



BIG TECH AND LOCAL MEDIA IN THE WESTERN BALKANS



Skopje, 2022

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**MEDIA
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CENTER**

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SUMMARY

1

The new media system being created before our eyes is characterised by the dominance of content distributors. These distributors have replaced content creators as the dominant force dictating relationships in the media landscape, including the distribution of advertising dollars earned from the control of audience attention. Power has shifted online and into the hands, in particular, of so-called ‘Big Tech,’ the four or five dominant firms in the US information technology industry.

The disruption brought about by the “Big Tech” companies – Meta, Alphabet, Amazon, Apple and Microsoft – is evident primarily in their almost total domination of the advertising market. The audiences they command, the numbers of visitors on their main platforms, and the data on their users they collect, have blown out all competition. Traditional news media can’t compete.

The new situation has hit journalism hard, raising a number of existential questions. Unquestionably, we need responsible, accountable, objective journalism that holds power to account. The question is - how do we fund it? How do we ensure that we have professional journalists who are properly compensated for the public service they provide?

Local media have been hit especially hard. In the Western Balkans, local media have never been in particularly sound financial shape. The changes brought about by the move online have further undermined their position; a large majority lives on public funding or funds provided by international

donors. And yet, these media are expected to provide local reporting and inform their respective local communities as an essential prerequisite for a proper, functioning democracy. To continue to do that in a sustainable way, they must learn to live with the new reality of seemingly omnipotent tech companies and realise that, while they may be focused on local issues, they are, in essence, competing in a global marketplace.

The aim of this report is to provide an overview of the ways in which Big Tech firms (and numerous smaller analogues in the region and around the world) have affected the work and the survival of local media. It also aims to promote and inform the ongoing debate about changing media scene and the new digital environment, focused on the underlying issue of sustainability of quality journalism, including local reporting. To the extent that it is possible in such a rapidly changing arena, the report also seeks to identify what actions might need to be undertaken and makes a number of broad recommendations for the future.

The methodology included analysis of publications on the topic of Big Tech and their influence on digital advertising market and sustainability of news media, as well as about 20 interviews with stakeholders from media (with focus on the local media) and advertising industry, civil society organisations that work in the field of media, trade associations, journalist associations, academics, etc. The interviews were semi-structured, and the actual questions asked depended on the position and status of individual interviewees.

From this vantage point, it is difficult to imagine a future in which tech companies will not play a major role in dissemination of content, including news and information. The role of mobile devices and associated technologies will also only grow. The findings and the recommendations, by necessity, focus on the need for investments in necessary skills and personnel that will help the news media adapt to those changes and use them to their advantage.

Media in general must increase their capacities to work with, not against, the tech companies that dominate the online sector. They will have to invest in training existing staff how best to use the advertising or news distribution algorithms of Big Tech, or hire the necessary expertise, to best serve their audiences and, in the case of local media, their local communities.

Programmes to improve and increase media literacy in the countries of Western Balkans will have to include a strong digital literacy component, to equip the general population with the necessary knowledge and skills to increase their resilience to the propensity of current algorithms to promote disinformation and negative speech in the quest for “engagement”.

Local media will have to improve communication with their audiences and local communities, and, like all media (and, in fact, all businesses in today’s world) they must understand who it is that constitutes their audience. For that reason, they too will have to invest in technical solutions (statistics and analytical cookies) to provide them with the necessary data. Of course, with full adherence to privacy and data protection rules and legislation.

Media need to be aware of global trends and follow international efforts to identify methods and approaches that would help overcome current difficulties, or trends related to the sustainability of local media.

Much of the investment that is required – in training, in skilled staff, in tech solutions – is currently well beyond the reach of local media. Therefore, states – through public funds - and the international donor community should consider the possibility of creating special funds to provide institutional assistance, ensuring financial stability for at least several years. This would free local media from the day-to-day worries of how to simply survive and allow them to develop the necessary skills and capacities to operate in the new digital environment.

States that operate public funds – whether in the form of direct subsidies, media pluralism funds or funds for promotion of public information on matters of public interest, all of which are present in some of the countries of the Western Balkans – must ensure that these funds are distributed in line with clear, fair and transparent criteria, complete with instruments that would prevent abuse aimed at turning these media into levers of propaganda for those in power.

We would like to thank the British Council’s “Media for All” Project, implemented by BIRN, the Thomson Foundation, and INTRAC for this opportunity to take a deep dive into an issue that is too often ignored or skimmed over in discussion about the future of media and journalism in our region.

LOCAL MEDIA IN THE WESTERN BALKANS

MEDIA PRE-1990S

Unlike in Albania under the hardline Communist rule of Enver Hoxha, the republics within socialist Yugoslavia enjoyed varied and fairly developed media scenes.

The ‘self-management’ model of socialism adopted by Yugoslavia in 1950 was not limited solely to the management of enterprises and economic entities. It created a new role for municipalities as the “basic political-territorial organisation of self-management of the working people and basic social and economic community for the population living on its territory.”

The 1955 Law on Organisation of Municipalities and Regions provided for a high level of autonomy in the management of local affairs, including in the area of public information¹. Coupled with the 1974 Constitution, which introduced even higher levels of decentralisation and, in an effort to counter rising nationalist pressures at the level of the republics, provided for local media in national minority languages, it resulted in a situation in which each and every municipality operated its own local public radio station, established by the local body of self-government and funded from the local budget.

In addition, many municipalities established local newspapers (weeklies or monthlies, depending on local needs), which sometimes covered the wider region. Under the same system of self-management, many factories and enterprises published their own ‘factory bulletins’ which, especially in those municipalities dominated by a single industry, also played a role in the system of local information.

Of course, there were no privately-owned media, and editorial policy had to toe the party line of the ruling League of Communists of Yugoslavia (SKJ). Local media, however, did contribute to a better informed public and played an important cultural role, especially those catering to minorities and broadcasting or publishing in multiple languages. That was especially true of periods of liberalisation and greater freedom from strict party control. One such period came in the second half of the 1960s, after the so-called ‘Brioni Plenum’ of the Central Committee of the League of Communists, which ended in 1971 with the suppression of the nationalist ‘Croatian Spring’ movement and the purge of the ‘liberals’ in Serbia². Another period of liberalisation, in the sense of greater freedom from the control of the SKJ, emerged in the 1980s following the death of Josip Broz Tito. This second period of liberalisation was manifested primarily as nationalism, which ultimately led to the violent break-up of the country³.

1

See, for reference, Dr Aleksandar Đurđević, „Lokalna samouprava u Srbiji – od 1804. godine do tranzicije”; or Dr Mirko Pejanović, “Društveno-historijski razvoj lokalne samouprave u Bosni i Hercegovini u XX stoljeću”

2

On liberalisation of media in Croatia, during the “Croatian spring”, see in MIHALJEVIĆ Josip, “Liberalizacija i razvoj medija u komunističkoj Hrvatskoj 1960-tih i početkom 1970-tih” (Liberalisation and development of media in communist Croatia in the 1960s and early 1970s), Hrvatski institut za povijest, Zagreb, 2015

3

On the role of media in the preparation and during the wars in former-Yugoslavia, see in BISERKO, Sonja “Uloga medija u pripremi rata”, 2002, available on the website of the Helsinki Committee for Human Rights in Serbia (www.helsinki.org.rs)

ALBANIA WAS A CLEAR OUTLIER GIVEN THE STRICT NATURE OF HOXHA'S RULE. THE MEDIA WERE COMPLETELY CENTRALISED, WITH STATE BROADCASTER RTSH THE ONLY PROVIDER OF RADIO AND TELEVISION CONTENT. THERE WERE ALSO A NUMBER OF NEWSPAPERS, INCLUDING THE LEADING DAILY OF THE COMMUNIST PARTY OF ALBANIA, ZERI E POPULIT, AS WELL AS A SPORTS NEWSPAPER, YOUTH NEWSPAPER, TRADE UNION NEWSPAPER, ETC.

