubleClick (April 2007) – Publisher ad server and ad exchange which formed the basis of Google's ad server Google Ad Manager.

293.3. AdMob (November 2009) – Technology for serving ads on apps which formed the basis of Google's AdMob product.

293.4. Invite Media (June 2010) – Media buying optimization technology for the display advertising market which evolved into Google's main DSP product, Google DV360.

293.5. AdMeld (June 2011) – Supply Side Platform that was the leading yield manager and allowed publishers to receive real-time bids from multiple ad exchanges and demand sources, subsequently integrated into Google AdX and shut down operations with non-Google exchanges and advertiser tools.

293.6. Adometry (May 2014) – Analytics and attribution provider integrated into Google Analytics to provide improved attribution services.

294. The acquisition of DoubleClick has been seen as the key component to building dominance across the AdTech stack over time. This is because the ad server component of the market is key for holding market power across the AdTech supply chain because it ultimately controls the advertising inventory and the sell side. Control of the advertising inventory provides the leverage to build the sell and buy side of the AdTech market based on close integration that offers own properties an advantage in all parts of the supply chain. Therefore, whilst there are notionally competitors at each part of the AdTech supply chain and Google products interoperate with these competitors, control of the ad server market enables Google products to still dominate the supply chain.

295. From submissions from the media and agencies, it appears that Google's GAM is super-dominant in SA, accounting for over 90% of ad serving (incl. AdSense and AdMob) for SA websites/apps.[488] All the major SA news media are GAM ad server clients.[489] Google has claimed that they estimate the share is no larger than in the UK, but in the CMA study it was found that for publisher ad servers Google had [90-100%] of the market even if the CMA found that for SSPs and DSPs this was lower at [50-60%].[490]

486 Google submits that previous acquisitions cannot be the basis for a dominance finding (Google submission on the Provisional Report). However, this is not the inference being made, but rather that the acquisitions aided Google in offering a complete suite of Adtech products that could then be integrated and leveraged to achieve dominance.

487 https://crsreports.congress.gov/product/pdf/LSB/LSB10956. [Accessed on 22 March 2024]

488 Group M, Daily Maverick and Kagiso Media public hearings. This has been ascribed to Double Click ad server being offered for free initially resulting in it becoming entrenched but also the early focus of Google on smaller markets such as SA. Criteo RFI 2

489 Google RFI 1

490 CMA Online Platforms and Digital Advertising: Market Study Final Report (July 2020) at para 63 and Figure 2. As set out in the Appendix C, para 244, this is for specialist publisher ad servers and there is a separate estimate for all intermediaries that served ads, including ad networks, and on this estimate Google had [70-80%] share. Available at: https://assets.publishing.service.gov.uk/media/5fa557668fa8f5788db46efc/Final_report_Digital_ALT_TEXT.pdf.

Other ad server companies reporting to the Inquiry indicate little or no customers in SA.[491] This is disputed by Google, citing that the evidence is based on 3rd party comments only.[492] However, in addition to the CMA finding, the recent US Court ruling cited internal Google documents estimating a 84-90% share of the worldwide publisher ad server market, with the Court concluding there was no meaningful alternatives to DFP (GAM).[493]

296. GAM is not only an ad server but also an SSP that is integrated with AdX, Google's ad exchange that undertakes auctions for the sale of programmatic advertising. Whilst publishers can bring in 3rd party SSPs to sell inventory alongside Google's AdX, these SSPs do not have access to all the inventory.[494] It would appear that the vast majority of programmatic advertising inventory sold on Google SSPs/ad networks is through their own SSP.

296.1. For AdSense and AdMob, which are ad networks rather than SSPs, the inventory is sold through the ad network and has historically not been open to rival SSPs until recently when open bidding was introduced on AdMob allowing 3rd party SSPs to bid on inventory.

296.2. For GAM, rival SSPs may take bids on the inventory sold through open bidding, mediation and header bidding only. Apart from reserved inventory which would constitute direct sales and not be sold through programmatic advertising, Google estimates that AdX has a [50-60%] share of impressions served by GAM that are intermediated via an auction or remnant line item inventory. This is in line with the Google share of SSPs for the UK as cited above, and in the US based on market transactions[495].

297. It would seem that there are a few reasons for this bias towards AdX[496], , despite the fact that many publishers do integrate a number of third party SSPs.[497] First is that 3rd party SSPs are only introduced by the publisher for inventory subject to open bidding, mediation and header bidding, with other sales only being handled by AdX. Second, GAM charges the publisher a 5-10% fee on bids received from 3rd party SSPs, which effectively reduces their bid price by 5-10%, making it less competitive with the same bid received through AdX even if the 3rd party SSP fees are the same or slightly lower than AdX[498]. Third, GAM first takes the best bid from rival SSPs and then passes that to AdX as the floor price for its own auction. So AdX has an advantage in knowing prior to the auction the floor price it needs to beat unlike rival SSPs.

298. Some of these issues have been remedied in the EU in response to an investigation by the Autorité de la Concurrence ("FCA") but not rolled out globally.[499] As such, this conduct

491 [✂] Google claims in its submission that publishers multi-home across ad servers but this evidence strongly suggests otherwise (Google submission on Provisional Report).
492 Google submission on the Provisional Report.
493 Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA), section B Monopoly Power. The Plaintiff had also provided an estimated worldwide share of ad servers by impressions served at 91%.
494 Group M public hearing. Caxton public hearing.
495 The US Court found that AdX had 54-63% of total market transactions and was nine times the size of its nearest rival. Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA).
496 [✂]
497 Google submission on the Provisional Report
498 This feature was noted in the decision of the US Court as one feature that was not neutral with respect to GAM's treatment of 3rd parties, Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA), section B Monopoly Power.
499 Google AdTech RFI 2

remains a feature of Google's AdTech in SA despite being found in other markets to have harmed competition. Given Google's tools and dominance are the same in SA, the conduct will have the same effect on our market. Fourth, integrated SSPs are likely to have slight performance advantages, have an opportunity to be treated at any priority level unlike pre-set priority for 3rd party SSPs and GAM SSP may have easier access to publisher audience and behavioural data through its integration with the ad server component.[500]

299. Coming from the advertiser side, media agencies are seeking to optimise the supply chain insofar as minimising and simplifying the route to the inventory. This results in lower costs and complexity.[501] Media agencies have indicated that they only use a few DSPs as they do not want to duplicate and only the more digitally mature clients will specify which DSPs they wish to use. Using only a few DSPs also allows for the benefit of aggregation and the ability to negotiate lower fees. Google's own analysis of identifiable advertisers on AdX suggests that the majority of advertisers use less than a handful of DSPs.[502]

300. Media agencies and their advertisers can specify the SSPs that they would like to deal with, or just leave it to the DSP to optimise across all SSPs that they integrate with. As the majority of SSPs offer similar sets of websites/apps, media agencies are looking to optimise by using a smaller number of SSPs which offer the best inventory to grow their client's share of voice.[503] In integrating and determining where to bid, DSPs will themselves consider the SSP range of ad inventory, the quality of that inventory (incl. invalid traffic and spam levels), the data matching through cookie syncing, the fee levels and the DSPs win rate on that SSP.[504]

