

A contribution from  
Oliver Schmidt, Head of Content Strategy at Corint Media

## **€610 million – really?**

Facebook and Google are to pay for the use of press content.  
The Collective Management Organisation Corint Media is demanding  
a total of €610 million from Google and Facebook in 2022.  
€610 million in 2022. Cheeky? No, very solid. And perhaps even too low.

If Google is to be believed, we at Corint Media are the masters of excess. We demanded 420 million euros for the company to enhance its offer with preview texts, pictures and other elements from press publishers. The answer followed promptly: A Google spokesperson explained that they were adhering to the law and were "guided by facts, not baseless demands". A sound that has also been heard from others when they have informed Google in Australia, France or Canada that they should now comply with the law.

Facebook reacted almost reservedly to the 190 million euros charged by Corint Media for the use of its press content. A spokeswoman explained that they do not comment publicly on business talks. Of course, neither of them is willing to pay (yet). After all, we are talking about a total of 610 million euros. Is that justifiable in any way? Legally? Economically? Morally? Are they serious? Yes. And the amount is probably too low.

### **You media, be grateful for once!**

When press publishers make demands of Google, the knee-jerk reaction is that the publishers should actually be grateful to Google for passing on traffic worth billions to them. And Google hardly generates any income from press content at all: Google News is free of advertising and most of the searches for which press content is displayed do not generate any monetisation for Google. But why does Google "support" the press via the Google News Initiative and other programmes if it has virtually no significance for its own product? Has a shareholder-driven multi-billion-dollar company suddenly discovered its good (or bad) conscience and is doing good indiscriminately? Or is the story that press content is just by-catch for Google in the trawl net of information fishing perhaps a bit of a fib?

To argue that the press has no economic significance for Google, the search engine group likes to cite a study by the software company Sistris, which specialises in search engine optimisation, among other things. For its study, Sistris defined 1278 domains as press domains. The company then counted how often a Google search is "journalistically influenced". For this, Sistris<sup>1</sup> set the hurdle that at least five of the ten links in the Google search results list come from one of the defined press domains. The study showed that only 7.89 per cent of the searches were journalistic. And that only 0.25% of commercial search terms journalistic in nature were also combined with ads in the environment.

## Press is important - for Google!

This would support the assumption that the press is only of secondary importance for Google. However, it is doubtful whether the approach of setting at least half of the ten search results displayed as the threshold for classifying a search as journalistic is correct. In Germany alone, there are 16 million .de domains competing with these 1278 offers. But what the study mainly ignores is what happens after the search. Where does the "golden click" go, with which Google earns so much money?

Google is a black box of which not even the contours can be discerned. The algorithm and the most important performance data are secret. Only sometimes a brief glimmer of light falls into the box - or some darkness seeps out of it, depending on which side you look at it from. The post on Google's blog "The Keyword" on 18 November 2021, in which Philipp Justus announced the agreement with some German publishers on the licensing of ancillary copyrights, was one of these illuminating moments. Justus pointed out once again how important Google is for publishers. He said that Google forwards 8 billion clicks per month to publishers in Europe alone. This figure is based on a statement by Richard Gingras, Vice President News at Google, who also wrote in a blog post in 2020 that Google forwards 24 billion<sup>2</sup> clicks per month to publishers worldwide. These figures must make you wonder. It's true that Google is used to gigantic figures. But 24 billion clicks? Per month? How does that fit in with the claim of the marginal importance of press products for Google? Are 24 billion clicks just a sediment in the world's biggest search engine?

## Let's estimate the traffic ...

Approaching the answer to this question requires context. Estimates of how many searches Google performs each month suggest a value of around 180 billion<sup>3</sup> by 2020. That's how often people type in a search term and let the robot do its work. If you combine this 180 billion with the 24 billion clicks that Google says it sends to press offerings, about one in seven Google searches would end with a click on a press product.