TRANSITION TO MARKET ECONOMY AND MULTIPARTY DEMOCRACY

The fall of communism and the (long) transition towards democratic, free-market systems spawned new, commercial media. Led by ideals of freedom of expression and information and entrepreneurship as a motor of economic growth and social progress, hundreds of TV and radio stations and print media were established across the region. Few gave much thought to sustainability, looking instead to the profitability of media in the free-market West and cutting production costs via a disregard for issues of copyright or production and transmission

standards. The lack of proper regulation in broadcasting, for example, led to a situation in which there were already 185 broadcasters in North Macedonia, most of them local, by the time the country adopted its first Broadcasting Law in 1997.

New print media also spread fast, to the degree that Remzi Lani of the Albanian Media Institute later remarked that, in Albania, if you owned a construction company, you also had to own a newspaper. It is an observation applicable to the media landscape in all countries of the Western Balkans, where people in business would venture into media - print or broadcasting - as a way to support their business ventures and tackle competitors.

At the time, many local radio stations in the countries carved from the remains of federal Yugoslavia also expanded into television. North Macedonia was the first to eliminate local public radio stations, motivated by a concern that whoever held power at the local level would exploit local public media funded from the municipal budget. After much debate, authorities ruled that they should either go private or close their doors; local public radio did not feature in the 2005 Broadcasting Law. Serbia also abolished local public media with its 2014 Law on Public Information and Media. Like North Macedonia, they were

⁴
Dragana Čabarkapa, “Šta je privatizacija donela, a šta odnela medijima” (What did privatisation bring to the media and what it took away from them”, “Danas” daily, June 1, 2021

⁵
For detailed analysis on the effects of the privatisation of media in Serbia, see the analysis piece in Danas daily “Iz dosjea o privatizaciji medija: U raljama i na jaslama države” (From the File on Privatisation of Media: Captured and Nurtured by the State”), Danas, March 29, 2021, or in the report published by Radio Free Europe (Radio Slobodna Evropa), “Privatizacija prošla, lokalni mediji zbrisani” (Privatisation completed, local media obliterated), February 18, 2019, or in EURACTIV.com report “Serbia’s media privatisation leaves bitter aftertaste”, September 19, 2016

⁶
See in Articles 17-28 of the 2014 Law on Public Information and Media of the Republic of Serbia (Official Gazette of the Republic of Serbia No. 83/2014, 58/2015 and 12/2016)

⁷
Information on print media was taken from the latest available reports of the Media Sustainability Index for the countries of Western Balkans, covering the year 2019

to be privatised or dissolved; public media services survived only on the national level and provincial level in Vojvodina. The process of privatising local public media drew much criticism, with many local broadcasters falling into the hands of individuals with close connections to the ruling Serbian Progressive Party (SNS), allowing the party to exert even greater control over the media and public information. As Dragana Čabarkapa, head of the Journalists’ Union of Serbia, noted in a June 2021 op-ed in the Serbian daily Danas, “(...) the state exerts greater control over the media (after the privatisation) than when it held ownership shares in the media through the fact that the media were bought by children, relatives and in-laws of politicians”⁴. In some cases, media were bought by businessmen with no previous experience in the media sector⁵. Not stopping there, the ruling party abuses the system by which public funds are distributed for the co-financing of public information projects for the achievement of public interest goals⁶, redirecting public funding to friendly media.

In the other countries of the Western Balkans, local public media continue to exist; in Albania, which had no local public broadcasting

media under communism, public broadcaster RTSH operates four local TV stations, covering the areas of Gjirocastër, Korce, Kukës and Shkoder.

The emergence of the internet as an inexpensive publishing platform triggered another ‘explosion’ in new media outlets. At first populated by online extensions of traditional, mainstream media, following the emergence of the WEB 2.0 concept hundreds of news sites, entertainment and trivia, and niche websites emerged. In some countries, the boom in new internet native news-sites is due in part to public funding made available by the state, not necessarily in the form of media subsidies or even initially earmarked for media. It is hard to say exactly how many online media outlets are active in each country of the Western Balkans. We have a better idea in Serbia and Montenegro, which keep registers of online media, but even these registers are not exhaustive. In Serbia, media must register only if they want to apply for public funding under the Law on Public Information and Media.

The following is a brief overview of the media landscape⁷ in each of the countries of the Western Balkans, with a focus on local media.

ALBANIA has 22 newspapers, three national radio stations, four community radio stations, and 52 local radio stations; besides the public service broadcaster RTSH, which operates four local TV stations, there are also five national TV stations and 45 local commercial TV stations. According to Ilda Londo from the Albanian Media Institute, estimates for the number of online news sites and portals range from 300 to more than 800. It is hard to say how many of these focus on local issues.

BOSNIA AND HERZEGOVINA has eight daily newspapers and more than 180 periodicals. There are 38 terrestrial TV stations (15 commercial and 23 publicly-owned), and 66 cable TV stations (58 commercial and six public, plus two owned by associations); there are also 148 radio stations (88 commercial and 60 publicly-owned). A survey led by Professor Enes Osmančević of the University of Tuzla⁸ identified 615 online media (news-sites and portals). According to the survey, 328 of them are local news sites (portals).

KOSOVO does not have any print media. There are 89 radio stations (two commercial stations broadcasting nationally and two channels of the public broadcasting system; the rest are local); there are 19 TV stations – the public broadcasting service Radio Television of Kosovo (RTK), two national TV stations and 16 regional or local TV stations. There are estimated to be more than 300 news sites and portals, but no clear data on how many focus on local issues.

MONTENEGRO has four daily newspapers and one weekly; the public broadcaster features four channels and two radio channels; there are also six local public TV stations, 14 commercial TV stations,

16 local public radio stations, 35 commercial radio stations and two non-profit radio stations. The register of online media, compiled by the Agency for Electronic Media of Montenegro (the audio-visual regulator) lists 70 news-sites and portals, but according to the study ‘Media in Montenegro’ (Media Association of Southeast Europe – MASEE)⁹, many online media are not registered and the real figure is far higher.

NORTH MACEDONIA has four daily newspapers and two weekly news magazines. The public broadcaster MRT features five TV and four radio channels. There are also 44 commercial TV stations (11 national over different platforms, 18 regional and 15 local TV stations) and 66 radio stations (four national, 17 regional and 45 local. One regional and three local radio stations are non-profit). The only indicator of the number of online media in the country is a register compiled by the State Election Commission, which lists 195 online media as registered to cover elections and thus sell paid political advertising.

SERBIA has 941 print media, 335 radio stations and 243 TV stations, according to the media register compiled by the Serbian Business Registers Agency and published by the daily newspaper Danas in August 2021. According to the report, again citing the Business Registers Agency, there are 850 internet portals and 89 editorially-managed and curated websites. The SHARE Foundation’s Database of Online Media (Baza Online Media¹⁰) which keeps track of registered online media and the public funds allocated to online media from national, provincial and local budgets for promotion of public interest information, lists a total of 1,290 registered online media outlets, roughly a third of which are regional or local news-sites and portals.

