

Lord Gilbert
Communications and Digital Committee
House of Lords
London
SW1A 0PW

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By email: holcommunications@parliament.uk

Dear Lord Gilbert

Thank you for inviting Facebook to give evidence at last week's meeting of the House of Lords Communications and Digital Committee, and for the Committee's subsequent letter. I am writing to provide answers to the questions contained in your letter.

Question 1: How much value do you derive from news on your platform?

First and foremost, Facebook is committed to supporting journalism in all forms and firmly believes in the wider societal value of quality, trusted journalism to the functioning of any democracy. News organisations are free to decide what content they post on our platforms, and how they use the tools we provide in a way that works best for their businesses. It is news organisations themselves, and our users, who choose which news content is shared on Facebook.

Facebook earns the bulk of its revenue from selling advertising space, not from news on News Feed. Our model keeps Facebook accessible to all and we work to ensure it remains free and transparent. Our data further indicates that news is highly substitutable; the fact that 35% (36 or 37%, depending on the survey) of users visit Facebook for news does not mean that their News Feed contains 35% of news. Furthermore, the posted content links through to publishers' websites where users can read further content and publishers can place their own advertising.

Publishers also have a variety of options through which to monetize their content, both on or off platform, through Instant Articles, branded content, in-stream video ads and more. They can choose which product to use for what content and how they integrate it, and they can track performance through tools we provide.

It is important to note that news organisations receive aggregated and anonymised data from Facebook which they can then analyse in order to optimise building relationships with their audience, whether through our CrowdTangle tool, which shows content performance, or other tools such as FB Analytics, which provides comprehensive data

insight into where and how people interact with your content and business across your website, app, Facebook page and more.

We conduct training with UK publishers on both these tools on a regular basis through our Crowdtangle and engineering teams to ensure they are using them in the most effective manner for their business. We also know that many media organizations value these tools - indeed, many have created dedicated teams of social media strategists whose job is to make use of these tools to drive engagement and develop new sources of revenue. The tools and data we provide help gather insights on the performance of posts and advertising campaigns and are particularly valuable in helping small and emerging publishers who are in greatest need of support and who benefit most from being able to reach new audiences.

More broadly, we continue to support the news ecosystem with other projects such as the \$4m Reuters Institute Trust In News research project, which aims to examine the issue of trust in news in key markets including the UK, US and Brazil in order to develop robust evidence-based recommendations for publishers and platforms. We also this week launched the Stamp Out False News campaign across the UK, Europe, Middle East and Turkey to encourage people on our platform to stop, think and check before they read and share content.

Question 2: Please justify your claim that “we have no sense in which there is an imbalance of power” between Facebook and publishers.

Our aim is, and always has been, to help publishers make best use of their presence on our platform, whether using the free service to drive traffic to their own websites, using our products to monetise their news content or through paid advertising. We do this because we want to connect people to quality news, and for the important societal function it provides.

It is clear that publishers benefit from the investments we have made in producing tools to assist them, such as Instant Articles, in stream advertising in video and branded content and for some publishers, content deals for our Watch video surface. Equally, we have seen very significant improvements made by publishers who have invested in their own content and digital capabilities, and found new audiences and established deeper relationships with existing ones through our apps.

Our goal ultimately is to contribute to sustainable and diverse business models for publishers, and if they find using our platform helpful to that end, we are certainly ready to assist - whether they choose to advertise or not on our platform or whether they decide to post their content on it - because we see the wider societal value of journalism for a healthy functioning democracy.

The vast majority of what appears in people’s News Feed comes from friends and family -- this is what we’ve heard are the connections that matter to people most. People also see news content but, as set out in answer to Q1, this tends to be a much smaller

percentage than friends and family content - and it's important to note that there is a difference between consuming news on Facebook and visiting Facebook exclusively to consume news. In addition, Instagram does not allow clickable links, to news or any other content. Furthermore, globally we see publishers typically have a smaller amount of referral traffic coming from Facebook compared to the traffic from people directly going to their site or eg through search.

We provide a platform where publishers can post for free, often many times per day, in a variety of ways and in the manner of their choosing. We also assist the companies who take advantage of this free service as outlined above, whether or not they are also advertising on the platform, but ultimately it is up to those companies to decide what they want to post, subject to our Community Standards, and up to the people who use Facebook whether they want to read, like, share or otherwise engage with that content.'

Far from Facebook dictating terms, publishers can choose to use our platform how they see fit. They can direct people from reading a headline on Facebook to clicking to a full article on their own websites -- this turns free readers into paying subscribers and helps their ad model. We approach all our work with news publishers from a collaborative point of view and feedback from publishers has consistently proved valuable in building them and our users a better experience, for example we increased the amount of ads the user can see in Instant Articles after publishers fed back it worked better for them from a monetisation point of view.

