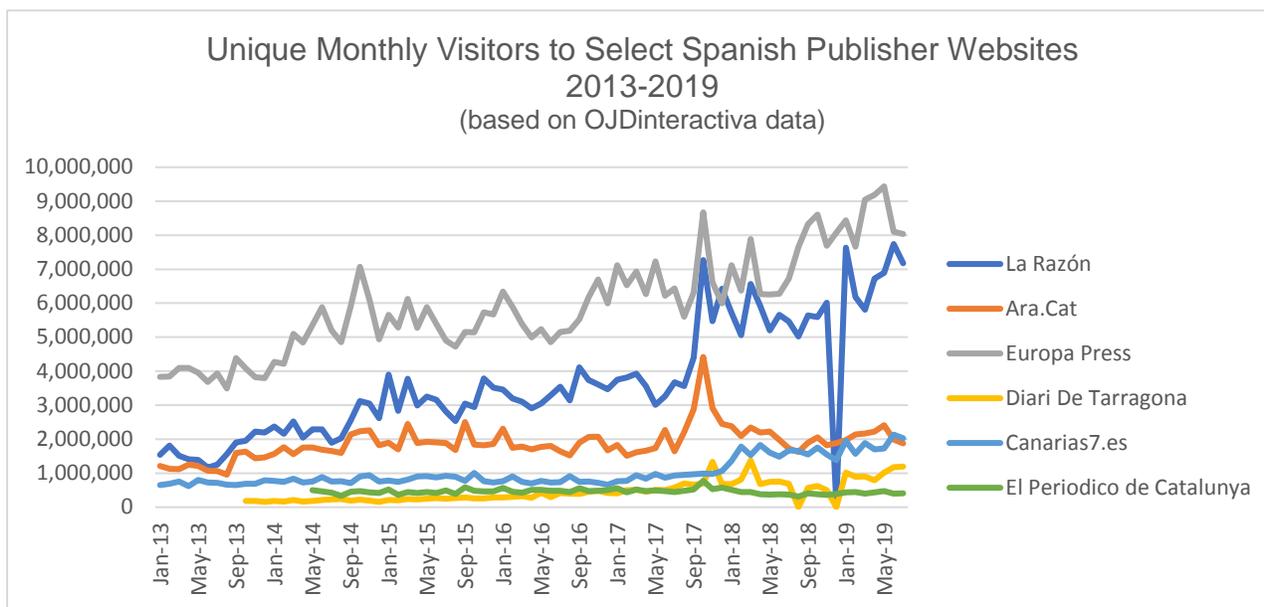


In 2014, the Spanish Government amended the country’s intellectual property code to create a right for news publishers to receive payment for the use of their content by online platforms, including news aggregators. The promulgation of the law followed a similar law previously adopted in Germany in 2013. Unlike the German law, however, the Spanish law requires online platforms that use news content to negotiate and pay for licenses, while making it impossible for Spanish publishers to waive such payments.

While German publishers lacked leverage over the dominant online platforms and were often effectively forced to provide their content for free, the unwaivability of the Spanish right made pressuring news publishers more difficult. As the result, Google News closed its service in Spain in December 2014. While some critics have argued that the effects of the Google News closure on Spanish news publishers were disastrous – with some publishers witnessing 14 percent drops in trafficⁱ – data and anecdotal evidence from the past five years does not support this conclusion.

The often-cited report by NERA Consultingⁱⁱ was published in mid-2015 and was based on comScore data from the first few months of 2015 following the Google News shutdown in December 2014. While industry observers acknowledge that Spanish publishers witnessed a drop in traffic following the Google News shutdown, they report that these drops amounted to only 1 to 1.5 percent of the total traffic, in contradiction to the figures in the NERA study.ⁱⁱⁱ These differences may potentially be explained by factors such as the timeframe as well as the selection of publishers examined in the NERA study.

An analysis of the number of unique monthly visitors to select Spanish news websites between 2014 and 2019 supports the argument that the loss in traffic was low and temporary, showing only a small decrease in traffic in December 2014, followed by overall increase in online traffic until 2019.^{iv} The dip is not noticeably different from other dips during the five-year period, raising questions over how much of the decrease in traffic in December 2014 was due to Google News closure instead of seasonal or other external factors.



