



Select Committee on Communications and Digital

Corrected oral evidence: The future of journalism

Tuesday 23 June 2020

4 pm

[Watch the meeting](#)

Members present: Lord Gilbert of Panteg (The Chair); Baroness Bull; Baroness Buscombe; Viscount Colville of Culross; Baroness Grender; Lord McInnes of Kilwinning; Baroness McIntosh of Hudnall; Baroness Meyer; Baroness Quin; Lord Storey; The Lord Bishop of Worcester.

Evidence Session No. 17

Virtual Proceeding

Questions 142 - 148

Witnesses

I: Tom Morrison-Bell, Government Affairs and Public Policy Manager, Google; Edward Bowles, Director of Public Policy for Northern, Central and Eastern Europe, Facebook.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Tom Morrison-Bell and Edward Bowles.

Q142 **The Chair:** In our previous session, we heard quite a lot about the role of Google and the social media platforms in relation to journalism and particularly in relation to advertising. Our next witnesses are Edward Bowles from Facebook and Tom Morrison-Bell from Google. Welcome to both of you, and thank you for taking time to join us to give evidence today, for the evidence you have submitted to the Committee in writing, for the evidence that your organisations have provided us with in the past, and for the co-operation that we have had from you in the past.

The session is recorded and broadcast online, and a transcript will be produced.

Will you briefly introduce yourselves and give us a tiny bit of background about your respective roles within your organisations? Let us start with the work you are already doing to support the UK news industry, as your organisations are running a variety of schemes. Let us start by giving you the opportunity to tell us a little about that by way of an introduction from yourselves and then we will go on to take questions from Members of the Committee. Edward Bowles, do you want to start?

Edward Bowles: Thank you, Lord Chairman, and thank you to you and Members of the Committee for the opportunity to provide a contribution to your deliberations in this inquiry.

I am director of public policy for northern Europe and central and eastern Europe, which covers approximately 32 markets at the last count— including, most importantly for the purposes of this inquiry, the UK. I have been at Facebook since September 2019, having come from some 12 years in financial services, another industry tackling the changes brought about by the digital world.

As you have indicated, Chair, Facebook has provided you with a note, which we would obviously be very happy to see published in due course. For the purposes of these opening remarks, I make two principal observations about the contribution that Facebook is making to journalism.

The first is about journalists and, indeed, entry to the profession. Working with a number of publishers and the National Council for the Training of Journalists, we announced the community news project in 2018. That was done after careful consultation and discussion with those publishing organisations and the NCTJ. As a result, we agreed to fund the hiring of 80 trainee journalists.

There were two overarching objectives for the project: that the vast majority of those trainee journalists should be placed in newsrooms outside London, very much in local and regional press newsrooms; and, as a minimum aim, that 50% of those appointed should come from the broadest possible and most diverse backgrounds, including but not only socioeconomic.

I am very pleased to confirm that, of the 80, all but three are in local or regional newsrooms—only three are in London—and 68% of the 80 come from a very diverse range of backgrounds.

It is a two-year contract for each of the 80, the total cost is about £4.5 million, and we support the full training, hiring and running costs of each of those 80 individuals.

The early highlights are that some 300 front pages of local and regional titles have been generated by these trainee journalists, and, indeed, last week one of them won young journalist of the year under the Society of Editors. It is early days, but there are very encouraging signs of return.

On the broader ecosystem—this is a central point that I would like to make now, because it informs quite a lot of the answers to the questions that I am sure we are going to get—Facebook hosts pages by organisations, including from the two groups that you have just heard evidence from. Those pages are populated, created and maintained by those organisations, and they post on their pages the content that they choose.

In many of those posts—and you will see it even if you go to their websites—links are inserted for social media platforms for readers to share those contents. It is very important and perhaps a little too obvious to say that those pages and all those posts we maintain for free—without charge.

The whole point of that is that it drives traffic to the sites of the publishers, where they can generate revenue either by way of adverts on their own sites, or by subscription, or by both in a number of cases. We have many working relationships and, indeed, almost daily calls with a number of the titles from the two companies that you have just heard from, and many others, to help them absolutely to maximise the free use of our platform. That is quite apart from any adverts that they choose to make, which is a very different prospect. A vast amount of traffic is driven from our platform to their platforms by their content that they choose to place on our platform.

