

RE: Request for Information by the Media and Digital Platforms Market Inquiry

INTRODUCTION

1. We kindly refer to the Commission's request for information dated 17 October 2023 relating to the Meta group and its services, specifically addressed to "Meta", "WhatsApp", "Instagram LLC", "Threads" and "Meta Adtech Stack Intermediaries".
2. We confirm that we represent Meta for the purposes of the Media and Digital Platforms Market Inquiry (**MDPMI**) in terms of the Competition Act, 89 of 1998 (**Competition Act**) in South Africa and, consistent with Meta's cooperative and engaging approach to date, this letter endeavours to respond to the questions raised in the Commission's correspondence.
3. [confidential]
4. While Meta is committed to engaging with the Commission in line with its cooperative approach to date and to address any legitimate queries from the Commission including those it is responding to in this letter, [confidential]
5. Before responding to the Commission's questions, we consider it appropriate to refer to [confidential]. In this regard, we respectfully note the following important points:
 - a. Meta's platforms, in particular Facebook, are centrally based on enabling people to build connections with the people, content and communities that matter the most to them. It is no surprise, therefore, that the vast majority of the content that is displayed on Facebook relates to individual and social experiences of users. In this context, we note that posts with news links constitute an extremely small fraction - less than 3%¹ globally [confidential] - of the content that is displayed on the average Facebook user's Feed.
 - b. Access to news is not the core reason and has minimal impact on the extent to which people use Facebook. To the contrary, user research demonstrates that users do not want political content to take over their experience and are increasingly interested in more creator-driven content, especially video.²
 - c. Likewise, while Meta's business model is funded by advertising, news content plays no identifiable or consequential role in fostering user participation and interaction on the Meta platforms (where, as noted, such content makes up a very small part of users' Feeds) in order to drive revenue - nor is advertising inventory placed against news content (or any other type of content) or revenue attributable to news content (or any

¹ Based on Meta internal estimates for the last 90 days ending August 2022. "News articles" include content about current events and other timely information which follows journalistic standards such as citing sources and having a byline.

² See Meta Newsroom, [Reducing Political Content in News Feed](#) (10 February 2021); Jeffrey A. Eisenach, '[Meta and the News: Assessing the Value of the Bargain](#)' (NERA Economic Consulting 2023) (**NERA Report**).

other type of content). Users are instead attracted to Meta's platforms, which in turn attract advertisers and drive Meta's revenues, because they offer a wide range of engaging and valuable features and services that allow users to connect with others and pursue their interests.

- d. The minimal news content that appears on Facebook arises because news media companies choose to post content to their Facebook Page in order to build an audience, engage a community or drive traffic back to their website. This is material value from distribution that publishers gain for free. The overwhelming majority of news content on Facebook is posted by news media companies themselves because they choose to do so: 90% of organic views on article links from news publishers are on links posted by the publishers themselves, not by Facebook users.³
 - e. As a result, Meta does not "steal" or scrape content from publishers from the internet and place it on users' Feeds - publishers choose to post content on Facebook as described above because they derive value from doing so. This is a key distinguishing feature of the manner in which Meta operates as compared to search engines.
 - f. Meta operates in a highly dynamic and competitive environment, where the multitude of ways users are able to access digital content on the internet continue to rapidly evolve, especially as multi-homing has become a significant trend and numerous publishers have their own apps (and websites) that appear on smartphones and other devices and through which users access publishers' content directly (using free or hybrid/subscriber models). This also continues to evolve, for example, with the growth of Artificial Intelligence (**AI**).
 - g. In this dynamic environment, publishers have numerous other avenues through which they are able to make their content available to users. Meta's platforms, especially Facebook, are a small and inconsequential distribution mechanism or avenue.
6. Given these important points, we consider it appropriate to note that the Commission's Terms of Reference (**TOR**) and draft Statement of Issues (**SOI**) appear to fundamentally misunderstand the relationship between publishers and the Meta platforms, and materially exaggerate the degree to which publishers' content drives users to access Feeds and, by corollary, advertising content on Meta's platforms. Meta does not sit in a position of bargaining strength with respect to publishers, whether in South Africa or otherwise.
 7. With respect, the TOR and SOI do not reflect a balanced perspective, and we remain concerned that the contents thereof are conclusory in nature. We encourage the Commission to take all perspectives into account and to recognise the dynamic nature of the sector which compels all firms to adapt to ever-changing environments.
 8. There are no grounds, and the TOR and SOI do not articulate any facts, to suggest that Meta's platforms distort or restrict competition in any market and/or inhibit the ability of publishers to

³ NERA Report.

operate in any market. By contrast, we respectfully submit that Meta's platforms enhance publishers' ability to profile their content and gain value from their free and voluntary use of Meta's platforms, and therefore have decreased barriers to entry in this context.

9. Accordingly, the Commission would not be justified in making any recommendations or taking any steps or actions as a consequence of the MDPMI in respect of Meta's platforms, and it would be inappropriate to do so in the case of Meta in view of the provisions of the Competition Act. There is no justifiable basis for publishers to access Meta's revenue streams in South Africa because the content they place on Facebook has no measurable consequence with respect to the generation of such revenue (in circumstances where news content forms a small part of the Facebook Feed and Meta does not advertise against news content). To do so would simply be an unjustified extraction of revenue and would distort competition in highly dynamic digital markets.

Yours faithfully

Bowman Gilfillan

per: **Derek Lötter / Claire Reidy**