Data from one of the biggest newspapers in Spain, *El País*, supports these findings. In October 2014, before the Google News shutdown, *El País* had 8.5 million unique monthly visitors,^v whereas in December 2015, that number had increased to 16.6 million – a 34 percent increase year-over-year.^{vi} By September 2017, *El País* had increased its audience to 18.3 million unique monthly visitors, while *El Mundo*, another top Spanish publisher, recorded 19.1 million unique visitors.^{vii} Similarly, Prisa – the publisher of *El País* – has reported continued increases in digital advertising revenues, ranging between four and 26 percent year-over-year, in the past five years,^{viii} and 2015 – the first year without Google News – was reportedly a good year for Spanish news publishers with many improving profits or reducing losses.^{ix}

According to some in the Spanish news industry, any potential drops in the referral traffic were also more than compensated by an increase in more valuable organic traffic. This traffic is more valuable to news publishers both monetarily and qualitatively, as news aggregators can minimize differences in publisher brands, and therefore devalue such brands as well as affect the recognition of individual journalists – leading to commoditization of news content.^x Organic traffic, meanwhile, allows publishers to gather more direct data on their readers without a digital intermediary that can then be used to further deepen publisher/reader relationships, in addition to potentially driving higher revenues due to higher ad yields as readers visit more profitable pages.

There are few academic studies on the effect of the Google News shutdown in Spain on publishers in the country. Although Athey, Mobius, and Pal argue that news aggregators can complement rather than substitute news publishers' traffic under certain circumstances, their 2017 study also shows that Google News is a substitute to publisher landing pages, with Google News users in Spain accessing 8.5 percent fewer landing pages than users who did not use Google News – traffic that is generally assumed to be more valuable than click-throughs to individual articles and which accounts for a “large share of advertising revenue” to news publishers.^{xi} While Google News users consume more news content in general, they do so less directly from the publishers,^{xii} leading to potential brand erosion, lower revenues, and data loss as discussed above. Athey et al. also show that the Google News closure did not have a noticeable effect on the overall traffic to large news publishers, while it did reduce publishers' role in curating content to their readers, further threatening the publishers' editorial role and their relationships with their readers. While the data suggests that smaller publishers' traffic may have suffered as a consequence of the closure,^{xiii} they may benefit over time from more valuable direct traffic or in other ways. Furthermore, Athey et al. also indicate that it is unclear whether this decrease affected mainly organizations not producing original journalism but rather copying content from larger publishers, thereby further jeopardizing investments into original journalism.^{xiv} Meanwhile, professional news publishers largely benefited and supported the Spanish publishers' right.^{xv} In addition, the collecting society for the Spanish news publishers, CEDRO, has also reportedly negotiated licenses with news aggregators other than Google News, including Squid in 2019^{xvi} and Upday, a European news aggregator with over 13 million users in Europe,^{xvii} in 2017.

It is also important to note that Spain is not the only country in Europe without Google News. For example, Google News has never been available in Denmark, in addition to which Google News has not been introduced in Finland. Regardless of this, the Danish and Finnish news publishing sectors are comparatively healthy.^{xviii} While many Danish newspapers are struggling with similar challenges as their counterparts in other countries – decreasing subscription and advertising revenues, combined with the challenge of attracting revenue online – multi-day properties in Denmark have not suffered as much as similar outlets in other Nordic countries that represent the most relevant point of comparison. Although Denmark has fewer newspapers than its Nordic neighbors in general, the majority of these papers are published 6-7 days a week, unlike in Finland, Norway, and Sweden.^{xix} Furthermore, Denmark witnessed no change in the number of dailies between 2006 and 2016, in contrast with the other Nordic countries

(with the exception of Iceland). Meanwhile, the overall news industry revenue trends in both Denmark and Finland largely resemble those in other Nordic countries where Google News operates.