The Chair: We will come back to you with some questions on that.

Tom Morrison-Bell: I echo everybody's thanks for inviting us today to give evidence on this hugely important topic.

I am a public policy manager at Google UK. I lead our policy work and engagement with government, Ministers and Parliament, as today, on news-related and policy issues. I have had a varied career in the technology sector, originally starting at Google and working on the advertising side. I left to do a range of policy roles and returned to Google in this capacity. So I have seen the sector from an interesting side, from both angles.

Everybody knows that Google is a technology company. It started, importantly, as a search engine in 1998. It comprises a number of other products and services now, including Google Maps, Google Translate and Google News, which we will talk about today, as well as YouTube.

I thought it would be good to start with Google's mission and how that aligns with changing consumer news habits and publishers' relationships with those consumers and their changing habits.

Google's mission is to organise the world's information and make it universally accessible and useful for others—a big mission.

In the case of news particularly, as a user comes to Google, they search for a query and Google surfaces the results; then, typically, it sends them away from Google in the space of a few seconds. You will be familiar with that. By helping users to find what they are looking for, we provide audiences for publishers and hand them over. Then publishers can have a commercial relationship with them, whether it is through advertising or subscriptions, as Mr Bowles just mentioned.

Flowing from that mission, there are three main ways in which Google supports the industry and journalism. The first—and I have touched on it there—is by driving free web traffic to publisher websites. You can think of Google Search and Google News in a way as a kind of modern-day free news stand. In the past, publishers would have paid to have their publications right in the eyeline of potential readers, whereas Google does that for free. Web referral traffic in the UK, to UK publishers, is estimated to be worth £600 million a year; that is a Deloitte figure.

The second way in which we help them is to help publishers of all sizes monetise through advertising products. Those are flexible, so there are various ways in which advertisers or publishers can use them to suit their ends. It is important to note here that publishers keep the vast majority of the revenue generated through Google's tools.

Finally, in recognition of the changing nature of the news ecosystem, Google established a \$300 million Google News initiative. Critically, that works in partnership with publishers—again, large and small—to develop technology and skills to help to build sustainable business models and thrive on digital. There are some examples that we can touch on today, such as "Subscribe with Google", which the *FT* is using and has now reached 1 million subscribers—so it is helping with that. Equally, our local experiments lab is designed to support local publishers. We look forward to discussing those in more detail with the Committee today.

The Chair: We look forward to that, too. May I get some clarification from you? You say emphatically that you are a technology company, and that is it as the definition of your business. You also say that your aim or role is to organise the world's information. Are you asserting that the task of organising the world's information is purely a technical process that has no editorial or other elements to it?

Tom Morrison-Bell: In the case of news content and the way in which Google uses its technology to order that information, there is no editorial stance taken in the way that that word would commonly be understood—as in a human decision based on a particular preference, view or outlook that then ranks the information. Given that the search engine is an index of the billions of web pages out there, or more—hundreds of billions—the algorithm uses a range of factors to rank them in a way that, over time,

we believe gives users information that they find relevant, so they use the search engine and find the results effective. If you would like me to, I can touch briefly on how that extends into the corpus of news pages.

The Chair: We will come on to this in more detail, but I just wanted to get it absolutely clear that you maintain that you are purely a technology company and that the task of organising the world's information is a technological thing.

Tom Morrison-Bell: In terms of Google's technology and approach to indexing in effect all the web pages in the world, it is a kind of entry point into the internet. It definitely requires a degree of technical expertise to provide that ranking, and that was the innovation that the founders hit on in 1998, when there were a host of technologies looking at how to do this.

The Chair: Okay, so you are a technology company.

Q143 **Lord Storey:** Our inquiry is on journalism. It is very easy to get diverted into talking about how we can save the printed press or do something about the dominance of the BBC, or whatever, but we are talking about journalism in all its forms.

The picture of 30 years ago is incredibly different from what it is now. In my own city of Liverpool there was a thriving morning newspaper and an evening newspaper, as well as two local radio stations that had political journalists and journalists covering other fields as well. If we move on 20-plus years, it has all changed.

With your interesting CVs and the roles you have now, what emerging innovations do you think will have the most significant impact on journalism in the next 20 years? Shall we have Edward first?

Edward Bowles: I am very happy to answer that question, Lord Storey. It is a bit of a crystal ball-type question, but I shall give it a shot.

