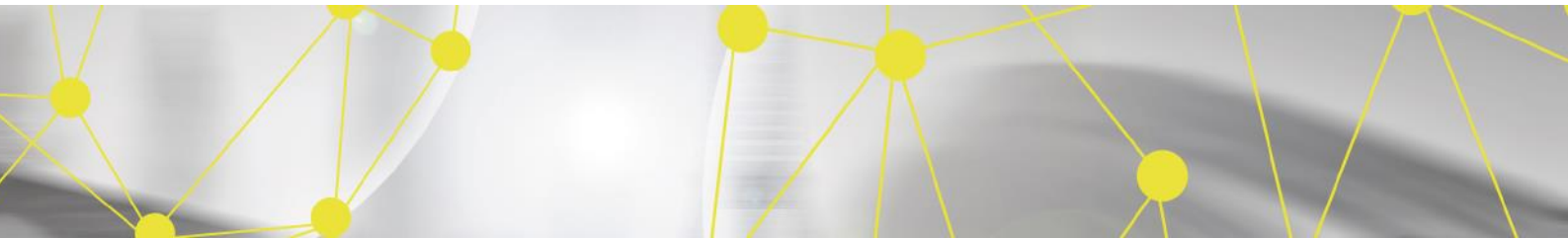


Argo Note 1 – March 2017

The Economy of Clickbait

Or: You will never believe what happened when we took a closer look at the media



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Executive Summary

The era of digitisation has transformed and democratised the news landscape, for producers and consumers alike. But how do we best maneuver through the ever growing and complex media maze? This is the first of a three-part Argo-Note series on the shifting economic and psychological underpinnings of online media. The “Economy of Clickbait” portrays the changing laws of the media market, acknowledging the up- and downsides of the media market liberalisation. We propose policies to equip news consumers with tools that will help them grapple with the rapid emergence of online outlets and to encourage a generation of conscious news consumers. In the next two parts of this series, we will shed light on the financing structure of online media outlets and uncover the dangers of information bubbles and confirmation bias for modern democracy.

We want to understand – so we click

Maybe the title of this article has sparked your curiosity and seduced you to click on the link and land on this page. If so, you might have just been click-baited. Do not despair; there is a scientific explanation for why we are so drawn to these types of headlines. Our headline left out a crucial part of the story, which is psychologically compelling because your brain is craving this information to close the so-called “cognitive loop”. In fact, researchers in economics and psychology have described this type of curiosity as “a form of cognitively induced deprivation that arises from the perception of a gap in knowledge or understanding”¹. We want to understand – so we click.

Clickbait is not as new as you may think

Catchy headlines are not a new phenomenon but have been used to attract readers for as long as media outlets have existed. In the late 19th Century, two newspapers, William Randolph Hearst's New York Journal and Joseph Pulitzer's New York World, were tangled up in a heated competition for readership and resorted to scandalous headlines to establish themselves as the main source in US “yellow journalism”². The anecdote of an accidental explosion in the U.S. vessel *Maine* at a Cuban harbour quite vividly illustrates the two newspapers’ battle for attention. The explosion was caused by a technical failure but it was quickly transformed – through sensationalist headlines - into a possible military attack by Spain, in times when US-Spanish relations were hanging on a thin thread of wary diplomacy³. Ultimately, the political consequences of these reports were miniscule, since the greater public and political audience were somewhat aware and equipped to contextualise the news sources and their underlying incentives. The ability to put into perspective the reports of certain news outlets, the capability to scrutinise them, and hold them accountable (to an extent) was only possible by virtue of the very limited number of news outlets. Fast forward 120 years, this has changed drastically.

¹ Loewenstein, George. "The psychology of curiosity: A review and reinterpretation." *Psychological bulletin* 116.1 (1994):75.

² Referring to Journalism that is based upon sensationalism and crude exaggeration.

³ We were made aware of this anecdote in the “History of Clickbait”, *Gizmodo*

The economic laws of the media market have shifted, and with them the way news are produced and consumed

Traditionally, there were substantial market entry barriers for news producers in the form of high up-front fixed costs, including investments in the infrastructure (offices, printers, distributors etc.), a team of well-trained journalists and fact-checkers, as well as advertisement, which typically required a sustainable business plan to attract investors that were willing to cover these costs. Equally important, news outlets depended on more local financing structures by building up a loyal readership and a critical mass of subscriptions. Today, the digitisation of news has substantially reduced this barrier to entry, leading to a structural transformation of the media market, which has led to the rapid emergence of new content producers that are increasingly undermining the established media organizations' role as gatekeepers. In fact, any motivated, net-literate individual or group of individuals can bypass regulators and bill-collectors alike to broadcast a message and reach a considerable audience at virtually zero cost. Where a traditional print-media outlet would have needed to incur significant costs, in our day a blog post combined with social media, can now reach an even larger audience.