⁸ See Enes Osmančević i tim istraživača, “Mapiranje medijskih web portala u Bosni i Hercegovini”, Centar za promociju civilnog društva (CPCD), Sarajevo, 2021

⁹ See in “Mediji u Crnoj Gori – Analiza o uslovima za poslovanje medija i biznis barijerama za medijsku industriju u Crnoj Gori”, MASEE, September 2020, for a detailed look at the media scene in Montenegro

¹⁰ See on URL <https://onlajnmediji.rs/>

SUSTAINABILITY AND MEDIA ECONOMY

For as long as there have been media markets in the Western Balkans, sustainability has been an issue given the sheer number of outlets and the limited and shrinking advertising market. Ad revenue, public funding, crowdfunding, paywalls, sales of programme and other services, cross-subsidies from an owner's other businesses - these are all utilised by media in the region in order to survive.

Vuk Maraš, head of the Media Association of Southeast Europe (MASEE) says that local media in Montenegro have some advertising revenue from local companies in their respective communities and are also able to tap funding from the Fund for Promotion of Media Pluralism, established by the 2021 Law on Media, as well as from foreign donors.

In Serbia, the Law on Public Information and Media states that the Republic of Serbia, the Province of Vojvodina and local self-governments shall secure funds from their respective budgets for the support of public interest information. According to Snežana Milošević of the Association of Local Media 'LokalPRESS,' many of the more than 2000 media in Serbia were founded after the adoption of the Law, with the specific aim of securing public funds for the promotion of public interest information. Bearing in mind the way the advertising market

works, "...project co-financing is probably the only source of income they can rely on," Milošević says. That opinion is shared by other interviewees. Dragan Petković, co-founder of the Južnevesti.com regional news portal (covering southern Serbia), noted that, in general, only a small proportion of online media produce their own material and truly inform the public about matters of public interest. The vast majority only republishes content from other media. Bratislav Raković, project coordinator at the Centre for Free Elections and Democracy, CeSID, says that their only purpose "is to survive and toe the government's political line, not to inform the public."

In North Macedonia, every election cycle sees the emergence of dozens of new online media in the months before votes are cast since changes to the Electoral Code mean that all political advertising during an election is paid for from the state budget. Political parties used the opportunity during the last three elections – 2019 presidential, 2020 parliamentary and 2021 local – to spend their allocated advertising funds on "friendly" news-sites and portals in order to boost their sustainability, at least for a period of time.

According to those interviewed for this report, in all countries of the Western Balkans commercial advertising is also subject to strong political pressures when it comes to where businesses choose to spend their advertising budgets. For this reason, it was the almost

unanimous position of interlocutors that public funds, in the form of subsidies for quality journalism, media pluralism funds, and similar solutions will be essential to ensure the further availability of quality local reporting for the benefit of local communities. It is vital that instruments, standards and properly defined fair criteria for distribution are in place to prevent abuses and to ensure that the funding is directed to quality journalism and quality reporting.

It is also evident that currently oversaturated markets will need to consolidate significantly in order to ensure even a semblance of sustainability in the future. Policies that promote mergers and consolidation, even at the local level, should be considered.

Media must observe global trends and follow international efforts to identify methods and approaches that would help overcome the current difficulties, as well as trends in the sustainability of local media. For example, the International Press Institute's 'Local Media Survival Guide 2022'¹¹ draws on local media experience around the world to offer practical advice on approaches that work.

It becomes increasingly evident that future funding for quality journalism will depend primarily on the willingness of audiences to pay subscription fees, or communities gathered around the media making contributions and donations - monetary or in-kind. It is advisable,

then, for the media to focus primarily on the quality, rather than quantity, of their offering which should, in addition, respond to the actual needs of their readers or viewing/listening audience. They should also pay greater attention to building and nurturing their own communities, resulting in a funding model based on community contributions or crowd-funding efforts. In the latter case, social networks may prove to be an indispensable instrument and platform, so the local media should invest what they can in the skills and dedicated staff needed to build and maintain good relations with their audience and community. For local media, serving and working in smaller communities, that task should be somewhat easier.

The donor community is advised to consider the possibility of creating a special fund that would respond to the need for long-term 'investment' in quality journalism. As pointed out, some form of institutional support is necessary, to an extent that would ensure that media need not worry about their survival for a period of three or four years, would be able to recruit the necessary expertise and train editorial staff in the all-important skills to operate in a digital era dominated by Big Tech.

Current efforts by the donor community and media communities (journalists, media professionals, academia, governments) to increase media literacy should also include a strong digital literacy component.

¹¹ Available at URL <https://ipi.media/local-journalism-report-survival-strategies/>

BIG TECH – DOMINANT PLAYERS IN THE ONLINE WORLD

3

The influence that new technologies have had on all aspects of social and economic life is indisputable. Equally indisputable is the role played by the four or five biggest tech firms - Big Tech - in those changes to traditional ways of doing business or engaging in politics and culture.

BIG TECH IS A GROUP MONIKER FOR THE BIGGEST AND MOST INFLUENTIAL TECHNOLOGY COMPANIES – ALPHABET (FORMERLY GOOGLE), META (FORMERLY FACEBOOK), AMAZON AND APPLE. AS OF LATE, MICROSOFT IS FREQUENTLY REFERRED TO AS PART OF THE GROUP, MAKING THE 'BIG FOUR' THE 'BIG FIVE'. A NUMBER OF OTHER COMPANIES OUTSIDE THE U.S. ARE ALSO OFTEN MENTIONED IN THE SAME BREATH, SUCH AS KOREAN SAMSUNG OR CHINESE GIANTS TENCENT AND ALIBABA.

These companies dominate e-commerce (Amazon), online advertising (Alphabet and Meta), consumer electronics (Apple), cloud computing (Amazon and Google), computer software (Microsoft and Apple), artificial intelligence (Amazon) and, importantly, social networking (Meta). This dominance has been highly lucrative, and all five companies are at the top or near the top on all global corporate rankings by market capitalisation. Just compare the market capitalisation

of Apple, at 2.6 trillion USD,¹² with the combined GDP of the six countries of the region of Western Balkans, at 291 billion USD in 2020 (projections are slightly higher for 2021), and the extent of their power is obvious. Money, after all, means power.

They owe much of this dominance to the practice of buying any emerging challenger to their oligopolistic position, a charge most frequently levelled against Google and Facebook.

The way Big Tech functions poses a variety of challenges to the media industry. First, these firms hold a virtual oligopoly over digital advertising on a global level, a position that is tied too to the ways in which Big Tech gathers, stores and uses private data.

Secondly, these companies have a growing role as distributors and curators of content, through news aggregation or news feeds and user-linking via social networks. News media and content creators in general say this is closely linked to Big Tech's disregard for copyright, accusing them of making their fortunes on content that does not belong to them.

It is important to note that, together with anti-monopolistic action in the U.S., all efforts to regulate Big Tech, especially the leaders in digital advertising and content distribution, is focused on how they handle personal data and privacy, as well as copyright legislation.

¹²

The situation as of February 24, 2022

BIG TECH AND ADVERTISING: BLUE WHALES IN A SEA FULL OF MINNOWS

Advertising is a major source of income for Big Tech companies. Eighty per cent of Alphabet's total earnings in 2021 (\$257 billion¹³), for example, was advertising revenue. Meta, with its family of applications (Facebook, Instagram, Messenger, WhatsApp), reported total advertising revenue of \$114.9 billion in 2021¹⁴. Amazon reported total earnings of \$31 billion in 2021, of which advertising was projected to account for \$5 billion¹⁵. Microsoft, which is not perceived by many as a major player in advertising, reported \$8.53 billion in earnings from search ads¹⁶ via its search engine Bing in 2021.