Certainly, on Facebook and Instagram, where we host very many publishers, we have seen increasing use of video in how they present their stories. There are varied forms of pictographic illustrations, and we would expect that almost certainly to continue and, indeed, expand, as those organisations learn what really interests readers, online or otherwise—but particularly online, in our case.

Facebook is investing a great deal of time, money and engineering capacity in AI, AR and VR—artificial intelligence, augmented reality and virtual reality. It would be very surprising to me if those other three groups of acronyms did not form a significant part of the way in which society, and journalism as part of that, started to evolve and embrace.

Tom Morrison-Bell: We are clearly seeing the shift that digital technologies have created in consumption patterns of users. If you will permit it, that is the key innovation: changing the way in which people consume news. As Mr Bowles referenced, the technologies that will continue will in a sense be different iterations, but the big shift has been in the changing consumption of news.

Key to our approach, and the successful support of journalism, is helping journalists to adapt to these changes and technologies. Video is certainly one, and there are also skills that we feel that journalists will need in a digital age. There is a part of the Google News initiative called the news lab, which trains journalists in tools such as advanced search or digital forensics—tools that become relevant to journalism in the digital age. To date, we have trained over 12,000 journalists in the UK. Those are really interesting areas to understand, to help journalists to adapt to what the technologies mean for how consumers consume content.

Q144 Baroness Buscombe: I should probably begin by saying that, back in about 2008, I remember visiting Google to talk about how it might wish to play its part in the advertising self-regulatory system and buy into it to support self-regulation. The response was very much, “Sorry, advertising is not our bag; we have nothing to do with it—we are a pure technology company”. On reading the evidence that you have kindly submitted, I think we are in a similar place to where we were then.

Listening to you both and reading the evidence that you submitted, and after listening to Peter Wright of DMG and David Dinsmore of News UK, I would say that you are not listening or talking to each other at all. There is no connect. This is what Peter described about half an hour ago as the serious imbalance in the business relationship. Clearly, both sides are seeing it from a very different point of view.

I am going to push the buttons on the concerns of news organisations, because our concern is the future of journalism, and I will press you on a few things very quickly.

As a matter of principle, why do you not pay publishers for the right to carry their content, rather than saying, “Well, they are jolly lucky, because they can have free use of our platform”? Surely, this is a two-way street. It is clear to most of us that you both profit from various uses of news, including by curating it for users and republishing snippets, which can be read without going to those websites. That is a fairly neat way in which to work for yourselves at Google without taking responsibility, notwithstanding the fact that very often some of that news is inaccurate, because it is taken out of context. It is bundled, and no fact checking goes on before it is then produced.

You also both enjoy enormous profits from advertising. At Google, you have 90% of the £6 billion search market and at Facebook you have almost half the share of display ads here in the UK, which is worth about £5 billion altogether. We heard from David Dinsmore that we are talking about \$330 billion worldwide—a huge market.

I add one small point, which I feel extremely concerned about: the future need for journalists and therefore the ecosystem of what we care about so much in this country in terms of a free and responsible press. To add, in a sense, insult to the injury of the news organisations, you are exempt from publishing regulations that apply to the established media. You can enjoy anonymity, which the established media cannot. Importantly, journalists rely on being very careful about protecting their sources while

ensuring that they cover the news. Over to you—and may I hear Edward’s response first, please?

Edward Bowles: With respect, Baroness Buscombe, I was not entirely sure what the question was that you wanted me to answer. It sounded like a series of assertions that you were making. I would be very happy to reply to a question.

Baroness Buscombe: Am I wrong, and could you explain to me whether you think there is an imbalance in that business relationship? Do you think you should be paying for content? It seems that different parts of the world feel strongly that you should. We heard only today about anti-trust laws in relation to the US. We are hearing from Australia about the possibility of a neat way in which to ensure that there is a business contract, which would work well for both yourselves and for the news organisations, so that both can survive in this very fragile ecosystem of the future of journalism.

Edward Bowles: Perhaps I can attempt an answer to where I think you are going with your questions by just bringing it back to the UK advertising market to start with. If you look at the quarterly figures produced by the UK Advertising Association in April for year-on-year 2019 and the last quarter of 2019, you will see that the advertising market across the UK grew by 6.9% year on year. Indeed, for the last quarter, it grew by 6.1% in 2019, across all but two segments. So it is an incredibly competitive advertising market, which is growing in itself right across the piece.