However, these two figures cannot simply be put into a ratio. One figure refers to a number of clicks, i.e. user interactions, that come out of the Google offer. The other number is much more abstract, as it only says something about what users put into the search engine and almost nothing about what they get out of the machine. That is why both numbers have to be made comparable with auxiliary variables. First of all, not every search triggers a click on a search result. This phenomenon is described by the so-called "zero-click search" rate, i.e. the proportion of searches that are not followed by a click or only a click that remains in the Google universe - in the case of a YouTube video, a click on "news", a click on an image, or a click on a search result. on "News", an image search, or a search on Google Maps. This rate was around 65 per cent<sup>4</sup> in 2020. So pretty much exactly two-thirds of search queries are not forwarded to an external offer. For pretty much everyone - except Google - this figure is a disaster. Google is then no longer a market dominator, Google is the market - and the product that is traded on the market. Google has built a fence around its users and at every point where a hole is provided in the fence, the corporation can make money. To understand this, you have to understand what Google actually does to make money. Explained briefly and superficially: advertisers offer money in auctions for their pages to be displayed particularly high up in the search results. When a user clicks on one of these paid links, the advertiser pays Google for it. Depending on how great the competition is between those willing to pay for the respective search term and how promising the product offered is, such a click can bring Google up to 50 euros<sup>5</sup>. The decisive factor is that users click.

After deducting zero-click searches, Google would have a monthly forwarded traffic of around 60 billion searches. Users click 60 billion times on a search result that leads them from Google to the page where they find an answer. And according to Richard Gingras, Google forwards 24 billion clicks per month to press products. This probably includes traffic coming from Google News or Discover. A large part of the traffic that Google forwards to publishers comes from Google Discover. But for Google, it doesn't matter whether people click on publisher content from Search or Discover. Every click raises the profile. Every interaction makes the user a little more transparent and thus easier to market. Discover itself as a feature on Android smartphones in turn makes Google's operating system more attractive and binds customers to the Android brand. Everything is connected to everything else, so that even with a generous interpretation of the 24 billion clicks, it can be concluded that press content is responsible for around 20 per cent of the interactions of users on Google's products Search, News and Discover. This thesis is also supported by a study by the US publishers' association News Media Alliance, which estimated the share of press content in Google search results at 20 to 40 per cent in 2019.

### **Google and the order of the web**

So much for the quantitative importance of the press for Google. Let's talk about quality. The core of Google's success may be its code. The crawler, the algorithm, the unique hit accuracy that seems to really lead users to the answers to their questions. But that's not why people use Google. People use Google because Google is the door to the internet. People use Google because they believe they can find an order to the whole thing there. For this, order is important - i.e. the code - but above all the whole, i.e. the totality of the visible internet. If users had the feeling that Google was withholding something important from them, they would use a competitor's product. So how important is press content for the completeness of the web?

The internet - or the part of the internet that Google makes visible - roughly speaking consists of three parts: First, the part where people network with each other, i.e. forums, social networks, etc.. The second large part is information or content offerings - databases, scientific publications, encyclopaedias, videos, music and even press publications. The third part consists of commercial offers, i.e. websites on which companies try to sell something to customers. While the first two parts are growing, the third is exploding. The sum of all eCommerce sales accounted for 4 trillion dollars worldwide in 2020. Add to that online advertising, marketing, and B2B business conducted online. The net is a gigantic shopping mall of products, pastimes and views of the world - and thus a 1:1 replica of the offline world. For about four hundred years, journalists have been helping to make this world comprehensible to everyone. Publishing offers orientation because its product is the ordering of information. If the order is bad or the information is wrong, the product dies. That is why publishers have the inner motivation to keep their product clean. They do not want to and must not allow themselves to be dragged out of the sector of information offerings into the sector of the commercial network. Press offers are indeed part of the shopping mall, but only as a map at the entrance.

### **Press creates trust**

In this image of the net, Google manages to position itself as an honest broker that connects people and information seemingly without self-interest. And it does so with an air of incorruptibility that makes the blind Justitia look like a sinister member of the Mafia. The priceless asset of the search engine is not its code, its algorithm, but the trust its users place in the search results list. Those who do not trust the results of a search

will change the channel. Google's strategy can only be to manipulate the user only minimally. The search results should only ever be tailored to the "profiled" user to such an extent that he or she does not suspect that they are being influenced. An essential part of this trustworthy offer that Google presents is press content. They are - for the most part - beyond doubt of influence. By taking place in search engines, press publishers also transfer their trust bonus to the search engine. For the engine, this makes them priceless. Precisely for this reason, they should be fairly remunerated.