301. The advertisers or their media agencies are therefore selecting the DSPs in part based on their ability to deliver on quality inventory from SSPs, and their SSP relationships, and on the other side the publishers are selecting SSPs based on their ability to deliver demand from DSPs with quality advertisers. This represents a strong form of network effects for both sides mediated through the DSPs and SSPs. As a result, both publishers and advertisers are looking through the immediate contracting party in the AdTech stack to understand the full supply chain they are integrated into and the closeness of those relationships. Unsurprisingly, media agencies also indicate that the ease of interoperability between the different AdTech components is a factor which builds loyalty over time. Google's conduct ensures that publishers wanting to exploit the DSP relationships of AdX are discouraged from using ad servers other than GAM, as AdX charges an ad server fee where it is used as a standalone SSP with 3rd party ad servers. This has been remedied in the EU in response to an investigation by the FCA but not rolled out globally.[505] This conduct will have the same effects in SA given the same Google AdTech tools and its market dominance in ad servers.

302. The close integration of the different components of Google's AdTech stack products therefore provide both sides with an advantage and ability to exploit the network effects of offering advertisers access to quality inventory and publishers access to quality advertisers. Another advantage

500 [✂]
501 Group M public hearings
502 Google submission on the Provisional Report
503 Group M public hearing. Taboola RFI 1
504 Google AdTech RFI 1
505 Google AdTech RFI 2

that Google products have on the DSP side is the sale of ‘owned and operated’ (O&O) inventory (search, maps, Play Store, etc) bundled with the inventory available through its 3rd party GAM clients.

302.1. Google Ads represents a clear example of the importance of integration. Google Ads is different to DSPs insofar as it takes risk itself, buying inventory from O&O and GAM clients on a CPM basis, but then selling to advertisers on a cost-per-click (CPC) basis or other actions such as conversions. This requires Google Ads to accurately estimate the likely clicks on impressions it purchases. Google Ads is far more able to predict the CTRs for Google’s O&O and GAM client inventory due to the greater levels of integration, and initially only purchased inventory on O&O and GAM clients. This means the targeted take rate of Google Ads for those properties is [10-15%] whereas for inventory sold through 3rd party SSPs, Google Ads targeted take rate is [30-40%].506 As a result, Google Ads will sell more inventory from O&O and GAM properties as it targets a lower return, making them cheaper relative to 3rd party SSP inventory. This generates network effects insofar as Google Ads can attract quality advertisers to inventory sold through GAM ad server which incentivises publishers to select GAM as their ad server and AdX for their inventory sales to access quality advertisers for their inventory. 507 The more publishers that select GAM, the more Google Ads position to attract quality advertisers is strengthened as the range of quality inventory it can offer expands.[508] Google submits that the higher take-out rate is justified based on the investments required, the increased transaction costs and risks with building off-network, which may all be correct.[509] However, this simply confirms the integration benefits and network effects across Google Adtech products that reinforces dominance.

302.2. DV360 as a DSP has the advantage of exclusive DSP access to YouTube inventory since 2015. YouTube is growing in importance relative to linear TV as data costs decline and the penetration of smart devices (TVs and phones) increases. YouTube also has substantially more consumer data on the audience given users are logged in via Google. This has resulted in budgets shifting from linear TV to YouTube.[510] This provides DV360 a material advantage where media agencies seek to reduce the number of DSPs they contract with, as DV360 has to be one of those DSPs simply to access YouTube inventory.[511] Google’s rationale was that 3rd party integration limited innovation on YouTube, and even prior to ceasing access 3rd parties accounted for [10-15%] of YouTube inventory purchases. However, the

506 Google AdTech RFI 2.
507 [✂]
508 The US Court made similar findings, namely that by having GA only use AdX for bidding and requiring use of DFP (GAM) for realtime access to AdX, became the ‘glue’ that linked GA to DFP, resulting in network effects whereby the more advertisers that Google had, the more publishers wanted to use DFP and the more publishers that Google had, the more advertiser demand for Google DSPs. Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA), section B Monopoly Power
509 Google submission on the Provisional Report
510 Group M public hearing
511 [✂]

small share 3rd parties hold is most likely a result of Google's integration as 3rd parties hold a similarly small share of AdX and even GAM. As DSPs simply purchase inventory and provide the creative ad, it is unlikely that they can stop format innovation on YouTube. Google would seem to recognise that YouTube exclusivity strengthens its position in the AdTech stack as it offered to end the exclusivity in its discussions with the EU on remedies.[512]

302.3. DV360's preference for GAM client inventory and the close integration with GAM means it offers similar benefits to publishers insofar as contracting with GAM and AdX enables access to quality advertisers which have selected DV360 in part to access YouTube inventory. The more publishers that select GAM, the stronger the position of DV360 as it is capable of offering advertisers a larger range of quality inventory.

302.4. The same network dynamics play out for AdSense and Admob network clients, and the advertisers that select Google Ads or DV360. For AdSense and Admob clients, their selection provides them with better access to quality advertisers whereas the more small publishers/apps that join those two networks, the stronger is the position of Google Ads and DV360 given their ability to deliver a wider range of quality inventory.

303. The network effects in the AdTech stack resulting from the close integration of the Google products is evident from the high level of self-dealing that reinforces dominance across the AdTech stack.[513]

303.1. For AdSense, [90-100%] of the revenue spend is from DV360 and Google Ads.

303.2. For Admob, [90-100%] of the revenue spend is from DV360 and Google Ads.

303.3. For AdX, two different estimates place the share of DV360 and Google Ads at either [80-90%] or [90-100%].[514]

303.4. For GAM ad server, [70-80%] of unreserved revenue spend is from DV360 and Google Ads and [40-50%] of total impressions served including reserved inventory.[515]

303.5. For DV360, [70-80%] of advertising purchases excluding O&O inventory is from GAM, AdSense and Admob.

303.6. For Google Ads, it historically exclusively purchased inventory from O&O properties, GAM, AdSense and Admob.

304. Given the high level of self-dealing and the 90%+ share of Google for ad servers along with the AdX [50-60%] share of impressions on GAM subject to auction, it can be logically inferred that Google DSPs are dominant in SA.[516]. Moreover, revenue information provided by 3rd party DSPs and SSPs indicate that Google is by far the market leader in SA for DSPs[517] and SSPs[518] by revenue. Consistent with this, one DSP indicated that

512 https://www.reuters.com/technology/exclusive-google-offers-let-ad-rivals-place-youtube-ads-eu-antitrust-probe-2022-06-13/. [Accessed on 29 November 2024]
513 Google AdTech RFI 1 and RFI 2
514 Google Adtech RFI 2
515 Google submissions on the Provisional Report
516 The CMA found that with similar shares of both ad servers and ad exchanges that Google had a [50-60%] share of DSPs. CMA Online Platforms and Digital Advertising: Market Study Final Report (July 2020) at para 63 and Figure 2.
517 The includes RFI information from Adform, The Trade Desk, RTB House, Xandr, Outbrain and Taboola
518 The includes RFI information from Microsoft Xandr, Taboola and Magnite.