You referenced online display. The total value in 2019 of the UK’s advertising market was £25.3 billion, of which online display in total—and we are a part but not all of that—was £6.2 billion. So it is only one-quarter of what is both a growing and highly competitive advertising market.

I shall not speculate about the outcome of the CMA’s inquiry, which no doubt will come in a few days or weeks, and we will be very happy to be called back and to hear your questions in the light of that. The market is a very competitive one and is growing across all verticals, including online print and, still, newsprint. For example, national news brands in the last quarter of 2019 grew by 0.7% in print and 11.4% online—so, again, not the sort of negative story that you might have been led to think was the case.

Baroness Buscombe: May I hear from you, Tom, as a technology company?

Tom Morrison-Bell: Absolutely. I go back to the three-part schema that I mentioned at the beginning: to our search engine sending traffic, our relationship with publishers advertising products, and support through the Google News initiative. Those are useful lenses to answer the questions that you have asked, because there are different responses and different relationships.

Overall, it is important to recognise that we are always in discussion with publishers about how we help them to monetise their content. Those

discussions are ongoing. I know that the previous witnesses have teams at Google and organisations that help them to optimise their advertising, and similarly for other publishers.

It is important to recognise that the vast majority of queries on Google Search are not news queries; they are a whole host of queries. Importantly, independent research from a company called SISTRIX shows that less than 1% of commercial search queries—the search queries that Google makes money off—are characterised as journalistic. So, of all the search queries from which Google makes money, a tiny fraction is deemed as having journalistic content. Those tend typically to be stories such as an iPhone launch, where somebody will be writing a story, but it is usually not hard news.

It is important to recognise that, on searches, Google makes very, very small amounts of money on news-related queries. In fact, the value exchange is much more about us passing those readers on, as I mentioned, which in the UK is worth approximately £600 million a year to UK publishers. That is on the search side.

On the advertising side, where we have a relationship with publishers using our technologies to monetise their content by selling adverts, it is important to reference—and we published some information today, actually—that they keep the vast majority of revenues when they work with us through our advertising platforms. On our main platform, Google Ad Manager, today we shared some information that the top 100 news publishers globally keep on average more than 95% of the revenue that they generate from our platform. So the revenue split is 95% to the news publishers and 5% to Google. That is an important recognition of how we try to create advertising platforms that are suited to their various needs and provide a revenue split that is fair to publishers.

In the final part, you mentioned the value of original reporting, I think. That is something that we prioritise absolutely. We recognise that original reporting requires resources and time and it is a valuable social good. Last year we announced that our search algorithm would be altered to put a premium, if you will, on original reporting. For example, on Google News, for the publication that breaks the story first, that story will be given prominence, and it may remain more prominent as follow-up stories come on, in recognition of that original reporting. I hope that that answers some of your questions head on.

The Chair: Baroness Buscombe, do you feel that you have had an answer to your question on whether the witnesses feel that there is an imbalance of power between them and the publishers?

Baroness Buscombe: Yes, that is the question. Let us go back very briefly. Do you think there is a balance? If there is, why are we hearing today from America, yesterday from Australia and the day before from France—from each country around the world that is coming to the party—that we have to do something about these dominant players? You are described as duopolies, which I do not quite understand, because you are not the same—one is social media and one is a search engine. But is the balance there in your eyes?

Tom Morrison-Bell: As I said, we do give the greatest flexibility to publishers to be able to use our systems, and we work hard to help them to monetise their content.

Baroness Buscombe: But do you want to pay for it?

The Chair: Can we get to this in another way, because we are not getting to the crux of it, and then we will move on? Do you understand why they think that there is an imbalance of power? Do you understand their concern?

Tom Morrison-Bell: Yes, absolutely. The internet has been with us for 25 years and has radically changed how people consume news. That is why we put \$300 million, a substantial figure, through the Google News initiative, to try to help—

The Chair: May I stop you? We know all the things that you are doing. We are just trying to get an answer to this simple question, and you can say no, that you do not understand why they think that there is this imbalance of power. It seems to me that you do not, because you have given a lot of compelling arguments, in your mind, as to why that imbalance of power does not exist.

