

# Big Tech squeezes into small shoes as it denies being anti-trust

 By [Derek Abdinor](#)

23 Sep 2019

Public commissions of inquiry always seem to backfire. The inquisitorial atmosphere is designed to evince a confession: the raised podium of the panel, the cameras, the meaningful pauses, the constant rephrasing. But as theatre gives way to farce it reveals that the asymmetry goes the other way - power lies with what the defendant chooses to disclose.



© crystaleyemedia via [123RF.com](#)

With the deference due to the Zondo Commission underway in Parktown, the commission I find interesting is the one where Facebook, Google and Amazon were summoned to the US Capitol to account for concerns under the current fever of #BreakingUpBigTech.

We've been here before, in 2018, where Mark Zuckerberg, CEO of Facebook, faced Congress to account for the Cambridge Analytica scandal where millions of records were made available for political targeting. Zuckerberg was made to squirm under the pressure in the beginning, but memes quickly went viral on Facebook over the ineptness of the (elderly) politicians. Asking [questions](#) of the Zuck such as "If I'm emailing within WhatsApp ... does that inform your advertisers?" exposed the knowledge gap and, with irony, exonerated Facebook to the public despite his misuse of their data.

## The tipping point

The groundswell against Big Tech has a variety of reasons, but the most prevalent is that these companies are simply too powerful, too ubiquitous and Something Must Be Done About It. Politicians are in a [strange relationship](#) with Big Tech, notoriously lenient on collecting taxes from golden geese yet realising that so much private and public wealth is tied up in these companies.

Elizabeth Warren, candidate for the White House in 2020, has essentially published a [manifesto](#) of how and why this should happen. It has become the main topic of interest in the US Congress, and Europe has shown the lead in fining the Big Tech companies, which shows that some tipping point has been reached.

What that tipping point is, is not clear. According to the information that Big Tech releases, there is a plateauing of growth. Facebook's user base is [static](#), especially in North America, and Google's revenue is [slowing](#); even though both frustrate

deep analysis. Investors cannot gauge the underlying performance of rockstars WhatsApp, YouTube and Instagram while they are faced with internet advertising growth being at its [slowest](#) since 2001. The default strategy of Big Tech and its well-oiled, PR machine is to avoid being THAT Big. And they all throw distracting smoke bombs in the following ways:

## Facebook: we're not a media player

Facebook has been very careful not to put on the hooped jersey of the media player and so appear as a target. Media means being as influential as your reach extends. With an audience of more than a billion global users, Facebook would dwarf any other publication in existence. As soon as fake news became a new thing and everyone's favourite villain academy, Russia, was deemed to be exerting influence via the service, Facebook has scrambled to lock stuff down.

The misuse of data in 2018 did not help and brought Zuckerberg that infamous dedicated congressional hearing. Having released features like Instant Articles in 2014 sent out the wrong signals around restricting themselves to distribution: publisher content could be promoted in the Facebook feed and consumed there. Facebook would provide advertising and share that with the publisher.



### The ingenious Facebook trap: Is it time for ensnared brands to cut their losses?

Ewoudt Cloete, Wunderman Thompson 22 Nov 2017



In my experience of publishing, Facebook turned on the taps at the beginning of this decade: all of a sudden publishers had a channel to drive people back to the main website where you could serve them advertising. Over time a new algorithm would be released, publishers would lose that sweet traffic and you would be urged to spend money to promote your stories.

Paying penalties for sharp business practices do not seem to faze Zuckerberg – this month [July] saw a [record \\$5bn fine](#) being imposed for privacy problems in addition to a measure of government oversight. It seems Facebook deems that credible threats to its business will come from :

1. Sketchy content on the site and a user boycott
2. Another exposé
3. of privacy or data misuse
4. Outer Space
5. Restrictive legislation

## Google – We're only first among equals

No company epitomises how the power of data translates into commercial dominance like Google. Or its parent company,

Alphabet, daddy-come-lately to YouTube, driverless cars and all related other interests built off the success of Google Search. Google indexed the web best, eclipsed its competition, rolled out search ads and then moved into publishing tools and advertising tools – all of this building a marketplace where someone who wanted to create content and make money from it could do so within the products made by Google.

When called out on the dominance of Google Search, Google cited many competitors and stated, “If you don’t want to use Google, there are [many information providers](#) available.” Google Search enjoys a market share of around 80% in the US. Even a child, especially a child, could tell you that competitors such as Bing, Yahoo! and Yelp are small players or cover search in a vertical only.