These new economic bedrocks have revolutionised and - some might say - democratised the media market for producers and consumers alike. The emergence of new outlets comes with a larger diversity of viewpoints and reporting methods expressed in the media, covering the full range of the political spectrum. New media are able to access niche markets on shoestring budgets. In the lush gardens of the new media landscape, consumers are now able to cherry-pick from a large variety of outlets free of charge and choose a platform that caters to their specific needs, irrespective of their budget or physical location. This includes pleasing consumers that may harbour sentiments that governments and heritage media outlets may find unsavory. While all of these developments can be assessed critically, the accessibility and larger variety of news can be advantageous to modern democracy, especially in countries that experience censorship or suffer from a lack of media diversity.

There seems to be a significant demand for new online media outlets. What are they doing better?

Online news outlets had recognised the potential of social media in widening their audience and promote their content long before established media awoke from their digital slumber. A new survey in the U.S. reports that 14% of Americans call social media their “most important” source of information. Facebook subscriptions to BuzzFeed are reaching the 10 million mark, while the Washington Post relies on about half of that to uphold their social media presence. While subscriptions and likes are not an accurate measure for impact and quality, the imbalance between the online presence of established versus new media illustrates that the demand for social media incorporated information is not satisfied by traditional media. New media outlets have recognized and filled the void.

Compared to more established outlets, the new online media’s competitive advantage lies in the speed with which they can react to breaking news and their digital savviness. Lax editorial procedures coupled with flat journalistic hierarchies encourage their daring relationship with big but unconfirmed headlines. While traditional media are often constrained by rules governing journalistic integrity and accountability, for many new online media outlets not much is standing between independent content-producer and the ‘publish’ button. These loosely organised news organisations typically dedicate very few resources to the review of information, fact checking and editorial scrutiny, which accelerates the speed with which they produce and spread content but can also compromise the accuracy of their output.

In the new media economy, the currency is clicks

The change in the editorial process is closely related to the change in the economic incentive structure. In the new media economy, almost any news website can penetrate the market but its success and survival will be defined by the amount of traffic it can generate. With every click, online outlets can secure valuable advertisement funds. According to the Pew Research Center, in 2015, USD 59.6 billion was spent on digital advertising, including search engines, social media, news or

any other kind of website and now accounts for a third of overall ad spending⁴. The competition for advertising funds is harsh. News websites are confronted with an ever increasing pool of competitors for clicks including big players such as Facebook and Google. The financing models have shifted from a long-run financial viability model, sustained by a loyal readership, subscriptions, reputation and accountability, to a short-run viral news model, where the “clickability” of an article is an important dimension for economic success.

The viral news model and media bias: same old, same old or the rise of a new political lobby in online media?

In the viral media environment, political scandals are a guarantee for attracting attention and clicks. In recent years, we seem to experience a new form of reporting on the political opponent. Breitbart News in the United States or the Rebel in Canada are not alone in spreading information that undermines or even directly contradicts what its more established competitors present. With similar platforms emerging in Europe, we witness the rise of content-producers whose motivating force is the spread of an ideology or political identity, often covering the extremes of the political spectrum.

Media bias in itself is not a new phenomenon. The majority of the literature on media slant dates back to the period before the rapid emergence of online media and shows that bias has always existed and influenced the choice of content and style of their news coverage. The scientific literature distinguishes between gatekeeping bias, which is the preference for selecting stories from one party or the other; coverage bias, which considers the relative amounts of coverage each political party receives; and statement bias, which focuses on the favourability of coverage toward one political party or the other⁵. While these are well-documented phenomena, with recent the rise of online news outlets, we deal with the rapid spread of obvious falsehoods rather than a biased curation of information. Researchers from NYU and Stanford found

⁴ Pew Research Center's Report on Journalism and Media: “Digital News Revenue: Fact Sheet” relies on data from eMarketer U.S. Ad Spending Estimates.

⁵ Chiang, Chun-Fang, and Brian Knight. "Media bias and influence: Evidence from newspaper endorsements." *The Review of Economic Studies* (2011): rdq037.