The power of Big Tech companies as advertising platforms is rooted in two factors. First, they each command huge numbers of users on a daily basis. Google, for example, is reported to carry out about 100,000 search requests every second¹⁷. That amounts to about 8.6 billion searches daily, or close to three trillion searches per year, globally. Facebook has 2.9 billion active monthly users scrolling down their feeds, their phones constantly receiving notifications on Messenger. News media cannot possibly compete with such numbers. It is clear that no celebrity, no U.S. president, no event can generate such a vast pool of potential buyers for services or goods being advertised. The second reason why companies like Alphabet (Google) or Meta

(Facebook) are so successful in advertising is the kind of targeted advertising they use. Vast databases of user demographics (sex, age, geographic area, etc.), engagement habits (topics they are interested in, specific websites, time of stay, previous searches, clicking on ads, etc.) and social behaviour help them pinpoint the perfect customer for every product or service. Moreover, it is all automatic, executed in a fraction of a second through algorithms and automated engines that, from the time a person enters a URL address in the browser or keyword in Google to the moment the web-page or search results are displayed, all of their browsing history, their record of behaviour on the web, and their preferences have been exchanged and bidding conducted to see which ads they will see.

THOSE ADVERTISING THEIR PRODUCTS GET MUCH BETTER RESULTS IN TERMS OF RESPONSE FOR A MUCH LOWER PRICE. IT WAS PRECISELY THE USE OF SUCH ALGORITHMS IN POLITICAL ADVERTISING DURING THE 2016 US PRESIDENTIAL ELECTION AND THE BREXIT REFERENDUM IN THE UK – AS THE CAMBRIDGE ANALYTICA SCANDAL¹⁸ DEMONSTRATED – THAT SET ALARM BELLS RINGING ABOUT POLITICAL MICRO- AND NANO-TARGETED MESSAGES AND THEIR POWER AS MARKETING AND ADVERTISING TOOLS.

¹³ See at <https://searchengineland.com/google-q4-2021-earnings-379735>

¹⁴ See at <https://investor.fb.com/investor-news/press-release-details/2022/Meta-Reports-Fourth-Quarter-and-Full-Year-2021-Results/default.aspx>

¹⁵ See at <https://whatsnewinpublishing.com/more-than-31-billion-amazons-advertising-revenues-in-2021/>

¹⁶ See at <https://www.adexchanger.com/online-advertising/where-big-tech-advertising-businesses-stand-at-the-end-of-a-crazy-2021/>

¹⁷ See on [Internet Stats Live](#) website, which presents the most important statistics, such as a number of Google searches per second, for a number of important platforms (Tweeter, Instagram, Tumblr, Skype, Google, YouTube, Email) in real time; an estimate is also offered by [Quora.com](#)

¹⁸ See in [The Guardian's „The Cambridge Analytica Files“](#)

Traditional display ads cannot compete. Comparing the all-important click-through-rate (any time a visitor to a website clicks on the ads that appear) between programmatic and display advertising,¹⁹ Google's search ads (Adwords) registers 3.17% and Google Display Network 0.46%. The average for display ads in general, according to Doubleclick, was roughly 0.05%. In a world where the cost-effectiveness of advertising is paramount, it is not difficult to see why an advertiser would choose the more effective Google services.

Digital advertising, globally, now accounts for more than 60% of total ad spending²⁰, and, as we have seen, only a small fraction goes to news media.

The success of search and programmatic advertising has caused two changes that have hit news media hard. First, due to much greater cost-effectiveness and the fact that consumers of various content are moving online, digital advertising's share of total ad spending is constantly growing. Second, the price of advertising has fallen dramatically, to the degree that 'ad dollars' have become 'ad cents' for the media that use services of programmatic sales of advertising. As a result, it has been clear for quite some time that news media and the

type of journalism they produce cannot rely on sales of advertising space to sustain themselves.

US media trends have been meticulously recorded and reported by the Pew Centre's Journalism Project. According to its State of the News Media Index, in 2020, for the first time, newspapers made more money from circulation than from advertising. Of course, that does not mean circulation by any means compensated for a loss in advertising revenue. The effects over the years have been devastating, both in terms of lost journalism jobs and the closure of entire media outlets.

Penny Abernathy provides a detailed overview of the losses in terms of local press in the UNC Hussman School of Journalism and Media report 'The Expanding News Desert'²¹. The 2018 report found that close to 1,800 newspapers (dailies and weeklies) were lost between 2004 and 2018. The trend is unlikely to have stopped; the Poynter Institute reported in November 2021²² that more than 100 newsrooms had closed since the start of the COVID-19 pandemic. There are similar figures in Australia, where about 60 local and regional newspapers shut down operations completely, while another 40 or so moved online. Similar trends are reported all over the world.

¹⁹

For concise explanation of differences between programmatic and display advertising, see [Outbrain's article](#)

²⁰

The Guardian reported, in March 2015, projections that the UK was the first country in the world in which digital advertising would account for 50% of the total advertising spending. See in "[UK first country in the world where half of all ad spend is on digital media](#)", March 27, 2015

²¹

See the [Expanding News Desert](#)

²²

See the [Poiter Institute's report](#)

BIG TECH ECONOMIC IMPACT ON MEDIA IN THE WESTERN BALKANS

LOSS OF ADVERTISING INCOME ALSO BROUGHT ABOUT HUGE LOSSES OF NEWSROOM STAFF. THE PEW CENTRE'S JOURNALISM PROJECT REPORTED IN JULY 2021 THAT EMPLOYMENT IN U.S. NEWSROOMS HAD FALLEN 26% SINCE 2008. THE BULK OF THE JOBS LOST WERE IN THE NEWSPAPER INDUSTRY, WHILE TV AND RADIO HAVE MANAGED TO KEEP NEWSROOM STAFF NUMBERS RELATIVELY STABLE. NEW DIGITAL NEWSROOMS MANAGED TO ABSORB SOME OF THE JOURNALISTS WHO WERE LAID OFF. BUT EVEN THERE, AFTER INITIAL HIRING FLURRIES WHEN ESTABLISHING PROPER NEWS OPERATIONS, ONLINE PUBLISHERS LIKE BUZZFEED AND VICE WERE FORCED TO LAY OFF LARGE NUMBERS OF NEW STAFF, PARTICULARLY FOLLOWING THE START OF THE PANDEMIC.

Media markets in the countries of the Western Balkans have traditionally been oversaturated, with far too many players for the amount of available advertising spending. That advertising spending has long been dominated by television, with major national TV broadcasters commanding a dominant share of the market.

Digital advertising has been gaining ground, but, unlike much of the rest of the world, it is not yet dominant. One issue is the lack of workable, systematised data.

Advertising agencies and the media are unwilling to disclose financial information, knowing that they treat those figures as part of market analysis packages that they sell to their clients. Only a handful of CSOs, such as the SHARE Foundation in Serbia, the Metamorphosis Foundation in North Macedonia, or industry associations such as MASEE or the local offices of the Interactive Advertising Bureau (IAB) follow developments and trends in the media economy in the region.

EVEN INDUSTRY ORGANISATIONS APPEAR TO FACE PROBLEMS IN COLLECTING RELIABLE DATA. FOR THIS ANALYSIS, WE CONTACTED IAB NORTH MACEDONIA TO REQUEST INFORMATION ON DIGITAL ADVERTISING SPENDING IN THE COUNTRY. HOWEVER, ALTHOUGH IAB NORTH MACEDONIA FUNCTIONS AS A JOINT INDUSTRY COMMITTEE FOR DIGITAL ADVERTISING, IT TOO FACES PROBLEMS IN COLLECTING INFORMATION ON AD SALES FROM ITS MEMBERS.

Some data is available for Serbia, which was included in IAB Europe's 2020 AdEx Benchmark Digital Ad Spend Study²³. According to IAB, digital advertising grew 19.5% year-on-year to a total of €56.22 million. That amounts to almost a third (app. 30%) of the estimated advertising market of about €180 million. Digital advertising accounts for a far greater share of total advertising in Serbia than in the other countries of the Western Balkans, where the value of advertising markets is estimated at between €30-40 million. Montenegro is the exception, with an advertising market worth a meagre €10 million. Digital advertising in these countries accounts for between 10 and 15% of total ad spending.

