

Project title: Media competition and media policy

Duration: January 2020 – April 2024

Client: The Research Council of Norway

Project leader: Hans Jarle Kind

Project description

Digitalization and technological progress have changed the economic framework conditions for the media sector, but this is insufficiently reflected in current microeconomic analysis of media firm competition and the corresponding policy advices that economists provide. Media firms' fight for advertising revenue has become significantly more global; a local craftswoman might for instance find it equally natural to advertise her services through Facebook as through the local newspaper. A major methodological challenge of this project will be to extend present microeconomics to appropriately incorporate the consequences of this development. Recent work by participants in this project indicates that the pricing behaviour of media firms both in the user markets (e.g. towards newspaper readers) and in the advertising market may change qualitatively. In this project we will go beyond the study of pricing behaviour; a main objective is to obtain a better understanding of how digitalization and a more global advertising market affect the incentive structure and the strategic behavior of national media firms, and to uncover essential market failures (e.g. with respect to generating efficient media diversity and quality). Among the questions we ask, is whether the growth of "non-editorial providers" in effect tends to reduce the quality of journalism because they steal advertising revenue as well as consumer attention. Or will the necessity of offering a unique product increase investment incentives? Relatedly, how does competition between editorial media firms and non-editorial media firms affect the incentives for investigative journalism? We will also focus on policy issues, including the question of how to tax firms like Facebook and Google, whether competition policies should change as a consequence of the changed framework conditions, and how digitalization affects competition between NRK (the public service broadcaster in Norway) and commercial media firms.