⁶ Larcinese, Valentino, Riccardo Puglisi, and James M. Snyder. "Partisan bias in economic news: Evidence on the agenda-setting behavior of US newspapers." *Journal of Public Economics* 95.9 (2011): 1178-1189.

that among known false news stories that appeared in the three months before the U.S. election, those favouring Trump were shared a total of 30 million times on Facebook, while those favouring Clinton were shared eight million times (source). The average American saw and remembered 0.92 pro-Trump fake news stories and 0.23 pro-Clinton fake news stories, with just over half of those who recalled seeing fake news stories believing them. This evidence goes to show that false news, even after they have been exposed as inaccurate, still linger in the minds of readers consumers without being consciously recognised as falsehoods. The prominence of unsubstantiated news is a byproduct of the media market transformation and owed to the shift towards lax editorial structures and speed at which information is shared and spread, today.

An ever complexifying media maze, is there no way out?

The media market is more dynamic, diverse and complex than it has ever been. At the same time, the rapid change in the media landscape has left the news consumer startled. There is a mismatch between the way news are produced and the way we learn how to consume them. The fact-checking burden has shifted from the producers of news to the consumers but consumers have not acquired the tools to keep up with this change.

In the past, the public was confronted with a limited amount of producers and consumer presumed a minimum level of factuality, relying on the structural accountability of media outlets. The financial and reputational risk involved in producing wrong information was considered a strong enough safeguard to ensure quality. Information published in established media outlets was largely taken at face value, relying on the newspaper's intrinsic incentive to keep their credibility with subscribers and investors. The implicit assumption was that the mere existence of a news outlet and its prominence was a proxy for the accuracy and quality of the content provided. In the novel media landscape this assumption does not ubiquitously hold any longer. There mere fact that a story has made it to page one of a prominent online news outlet is no insurance for accuracy or substance of the report.

The net-literate, conscious consumer

There are some decentralised efforts to scrutinise media outlets and their stories to assess their content in terms of accuracy and bias, including the “media watch group” Fairness and Accuracy in Reporting (FAIR), Le Monde’s “Les Décodeurs” or Arte’s “Désintox”. But the old question remains: Who will guard the guards themselves? It is hard to imagine any top-down censorship approach, where a government could “legislate away” media platforms that it deems undesirable without infringing upon the freedom of the press. With the exception of certain cases such as hate speech and incitement to commit crimes, as citizens we should not strive to put that kind of responsibility in a government’s hands for fear of its misuse. Beside the moral and legal concerns a, the sheer mass of news renders it impossible for centralised institutions to perform a “quality check” on every story. Trying to fight false information when it’s already out and loud is difficult and often ineffective. In acknowledging the market laws of the new economy of clickbait, it is more potent to educate the consumer rather than censor the producer. Consumers need to be given the tools to distinguish between facts and falsehoods before they spread and enter the collective memory. Readers should be encouraged to contextualize the information that they are confronted with. Promoting net-literacy is a central policy device in helping consumers deal with the increasing complexity of the media market.

But how do we create a generation of conscious media consumers? First, the notion of mindful news consumption has to become an integral part of the public campaign. Net-literacy starts with establishing a general awareness of the shifting economic and psychological underpinnings of media landscape: “I know that websites want my clicks because they are worth a mint” or “I am tempted to click on this website because of the way the headline is formulated”. It continues with a critical mindset towards media outlets as well as their underlying incentives and a curiosity for their financial backing, political leaning, and track record for false reporting. Before an information is internalised or shared, the conscious consumer asks himself “Is this really accurate information? Was this confirmed by other sources?”. Rather than putting substantial resources in checking the accuracy of news reports on a one to one basis, these efforts should be complemented and potentially even redirected towards the educational and reader-oriented aspects of news consumption. This is not to rule

out institutionalised efforts. On the contrary, governmental bodies and NGOs can support information campaigns that promote, for instance, social media add-on software, that indicates whether a story was covered and confirmed by other media outlets and news agencies. These information campaigns should not aim to label certain outlets as undesirable but to create awareness about the pitfalls of the new media environment and to offer concrete tools to deal with the changing media landscape.

The press, including the digital media, is democracy's fourth estate and shapes political topics, realities, and demands. The new media landscape calls for the new, conscious consumer, such that the press can continue to assume its role as a provider of information and a tool to ensure accountability.

Argo has developed its first signature outreach product: the Argo-Kit. Designed to reach the young cross-sections of society in France's lycées, this first edition tackles the opportunities and risks presented by the ways in which we consume the Internet and Information together in 2017, providing a tool-box of techniques for navigating both consciously and carefully. Tailored to the consumption habits of millennials, the first Argo-Kit is made up of a video, a fact sheet, an online survey and an interactive exercise - all designed to be consumed inside and outside of school using laptops, tablets and smartphones. An additional guide for teachers indicates how the Kit can be used to animate group discussions in class, and how the first edition on the Internet and Information fits into the national curriculum.

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