The Android operating system is not even a question of anti-trust, despite it making the device one large honey trap for all kinds of information pertaining to you. Attacking Android means going after Apple – an unwise move as the US has essentially [incentivised Huawei](#) to manufacture its own competing ecosystem.



### The global consequences of Google revoking it's Android license

Annette Zimmermann 5 Sep 2019



## Amazon: We're not a retail giant

The wealthiest man in the world, at the helm of the largest internet company by revenue in the world, which paid zero taxes in 2018, is not above having to pretend to be something that they're not. According to Jeff Bezos, Amazon is just a [small retail company](#).

Amazon manufactures its own goods in addition to hosting the world's largest marketplace. The reams of data regarding pricing, reviews, shopper behaviour and searched-for feature-sets gives them a headstart when they roll out their own product. Of course, Amazon is at its core a search engine as well; the temptation to meet shareholders' expectations by retrieving an Amazon product versus that of a business partner's substitute must be of Edenesque proportions.



### Google sees Amazon as its biggest competition

14 Oct 2014



Amazon (with a little visual cue linking the A to the Z) has moved far beyond selling books in the 1990s. It's large and in charge of pricing and logistics in so many verticals that it begins to throw shade over the usual utilities. Just as general dealers in frontier towns became hubs of regional commerce, and post offices became banks, Amazon is geared up to deliver the kinds of services that municipalities cannot compete with. This is captured very well in fiction: The Warehouse by Rob Hart which is available here...on Amazon.

## What legal action can be taken?

The Commissioner of Competitions for the EU, Margrethe Vestager, has targeted US tech firms. Using careful wording she cautions against the opportunity for predatory pricing but insists the EU is open for business. Google has been slapped with its [third penalty](#) for anti-competitive practices this year, bringing the total to \$8bn.



### European privacy watchdogs probe Facebook; EU wants to 'finalise' Google market abuse probe

17 Apr 2015





## Google faces record EU anti-trust fine: sources

19 Jun 2017



Microsoft, at the turn of the millennium, had an unfair advantage in bundling its web browser (Internet Explorer) with its operating software (MS Windows). Microsoft was deemed to hold a monopoly and use that advantage to dominate the nascent internet market. Microsoft was not broken up though, but it must be noted that under its complete dominance the market for personal computers and widespread internet access was borne.

Standard Oil was a monopoly that had cornered 90% of the US oil market by 1911. It was broken up, but significantly this action followed Standard's construction of a nationwide train network. All monopolies should be broken up only at their peak.

But for all their obfuscations, the problem of Big Tech is not one of stark monopolies. There is little synthesis between the players and, while they all had their origins in adjacent fields of digital business, they're expanding outward into touching other traditional goods and services. However, there is certainly stifling of competition and questionable pricing, and left unchecked one can see the certain destruction of current businesses and for that alone intervention should be considered.

### Don't bet on a meaningful breakup

The role of fake news and its perceived impact on domestic and foreign affairs has become an issue of national security. Similarly, while user privacy is an annoying breach, access to extensive privately volunteered information is the dream of the same national security apparatchiks. The disagreement with Huawei will lead to a technological war and the US will come to see Big Tech as frontline armies as battles around information, data and platforms intensify.

Big Tech will probably have to surrender some oversight to government and then carry on as before. At best I can foresee Facebook merging Facebook Messenger with WhatsApp, and Google making ad-free or subsidised subscription services available to schools or other underserved communities. Amazon will benefit from some private-public partnership in providing government services. All of them will have to disclose better in their primary markets.

But BigTech won't be broken up. It's just being asked to bend the knee. The tipping point has been reached, and, ironically, the biggest signal to summon the Big Tech players to account for their overwhelmingly uncompetitive dominance was when they pretended that it didn't exist at all.

*\*This article was originally published on [Daily Maverick](#).*

### ABOUT DEREK ABDINOR

Derek runs ACME, South Africa's network for independent publishers and consults to established companies in optimising their digital businesses. He would like to see a healthy media ecosystem where media, brands and advertisers can thrive; where foreign and corporate control of our digital media is limited; where free speech allows us to build the society we believe in; and the introduction of a new ethic that will portray our industry as one of virtue and value.

- How different is Big Tech from State Capture? - 8 Oct 2019
- Time to tax Big Tech big time - 1 Oct 2019
- Big Tech squeezes into small shoes as it denies being anti-trust - 23 Sep 2019
- Of foxes and paradoxes in the media henhouse - 17 Sep 2019
- Investor relations from here on in - 31 Oct 2008

[View my profile and articles...](#)