Tom Morrison-Bell: Again, I would point to the various ways in which we work closely with publishers to really help them to monetise.

Baroness Buscombe: Okay, and Edward?

Edward Bowles: I am afraid that I am going to be fairly to the point. We have no sense in which there is an imbalance of power. These are in themselves very large, powerful organisations. We have daily discussions about how they make use of our platform—and, obviously, we will contribute to the broader policy debate that this sits within, in a very open and transparent way.

Baroness Buscombe: Thank you for those answers.

Q145 **Baroness Bull:** I want to push a little on the questions of attribution and curation; and, Tom, you touched on some of this. As I understand it, on both Facebook and Google there are drivers and mechanisms that encourage publishers to agree to, if you like, de-attributed content to get it more read. Is it not fairer to consumers and, indeed, content providers that original news sources should be more prominent than re-reporting on your platforms?

My second question is about the impact of algorithms on the type of content that is being produced. There has been a suggestion that algorithms that prioritise shareability will encourage the production of soft celebrity-type content, which is disadvantageous to news publishers that do not deal in that sort of material. Is that criticism justified?

Edward Bowles: Perhaps I could jump in there, Baroness Bull. The way in which our algorithms work is that they are basically user driven. It is a three-stage process. When you log on to Facebook or Instagram, there is what we call the inventory of things you have missed. What the algorithm then does is to work out through a series of signals how to

rank what you have missed driven by the preferences that you as a user have expressed. They are very much driven in the vast majority—and there are thousands of signals that it takes into account—by the predominant signals of pages that you have liked, posts that you have liked, what your friends have liked and what you have shared or commented on in the past. It then seeks to rank those things in order of priority of what you view. That may look almost like a timeline, but sometimes more recent ones are not as high up as ones that you may previously have expressed a great deal of interest in. But, broadly speaking, it should be chronological.

On attribution, I am afraid that that is really new to me. Back in February, we announced and worked with our partners in the publishing world, to ask them to register their news pages so that they featured more prominently in the way in which the algorithms work as the source of a particular story, in addition to how they themselves may choose to make their posts more available, and so on.

What it comes back to is, ultimately, user preferences. The algorithm is very much driven to give you as a person who logs on to Facebook or Instagram in the morning what you have previously expressed an interest in, and the algorithm will prioritise that above almost everything else.

Tom Morrison-Bell: I touched already, as you noted, on the change of the algorithm specifically to raise and give priority to original reporting. So I hope that answers that part of your question: yes, we prioritise that, and it is given prominence.

On the algorithms, to take a step back—because, obviously, Google is very different from Facebook, being a search engine rather than a social media platform—the way we look at news content builds on how the algorithm works for the search engine all up, but we take the following factors into account. First and foremost, there is a relevance to the user's search term. Everything in a Google search starts with what someone types in. I guess that is the most fundamental factor: does that search term appear on the page, or do the words appear on the page? This is related to news stories.

Another issue that we take into account is prominence, which is a range of things. Are there lots of news stories about a given issue around the web? Is it trending and how prominent is it on news websites? Does it tend to be the headline or a smaller story, lower down the page? The greater the prominence, we see that, again, as a signal for relevance or priority.

Then there is something that we call freshness, which is how recent the story is, and location, which can be important for servicing local news. There are other issues that we look at, including technical issues around how usable a website is on a mobile phone. If it is not going to look very good or load effectively on a mobile, we would consider that in the ranking.

Those are the kinds of issues that we think about when the algorithm ranks news stories on Google News.

Q146 **Viscount Colville of Culross:** Both of you have talked about the work you have done to reform the role you play in the digital advertising market to address concerns about dominance. I put a number of those reforms to the previous witnesses from the newspapers to ask them whether they had altered the situation, and they both replied that you were still dominant in the advertising market.

There is a head of steam building up, as my colleagues have just said, with the CMA report coming and the anti-trust cases being looked at in America. Should you not do more to anticipate these inquiries by at least making your programmatic advertising exchanges more transparent and doing more to try to deal with the concerns, which remain post your reforms, about Google's dominance in search and Facebook's dominance in display advertising?

Tom Morrison-Bell: You mentioned a report. Is that the report from PwC on transparency in the supply chain?

Viscount Colville of Culross: Yes.