50% of their ad spend is through Google AdX globally.[519] Google AdTech services in SA generated [R1bn- R2bn] in 2022, whereas other AdTech service providers operating in SA that responded to information requests collectively accounted for [R200 – R300m].[520]

6.3. Impact on news publishers

305. Market features of the AdTech, including the dominance of Google, have negative competitive implications for news publishers (and all other websites and apps). These include higher fees than would otherwise exist in a competitive market, an erosion of volumes and prices for direct sale, the potential for conflicts of interest in the provision of services and informational disadvantages in competing for digital advertising sales.

6.3.1. Fees

306. The AdTech stack operates on a commission basis with each part of the supply chain taking a percentage cut of the advertising spend regardless of CPM. Google indicates that publishers on average retain c.68c of every R1 of advertising spend sold programmatically through the AdTech stack. This exercise only considers the DSP and SSP/ad network fees which Google uses to delineate as the AdTech component, namely a DV360 fee of c.15% and an AdX fee of c.20%, or in the case of mobile apps and small publishers, a 20% Admob and AdSense fee. However, the full supply chain includes the media agency fees on the advertiser side which are unavoidable given the complexity of digital media buying, and the ad server fees on the publisher side which are essential to serve the ads into the sold inventory. Accounting for these fees, namely the GAM ad server fees for large publishers of [0-5%][521] and the media agency fees to large advertisers of [5-10%][522], the news publishers receive c.60% of the advertiser's actual media spend.

307. This aligns with the IAB/PWC 2020 UK study concluded that publishers only got 51% of the advertiser spend, accounting for the full supply chain from agency fees through to ad server fees but with an unknown 15% component. This methodology was later revamped to exclude the unknown and agency fees in 2022, resulting in a higher estimated 65% take out for publishers. However, adding back their estimated agency fee of 7% results in a c.60% take out for publishers.[523] The unknown 15% in the original study has resulted in calls for greater transparency and it appears Google has responded with a global rollout of 'Confirming Gross Revenue' in 2022 which allows GAM 360 publishers to request a revenue verification report.[524] However, as part of the DMA implementation, Google provides the option of advertisement level price data to publishers in response to the requirement for greater transparency. This is

519 [✂]

520 Google generated [✂] in 2022, third parties generated [✂] in the same year. These third-party AdTech service providers are all non-South African and included Xandr, Outbrain, RTB House, Taboola, Adform and Magnite.

521 This is estimated to average [✂] based on the relative size of GAM and AdX revenues (Google AdTech RFI 1) but its financials indicate that GAM's global gross margin is [✂] which suggests an average fee of [✂]. Google submits that they are [✂] of total open display media spend which is consistent with these figures as total media spend is before DSP and SSP fees. Google submission on Provisional Report

522 Group M RFI 1

523 https://www.isba.org.uk/system/files/media/documents/2023 01/ISBA%20%20PwC%20programmatic%20supply%20chain%20study%20II%20%28summary%29-%2018%20January%202023.pdf. [Accessed on 16 March 2024]

524 https://blog.google/products/admanager/advancing-transparency-for-buyers-and-publishers/

only provided in the EU and not globally.[525] However, the SA media have expressed the same concerns over the lack of transparency in the AdTech value chain and have called for similar measures to be implemented in SA. Unless that transparency is provided, concerns will remain over hidden fees. Advertisers see benefits too from increased transparency as it helps them to understand pricing structures and auction dynamics which can result in more efficient budget allocations, fined bidding strategies and optimized campaigns along with greater accountability.[526]

308. Google has also stated that GAM fees overall only constitute 5% of news publishers ad revenue, based on a survey that looked at 100 news publishers globally.[527] Google found that on average news publishers keep over 95% of the digital advertising revenue they generate when they use GAM to show ads on their websites. Google estimated 75% of ad sales were direct on which GAM takes only a 1% fee, and programmatic sales were only 25% on which GAM takes an 18% fee. However, server fees are [0-5%] for all impressions and AdX charges a 20% fee. In addition, DSP fees are [5-10%] of the advertiser spend for programmatic and 1% for direct. Making adjustments for these the result would be c.89% for the instance where 75% of sales are direct.

309. There is a reasonable inference that the fees within the AdTech stack are competitive given the dominance of Google.

309.1. At the ad server level, Google is super-dominant and publishers are motivated to use GAM to secure better quality advertiser demand for which compromises on fees will be made. For instance, the GAM fixed fee is based on volume categories of estimated inventory levels and not actual inventory served, resulting in charges for unserved inventory.[528] The practice of charging an ad server fee when using AdX with a 3rd party ad server reinforces their dominance because it hinders switching to an alternative ad server whilst still taking advantage of the AdX relationships with Google DSPs.[529] This has been remedied in the EU as part of the FCA investigation remedies but not rolled out globally.[530]

309.2. At the SSP level, GAM's dominance allows them to charge publishers a 5-10% fee on 3rd party SSP bids which has no credible basis given that interoperability fees are not a feature of any other part of the AdTech stack or 3rd party competitors. This enables AdX to charge a higher fee as those of its competitors are artificially inflated by the GAM charges. Evidence before the Inquiry shows that a competing SSP charged commission fees that were of c.15% relative to the 20% of GAM, indicating that absence the GAM fee on 3rd party bids it would need to reduce its own fees.[531] Google submits that AdX fees are similar to 3rd parties but only if one includes preferred and guaranteed

525 https://support.google.com/admanager/answer/13651366?hl=en
526 Group M RFI 4 and Onicom RFI 4
527 https://blog.google/products/admanager/news-publishers-make-money-ad-manager/. [Date accessed on 29 November 2024]
528 Caxton public hearing
529 The additional fee charged for using AdX with 3rd party ad servers means that GAM can charge up to that premium without attracting switching.
530 Google AdTech RFI 2
531 [✂]

deals which attract a lower take-out rate.[532] Google submits that the 20% AdX fee includes the 5% GAM fee which is charged to 3rd parties, and hence the fee is not excessive nor are 3rd parties discriminated against.[533] However, there is no evidence GAM charges AdX this fee and even if this was the case then it simply means the excess charge is at the ad server not the ad exchange. Moreover, this construction did not seem to convince the Court in *USA v Google LLC* which found that AdX charged an uncompetitive 20% despite 3rd party rates closer to 10% and internal Google documents from 2017 indicated they did not see the value at 20%.[534]

309.3. For DV360 and performance-based Google Ads, exclusivity on YouTube and informational advantages enable them to charge a higher fee than would be the case if 3rd party DSPs or performance-based advertising buyers had the same advantages. Evidence before the Inquiry is more mixed on shows a competing DSP charging lower fees than DV360, albeit that a comparison is made more difficult by the mix of charges for different services. As a result, DV360 charges an average of [5-10%] which is similar to other DSPs.[535]

310. For direct sales the AdTech stack does less work as these are pre-negotiated and therefore do not require the auction functionality. However, direct sales still attract the same ad server fees as programmatic sales, at [0-5%] ad revenue, and if the creatives are delivered programmatically, which is increasingly the case, then the DSP fees add a further [0-5%] erosion to the advertising spend agreed with the news publisher. However, as the direct sales can attract CPMs of c.10 times that of programmatic advertising (discussed next), the implication is that, despite doing less work, the DSP and ad server earn a far higher Rand value for direct sales. This makes little sense in a competitive market context and hence must be the product of market power in the AdTech stack.