### **Is 610 million fair? Yes!**

In conclusion, the question remains whether 610 million euros is a fair sum for part of the German press. Fortunately, the Copyright Act (UrhG) and its decades of application define what is fair. The benchmark for calculating fair remuneration is to levy percentages on the relevant sales of the exploiter. The idea behind this: The turnover from the use of other people's content must go to those who provide the content, who make that content available. The usual rate for licensing exploiters such as search engines is 11 per cent of the turnover. This was also confirmed by the Arbitration Board of the German Patent and Trademark Office (DPMA) in its decision of 2015<sup>6</sup>. It spoke of "a tariff rate of eleven per cent, which in itself would be appropriate for a total repertoire" - meaning: as long as all press publications in Germany are covered, 11 per cent is appropriate.

Once again the cross-check: At least 20 per cent of interactions from Google Search, News and Discover end up with press releases and press content is an enormously important content for Google in terms of quality. Perhaps, under these circumstances, the licensing experiences of other exploiters should be reconsidered. A licence rate of just those 20 per cent that actually make up the traffic at least does not seem utopian. In any case, the licence sum remains linked to the turnover. And this is where new problems begin.

According to official figures, Google Germany GmbH, with its headquarters in Hamburg, last year generated revenues of 715 million euros. However, this is only for services such as booking ads. Answering the question of how much money Google really earned in Germany is like a circumstantial evidence trial. Exhibit A: The market for search engine advertising in Germany alone amounted to about five billion euros in 2020. Google has a market share of over 90 per cent here. This money must have gone somewhere. In addition - Exhibit B - Google is still active in display advertising via AdSense. And income from YouTube advertising and other advertising revenues further inflate Google's turnover in Germany beyond the pure search engine market. According to calculations by Corint Media, based on Exhibit C - Google's European turnover of around 50 billion euros - Germany accounted for around 9 billion euros in 2020. And thus around 8 billion more than Google Germany reported - and taxed through profit. If you add it all up, the licence rate, the turnover, the size of our rights portfolio, the roughly 250 digital publishing offerings that have contributed their rights to Corint Media - including the titles of Axel Springer and several regional publishers - must receive a revenue share of 420 million euros in 2022. According to the same calculation, Facebook will receive around 190 million euros. Eleven per cent of a hell of a lot still remains quite a lot.

€610 million are legally - via copyright law and its application - as well as economically by means of the rule of three very well justifiable. The question remains as to the moral justification. For around 600 million euros, one can pay for an extension to the Chancellor's Office, take over German development aid to China for a year or build 10 per cent of an airport in the Berlin area. Does the press deserve as much as it is supposed to get here? Perhaps one must ask differently: What would it mean for the press landscape if it got what it deserves?

What would happen if one third of these 610 million euros went to the journalists themselves – as provided by the law? Maybe that would finally improve the shamefully low pay of freelance journalists. Perhaps this remuneration of journalists would also finally make the job of factfinder more attractive again. Maybe it would be a small compensation for being spat on at Corona demos or personally threatened on Twitter. Or maybe press publishers could use the extra money to soon develop the digital products that can compete with the masses of paid content. Maybe that would help society better distinguish fact from fiction again. Perhaps a sustainable press would be able to form a stronger counterweight to propaganda, fake news and opinion mongering on social platforms. What is certain, however, is that neither Google nor Facebook will adopt any of these measures. On the contrary: they earn well from keeping everything exactly as it is.

**Press Contact**

Bernd Delventhal, Head of Communication  
presse@corint-media.com

**Source reference**

<sup>1</sup> <https://www.sistrix.de/news/eu-leistungsschutzrecht-journalistische-inhalte-fuer-google-haeufig-irrelevant/>

<sup>2</sup> <https://blog.google/outreach-initiatives/google-news-initiative/setting-record-straight-news/>

<sup>3</sup> <https://blog.hubspot.com/marketing/google-search-statistics>

<sup>4</sup> <https://searchengineland.com/zero-click-google-searches-rose-to-nearly-65-in-2020-347115>

<sup>5</sup> <https://www.investopedia.com/articles/investing/020515/business-google.asp>

<sup>6</sup> [https://www.dpma.de/docs/dpma/schiedsstelle\\_vgg/sch\\_urh\\_13-14\\_ev\\_24092015.pdf](https://www.dpma.de/docs/dpma/schiedsstelle_vgg/sch_urh_13-14_ev_24092015.pdf)