Partners, Competitors, Frenemies: How Australian Advertising Professionals Understand the Market Power of Facebook and Google

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In 2019, the Australian Competition and Consumer Commission published the final report from its two-year Digital Platforms Inquiry (DPI), a landmark investigation into the impact of Google and Facebook in Australian advertising. The DPI final report presented extensive evidence of market dominance, triggered an ongoing policy conversation about the market power of U.S. platforms in Australia, and led to far-reaching reforms aimed at redressing the power of "big tech" in Australian media and advertising. This article draws on expert interviews with 24 senior advertising professionals—conducted during and immediately after the ACCC investigation—to explore their personal and professional views on Facebook, Google, and the power of U.S. platforms in ad-tech markets. We find these professionals have nuanced understandings of the Google-Facebook "duopoly." Recurring themes included concern about platforms' market power, anger at their commercial practices, confidence that these platforms are growing the digital advertising market, and begrudging respect for their superior ad-tech products. These diverging views paint a conflicted picture of digital advertising in a time of transformation.

Keywords: digital advertising, market power, Google, Facebook, platforms, ad-tech

Among the most pressing public-interest issues in media today is the impact of digital platforms on advertising markets. Official inquiries into this topic have recently been conducted by legislators, regulators, and consumer authorities across multiple territories including the European Union, the United States, the United Kingdom, France, Canada, Germany, New Zealand, and Australia. These inquiries have documented a range of harms in online display and social media advertising, including covert tracking and personal data collection, fraudulent advertising technology (ad-tech) supply chains, opaque data-brokering practices, market concentration, and anticompetitive conduct. A recurring topic of concern across these various regulatory interventions is the market power of the world's two leading search and social platform providers—Google and Facebook (renamed Meta in 2021)—and their outsize influence within digital media and advertising markets.[2] It

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[2] We use "Facebook" throughout this article for consistency with our interview data, which was gathered prior to the name change to Meta in October 2021.

has now become commonplace in advertising industry circles to refer to Google and Facebook as "the duopoly," in recognition of the enormous market power they wield in digital advertising markets throughout Europe, the Americas, and much of the Asia-Pacific (Glenday, 2021; Trott, Li, Fordyce, & Andrejevic, 2021).

The market power of the duopoly has attracted growing attention within recent communication research. Fuchs (2018), Moore and Tambini (2018), Mosco (2018), and Pickard (2022) offer trenchant critiques of these mega-platforms, noting variously the deleterious impact of advertising market concentration on ad-funded media and the public sphere and the tendencies toward oligopoly and opacity that characterize platform markets. Other scholars locate the impacts of Facebook and Google in specific national contexts, exploring policy responses by regulators in countries including New Zealand, Australia, and Canada (Flew, 2021; Flew & Wilding, 2021; Meese, 2021; Myllylahti, 2018). Other research into the political economy of advertising considers the longer-range dynamics of market concentration (Crain, 2019; Sinclair, 2020). Across these various studies, a common theme emerges—namely, how "the digitization of advertising has profoundly altered the comfortable accommodation between advertisers, agencies and media which characterized the latter half of the last century" (Sinclair, 2020, p. 12), disrupting formerly stable industry structures. However, rarely in these studies have scholars considered how the reality of market dominance by the duopoly is understood and rationalized by advertising professionals themselves, including those working in smaller national companies that compete with, and rely on, the mega-platforms of Facebook and Google. Understanding the views of these professional insiders can add helpful nuance to our understanding of industry disruption.

Addressing this gap, the present article considers recent developments in Australia, where a major government investigation—the Australian Competition and Consumer Commission's (ACCC) Digital Platforms Inquiry (DPI)—has reshaped industry and policy debates about digital advertising. The DPI was established in 2017 as part of a complex political deal involving the federal government, Australian news media organizations (including Rupert Murdoch's News Corporation) and independent senators, with a remit to investigate the market power of Google and Facebook in Australia and their impact on competition in news and advertising markets.[3] It collected evidence over an 18-month period and issued a Final Report (ACCC, 2019) in July 2019. In this Final Report, the ACCC found that Google and Meta strongly dominate their respective submarkets in Australia, with Google receiving 96% of search advertising revenues and Meta receiving 51% of social media advertising revenues (ACCC, 2019, pp. 95, 98). For every $100 (AUD) spent on online advertising in Australia, the ACCC estimated that $47 ultimately goes to Google and $24 goes to Facebook and Instagram. Painting a clear picture of market dominance, the DPI report concluded

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[3] The political context of the DPI involved horse-trading between political parties, as analyzed by Flew and Wilding (2021). Large corporations in Australia—including Murdoch's News Corporation Australia, which has close links to the Coalition (Liberal/National) parties—had lobbied government for increased regulation of Google, Facebook, and other U.S. platforms alongside further deregulation of the Australian media sector. The Coalition government initially committed to an ACCC investigation as a means to secure support for a separate media deregulation bill. However, once established, the DPI also became a high-profile vehicle for the Coalition government to pursue a "techlash" policy—i.e., an anti-platform, pro-Australian, pro-competition posture—that aligned with the interests of News Corporation and other national media incumbents. Against this political backdrop, DPI investigators were able to complete a series of detailed and rigorous reports that have shed light on digital markets in Australia.

that "over the past three years, Google and Facebook have captured more than 80 per cent of all growth in online advertising" (ACCC, 2019, p. 122).