6.3.2. Deterioration in CPMs

311. News publishers have a mixture of direct and programmatic sales. Direct sales are pre-negotiated and news publishers are able to get considerably higher CPMs than those achieved for programmatic sales. Submissions from the news media indicate rate cards for display advertising within a R180-R250 range and achieved CPMs for direct sales of around R50-R150.[536] In contrast, the news media reported CPMs for programmatic advertising sold on open auctions in a range of R5-R15, or roughly a tenth of the direct sale CPMs.[537] CPMs for preferred, private marketplace and programmatic guaranteed sales generally lie somewhere in-between these two extremes.[538] Direct sales typically make up the bulk of revenue because of the vast difference in CPMs.[539]

532 Google submission on the Provisional Report.
533 Google submission on the Provisional Report, and submissions before the US Court.
534 Memorandum Opinion, *United States of America et al vs Google LLC*, case no: 1:23-cv-108 (LMB/JFA), section C Monopolisation, pgs 77-78
535 Google submission on the Provisional Report.
536 This range is informed by the RFI 1 submissions of Media24, Arena, Mail and Guardian, Caxton, Daily Maverick and Moneyweb.
537 Ibid
538 Private marketplaces where a limited number of bidders are invited generate higher CPMs as advertisers pay for curated and targeted environment and the assurance of reach in a desired audience. RTB House RFI 2
539 For example, for one media organisation programmatic is 50% of volumes but less than 10% of revenue. [✂]

312. Google states that programmatic sales are incremental to news publishers, providing revenues on remnant inventory that does not get sold directly. It is correct that programmatic advertising has enabled news publishers to sell remnant inventory that they had failed to sell directly, providing incremental revenues to publishers. The growth in programmatic volumes and share of total impressions sold could in many cases not be at the expense of direct sales and be net incremental revenue based on growing programmatic advertising to the benefit of news publishers. For instance, more than one media organisation has reported growing direct and programmatic sales revenues, despite programmatic sales increasing as a share of total impressions which would suggest a growth in inventory sales overall.[540] Evidence from one DSP indicating that private market deals constituted only 32% of its purchases[541], and from media agencies which indicate that direct purchases marginally exceed programmatic purchases even in the context where the majority of clients are willing to pursue quality over quantity[542], may still be consistent with growing incremental programmatic sales rather than cannibalising direct sales.

313. However, whilst this may be how programmatic started, the news media have reported a shift in use whereby advertisers, or their representatives, the media agencies, have sought to reduce the costs of advertising campaigns by tapping into the lower CPMs of programmatic advertising either to negotiate lower direct sales rates or to secure the same impressions on the news media sites that they previously bought through direct sales. Therefore, some of the decrease in the share of direct sale volumes and a rise in programmatic advertising is also a result of substitution, with the overall effect of reducing Rand revenue for the same digital inventory. Estimating precisely how much is substitution rather than incremental is difficult to measure. However, submissions from publishers shows substitution is a factor:

313.1. On negotiations, submissions from news media state that advertisers ask for average CPMs and fill rates to strengthen their bargaining position. However, average CPMs do not reflect what some advertisers are willing to pay, nor does it reflect what advertisers spend before intermediary fees and the true cost of programmatic sales. The lack of bid-level data and transparency through the value chain of Adtech is therefore seen as hampering the news media in such negotiations and resulting in lower direct sales or guaranteed programmatic rates.[543] The news media also report declining CPMs in the face of inflation and increasing costs of news production as indicative of the effect of programmatic advertising. In essence, the ability to source inventory programmatically erodes the bargaining power of the news media in negotiations over direct sales.

313.2. Media have seen large direct sales clients migrate to programmatic sales at much lower CPMs. For instance, one media organisation submitted that a few large financial institutions moved from direct deals at c.R120 CPM to programmatic at c.R15-R50 CPM.[544] Another submitted that it had been forced

540 [✂]
541 [✂]
542 Omnicom and Group M public hearings
543 [✂]
544 [✂]

to block such advertisers from programmatic to try retain them as direct clients or abandoning direct CPM sales altogether in favour of publicity value deals.[545] Media see lower publisher-side Adtech fees as enabling them to set higher CPMs for programmatic deals and move more advertisers to direct sales.[546]

313.3. Google submits that 90% of the anticipated growth in digital advertising is expected to come from programmatic advertising, arguing this shows no harm to publishers.[547] However, this data may similarly point to the trends of programmatic cannibalizing direct sales. instance, one media organisation reported that direct sales now constitute only 60% of inventory volumes[548], whereas one DSP indicated that private market deals constituted only 32% of its purchases.[549] This is consistent with submissions from the media agencies, which indicate that direct purchases marginally exceed programmatic purchases even in the context where the majority of clients are willing to pursue quality over quantity.[550]

313.4. From the media buying perspective, there is a strong shift from direct insertion order to programmatic channels but the largest growth area is private marketplace and programmatic guaranteed which are direct seller routes within programmatic rather than open auction at low CPMs. This is in part a response to the advertiser need for addressability, brand suitability, verification, frequency management and transparent supply paths.[551] This means some of the revenue effect of switching is reduced, but shows stronger substitution.

314. Google states that the news publishers have the opportunity to approach advertisers which have had inventory served through programmatic advertising to do direct deals. The rationale is that if programmatic advertising matches the advertiser's campaign objectives to the audience on the news media site then there is scope for selling guaranteed inventory. The news media acknowledge this is the case but indicate that the movement of advertisers is weighted far more strongly in the direction of programmatic advertising and away from direct sales.[552] The desire of advertisers to target through programmatic advertising is assisted by DSPs like DV360 allowing for the targeting of individual websites and apps which means the advertiser that previously purchased direct deals can deliberately target the news publisher through programmatic sales.[553]

315. The news media also indicate that the information available from DSPs and GAM on the advertiser identify is limited as there is a long tail of 'unknown' advertisers. This is usually because the advertiser name is not passed in the bid response, but smaller competing ad servers such as Adform

545 [✂]
546 [✂]
547 Google submission on the Provisional Report
548 [✂]
549 [✂]
550 Omnicom and Group M public hearings
551 Group M RFI 4
552 The findings in the *USA vs Google LLC* case of internal documents that indicated a price elasticity of 1 for programmatic sales suggests that there is less scope to move advertisers from programmatic to direct sales, which is more consistent with the news media view than Google's submissions.
553 https://support.google.com/displayvideo/answer/2650521?hl=en

map the creative with their URLs to get the recognised advertiser.[554]

316. Aside from the lack of bid level data, transparency and high fees, , the conduct of GAM in providing the best 3rd party bid to AdX as the price floor must have the effect of suppressing bids for auction sales. This is because the practice provides AdX bidders with an informational advantage over those bidders with 3rd party SSPs. This allows those bidders, which feature prominently Google's own properties DV360 and Google Ads, to face less uncertainty in their bidding strategy and hence able to bid lower than they would otherwise. This is particularly the case as AdX provides information on the winning bid to assist DSPs with their bidding strategies, with DV360 and Google Ads the primary beneficiaries of that information exchange. The informational advantage of DV360 and Google Ads relative to all 3rd party DSPs is another factor that is likely to suppress bid levels for programmatic advertising. This is because more information on the user linked to the ad impression enables more accurate bidding as there is greater knowledge of the true value of the ad impression.