Tom Morrison-Bell: We absolutely recognise that and are very supportive of the report. Obviously, we balance publisher and advertiser interests on our site, so it is absolutely critical for us that our publishers and advertisers trust our platforms. Specifically, we will support the recommendations of the various trade bodies representing publishers and advertisers, the inclusion of CMA and the DCMS, and the working groups to examine the different recommendations that come out of that report. That is absolutely something that we will engage with fully. I hope that that provides an answer to your question.

Viscount Colville of Culross: Then there is the issue of your dominance of the search ad market. You have talked about reforms, but they were dismissed by our witnesses from the newspapers.

Tom Morrison-Bell: I am not sure what reforms were mentioned. I heard about unified bidding from one of them.

Viscount Colville of Culross: Yes, that was exactly what they talked about. They said that it still left you with about 50% of the market.

Tom Morrison-Bell: Just to be clear, unified bidding is a tool to give publishers greater control over their bids. I can follow up with the Committee in more detail, as it is quite technical. When we polled our publishers on this issue, we found that 47% reported a positive impact from the change to unified bidding, and only 4% of publishers reported a negative impact. On the whole, those reforms were broadly positive or neutral for publishers, while giving them more control, rather than being seen as a wholesale negative.

Edward Bowles: I was just trying to understand the question that you want me to address. What is it precisely?

Viscount Colville of Culross: The question that I want you to address

is that, even though you have talked about reforms to the advertising market, there is still a concern that you dominate it, and that the process of getting advertising—and that is mainly a Google problem—of sorting through advertising and getting the supplier and publisher together is too opaque. With all the reports that are coming in from America, Australia and the CMA, should you not be doing more to anticipate this concern?

Edward Bowles: To start with, the algorithms change all the time. Where we can, we try to sit down, and, as I said earlier, have almost daily meetings with a number of the titles from the companies that you have just heard from to explain how their content is performing and how they can optimise the take-up of that content and the drive from our platform to their platform from the content that they post on our platform, quite apart from the advertising side of things, which is very different.

The algorithms work for organic content, which is not paid—it is the content that they choose to post—which then drives off-platform, off-Facebook activity, from which they get revenue, either from subscription or their own direct advertising, and then, separately, for the advertising. I was not entirely clear whether the concerns were about the operation of the algorithms in relation to the non-paid organic content that they post or in relation to the advertised, paid content on our platform.

Viscount Colville of Culross: Their concerns have been about the adverts themselves that are on your platform, and the process by which the market allocates those advertisements and how the revenue actually gets to the publishers.

Edward Bowles: It is very difficult to answer. I fear I do not necessarily follow the question, but I am very happy to take this up offline afterwards if there is a more specific aspect. I watched the evidence of the previous witnesses, and I am not sure that I follow through to the particular point that you make.

Viscount Colville of Culross: With the dominance of advertising and the fact that you have such control of display advertising, is there not something more that you should be doing to anticipate people's concern about that?

Edward Bowles: We have provided an interim report to the CMA in relation to its interim report, so we will engage with the CMA when its final report comes out, and indeed with government, this Committee and other policymakers. This is obviously a fast-moving area, but we cannot necessarily anticipate a particular outcome when at the moment there is a lot of ongoing debate and discussion.

The Chair: You are saying to us constantly that you have an excellent relationship with news organisations and that you are on the phone to them all the time; yet they have just told us that even the Mail group cannot get you on the phone, and most other news organisations can never get you on the phone. You guys are living in completely different worlds. You do not seem to be understanding each other at all.

Edward Bowles: With respect, Chairman, all I can tell you is that I have spoken in detail and at length, particularly over the last week, with our news partnership team, which literally has daily conversations with counterparts in those organisations. If anybody feels that they are not getting a phone call through, that is easily remedied. Let me assure you that we have very busy colleagues who work day in and day out with those organisations to help them to optimise what they are doing on our platforms.

The Chair: We may try to follow this up offline to get a bit more clarity.

Baroness Buscombe: I keep thinking about a lot of really good people who work for both Facebook and Google, who talk a lot about ethics, morals and so on, and I am thinking that there is a real disconnect here. In a sense, do you care? What I think Viscount Colville is asking is whether you care about your reputation.

Edward Bowles: Absolutely.

