

MDPMI FINDINGS

Intro

First, Paula and I would like to thank the technical team for their hard work and expertise during the Inquiry. I ask them to come and be introduced.

- Technical leads: Noluthando Jokazi, Donovan Linley and Phathutshedzo Manenzhe
- Team: Lumkisa Jordan, Kuhle Majola, Sivuyise Mtiki, Aphiwe Nanto, Chandre Prince, Keitiretse Moota, Noorjehan Khaki, Ororiseng Maseng and Phakamani Tunyiswa
- Administrator: Mbali Masango
- Research assistants: Ezile Njisane and Ntwanano Chauke

Search engines

Search is monopolised by Google and news content is of value to Google as news queries represents [5-10%] of all user queries on Google, building user engagement that is then monetised on commercial search queries (e.g. shopping). Google scrapes news content from media websites to reply to queries but does not compensate them for this content. The media have relied on referral traffic from users clicking on links to sell advertising on their own website, but this traffic is declining as users are given AI summaries or referred to YouTube for video content, so-called zero-click behaviour. Google's algorithm has a bias in favour of foreign media and does not surface links frequently for community or vernacular media, but we find no evidence of bias in favour of YouTube. Microsoft has a similar foreign media bias as it contracts few SA media on MSN. Google gets value from gathering user data and holds a data advantage over the media but does not share more extensive user interest data through its Google Analytics tools.

Social Media

Social media is dominated by Meta (Facebook, Instagram and WhatsApp), YouTube, X and TikTok which put user-posted content into user feeds to drive engagement and advertising. The SA public use social media to get news content, particularly from community and vernacular media, which helps drive engagement on social media platforms. Social media does offer the news media monetisation options on their platform, such as sharing of in-stream video ad revenue, and the option of referral traffic to monetise on the news website. However, across all social media platforms we find that few media organisations are accredited for on-platform monetisation and not all monetisation options are available in SA. In addition, Meta and X have deprioritised posts with links and news content on their platforms, harming referral traffic to news sites. X is trialling a solution for article link display that should fix the deprioritisation of posts with links. The public broadcaster predominately uses YouTube to distribute content but gets limited revenue-share compensation. Social media platforms have improved the data they now provide users, with greater insights on their follower interests. Social media is a root cause of growing misinformation as they promote engagement, favouring sensualist content over credible news sources. This has social costs, including costs on the media to mitigate misinformation.

AI Chatbots

AI companies have scraped websites to train their AI models, including news sites, and now scrape content to provide answers to news queries. However, news currently makes up a small share of total training data and news queries are a negligible share of overall AI chatbot use cases, which differ to AI-powered search. AI companies now offer websites with the ability to opt-out of their web scraping, which is seen as important for developing a market for content as AI companies will need to pay for access to content they value but cannot scrape for free. This has resulted in a number of content licensing deals globally with news media but not yet in SA. The MDPMI found that opt-outs increased during the inquiry for large media as awareness grew but remains out of reach for small and community media that lack technical support. The small size of media in SA makes them individually unattractive for content deals but collectively they may offer more value. The AI tools themselves can be used by the media to improve efficiencies and offer innovative news packages to consumers.

Advertising technology (Adtech)

Google dominates the Adtech stack of tools by monopolising the ad servers used by publishers to manage and sell their digital ad inventory. The Google ad server is bundled with Google's ad exchange that takes bids for advertising and is favoured over 3rd parties through lower fees and information of 3rd party bids. Google's adtech tools for advertisers to buy inventory favours the use of publishers that use Google's ad servers and has exclusivity over YouTube and search. The result is that advertisers that want quality inventory must use Google tools and publishers that want quality advertisers must use Google tools. The conduct means that news publishers pay high commissions on all programmatic advertising. Since the MDPMI provisional report was released, a US Court has made similar findings and the EU is completing its own investigation on Adtech. Google has increased the SA vernacular media it accommodates on its platform, but other tools are available to vernacular media not covered.

Government and business

The Inquiry process has stimulated considerable action by the media to canvass support in government and business. The media has promoted a range of tax breaks through the GCIS project on the revitalisation and transformation of the media, and the SA National Editors Forum is establishing a Journalism Fund SA (JFSA) to raise philanthropic donations from business to then provide grants to media organisations on application. The Inquiry found that if the media could act collectively on certain issues then it would improve the monetisation options available to them in future, such as collective sales of community media to regional or national advertisers, or collective bargaining by the media with digital platforms on monetisation terms, content for AI and the pricing of tech tools.