317. Lastly, the media have highlighted the issue of click-bait sites that are set up purely to generate programmatic advertising revenue, and which then dump inventory on the system, lowering CPMs, and divert advertising revenue away from news sites. In the public hearings there were complaints about sites taking news content from SA media and then replicating this to contest for clicks on search. Other ways that click-bait sites seek to get traffic is by looking at top search terms and then to put in borrowed or AI-generated content on those terms to get traffic (e.g. SASSA or NSFAS). More recently there has been the generation of false news designed to generate click-bait (e.g. claimed change to the retirement age).[555] Apparently up to 30% of traffic is going to these 'made-for-advertising' sites.[556] At one level this problem may push advertisers to direct or programmatic guaranteed deals with news sites as there is certainty over the efficacy, but at the same time it draws away other advertising revenue. Google indicates it has an incentive to stop this as it undermines credibility of Adtech but clearly the problem is not being solved. Some suggest conflicting incentives for Google as its Adsense is being used by click-bait sites.

6.3.3. Potential for Conflicts of Interest and Informational advantages

318. Google Ads and DV360 purchase inventory on Google's O&O properties, including YouTube, and that of 3rd party websites and apps. This creates a potential conflict of interest because Google retains 100% of the spend on its O&O properties whereas it retains only a share of the programmatic advertising purchased on news publisher websites/apps. Google therefore has a potential incentive to direct more purchases to its O&O properties using its dominant position in DSP and performance-based ad purchases.

319. Google argues that this would be self-defeating as acting on the incentive to make sub-optimal purchasing decisions would just result in a lower return on investment for the advertisers, seeing them switch to alternative DSPs as they can readily compare returns across DSPs. In addition, Google submits that DV360/GA must spend according to the campaign instructions. These are likely to exercise some constraint on Google DSPs,

554 Adform RFI 1
555 Portal Publishing meeting June 2025 and submissions on Provisional Report. It showed that WBengalZoo.in was getting millions of views around NSFAS information.
556 NAB meeting June 2025

but are unlikely to fully constrain because Google DSPs have other advantages that may prevent switching as outlined above and not all advertisers or their media agencies set specific campaign instructions on what properties to bid on. However, the Inquiry also recognizes that there is some differentiation in Google's O&O properties from the open display web. For search, intent-based search advertising is distinct from general display advertising in terms of advertiser objectives but may be more closely aligned to intent-based advertising based on 3rd party cookies. For YouTube, it dominates the video category albeit that video ads are displayed on websites too and media agencies have indicated that YouTube will often be a category for the campaign on its own. It is also likely that Google DSP may need to contest with returns provided through the walled gardens of Meta and other social media platforms which could offer an additional constraint.

320. The other potential advantage that Google has is vast information on the open display market that it could use to its advantage in operating its O&O ad sales. Whilst Google submits that GAM's terms and conditions prevent Google from using data that is not shared with buyers, as the predominant buyer through DV360 and GA, Google has access to all the shared commercial information which includes programmatic volumes (including prompts where its DSPs do not bid and where its bids fail) and price levels in real time. This information can potentially be used to maximise its own revenues across its properties given insights into a large part of the market-wide supply and demand (excluding the other walled gardens), and the ability to directly influence inventory on its O&O properties. Media agencies have expressed reservations about the potential for Google and the walled gardens of social media to manipulate the CPMs for digital advertising.557

321. However, aside from logical inferences, the Inquiry has no direct evidence of whether Google is directing advertising to its O&O properties, or whether Google uses open display market information for fine-tuning sales on its O&O properties.

6.3.4. User data advantages

322. RTB House highlighted in the public hearings that despite the open web accounting for c.66% of all consumer time and traffic, the majority of digital advertising at c.60% is generated by the walled gardens of social media and search. IAB statistics also confirm that total ad spend is skewed to paid search and social media.[558] Google itself estimates that AdTech is used for only 9% of all digital advertising sales, indicative of the share of the open web.[559] The enormous mismatch most likely reflects the gulf in user data available to these walled gardens and the publishers on the open web. Media agencies confirm the user data advantage of the walled gardens insofar as their ability to offer far more granular targeted advertising.[560]

323. The one area where websites are able to do more targeted ad sales is with the aid of 3rd party cookies where the browsing session history is available to all publishers and DSPs, allowing for remarketing to the same consumer. This was beneficial where their previous activity was retained in the cookie, enabling re-marketing to those users based on their prior browsing history. Whilst 3rd party cookies were going to be phased out, Google confirms that this is no longer the case and the move will be to informed choice

557 Group M public hearings
558 Group M public hearing.
559 Google AdTech public hearings Google Public Hearings
560 Taboola RFI 1

on Chrome which is now being discussed with other regulators.[561] The shift in position is important as some estimate that c.40% of programmatic sales to publishers could be affected.[562] In addition, a cessation of 3rd party cookies by Google on its browser can only harm news publishers and benefit Google insofar as Google will still retain that information based on its ability to track and build user profiles internally, whereas the rest of the market will not.[563] However, it is important to see what final proposal is made and whether informed choice results in a sizeable change in 3rd party cookie activity.

324. The contrast between the data sharing practices of 3rd party cookies and the walled gardens is informative of the user data bias within the walled gardens. With 3rd party cookies, the browsing session history is available to all and enables the news publishers to engage in more lucrative programmatic advertising in the form of remarketing. This history is based on all the websites browsed by the user, and collective of websites that contributed to this user data then are able to collectively benefit. In contrast, the user data collected by Google search, YouTube and Discover based on the interaction with the same content is mostly only available to Google, not the websites and content creators that collectively provided those insights into the actual and inferred interests of the user. This disparity is purely a product of who collects the information.

325. Google has submitted that the News Consumer Insights (NCI) product, which forms part of the Google News Initiative, offers news publishers with enhanced data insights to build audiences and traffic.[564] NCI draws information from existing Googe toolkits including Google Analytics and Google Ad Manager, along with benchmarking data from 1000 news organisations to offer insights into website user behaviour. NCI will provide AI-generated recommendations for content, audience and revenue development. The Inquiry observes that GA4 (Google Analytics v4) does now provide an ability to analyse the website's own audience based on user interests and not just age, gender and location, through 154 affinity categories[565] inferred from user interactions on Google properties. It is also possible to map the affinity categories to different content on the website. Google highlights that news publishers rarely make full use of Google Analytics functionality to build audiences and this can improve their audience data, but also that news publishers should be actively building their own first party data. Media buying agencies confirm that publishers providing detailed audience insights to advertisers helps demonstrate value which can command higher CPMs. Combining this with first-party data can promote advanced targeting for advertisers to reach their desired audiences.[566] This will also be essential to remain relevant in an evolving landscape where AI tools start to offer more personalized advertising such as Microsoft Invest.[567].