According to Darko Buldioski, a social media advertising specialist at NewMedia.mk digital advertising agency, online news media in

North Macedonia prefer traditional display advertising and direct sale of banner space, whether CPM (Cost per 1000 impressions) or for a fixed period of time. In his view, as opposed to programmatic advertising, display advertising and direct banner sales gives them the ability to negotiate better prices.

It is equally difficult to assess the shares of programmatic, search and display advertising, but the trends in at least two countries – Serbia and North Macedonia – are indicative. According to a survey in 2019²⁴ by the Belgrade-based SHARE Foundation, 69 out of 70 online media outlets used third-party cookies on their websites, and most (77%) were advertising cookies. Analytical cookies were most numerous on just 15% of the surveyed websites. Notably, the survey also showed that Google's third-party cookies (for Google Analytics, Doubleclick, YouTube) are the most used cookies on 45% of the surveyed media, with second-placed Oracle's addthis.com cookie the most used on 15% of the media. "These figures alone are good indications which companies profit the most from our visits to Serbian media," SHARE said in its report.

IAB Serbia's AdEx Benchmark 2020 Report shows that programmatic advertising is heavily dominant in display advertising (78%), video (97% of all ads) and mobile (86%). It also shows that Facebook and Instagram dominate social media advertising, valued at €14.04 out of

²³

Available for download at <https://iab.rs/resursi/resursi-dostupni-za-sve/>

²⁴

See "Podaci, biznis modeli i održivost – analiza politika i praksi medija u vezi sa zaštitom podataka o ličnosti"

a total of €15.76 million spent on social media marketing. Estimates concerning the share of programmatic advertising, which can be used as an indicator of the share of the use (involvement) of Big Tech's programmatic advertising platforms (Google Ads and Facebook Ads are the dominant programmatic platforms in the region), all hover around the 60% mark of total online advertising spending. That matches the estimates of industry insiders in North Macedonia, too, who say that traditional banner ads account for about 40% of the market.

No data is available anywhere in the region on how much advertising spending goes to local media. Nevertheless, most online media outlets that use advertising sales, including local online media, to fund their operations seem also to rely on Google Ads and Facebook's Instant Articles programme as sources of income. Petković of Južne Vesti (www.juznevesti.com) believes this is the case. Still, the sums that programmatic advertising sales can raise through Google or Facebook is small because local media rarely generate the kind of traffic and views necessary for tangible financial results. Petković says that the approach to monetising through Big Tech platforms is a matter of choice. "We terminated our Google Ads during the last election campaign because of campaign ads. Through their programmatic schemes, they placed with us ads that we wouldn't carry anyway, and we want to have control over ad placement, especially during elections," Petković said.

For this report, we also asked a number of online media outlets involved in the 'Media for All' project about their approaches to funding and possible use of opportunities for monetisation of content or advertising sales offered by Big Tech companies, namely Facebook and Google. Respondents were roughly evenly split between those who do not use them (relying primarily on donor funding and sometimes on sales of display advertising) and those who have recently started or plan to start tapping such opportunities.

The financial crisis afflicting media has also resulted in a situation in which journalism is not viewed as a desirable career choice. In fact, journalists are choosing to leave the profession for higher salaries in public relations or marketing at an ever greater rate.

One issue that should be addressed is the need for local media to recruit the staff specialised in online advertising. As pointed out by the interlocutors for this report, few, if any, local media have the financial capacity to attract such staff. "These are small newsrooms and small publishers, two to three people most of them, and they simply cannot afford quality tech or digital marketing specialists," said Petković. Maraš, from MASEE, also noted that in a small country like Montenegro, there is a limited number of such specialists and they are already working for advertising agencies that can offer them far higher salaries than any media outlet.

4

BIG TECH AS DISTRIBUTION PLATFORMS

The emergence of the Internet in the first half of the 1990s as a new platform for distribution of information, knowledge and content, changed and disrupted the established order. Traditional, mainstream media were slow to pick up on the significance and react accordingly. A lack of technical know-how, an unwillingness to invest in online operations or to recognise the need for such investment and the high cost of founding a news website all contributed to a complete misreading of the situation, epitomised by a now infamous commentary published in Newsweek in 1995 under the headline, “The Internet? Bah!”²⁵ Some see the current crisis of mainstream media and their inability to monetise their activities online as a direct continuation of that lack of foresight and timely investment in a quality online presence.

Big Tech used the failure of mainstream media and their own newly acquired positions in the search engine sector (Google) or among the social networks (Facebook) to become leading platforms for the distribution of all types of contents, including news and information. For Google, the main distribution channel is their news aggregator Google News. It uses the same algorithms²⁶ that rely on personal data and user habits to select and rank the news it displays. In a sense, its algorithm acts as a super-editor.

For the Western Balkans, we should note that with the exception of social networks (Facebook and Instagram), other Big Tech companies and their news distribution channels (Apple News, Google News) are not that important. First of all, these services are not available in all

Of course, there are important exceptions such as the New York Times, which makes money from online subscriptions. Also, a number of other media outlets - The Guardian through reader contributions, De Correspondent's successful crowd-funding campaign, etc. - have learned how to generate income from their audiences by transforming them into communities. Lamentably, such and similar examples are yet to be successfully implemented in the region of the Western Balkans.

²⁵
As quoted from Mashable's article
“Dialing up the past: How did the
early internet affect the media?”, by
Amit Rathore, January 30, 2017

²⁶
See Google's explanatory page on the way
Google News works

countries of the region. As Gentian Luka, CEO of Kosovo's Telegraf.com news portal, puts it, "I expect Google as a key player to recognise the Albanian language, and that will bring radical change in the financial situation for Kosovo's Albanian media." In fact, Google News also does not recognise Macedonian, Bosnian or Montenegrin languages. Out of the languages of the region, it is available only in Serbian. On the other hand, Google search results are not a significant factor either. Social media strategist Valon Canhasi points out that searching for news is not particularly developed in the Western Balkans, where people tend to go straight to established websites.

For Facebook, its emergence as one of the most important sources of news in many parts of the world can be traced to September 2006, when it launched its News Feed feature (Twitter launched just six months earlier, in March 2006). The name may be somewhat misleading; the News Feed does not deal in news alone, but combines posts by friends, advertisements and other content. Similar to Google News, what a user sees in his or her News Feed is decided by Facebook's EdgeRank algorithm, which takes into account the user's relationship with the poster, the number of likes, shares and comments a post has, and how old the post is.²⁷ It adds to the mix the data Facebook has collected on the user's history, habits and preferences to make the ultimate

decision on what will feature on that user's News Feed. Facebook's bottom line, however, depends on engagement - the time users spend on the network and how active they are. Even before Facebook's infamous 2014 study "Experimental evidence of massive-scale emotional contagion through social networks,"²⁸ in which researchers manipulated the news feeds of hundreds of thousands of users to assess the effects on their emotions, the company appears to have found a way to tweak its News Feed algorithm to manipulate emotional responses and increase user engagement with the site. Jacob Silverman, author of 'Terms of Service: Social Media, Surveillance, and the Price of Constant Connection,' told Wire Magazine²⁹ at the time: "Facebook cares most about two things: engagement and advertising. If Facebook, say, decides that filtering out negative posts helps keep people happy and clicking, there's little reason to think that they won't do just that." Silverman and other authors and scholars expressed concern³⁰ at what such preferences for the creation of filter-bubbles and echo-chambers could do if used for political purposes, particularly in terms of promoting or suppressing political arguments with those we disagree with.