Question 3: Please clarify details of your communication with publishers.

Facebook works closely with news organisations and industry bodies from global to hyperlocal in size and reach, ensuring they have the best knowledge and tools available on how to maximise our platform for audience engagement, monetisation and storytelling.

We conduct regular meetings, workshops, training events, online courses, quarterly business reviews, sponsor events and panels with news partners and industry organisations and hold one to ones on multiple levels of news organisations. The feedback from all levels is regularly incorporated into our products and platform - from operational level such as social media managers and newsroom journalists, through to middle management and up to C-suite. For example, we recently conducted two sets of webinars for publishers and journalists to support them in training through the COVID-19 crisis, bringing in both Facebook and external experts, which a total of 1,500 journalists across EMEA, attended, including many from the UK.

We also held the Community News Summit for Europe in Amsterdam in Nov 2019, where we gathered the industry including UK publishers and experts both from larger and local news organisations to discuss ideas for the future of community news.

As I indicated when I appeared before your Lordship's Committee, our Community News Project funds and trains 80 local journalists across the UK, and this involves a regular

cadence of meetings with the publishers involved. We also have teams who work with local and smaller news organisations in the UK and across Europe to support them on better understanding and maximising usage of our platform and products such as our CrowdTangle product, which is a great resource to assist local news organisations in finding stories relevant to their communities.

Our partnership with the European Journalism Centre on the \$3m European Journalism COVID-19 Support Fund is providing invaluable financial support for hundreds of small local news organisations across Europe, including several community newsrooms in the UK. Learnings from the projects funded by this partnership will be passed to news organisations globally.

We announce significant News Feed changes, such as the one on 30 June 2020, via our [blog](#), and provide regular training on how our News Feed Works with publishers.

Both News UK and DMG have regular conversations with our senior executives throughout the year, in addition to the daily operational work conducted between FB staff and their social media teams. It may be that not all meetings with senior news officials are widely disseminated throughout their organisations, which may go some way to explain a misunderstanding on how frequently they occur.

Question 4: Why do you not allow publishers to sell programmatic advertising for ‘instant articles’?

Facebook launched Instant Articles as a product in 2016, in response to users and publishers wanting to consume and create faster and more interactive articles on the platform.

Instant Articles do support direct advertising sales when using traditional “reservation” style buying methods. It also supports branded content. However, programmatic advertising presents a number of technical difficulties due to incompatibility. Programmatic advertising enables advertisers and publishers to transact using automated systems underpinned by real time auctions based on the value of an individual user and ad impression. The incompatibility is because of how devices and operating systems are designed, as well as the technology used by programmatic buyers, rather than being something directly addressable by Facebook.

We have in the past permitted publishers to test programmatic sales channels but the main issues they have found are:

- Programmatic buyers typically rely on user identifiers (such as cookies) that don’t exist in the mobile app. This means that if a publisher was to turn on programmatic “open market” monetisation, their buyers would not be able to identify their target audience - so the value and quality of advertising would drop dramatically.

- We have tried testing programmatic “Private Market Place” (PMP) buys. This is where a publisher transacts with an advertiser at a pre-agreed minimum price, typically leveraging a publisher’s first party data through programmatic technology. We found that publishers struggled to leverage advertiser budgets where the advertiser could not employ their own targeting. During the time that this was tested publishers also experienced an increase in advertising yield which meant that there was little additional value to be gained for publishers.
- Most publishers find that being able to access Facebook’s advertiser marketplace through Instant Articles is a really effective way of driving additional advertiser demand. It may not yield CPMs that compete with their direct sold market, however they are consistently higher than the open market.
- One of the publisher benefits of working with Instant Articles is that it enables publishers to connect with Facebook’s advertiser demand. This demand is highly differentiated from the demand they see through programmatic channels. While a publisher might see higher advertising yields through direct buys, we understand that it is common for publishers to see higher yields through Instant Articles than through their “open auction”. This means that they can generate overall higher revenues than if they just drive traffic to their own website.
- Finally, we need to ensure that any ads shown within Instant Articles are in line with our strict advertising policies that reflect our wider community policies. There would not have been an effective method of ensuring quality control on open market programmatic. It would have required some integrity trade offs that would not have complied with our policies.

I trust that this information will be useful as you progress with your inquiry. I look forward to supporting the Committee during the rest of its inquiry into these important issues, as well as on other topics relevant to Facebook.

Yours sincerely,

Edward Bowles
Director of Public Policy, Northern, Central and Eastern Europe