

## **DESTINATION MOON**

### *Summary*

The modern media industry is in a state of crisis. Digitalization has changed the nature of competition in media markets and the range of products provided. There is growing concern about news quality and the effectiveness of the media as a check on power. Furthermore, the number of journalists is collapsing in all developed countries, a major social change that may reflect media outlet's falling incentives to invest in quality. An open question – with important consequences for journalists who are facing social mutations threatening their profession and more generally for the quality of the democratic debate – is whether news still have a commercial value, and what kind of new business models and legal status need to be developed for media organizations.

The first objective of this research project is to improve our understanding of the determinants of news consumption and production in the online world, using an interdisciplinary approach at the intersection between Economics and Computer sciences. In collaboration with the Institut National de l'Audiovisuel, we will construct a unique dataset on all offline and online news production by the universe of French news media (newspaper, TV, radio, pure online media and the AFP) from 2013 to 2017, and develop state-of-the art algorithms to analyze this data. We will merge this data with detailed input data (e.g. number of reporters) and disaggregated audience data.

We will then use this unique micro-level dataset to estimate a structural model of the media market. In our model, media outlets' profit comes from selling content to citizens and advertising space, and outlets chose their slant and quality. We will use an original approach to define the quality of each article, based on the previous research I have conducted with the INA: its originality, i.e. the share of the article's content that is original rather than copied-and-pasted from articles published earlier (Cagé et al., 2016, 2017). Heterogeneous consumers consume multiple piece of news from different media outlets. Each consumer derives utility both from the characteristics of a media outlet (e.g. its slant) and the quality of each piece of news. We will evaluate the welfare effects of a number of counterfactual experiments, such as changing online price or reinforcing ownership regulation. These experiments will be determined as a result of exchanges with media professionals.

This innovative project will be the first attempt at merging together high-quality content data, economic data and structural estimation tools to estimate the production and consumption of news media. The central objective of the structural estimation is to better understand the extent to which media organizations producing original and valued information get rewarded for this, and how different legal and institutional features (such as paywall for online news or better copyright enforcement for news agencies) can affect these incentives.