561 Google submission on the Provisional Report
562 Group M public hearing.
563 [✂]
564 https://newsinitiative.withgoogle.com/en-gb/resources/analytics-tools/news-consumer-insights/
565 These fall into the broader affinity categories of banking and finance, beauty and wellness, food and dining, home and garden, lifestyle and hobbies, media and entertainment, news and politics, shoppers, sports and fitness, technology, travel and vehicles and transportation. See https://support.google.com/analytics/answer/12948931?hl=en&co=GENIE.Platform%3DAndroid#:~:text=%2C%20%27Female%27).-,Note:%20Google%20Analytics%20uses%20the%20%22unknown%22%20dimension%20value%20to,affinity%20segments%20in%20Google%20Ads.
566 Omnicom RFI 4, Group M RFI 4
567 https://about.ads.microsoft.com/en/blog/post/may-2025/empowering-businesses-for-a-future-that-is-conversational--personal-and-agentic

6.4. Vernacular advertising

326. In the public hearings, vernacular publications highlighted that the Google AdTech stack prevented the serving of ads in SA vernacular languages. Google states that this is a product of its advertising vetting system where it determines if the advert meets certain rules and requirements, such as misleading advertising or advertising restricted products, but also vetting the websites to ensure there is no harmful content that may impact negatively on the advertiser brand. As a result, vernacular news media may not receive programmatic advertising from Google products and would only have advertising served in English, which is likely to reduce the ability to compete for advertising and the advertising revenue it is able to generate given Google's dominance in the AdTech stack, undermining vernacular news media in general. Google submits that subsequent to the finding in the provisional report it has added more SA vernacular languages (isiZulu and Afrikaans) and whilst it is incentivized to add more SA vernacular languages, there are many languages globally that have more speakers and it prioritises based on size of vernacular population as it is costly to undertake.

327. Google submits that the harm is not substantial as most ads in SA are in English.[568] This is simply not correct as one only has to consider the substantial advertising across different media in vernacular languages outside of the online environment. Whilst English may predominate more online, this is more likely a feature of the Google restrictions than the demand for vernacular advertising. Moreover, DV360 will not even serve even English ads on vernacular websites whose language is not supported, this excludes vernacular media from a large part of the programmatic advertising ecosystem.[569] This exclusion may discourage others in the news media from offering more content in vernacular languages if they are unable to monetise that content effectively.[570] Submissions also indicate better advertising engagement where it is in vernacular, permitting higher rate cards, which represents another lost revenue opportunity for the news media.

328. However, this does not mean that vernacular media do not have access to programmatic advertising. The gap left by Google has helped produce at least one SA AdTech startup seeking to serve vernacular ads and forced vernacular media to use ad servers other than GAM and advertisers to use DSPs other than DV360.[571] This is positive insofar as it still enables vernacular media to sell programmatic advertising and creates an opening for new Adtech competitors. There is also more scope for direct sales from vernacular media where programmatic sales are more limited, another positive given the higher rates for direct sales. However, there is still likely to be some disadvantage from exclusion to Google's Adtech suite.

568 Google submission on Provisional Report
569 Maroela Media RFI4 and Independent meeting June 2025. Independent has Isolezwe, isiXhosa and Daily Voice as vernacular publications but programmatic ads are less likely to be served on those websites relative to English publications.
570 [✂]
571 [✂]

6.5. Findings and remedies

6.5.1. Findings

329. The findings on the AdTech Stack are as follows:

329.1. Google has established a super-dominant position in the entire AdTech stack value chain in SA. This has been achieved through entrenchment strategies, many of which are ongoing, with the foundation being control over the supply-side inventory through GAM, and business models that have historically seen its DSPs and ad networks only buy from its own businesses. The dominant position across the stack now benefits from strong network effects, where websites choose Google supply-side to access quality advertisers and advertisers choose Google demand-side to access quality inventory. This network effect make it difficult for competitors to dislodge Google products even with better performance and/or pricing, because it is access to quality advertisers and inventory that are of greater importance.

329.2. The entrenchment strategies currently in place that adversely affect competition include a) GAM additional ad server fees to publishers on bids from 3rd party SSPs, b) GAM providing AdX with the winning 3rd party SSP bid as a floor price, c) AdX additional ad server fees to publishers using 3rd party ad servers, d) information sharing and close integration across Google products and e) YouTube exclusivity for DV360. The result is not just exclusion of rivals, but also that fees are higher than in a competitive market.

329.3. There is insufficient transparency on advertising pricing and deductions for SA publishers relative to the EU, and information on programmatic advertisers, which also harms their negotiations with advertisers to move them to direct deals or better programmatic guaranteed deals.

329.4. The news media are placed at a user data disadvantage by Google sharing data across its products but not with the websites themselves. However, Google Analytics now offers publishers more data on audience affinity categories that can improve audience insights and marketing by the media if trained to make use of these additional inferred interest categories.

329.5. Vernacular news media are placed at a potential disadvantage by being excluded from Google Adtech such as DV360 as their websites are not supported, but this does not exclude them from programmatic advertising as it has also spurned new competitors and the use of Google alternatives in the Adtech stack which is positive for competition.

330. The conduct identified has an adverse effect on competition through:

330.1. The suppression of competition from alternative ad servers, SSPs and DSPs throughout the AdTech value chain which reduces the news media share of programmatic advertising spend. Evidence of the effect includes the absolute dominance and continued entrenchment of Google throughout the AdTech value chain as a result of the practices despite higher fees than competitors in certain cases.

330.2. Lack of transparency on deductions through the value chain and programmatic advertisers which weakens news media bargaining with advertisers for higher CPMs and limits advertiser shifts to direct deals.

330.3. Differences in user data places news publishers at a disadvantage in programmatic sales.

331. As a result, the conduct has an adverse impact on the quality and consumer choice of SA news media by negatively impacting their revenues through higher fees and disadvantages in securing more advertising, which undermines citizen's Constitutional rights and hence the adverse effect is considered substantial.

6.5.2. Remedies

332. The provisional report set out a provisional set of remedies for discussion which have been the focus of submissions and further engagements by the Inquiry with the Adtech industry, the media and other stakeholders. The Inquiry has sought to reach agreement with Google as to the way forward where it can, but on the basis that the remedies do address the harm identified which is required by section 43D of the Act. The central issue that requires remedial action is Google's market power across the Adtech stack and conduct designed to entrench and exploit its dominance. Google AdTech has been the subject of antitrust remedies by the French Authority, it has obligations under the DMA, is awaiting remedies from the US courts after an adverse finding against it for monopolization and still subject to an investigation in the EU where preliminary remedy discussions have taken place.

