

# How can Publishers Collaborate and Compete with News Aggregators?

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## Abstract

Publishers face an existential threat from a variety of news aggregators, such as free aggregators (e.g., Google News, Yahoo! News), micropayment-facilitating aggregators (e.g., Blendle) and subscription-charging aggregators (e.g., Apple News+). We seek to theoretically examine whether publishers can collaborate and compete with the different types of news aggregators and, if so, what pricing and content-sharing strategies should publishers pursue. In the absence of a news aggregator, publishers sell their content as a composite publication; this intensifies inter-publisher price competition and hurts publishers' profits. A free aggregator, however, could help unbundle the articles of a publisher. Moreover, the free aggregator can completely eliminate inter-publisher competition if publishers share articles on the same topic with it, and partially eliminate inter-publisher competition if they share articles on different topics with it. Yet, the free aggregator needs to bring sufficient additional traffic to the publishers to motivate them to share content and collaborate with it. Conversely, publishers will be willing to collaborate with a micropayment-facilitating aggregator even if it does not bring additional traffic to the publishers. This is because a micropayment-facilitating aggregator helps publishers to unbundle their content and price discriminate. Lastly, publishers can be motivated to collaborate even with a subscription-charging aggregator that is powerful enough to dictate the terms of the revenue-sharing arrangement with the publishers. This is because the subscription-charging aggregator improves its profits without hurting the publishers' surplus.

**Keywords:** News Aggregation, Multi-sided Market, Platform-based Marketing, Game Theory