

Intermediation & Localism in the  
Market for Digital News

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# Issues

- How do digital intermediaries affect news consumption?
- Big issue related to piracy *versus* bundling value.
- Attention is focused on localism.

# What is done?

- Empirical work closely related to Athey and Mobius (2012):
  - **Additional challenge:** you have to define what is a local media in US.
- Aims of the presentation/future paper:
  - Characterizing local news on the internet;
  - Preference externalities & localism (under-provision);
  - Some preliminary evidence on the effect of Google news on local news consumption.

# Preliminary results

- Preference externalities persist in digital news markets, but only for local news.  
  
→ Supply of local content still lags for minority tastes.
- Lower transaction costs can shift behavior, but overall effect is small.

# Several questions/comments

- A lot of tables...but no equations!
- What is the model that you have in mind:
  - 2-sided in media: Anderson and Coates (2005).
  - 2-sided model with bundling as in Amelio and Jullien (2008)?
  - 2-sided with bottleneck and multihoming as in Armstrong and Wright (2007), Anderson *et al.* (2012)?
  - Piracy model?
- If it is a two-sided background, it is a bit odd to exclusively focus on consumers' side, taking the advertising side as given.

# Several questions/comments

- The interplay with the two-sidedness of the media industry yields the following questions:
  - The advertising amounts variation may explain lower quality (content or diversity) and under-provision?
  - Under-provision = reduction of consumers' welfare?
- Your stylized facts very informative but maybe a structural approach as in Argentesi and Filistruchi (2006) could be more convenient for your issue.

# Out of the scope...but

- Several countries have in the pipeline the idea to put taxes on Google.
- In France, Google reacted very strongly against culture minister's declaration.
- How do you think it could affect the under-provision issue:
  - Would it make Google internalize this externality?
  - Would it yield new unknown equilibria?