333. The Inquiry is of the view that remedies in the Adtech stack that are implemented piece-meal in SA are unlikely to be effective. Structural remedies are unlikely to attract buyers and competition given the small market size, and similarly certain behavioural remedies such as an end to YouTube exclusivity will not be effective as competitors are unlikely to invest in exploiting these new opportunities for the SA market alone. In the context where remedies have been imposed already but not rolled out globally for the FCA and DMA, and where remedies are pending in the US and the EU, the Inquiry is of the view that extending these remedies to SA offers the most practical outcome.[572] In the US, the Court has ruled that Google did engage in monopolization through tying and bundling of its various components to the Adtech stack, as similarly found by this Inquiry. The US Court did not rule on the demand-side but this remains part of the EU investigation where Google has previously offered to end YouTube exclusivity. Implementing the EU behavioural remedies is likely to be sufficient as they are covering the entire value and will likely take into account aspects of the US behavioural remedies. Implementing any structural remedies from either the US or EU will be important.

334. The remedies imposed by the Inquiry are as follows:

334.1. Google will implement in South Africa commitments 5A and 5B offered by Google and made binding by the Autorité de la Concurrence ("FCA") Decision 21-D-11 dated 7 June 2021, expanding their scope to South African news publishers.

334.2. Any structural remedy implemented by Google emerging from the EU Ad Tech Investigation and the US Ad Tech Case, Google will extend this

572 There is also support for these remedies, including those proposed by the DOJ in the UC case, amongst media buyers and 3rd party Adtech competitors. [✂].

to South Africa. Google will extend any behavioural remedies emerging from the EU Ad Tech investigation in SA.

334.3. Google will offer to SA News Publishers using GAM, AdSense and/or AdMob, the price transparency solutions with the sell-side metrics and aggregated Google buy-side metrics made available to EEA publishers under Article 5(10) of the DMA.

334.4. Google will implement reporting of Declared Advertiser Domains (i.e. advertiser domain as declared by the advertiser/buyer on bid responses for programmatic traffic) in GAM Reporting and Data Transfer Files.

7. The News Media and Government/Business

7.1 News media as a Public Good

335. It has been common cause in the Inquiry that the news media is a public good that provides positive social externalities in enabling citizens to realise numerous human rights enshrined in the Constitution. Indeed, the Constitutional Court itself has recognised the role of the media in a democratic society. The news media keeps the citizens informed which empowers them to exercise informed choices and holds those in power to account. The news media in SA has played a significant role in the past ten years in uncovering state capture and corruption, as well as private sector corruption and fraud, to the benefit of all citizens. As many in the news media pointed out in the public hearings, the media has provided substantial benefits to business in SA as its watchdog role sustains a democratic environment that is more conducive to economic growth whilst exposing corruption that harms business.[573]

336. These represent what economists call positive externalities to the role of the news media, namely benefits that accrue to others and not directly to the media. The economic problem with externalities, is that because the benefits accrue to others there will be the production of news below what is socially optimal. The only way to remedy this is to enable the news media to recoup some of that value it provides to others, much like what has been discussed in the relationship with the search, social media and AI platforms.

337. Historically, the news media benefited from a technological restriction on advertising inventory and also a government restriction in the form of broadcaster licenses that limited the number of players. This natural and legislated protection ensured the media had sufficient means to recoup the value provided to others and thrive in SA. However, since the rise of the digital economy, advertising inventory has exploded and digital platforms have extracted much of the value from the news media. This resulted in the news media seeing a substantial decline in revenue and undermining of its ability to deliver on the social externalities. In fact, the news media

573 SANEF and Daily Maverick public hearing

expressed concerns in the public hearings that part of this decline has been the result of SA business chasing lower CPMs rather than supporting direct spend with the news media despite SA business benefiting materially from the role of the media.[574]

338. Whilst ensuring a fair share of value with digital platforms will improve the media's financial position, it only addresses a fair share from what the platforms have privately benefited and does not address the broader positive externalities for citizens and business. Government and business have provided some support to the news media:

338.1. Government does support the public broadcaster through the TV license fees and outside of the SABC, government assistance has primarily focused on support for community media. Government helped fund the Media Development and Diversity Agency (MDDA) along with the major print and broadcast media to develop community and small commercial media in 2003.[575] The MDDA has placed more emphasis on radio and less on print media. However, as the print and broadcast media are now under financial pressure, they are less able to support the MDDA, placing greater pressure on funding from Government. Government also committed to spending 30% of its media budget on community media[576], which was based on the level of commitment needed to build a sustainable community media sector.[577] However, the commitment is non-binding and there are difficulties in ensuring all levels of Government support the initiative. One of the issues is that there is no audience measurement for community media which the MDDA is seeking to address as this limits their ability to get advertising revenues.[578] As a result, to date it has not been implemented in full and very little of that commitment reaches community print media.[579]

338.2. Corporate and NGO donations have been a feature of the SA media landscape for some time, assisting in the financial support of investigative and public interest journalism. These donations have proved essential at a time when the media has faced declining advertising and cover price revenues. The concern with corporate and NGO funding is the potential to influence the editorial independence of the media. Whilst SA editors are quick to assert that independence, the funding is still often earmarked for particular areas of investigation (e.g. government corruption and not business fraud) or topics (e.g. TB and not other prevalent diseases) which still shape the editorial priorities. Corporate funding is typically targeted at an individual news organisation although some industry funds exist.

339. However, given the distress in the news media, it is apparent that the extent of support has fallen short of what is required in the current digital environment and will continue to be so absent changes to the support provided. Even though the Inquiry

574 Daily Maverick public hearing
575 https://mdda.org.za/
576 https://www.gov.za/news/media-statements/minister-nomvula-mokonyane-community-media-outlets-advertising-21-sep-2018
577 MDDA meeting June 2025
578 MDDA meeting June 2025. MDDA RFI 4 submission states that it is pursuing an option for measurement by ABC as the quote from BRC was not affordable.
579 NCRF public hearing

is provisionally recommending remedies to rebalance the share of value with the digital platforms, this will also not restore the levels of advertising revenue lost by news media in the past fourteen years. This is because there are other market factors at play that serve to permanently reduce news media advertising revenue such as the growth in online content that competes for consumer attention and expands the supply of digital advertising inventory, suppressing online CPMs. As such, even where news media has innovated and changed the business model to adapt to the new online environment, they still face financial losses (e.g. News24[580]) or need to cut costs and staff to prevent losses (e.g. Daily Maverick[581]).

