MIKE REED OPINION EDITORIAL

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This morning Gannett, the largest news publisher in the United States including USA TODAY and hundreds of local newspapers, filed a lawsuit in federal court against Google for monopolization of advertising technology markets and deceptive commercial practices.

Our lawsuit seeks to restore fair competition in a digital advertising marketplace that Google has demolished. Since our oldest publication, the *Poughkeepsie Journal Sentinel*, entered circulation in 1785, news coverage has depended on advertising. Today, more than 86% of Americans read the news online. As a result, news publishers depend on digital ad revenue to provide timely, cutting-edge reporting and content that communities across the country depend on.

The move online should have created enormous opportunities for publishers. Digital advertising is now a \$200 billion business – nearly an eight-fold increase since 2009. Yet news publishers' advertising revenue has significantly declined. Google's practices have real world implications that depress not only revenue, but also force the reduction and footprint of local news at a time when it's needed most.

The data reveals a fundamental mismatch in the online marketplace. Content providers, including hundreds of our local news outlets, create enormous value, but see none of the financial upside because Google, as middleman, has monopolized the markets for important software and technology products that publishers and advertisers use to buy and sell ad space.

Google controls 90% of the market for "publisher ad servers," which publishers use to offer ad space for sale. Google also controls over 60% of the market for "ad exchanges," which run auctions among advertisers bidding for ad space on publishers' websites. Finally, Google controls the largest source of advertisers bidding on exchanges. For Gannett, 60% of all buyers come through Google. The obviously painful result is that Google unfairly controls and manipulates all sides of each online advertising transaction.

Google trades on that conflict of interest to its advantage and at the expense of publishers, readers and everyone else. Our lawsuit details more than a dozen significantly anticompetitive and deceptive acts by Google, starting as early as 2009 and persisting to present day. The core of the case and our position is that Google abuses its control over the ad server monopoly to make it increasingly difficult for rival exchanges to run competitive auctions.

Further, Google's exchange rigs its own auctions so Google's advertisers can buy ad space at bargain prices. That means less investment in online content and fewer ad slots for publishers to sell and advertisers to buy. Google always wins because it takes a growing share of that shrinking pie.

But who loses? U.S. news outlets and their readers. In particular, local news organizations are struggling because of Google's unlawful bid-rigging practices. Across the industry, since 2008, newsroom employment has dropped by more than half and 20% of all newspapers have been forced to close. There is less news where it's needed most while Google thrives from this scheme.

In 2022, Google made upwards of \$30 billion in revenue from the sale of ad space on publishers' websites. That was six times the digital advertising revenue of all U.S. news publications, combined. In a functioning market, no one would expect the middleman to make more than the content creator. Google has flipped the script only because it is a serial violator of U.S. antitrust and consumer-protection laws.

Government enforcers throughout the country and across the world agree. In December 2020, a bipartisan group of 17 State Attorneys General filed a lawsuit against Google raising similar allegations of ad-tech monopolization. The U.S. Department of Justice, joined by a bipartisan coalition of 17 additional States, filed its own ad-tech lawsuit against Google earlier this year. Both lawsuits have withstood Google's best efforts to get the cases dismissed. And, last week, the European Union's competition authority filed a related ad-tech case based on the same underlying conduct. The DOJ and EU are rightly seeking a breakup of Google's ad-tech business, in addition to monetary damages and fines.

Antitrust enforcers understand what is at stake. Digital advertising is the lifeblood of the online economy. Without free and fair competition for digital ad space, publishers cannot invest in their newsrooms and content, and readers cannot get trusted news at low cost or for free. Our democracy and communities suffer when citizens are uninformed and disconnected, and when high-quality journalism is unavailable to hold those in power to account.

For more than a hundred years, Gannett has been a tireless advocate for freedom of the press empowering communities to thrive. This lawsuit seeks to ensure a free and fair marketplace so that we can continue our mission for hundreds of years more.

Mike Reed Gannett – CEO & Chairman