Facebook must have learned quickly that, as emotions go, nothing increases engagement quite like anger. Angry posts, according to evidence provided by Facebook insiders, are far more likely to contain

²⁷ Facebook itself offers an explanation on how its News Feed works, and on its method of selection of posts. For external presentation on the way News Feed works, see the Mashable video "Facebook News Feed 101: How does it work?", available on YouTube, or the TechCrunch article "How Facebook News Feed Works"

²⁸ See Kramer, Guillory et al. "Experimental evidence of massive-scale emotional contagion through social networks", PNAS, June 2014

²⁹ As quoted by the Guardian, in "Facebook reveals news feed experiment to control emotions", June 30, 2014

³⁰ See "What Facebook did to American democracy", The Atlantic, October 12, 2017

misinformation, spam or clickbait stories³¹. Policies prioritising angry posts in order to stimulate all-important engagement thus contributed to the spread of misinformation and further polarisation between angry ‘echo chambers’ on the social network.

It must be said that, faced with strong public pressure to change its practices, Facebook has taken action against disinformation in its News Feed, primarily through the engagement of third-party fact-checkers. Four CSOs in the Western Balkans have established the SEE Check network as third-party fact-checkers for Facebook in Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia. With third-party fact-checkers, Facebook “takes action” against us-

ers caught disseminating disinformation, Tijana Cvjetičanin from the fact-checking portal Raskrinkavanje.ba, operated by the “Zašto ne” (Why Not) CSO. “Your reach and visibility are restricted, fewer people go to your website where you have all the Google Ads that make you money,” Cvjetičanin said.

The latest available research shows the growing importance of online newspapers and social networks as sources of news for people in the Western Balkans. An IPSOS survey conducted in May 2020³² regarding media use in five countries of the Western Balkans (Bosnia and Herzegovina was not included) noted a recovery in TV audiences, primarily due to the pandemic and the fact that people

The tendency to stir up emotion and anger as a way to increase reach and pick up viewers on social media does not fit easily with public interest journalism. Yet media in the Western Balkans, particularly local media, appear to have very little choice in the matter. According to our interviewees, being present online and being present on social networks, primarily Facebook, is a necessity. “If you are not online, it is like you don’t exist. We all get informed online,” said Andrej Petrovski of SHARE Foundation. In Kosovo, for example, 96% of the population uses the internet, so it is only natural that media would depend on the internet for transmission or distribution of content.

³¹ See in “More internal documents show how Facebook’s algorithm prioritised anger and posts that triggered it”, NiemanLab

³² See “Toliko toga nas spaja, medijska slika regiona”, IPSOS, May 2020

were forced to spend more time at home. Yet significant numbers of respondents said they informed themselves about current affairs in their home country and the world via news-sites, social networks and online extensions of daily newspapers. The numbers ranged from 33% in Albania to 46% in Serbia, 47% in Montenegro, 62% in Kosovo and 64% in North Macedonia. A separate survey for Bosnia and Herzegovina, also conducted by IPSOS for the Resilience programme of the SEE Network for Professionalisation of Media,³³ found that in BiH, too, 49.5% of respondents said that every day they use social media as a source of information on current affairs; another 32.6% responded that they used news-sites, online newspapers and blogs. The trends are similar all over the region, regardless of the recent recovery of television as the main source of content, including news, due to the pandemic.

Also apparent is a generational divide, with older people relying primarily on television as a source of content and news and younger people more likely to use primarily online sources. Raković from CeSID, which has conducted several surveys on media consumption and media literacy under the auspices of the Initiative for New Digital and Media Literacy, says that a cut off point generally comes at around age 43. “Those younger than 43 tend to gravitate towards the internet as their main source of content and news, while those older than 43 prefer television,” Ratković said.

Those who rely on online sources of news and information primarily access them through their mobile phones. The report ‘Information in a Digital Environment in Serbia’³⁴ by the Centre for Media Research of the Faculty of Political Sciences in Belgrade, found that 77% of online news consumers access that news via their mobile phones; 17% use desktop or laptop computers. There are media outlets in the region, especially the bigger, better-resourced national media, seeking to exploit this. According to Maraš of MASEE, the ‘Vijesti’ daily in Montenegro already operates a number of mobile apps for distributing content.

Interviewees report that the emergence of cheap new online publishing platforms and channels for distribution of content and news has undoubtedly hurt the quality of news reporting, including local reporting. Many of the new players who are now joining the ‘industry of information’ have no journalistic training and show little consideration for accepted journalistic standards. Social networks, and Facebook in particular, are conducive to content that promotes misinformation and social division. Extremes on both sides of the political spectrum, but also mainstream political parties, proved to be more enterprising and quicker to understand the role that social media, in particular, could play in the spread of political propaganda. According to the interviewees, in all countries of the region, political parties “employ and deploy” organised groups of activists to “spread the gospel” and fight a propaganda fight with the political opposition on Facebook. Loyalty

³³ See Anida Sokol, “Polarizirano povjerenje javnosti u medije i društvene mreže u Bosni i Hercegovini”, June 202

³⁴ S. Milivojević, D. Ninković Slavnić, S. Bajčeta, “Information in a Digital Environment in Serbia”, Centre for Media Research, Faculty of Political Sciences, Belgrade, 2020

of those activists to their own party and unwillingness to apply any sort of critical approach to the positions of their own or the other side, have earned them the moniker “bots,” a nod to the fact that they approach the task in an automated fashion - “Whatever my party says is the truth; whatever the opponents say is a lie.”

Some interviewees noted the growing role of Twitter in the realm of political propaganda. Maraš of MASEE noted that “... in Montenegro, there is an evident trend among political parties to use Twitter as their main channel for presentation of official political views. However, the groundwork of promoting their positions and defending them from attacks is mostly done on Facebook.”

Media could choose to leave Facebook altogether and rely solely on their websites for online promotion and placement of their content and news. This is unlikely to happen, however. In North Macedonia, for example, of 15 local (municipal) TV stations, only five have their own websites. The other 10 rely on their Facebook pages (and, to a lesser extent, Youtube) as their primary online presence for promotion and distribution of their content. CeSID’s Ratković offers another example: In the western Serbian town of Uzice, the website Bulletin Board, or “Oglasna Tabla,” operates several Oglasna Tabla pages on Facebook dedicated to the smaller communities of Požega, Arilje, Ivanjica, etc., and which are the main points of access for its readers. “I think they have a website, but nobody from Požega, my home-town, actually knows about the website,” Ratković said.

Leaving Facebook would come at a cost, says Petković of Južne Vesti. He says that, due to Facebook’s position as the most popular social network, “for most local media, Facebook accounts for more than 80% of the traffic to their websites.” Petković explains that Južne Vesti has chosen not to use any of the boosting options offered by Facebook,

choosing instead “more organic growth on social networks” by relying primarily on the quality of the content it posts on Facebook, without paying for any of the promotional services offered by the social network. A regional news-site covering south Serbia, Južne Vesti, for example, receives just 40% of its traffic via Facebook and has established a strong online identity and following of its own.

The importance of social networks (and the internet in general) as sources of information is growing. As Nevena Krivokapić from SHARE Foundation notes, one reason is that political parties and political figures use social networks as official channels of communication. Social networks are also the main source of “celebrity news”. In the report ‘Mapping of Media Web Portals in BiH,’³⁵ Professor Osmančević and his team of researchers found that only a small number of online media produce their own content and news, while a large majority simply aggregates and republishes news from other sources. This has led to the emergence of social networks and other online sources – national and international – as an irreplaceable source of news. Media that adhere to professional standards and practices say they never take such content or information at face value and always check the veracity of the story and the relevant facts before deciding whether to pursue it further. Many interviewees believe that the only correct approach to help them weather the storm is to stick to those practices. It must pay off in the long run, they believe.