The conclusion that Google News has not had a detrimental effect on news publishers because of the closure of Google News in Spain, is also supported by other findings. First, research suggests that consumers do not see Google News as a major driver for their news consumption habit, with only less than seven percent of readers in Europe self-reporting Google News as a driver for consuming news content, according to recent Reuters Institute data.^{xx} This is supported by data from Parse.ly that shows that Google News only accounts for approximately four percent of Parse.ly's total external network traffic in Europe, rendering its non-existence in a given market largely meaningless.^{xxi}

These findings support the conclusion that digital traffic exists and continues even without Google News. Overall, the data does not support the argument that the closure of Google News in Spain – and the underlying Spanish publishers' right – would have been detrimental to the Spanish news publishing industry as a whole. Online traffic trends for Spanish news sites have remained largely unchanged with the total number of unique monthly visitors increasing with many publishers. And while referral traffic may have decreased, it has been replaced by direct traffic, particularly to publisher landing pages, which is more valuable to news publishers. At the same time, the Spanish publishers have reached licenses with other aggregators, and publishers in countries without Google News are doing arguably as well as those in similar countries with Google News.

ⁱ NERA Economic Consulting, Impacto del Nuevo Artículo 32.2 de la Ley de Propiedad Intelectual, <https://www.aeepp.com/pdf/InformeNera.pdf>.

ⁱⁱ See, e.g., Anna Solana, *The Google News Effect: Spain Reveals the Winners and Losers from a 'Link Tax'*, ZDNet, Aug. 14, 2015, <https://www.zdnet.com/article/the-google-news-effect-spain-reveals-the-winners-and-losers-from-a-link-tax/>.

ⁱⁱⁱ Interviews with industry representatives. August 2019.

^{iv} OJDinteractiva, <https://www.ojdinteractiva.es/>

^v El País, *EL PAÍS, líder de audiencia en España*, Nov. 19, 2014, https://elpais.com/elpais/2014/11/19/actualidad/1416419277_702766.html

^{vi} El País, *EL PAÍS cierra 2015 como líder digital en España y en castellano*, Jan. 30, 2016, https://elpais.com/politica/2016/01/30/actualidad/1454185717_321005.html

^{vii} El Mundo, *EL MUNDO bate su récord histórico en internet mientras todos sus rivales caen*, Oct. 20, 2017, <https://www.elmundo.es/television/2017/10/20/59e8f63fe2704ef45e8b456e.html>

^{viii} Prisa Financial Statements, 2014-2019.

^{ix} See, e.g., Prensa PR, *'El Periódico' gana 5,3 millones y multiplica por diez los beneficios de 'La Vanguardia'*, Jan. 3, 2017, <https://prnoticias.com/prensa/prensa-pr/20159325-el-periodico-gana-5-3-millones-en-2015>.

^x Smitha Khorana and Nausicaa Renner, *Social Media Is on the Rise, But Not Like You'd Expect*, Jun. 21, 2016, https://www.cjr.org/tow_center/reuters_report.php; Susan Athey, Markus Mobius and Jenő Pal, *The Impact of Aggregators on Internet News Consumption*, <https://www.gsb.stanford.edu/gsb-cmis/gsb-cmis-download-auth/406636>.

^{xi} Susan Athey, Markus Mobius and Jenő Pal, *The Impact of Aggregators on Internet News Consumption* (2017), <https://www.gsb.stanford.edu/gsb-cmis/gsb-cmis-download-auth/406636>.

^{xii} *Id.*

^{xiii} *Id.*

^{xiv} *Id.*

^{xv} Discussions with industry representatives. August 2019.

^{xvi} CEDRO, *SQUID abona derechos por la agregación de noticias*, Oct. 7, 2019, <https://www.cedro.org/actualidad/noticias/noticia/2019/10/07/squid-abona-derechos-por-la-agregaci%C3%B3n-de-noticias>.

^{xvii} Lucinda Southern, *Axel Springer Now Has 13 Million Users for Its Upday News App*, Digiday, Sep. 6, 2017, <https://digiday.com/media/axel-springer-upday/>.

^{xviii} Nordicom, *Newspapers in the Nordic Media Landscape, 2017* (Eva Harrie, editor), https://www.nordicom.gu.se/sites/default/files/publikationer-hela-pdf/nordic_media_trends_14_3.pdf

^{xix} *Id.*

^{xx} Reuters Institute for the Study of Journalism, *Digital News Report*, <http://www.digitalnewsreport.org/>.

^{xxi} Parse.ly, <https://www.parse.ly/resources/data-studies/referrer-dashboard>.