Tom Morrison-Bell: Of course we do, yes. In some of the ways that I have articulated, we work extensively with publishers in myriad ways. We recognise that digital has been disruptive, so we try to help them to adapt to that, and we take that extremely seriously.

Q147 **Baroness McIntosh of Hudnall:** I should preface this question by saying that you would be looking at me for a very long time before you were reminded of an expert in digital advertising, or digital anything. My questions are really for Google. I will try to put them a way that I understand and hope that you can then give us an answer that is not, as Tom referred to earlier, quite technical.

We have seen a graphic—I am sure that there are several—which shows very clearly that Google is represented in the transaction with publishers at several points along the transactional continuum. That is, you are represented there as buyers and sellers. On the face of it, that looks a bit anti-competitive. Do you have anything to say to us about that that would dispel that feeling?

On the question of unified or uniform pricing, which we heard about from Peter Wright, and which is clearly a matter of considerable concern to them, it has been suggested to us that the system limits the options available to publishers and allows you to acquire advertising inventory at a lower price than you previously could. Is that fair? Could you, if possible, amplify the explanation you recently gave to the CMA about this arrangement, which, to most of us who have seen it, was not altogether transparent?

Tom Morrison-Bell: To start with your first question about the supply chain, yes, Google has a relationship with publishers, whom you heard from today, and advertisers. We have to balance those relationships very carefully and give adequate controls to both parties without unduly influencing one side or the other in giving them a preference. Our point on both this and unified pricing is in our submission to the CMA review,

and we remain engaged through the market study, which as we know will be published shortly—and we will continue to engage on that.

On unified pricing, again, I am happy to follow up with the Committee on the technical details, if you feel that you are not getting enough detail from the CMA submission. I would be happy to take up where you feel that you would like to learn more on that and provide a submission in writing. As I said to Viscount Colville, we polled publishers to understand their view of the impact of unified pricing. As I said, we found 47% reporting it as positive and 4% reporting that they felt that it had a negative impact on their business. The rest reported that it was neutral.

Baroness McIntosh of Hudnall: May I pick you up on two bits of your answer? On the latter point, what is perfectly clear from today's evidence, which I know you heard, is that at least two quite significant players in this world do not find it at all agreeable for their business. So there clearly is some kind of problem, which perhaps you should recognise.

In terms of your presence in the transaction chain, are there any other markets in which that kind of double relationship would be normal, or even tolerated?

Tom Morrison-Bell: Not off the top of my head. Of course, I would be happy to follow it up with the Committee in writing.

The Chair: Would you send us a note, putting that into the context of other markets?

Tom Morrison-Bell: Yes, I will.

The Chair: Thank you. Do you have anything to add?

Tom Morrison-Bell: I think it is best we follow it up in writing, and I am very happy to do that.

The Chair: Are you clear about the question? We will ask the committee team to speak to you after this meeting so you are clear about what Baroness McIntosh is looking for.

The Chair: Edward, do you have anything to add?

Edward Bowles: No, Lord Chairman.

Q148 **Lord McInnes of Kilwinning:** You may be relieved to know that I am moving away from the market and advertising.

I want to ask about media literacy. I read in your written submissions that a lot of work has been done on media literacy with younger groups, especially in schools, but it seems to be a bigger issue, especially with exponential growth in the use of Google and Facebook by older people. There seems to be evidence, which we have heard as a Committee, that those people are more susceptible to fake news and to failing to understand why they are receiving adverts, for example, and the purpose of the adverts.

Do you think that you can increase that education in media literacy to older users and to less affluent socioeconomic groups—Cs, Ds and Es?

What public policy support would you look for to support that?

Secondly, media literacy is a bit of a two-way street. In your evidence, you both referred to the importance of a balanced and diverse ecosystem or informed election in terms of Facebook. How do you ensure that there is a diversity of literacy—a diversity of thought—in your organisations?

This is more for Facebook, but it is also for Google: as you make editorial decisions, how do you ensure as an organisation that you have that diversity of thought and there is not a type of employee who determines what is vague, what is good and what is bad?

Edward Bowles: I think there is almost certainly a great deal still to be done in relation to media literacy. We absolutely welcomed during the Government's consultation for the online harms White Paper the references to the need for a more strategic approach to that. Even though we have in our submission to your Lordships' Committee illustrated some of the individual projects that we talk about, clearly some of those small, bite-sized projects can only go so far, even if they are reaching secondary schools. There is another segment of the population to which you rightly refer, and we would certainly be willing to talk, and indeed are talking, to government. Any recommendations that you made on this point would certainly be ones that we would want to engage with and support, I am sure.