Local media use social networks to connect and communicate with their audiences. They ask local citizens to report problems or issues that may need investigating; they seek audience engagement, the main currency in the economy of social networks and online advertising. That engagement often comes in unwanted forms in terms of inappropriate language or open hate speech in comments under social media posts or in the comments sections of their websites. Few local

³⁵ See at link https://civilnodrustvo.ba/wp-content/uploads/2021/06/Istrazivanje_Mapiranje-medijskih-web-portala-u-BiH-1_compressed.pdf

media, if any, have the money to invest in dedicated staff to moderate debate on their social media pages and websites. This is an issue that needs to be addressed, although it is difficult to see how in such an overcrowded market.

Not everything about social networks is ‘bad news’. The inexpensive platform they offer for people to connect and exchange ideas and information is not only used to disseminate misinformation or hate speech. For many users, they offer excellent opportunities to connect with others, exchange information and organise around common interests or issues, local politics or causes. They could prove to be a great resource for local news organisations, in terms of information, expertise, commentary or, indeed, material support. Milošević of LokalPRESS in Serbia points out that local media used social networks to invite young people from their communities to cooperate as part of a joint project. As a result, several years later, many of those young people who responded completed degrees in journalism and many are now professionally engaged with the same media.

Local media should move to cultivate and nurture their local communities, in line with the current trend that news and journalism will largely depend on the audiences for funding. Olivera Nikolić from the Montenegro Media Institute says she has been encouraged by the emergence of new online media and local groups on social networks. “They have renewed, in my opinion, interest in local politics. Before that, everything was focused on the capital city and national politics, and people had the chance to hear or read something about their local community only when national media would find something interesting enough to cover,” Nikolić said.

Another issue to be addressed is the lack of capacity and expertise in local media to understand and work effectively with social networks,

making the most of their algorithms for the benefit of the media and their local communities. As with reader comments, few media, if any, can afford to hire specialised staff. This needs to be tackled. In a research report called ‘Getting Quality Journalism Closer to Audiences on Social Networks: Journalists as Social Media Influencers,’ Ana Bogavac Guglielmetti and Elvira Jukić-Mujkić³⁶ write: “Journalists in the Western Balkans lack training in the use of social networking sites for promotion of their work, both to raise awareness and to provide them with the tools to achieve results. Training, incentives and standards should be offered by media outlets, as relying on personal initiatives is proving insufficient. Offering monetisation opportunities by the biggest tech companies and the owners of social networks, even as small incentives in small markets, would be of great significance for journalists’ social media presence and ultimately independence.”

Some of our interviewees disagree. Petković believes that sufficient training has been provided to local media in all relevant areas. “The problem is, these are all very small media with small editorial offices,” he said. “They receive training in everything, but can specialise in nothing. What they need is serious investment, whether from private investors or from the donor community, that would allow them to expand their newsrooms and their staff, and be able to develop their operations. And that assistance, or investment, has to provide such stability, in which they wouldn’t fear their very survival, for at least three or four years.”

By way of a side note, when speaking about news distribution platforms, while they are not in any way associated with Big Tech companies, it is worth mentioning Time.mk and Fax.al, big news aggregator platforms in North Macedonia and Kosovo respectively. In addition to being major gateways to news for citizens of the two countries, they have also emerged as significant sellers of advertising³⁷.

³⁶ See at https://media.ba/sites/default/files/promoting_quality_journalism_jukic_bogavac.pdf

³⁷ For Time.mk’s share of the digital advertising market in North Macedonia, see Snežana Trpevska, Gjorgji Mitrevski and Igor Micevski, “Utvrdvanje na vlijanieto na novite medium vrs formiranjeto na javnoto misljenje i vrvz rabotenjeto na tradicionalnite medium”, RESIS Insitutte, 2020

BIG TECH AND REGULATORY CHALLENGES

Big Tech did not rise without a challenge. It has faced almost constant calls for regulation, sometimes with success, over the way personal data is handled in the new “surveillance economy”. Similarly, copyrights have been invoked by content-producers who have complained and demanded measures to ensure that they would be compensated for the content, or links to their content, that help Big Tech companies command the time and attention of their users and thus driving their dominance of digital advertising. On the other hand, in terms of hate speech and other unacceptable forms of expression and misinformation, public pressure has been strong, with demands for Big Tech and other social networks and online content-producers and aggregators to self-regulate.

In a way, it is increasingly accepted that regulatory action against Big Tech is necessary. As a recent Deutsche Welle article³⁸ noted, “A rapid uptake of technology has made living through a pandemic easier and safer. But at what cost?”

PRIVACY, GDPR AND BIG TECH

Recent public pressure for greater online privacy and data protection and a corresponding move in many jurisdictions to regulate and legislate data protection is having an impact on Big Tech companies and their advertising business.

In essence, the General Data Protection Regulation (GDPR), which went into effect in May 2018, places new requirements on the collection, retention, storage and disposal of personal data and information by all entities that engage in such activities. Importantly, all data collection, including online, requires the consent of users, who must have the opportunity to choose which elements of their personal data and information they are willing to share or allow to be collected and used, as well as the manner of that use. These represent significant restrictions for companies³⁹ that have based the success of their targeted and programmatic advertising practices on the access and use of personal data, interests, habits and online behaviour. Big Tech advertisers responded with changes⁴⁰ to their tracking algorithms, introduced new metric systems, etc.

It is unclear how these changes will affect media markets in the Western Balkans. The advertising businesses of Big Tech are based on the huge amounts of attention they command, measured in billions of users (as noted earlier, Google processes about 100,000 searches every second) and even global news media cannot compete. In terms of privacy and protection of personal data, the situation will likely improve. The changes may, however, impede on the potential efforts of local players, including more ambitious media outlets, to venture into data collection and analysis of their users, both in terms of optimising their advertising sales or improving the services they offer to their audiences.

³⁸

See “In 2021, Big Tech may have finally got too big”

³⁹

See the brief overview of GDPR-related issues facing Big Tech provided by the website Cookie Law Info

⁴⁰

See the presentation of recent changes to Big Tech’s advertising practices in AdExchanger’s article “Where Big Tech Advertising Businesses Stand at the End of a Crazy 2021”

ANTITRUST AND ANTI-MONOPOLISTIC ACTIONS

Big Tech companies, especially Google and Facebook and their parent companies, have much to fear from announced antitrust actions in U.S. courts. There are loud calls for Meta to be broken up, i.e. ordered to sell Instagram and WhatsApp.

Google and Facebook face antitrust actions in the U.S., UK and EU over their 'Jedi Blue' arrangement of September 2018, which aimed to undermine the competition to their display ad business. Under 'Jedi Blue,' Google provided Facebook with unique identity data, preferential rates and priority choice of prime ad placement, and in return, Facebook would support Google's ad system and not venture into developing a competitive system or using rival display ad systems⁴¹.

On January 11, 2022, a U.S. Federal Judge ruled that the U.S. Federal Trade Commission (FTC, the antitrust regulatory body) may continue its lawsuit against Facebook regarding its acquisitions of Instagram and WhatsApp. Google entered this year fighting legal battles on several fronts, both in Europe and the U.S., over its monopoly on online search, its dominance in digital advertising and its Android mobile operating system⁴².

The world will follow closely how these cases develop, bearing in mind the global dominance of the two companies.

