



Edward Bowles
Facebook
10 Brock Street
London
NW1 3FG

21 July 2020

Dear Mr Bowles,

Thank you for your reply on behalf of Facebook to my letter of 25 June. I am writing to ask you to answer two further questions.

I. How much value do you derive from news on your platform?

In our previous letter, we asked you how much value Facebook derives from news. However, we did not receive a direct answer. Is this because Facebook has not estimated what the financial impact would be on the business of no longer carrying news, or because Facebook is not able to make this information public?

You told us that news is “highly substitutable”. Facebook explained in its submission to the Australian Competition and Consumer Commission that the evidence for this claim is that despite a change to the news feed algorithm in January 2018 which makes content from pages – including news organisations’ pages – less prominent, Facebook has enjoyed increased revenues and engagement. You also noted that “the fact that 35 per cent (36 or 37 per cent, depending on the survey) of users visit Facebook for news does not mean that their News Feed contains 35 per cent of news.” You added that: “there is a difference between consuming news on Facebook and visiting Facebook exclusively to consume news.”

It is not at all clear how these points – either individually or taken together – prove Facebook’s claim that “news does not drive significant long-term commercial value for our business.” Facebook has not provided evidence to suggest that the 35 per cent of users who visit Facebook for news would continue to visit Facebook as much as they currently do – and thus continue to be of the same value to your company – if news were no longer available on the platform.

We would also be interested to hear whether Facebook believes that news would still be so substitutable were its position in the social media market not, according to the CMA, “effectively unassailable”.

2. What is your reaction to the findings of the CMA market study on online platforms and digital advertising?

You may have seen that the Committee is considering the findings of the CMA market study and on Wednesday 8 July held evidence sessions with the CMA and two academic experts on the subject. We would be interested to read your thoughts on the CMA's proposals and your response to points made by witnesses in those sessions,

We look forward to hearing from you.

Yours sincerely,

Lord Gilbert of Panteg
Chair of the House of Lords Communications and Digital Committee