340. It is unlikely that government will have the financial resources to support the broader industry given current fiscal constraints and the need to still find a funding model for the SABC. But also, much like the SABC, there is a need to find more sustainable solutions other than constant transfers to the news media. The model also has to work for the entire industry and not be selective. The industry domestically and internationally has proposed news media industry funds to collate support from corporates, government and philanthropy to fund public interest media. The challenge is that this may disrupt current direct philanthropic donations and the larger recipients don't support an industry fund. The benefit is of course a greater scale and pooling of resources, enabling the building of an endowment to make funding sustainable.[582] Subsequent to the release of the provisional report, SANEF has moved to establish a Journalism Fund SA (JFSA), supported by IFPIM, which can be a vehicle to receive and distribute philanthropic donations from international and national organisations and donors along with businesses.[583]

341. The media itself has made various proposals for interventions by both Government and Business which they see as beneficiaries to the public interest role of the media.[584] Some of these proposals draw on thinking by the news media globally which is starting to get traction in some jurisdictions, such as the recently passed journalism labour tax credits in Canada[585] and New York State.[586] The specific proposals include:

341.1. On taxation:

341.1.1. Making donations, subscription and membership contributions to journalism tax-deductible regardless of the organisational status.

341.1.2. Offering depreciation allowances to investors who invest in news media organisations to encourage financial backing for journalism.

341.1.3. Zero-rating VAT for reader revenue, such as subscriptions and memberships.

341.1.4. Advertising rebates for businesses that buy direct advertising with the news media.

341.1.4.1. A journalism employee tax credit.

341.2. On the commitments to mainstream and community media:

341.2.1. Government implements the

580 Media24 public hearing presentation
581 https://www.dailymaverick.co.za/article/2024-09-19-announcement-about-daily-mavericks-cost-reduction-and-reorganisation/
582 IFPIM in-camera hearing
583 SANEF Concept Note Journalism Fund SA available at https://www.compcom.co.za/wp-content/uploads/2025/07/SANEF-Concept-Note-on-Journalism-Fund-SA-2025.pdf
584 Daily Maverick public hearing
585 https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit.html
586 https://www.cjr.org/the_media_today/new_york_local_journalism_funding.php

commitment of 30% advertising spend on community media.

341.2.2. SA businesses commit to support the SA news media through direct advertising sales for the placement of ads on the news media digital inventory rather than programmatic advertising.

341.3. Other

341.3.1. Compensation for whistle-blowing by investigative journalism.[587]

342. Media engagements with the GCIS have seen many of the tax proposals being incorporated into the draft Print and Digital Media Transformation and Revitalisation Plan which the GCIS aims to have finalised this year.[588]

343. However, there is scope for government to improve the bargaining position of the news media relative to the search, social media and AI companies by offering an exemption for collective bargaining beyond the outcomes of this Inquiry. This is because the digital sector is undergoing constant innovation and adjustment of both consumer products and monetisation tools for content creators and the news media specifically. Such an exemption can enable the media to collectively bargain over the terms and conditions of their participation in monetisation options, or to jointly sell content to AI companies that may be unwilling to contract with individual news media due to the transaction costs. It could also enable the media to collectively negotiate discounts on Google Adtech publisher tools to reduce the costs of programmatic advertising and AI tools from AI companies to reduce operating costs.

344. In addition to the news media itself, there is also a need for support for industry bodies such as the Press Council and Broadcasting Complaints Commission of South Africa (BCCSA) that self-regulate the news media and which have historically been funded by the news media itself. As the news media come under financial pressure, there is a risk that these important institutions become under-funded, threatening their important oversight role. Of course, if the media itself receives adequate support then they may continue to provide sufficient funding for these institutions. Engagements with the media following the release of the provisional report indicate that the media will be in a position to fund the institutions if the remedial actions result in additional financial support from platforms. We also understand that the MDPMI process and establishment of the DNTF by Google has galvanized many independent media to get their membership in order.

345. For community media, there appears to be an opportunity to collectively sell advertising inventory directly to offer a national audience across community print, radio and television. In fact, consolidation of community media is often done on the basis of synergies in advertising sales and reaching a broader audience. There has been consideration given to putting together such an offer but it requires greater levels of coordination within the distinct community media types.[589] Additional challenges raised by advertisers include the ability to have a verified audience measurement for community media and to verify that the advert was flighted on each of the community media across the collective.[590]

587 The Inquiry understands that does not have precedent globally and can theoretically compromise editorial independence if legislated rather than discretionary.

588 GCIS engagement June 2025

589 AIP in-camera hearing

590 NCRF meeting June 2025

7.2. Findings and recommendations

7.2.1. Findings

346. The findings for the news media's relationship with government and business are as follows:

346.1. The news media has public good qualities which means it provides positive externalities to SA citizens and business which it is unable to recoup, resulting in less news coverage than what is socially optimal. Given the importance of that public good for human rights and sound democratic governance, it is socially desirable to support the news media to recoup those positive externalities.

346.2. The media has proposed certain tax and spend commitments from government and business to address the public good benefits derived by citizens and business. The media organisations are already engaging government directly on these proposals which have found their way into GCIS plans for revitalisation of the media that should be finalised this year. The media organisations are also starting to engage business around the JFSA which can lead to broader conversations around support for the media in South Africa. However, government can still assist the media by improving their bargaining position with the search, social media and AI companies through permitting collective bargaining on monetisation, Adtech and AI tools and joint selling of content.

346.3. There is now traction from SANEF on a collective media industry fund, the JFSA, in line with the recommendations from the provisional report. The Inquiry finds that this is a positive development whose governance is being built on global best practice through support from IFPIM.. The Inquiry finds that the SANEF JFSA initiative as currently structured would not contravene the Competition Act as it does not seek to regulate the terms of competition between media organisations but rather act as a vehicle for philanthropic donations to sustainably fund the media.

346.4. There are opportunities for collective advertising sales across community media which may improve direct advertising sales and sustainability if issues such as audience measurement are resolved. The Inquiry finds that efforts to find a collective solution to audience measurement would not contravene the Act but initiatives around collective advertising sales by community media has the potential to contravene the Act depending on how it is structured. However, this is a pro-competitive initiative that would support the participation of SMEs and HDPs in the sector, serve the public interest and promote the Constitutional rights of citizens.

7.2.2. Recommendations

347. The spotlight on the sustainability of the media resulting from the launch of the MDPMI and the release of the provisional report has galvanized media organisations, NGOs and government to act on many of the broader support measures required for a sustainable media sector. Even recommendations in the provisional report, such as an industry

fund, are now already underway. This only leaves the need to address the collective bargaining of news media with the digital platforms and the ability of community media to collectively sell advertising which requires an exemption from the Act. To ensure a more equitable bargaining between the media and search engines in the longer-term, the Inquiry considers it appropriate to enable the media to engage in collective negotiations with search, social media and AI companies on issues of monetisation tools as well as joint-selling of content. This would position the media to better ensure a fair outcome in the context of a dynamic industry where products and tools will inevitably change in future. For community media, the ability to sell collectively enables them to more easily tap into regional and national advertisers by offering a collective footprint beyond their local areas.

348. The Inquiry recommendations are as follows:

348.1. The Minister of Trade, Industry and Competition issues a Ministerial block exemption to permit collective bargaining and joint-selling by the news media with search, social media and AI companies and for community media to establish mechanisms to collectively sell advertising across different local publications to offer a regional or national audience to advertisers, including at an agreed rate card, within three months. In addition, an exemption permitting the collective negotiation of pricing and terms for Adtech and AI tools from global digital platforms to reduce operating costs.

[Notes]

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