COPYRIGHTS AND COMPENSATION FOR CONTENT

For years, major publishers have tried to make Big Tech pay for their content that appears, for example, on Google News or is linked on social networks. When Germany adopted a copyright law in 2014 allowing publishers to charge for material that appears in search results, an attempt by German publishers to make Google pay initially failed⁴³ when some of them reported losses of up to 80% of their online traffic after they chose to opt out and prevented their news content and other material being linked by Google News. German publishers and their colleagues from other EU member states continued lobbying and their efforts have led to a similar proposal at the EU level, through the Copyrights Directive⁴⁴ proposing that publishers are entitled to compensation for their content used by news aggregators such as Google News, or social networks. Ultimately, the Directive did not cover the links and short snippets/ledes that news aggregators use, which were at the core of the publishers' demands. The Directive did send a serious message to Big Tech, further reinforced when Australia adopted similar legislation that ordered big online companies to reach agreements for compensation with Australian publishers for use of similar snippets of their reporting (which ultimately worked). Google has already signed agreements with major German and French publishers to avoid future disputes over use of their content⁴⁵.

⁴¹ For more detailed analysis, see the report by Natasha Lomas, "Jedi Blue' ad deal between Google and Facebook sparks new antitrust probes in EU and UK", published on TechCrunch.com

⁴² An overview of active and concluded cases in U.S. and Europe is provided by CNBS. Also, see the MarketWatch report on active cases facing Google in 2022

⁴³ An explanation is available in "Tower of Industries", Columbia Journalism Review, Summer 2019 profile on Alex Springer publishing company, available at https://www.cjr.org/special_report/axel-springer.php

⁴⁴ Available at the link <https://eur-lex.europa.eu/legal-content/en/TXT/HTML/?uri=CELEX:32019L0790>

⁴⁵ See the Associated Press report, "Google reaches content deals with German Publishers", November 19, 2021

Also, in late 2020, Google introduced its Google News Showcase programme, with a pledge to invest \$1 billion in publishers to share their content.

There is also the new Regulation on Political Advertising that the European Commission proposed in November 2021. It aims to regulate the realm of political advertising, including online political advertising, with the intention of avoiding abuse of targeted political ads (as in the Cambridge Analytica scandal in the 2016 U.S. Presidential Elections and UK's Brexit referendum⁴⁶), as well as meddling by foreign actors seeking to influence the outcome of elections in EU member states. The first reactions to the proposed text focus primarily to its definition of political advertising, which is considered so broad and imprecise to allow for interpretation that could lead to serious restrictions of freedom of expression⁴⁷. It is worth noting that regulations, in the EU legal system, differ from the directives listed above in the fact that they are to be implemented as adopted, without the process of transposition into national legislation by member-states (and, as part of the pre-accession process, by candidate countries) which have some leeway in

adapting the directives to their local situations and circumstances. The fact that this is a Regulation on Political Advertising signals an intent to provide for uniform regulation of the matter across the EU.

WESTERN BALKANS AND REGULATION OF BIG TECH

The countries of the Western Balkans are too small, in terms of population and media markets, to be of much concern to Big Tech. Our interviewees believe that each country on its own may adopt whatever regulation it wants, but it would be better to join forces, either on a regional level or pan-European level, via EU legislation. Serbia, for instance, had a data and privacy protection obligation that required all entities, domestic and foreign, that handle personal data of Serbian citizens to have a representative office in the country. So far, only Google has appointed a legal office to represent it in Serbia in cases of disputes arising from data protection legislation. Petrovski from the SHARE Foundation says that it is not sufficient since it is not the kind of Google office that would deal with issues related to sales of advertising on Google or similar issues.

⁴⁶

See [The Guardian's special page dedicated to the scandal](#)

⁴⁷

See, for instance, comments by Susanna Lindroos-Hovineimo, Professor of Public Law at the University of Helsinki, in "The Proposed EU Regulation on Political Advertising has good intention, but too wide a scope", published on the European Law Blog

EU candidate countries are anyway obliged to synchronise their legislation with that of the EU, as has been the case with the GDPR.

CHALLENGES WITHIN THE TECH INDUSTRY

Some of the most serious challenges to Big Tech domination are coming from within the tech industry, indeed, from within the ranks of the Big Five themselves. One example was Apple's decision to install an opt-in/opt-out option for tracking cookies on its platforms. The move suddenly rendered a very lucrative part of the market, iPhone users, unavailable for data tracking and use for advertising purposes by other Big Tech companies. Google has similarly tweaked its tracking and cookies policies that impact the work of its competitors, including the decision to phase out third-party cookies from its Chrome web-browser.

The social networks market has also been very dynamic, with new social networks emerging constantly and sometimes growing so rapidly that they threaten the existing powers. In the past, Facebook could act quickly and buy out such potential threats, as it did with Insta-

gram. A number of other examples include the acquisition of YouTube by Alphabet (Google's parent company), or the acquisition of LinkedIn by Microsoft. In the current climate of antitrust challenges, upstart social networks have a better chance of creating market disturbance. Chinese-owned video-sharing service Tik Tok, for example, has given Facebook and Instagram much to think about.

Finally, it is not beyond the realm of imagination that Facebook's popularity will start to wane. It might be already. Amid news that antitrust legal action against the company may go ahead and the re-branding of the company as Meta with a new focus on virtual reality, Facebook registered its first ever fall in user numbers, a loss of about 1 million daily users, in the last quarter of 2021. It ultimately led to a 22% drop in value in pre-market trading of company stock⁴⁸. Experts, however, say it is far too soon to write Facebook off. As Buldioski, the social media advertising expert, says, "There has been news about Facebook's imminent failure before. Young people leaving the platform for Instagram or other social networks, and so on. So it may be serious, [or] may be just a glitch."

⁴⁸ See the [report](#) on Business Insider

BIG TECH AND REGULATORY CHALLENGES

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From this vantage point, it is difficult to imagine a future in which tech companies will not play a major role in dissemination of content, including news and information. What we could and should expect, perhaps, is a reshuffling of those who lead the way and sit at the top of the information “food chain”. Perhaps, in a few years, this debate will focus not on Facebook and Google but on TikTok and Bing.

The role of mobile devices and associated technologies will also only grow. Therefore, the news media and those who intend to continue reporting the news for their audiences, be they local, national or international, will have to invest in the necessary skills and, importantly, in hiring those with such skills.

Media in general must increase their capacities to work with, not against, the tech companies that dominate the online sector. They will have to invest in training existing staff how best to use the advertising or news distribution algorithms of Big Tech, or hire the necessary expertise, to best serve their audiences and, in the case of local media, their local communities.

Programmes to improve and increase media literacy in the countries of Western Balkans will have to include a strong digital literacy component, to equip the general population with the necessary knowledge and skills to increase their resilience to the propensity of current algorithms to promote disinformation and negative speech in the quest for “engagement”.

Local media will have to improve communication with their audiences and local communities, and, like all media (and, in fact, all businesses in today’s world) they must understand who it is that constitutes their audience. For that reason, they too will have to invest in technical solutions (statistics and analytical cookies) to provide them with the necessary data. Of course, with full adherence to privacy and data protection rules and legislation. Media need to be aware of global trends and follow international efforts to identify methods and approaches that would help overcome current difficulties, or trends related to the sustainability of local media.

Much of the investment that is required – in training, in skilled staff, in tech solutions – is currently well beyond the reach of local media. Therefore, states – through public funds - and the international donor community should consider the possibility of creating special funds to provide institutional assistance, ensuring financial stability for at least several years. This would free local media from the day-to-day worries of how to simply survive and allow them to develop the necessary skills and capacities to operate in the new digital environment.

States that operate public funds – whether in the form of direct subsidies, media pluralism funds or funds for promotion of public information on matters of public interest, all of which are present in some of the countries of the Western Balkans – must ensure that these funds are distributed in line with clear, fair and transparent criteria, complete with instruments that would prevent abuse aimed at turning these media into levers of propaganda for those in power.

BIG TECH

AND LOCAL MEDIA IN THE WESTERN BALKANS

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