In the meantime, there is a necessary attempt to make sure not only that what people are seeing on the platform is a reflection of their preference but that they can understand why they are seeing things. To that extent, there are two tools on the menu bar, as it were, whether you are using a mobile or not, literally phrased as, "Why am I seeing this?" One says, "Why am I seeing this content?", which is non-advertorial, and the other is, "Why am I seeing this advert?" It explains why you are seeing it and what you can do, if you do not want to see any more of that.

In addition, there is an onus upon us, and it is one that particularly during Covid has come very much up the priorities, to make sure that what people see on the platform is reliable and there is no misinformation or misleading information. So there is a real attempt on our part—for example, through the creation of the Covid information centre—to direct people to reliable sources of information, whether it is the NHS in the UK or the WHO elsewhere, and so on. I have forgotten your second question.

Lord McInnes of Kilwinning: It was about diversity of thought within your organisation.

Edward Bowles: That is a very live issue, as you will have noted over the last weeks. I have seen the debate internally, as you have seen as well, and the company takes it incredibly seriously. I have been at Facebook only since September last year, but I can tell you that there is a very strong instinct on the part of employees to express views to leadership, to the CEO, and those views are heard. That is a very powerful and resonant voice, and there are certainly a series of

recommendations. Mr Zuckerberg posted a whole series of workstreams, which you may be aware of, where we are absolutely looking at making sure that diversity is built into every stage, whether it is engineering the product—

Lord McInnes of Kilwinning: Sorry, I mean diversity of thought.

Edward Bowles: Yes, it is built into the engineering level, for product design, and in the processes that apply to the escalation of a decision—for example, to take something down or leave something up. That is a very live area, and I am sure that you will see further announcements in due course.

Tom Morrison-Bell: On the media literacy question, without wanting to repeat what Mr Bowles has said, the government media literacy strategy will be an interesting document to help guide this. It is fair to say that there is a gap with older people. Some of our programmes have attempted to look into that for older audiences. We work in partnership with the Guardian Foundation, the National Literacy Trust and the PSHE Association on a programme called NewsWise, which is aimed typically at schools. It is in our submission; you may have seen it. As part of that, there was a pilot to include families, so it is not specifically aimed at older people but it is an effort to recognise that it is not just for the children; the family have an important role to play, and there are educational aspects for parents as well. So we are looking at it in a holistic sense, and we will continue to do that.

As for less affluent communities and individuals, another one of our initiatives is that we have partnered with the Good Things Foundation, which does a lot of work to try to drive digital inclusion among those who risk digital exclusion, which is an issue today. We have tried to address that—lesser affluence—through some of our programmes, and we will absolutely continue to do that. It is an important issue for us.

On diversity in the organisation, it is perhaps slightly different at the product level of Facebook, but our goal is very similar. Diversity and inclusion is absolutely at the core and heart of Google's principles in the representation of individuals—gender, sexuality, race and opinions.

The way we rank information, as I touched on before, is less to do with editorial decisions—we do not make any editorial decisions—and more to do with technical aspects, as I said. But we recognise the need for plurality of voices; we continue to take that very seriously.

Lord McInnes of Kilwinning: Very quickly, yes or no, would you both be confident that there is a wide range of opinions within your organisations at the moment and that there is not a stereotypical type of person who works for Google or Facebook who will hold similar values and thoughts to most of the other people who work there?

Edward Bowles: In brief, yes.

Tom Morrison-Bell: Yes, on our side. That is very much a consideration.

The Chair: Sadly, we have run out of time; we are under a very tight

time constraint. I thank Edward and Tom very much for giving evidence this afternoon. Certainly, on some issues that we have discussed, we will want to come back to you, because we need to dig down to a deeper level and get in some cases more information from you and in some cases your wider perspectives. Clearly, there is some mismatch in how the market is seen from the evidence that you and publishers have given us, which we will also want to explore a little further with you.

Thank you very much for the written evidence that you sent to us in advance and that which you have given us today, and to both of you for kindly offering to supply any further information that the Committee may need. We appreciate that and will take you up on it.