These regulatory investigations by the ACCC have renewed public conversation in Australia about U.S. platforms and their economic and moral obligations to the national economy. They also reflect a resurgent protectionism in economic policy, with the Australian government signaling its intent to shield national media businesses (including Rupert Murdoch's News Corp Australia) from the "digital giants" of Silicon Valley. Among the DPI's recommendations, swiftly actioned by the Australian government after the publication of the Final Report in 2019, was the introduction of a world-first compulsory bargaining system between platforms and news publishers—the News Media Bargaining Code—which has led to Google and Facebook paying more than $200 million to local news media businesses (Davidson, 2022). Following the release of the DPI Final Report in July, the ACCC launched an additional 18-month Digital Advertising Services Inquiry (DASI) to investigate online display markets, and it also launched a five-year Digital Platform Services Inquiry (DPSI) to investigate other platform services, including app and mobile markets.[4] The DASI final report recommended increased regulatory oversight of online display advertising and measures to address Google's market power including transparency and third-party verification (ACCC, 2021). More recently, the ACCC (2022) used its fifth interim report from the DPSI to recommend the government place legally binding codes of conduct on large platforms to encourage competition in certain sectors such as ad-tech. All this has provoked a reevaluation of competitive dynamics in Australian media because established ideas about digital markets and competition are now being reconsidered in light of the concentrated nature of platform markets and the dominant position of the duopoly.

One curious aspect of the DPI process was the limited participation from Australian advertising firms, whose voices were largely absent from submissions. Of the 180 submissions to the Discussion Paper and Preliminary Report, only 11 (approximately 6% of the total) were from "advertising companies" and "advertising industry standards bodies and industry associations" (Flew, Gillett, Martin, & Sunman, 2021, p. 135). Reflecting on this lack of participation by advertisers in an inquiry substantively focused on digital advertising, the ACCC observed in its DPI Final Report that "advertisers and others may be unwilling to publicly identify their concerns" about digital platforms (ACCC, 2019, p. 14), presumably from fear of retaliation. The ACCC joint general managers of the DPI, Morag Bond and Kate Reader, also noted in an interview that "a number of advertisers … with concerns … were not prepared to make a public submission or to put their name [on] record" (as cited in Beaton-Wells, 2019, 00:29:38). This lack of involvement by advertisers is perhaps unsurprising given the close-knit nature of the industry and the sensitive commercial relations between advertisers, agencies, and ad-tech suppliers. Nonetheless, it seems to have contributed to the ACCC's general concern about "the lack of transparency in the way advertising and media agencies operate" (ACCC, 2019, p. 14).

Given this lacuna in public knowledge, many aspects of the relationship between platforms and the Australian advertising industry are still murky, and important questions remain unanswered. For example: What do local advertising professionals in Australia actually think about the market power of Google and

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[4] Flew (2021) notes that the ACCC, led at the time by Rod Sims, was able to navigate this complex institutional environment without compromising the rigor of its investigation (pp. 168–169).

Facebook? Do their views align with official policy narratives (for example, those expressed in the DPI) or with ad industry "common-sense?" And what might this tell us about how professionals in different parts of the advertising industries are experiencing the realities of "platformization" (van Dijck, Poell, & De Waal, 2018)? Such questions distill key issues raised in the aforementioned literature on digital platforms and advertising markets, drawing attention to the industrial frictions of advertising platformization in Australia and how these frictions are understood and narrated by advertising professionals.

To answer these questions, we interviewed 24 Australian advertising industry professionals about their experiences with and personal views on Google and Facebook. This article presents the key findings from these interviews. Our research revealed both consistencies and variations in ad industry viewpoints. Recurring themes included concern over Google and Facebook's market power, frustration at their relationship to the broader advertising industry, and begrudging respect for their superior ad-tech products. Often the same interviewees held multiple, conflicting positions. Together, the interviews offer a unique lens through which to view a volatile and varied sector of the digital economy at a time of rapid transformation.

Our article proceeds as follows. First, we contextualize our methodology and approach. Second, we offer a thematic analysis of the responses to Facebook and Google that emerged from our interviews. Third, we explore the underlying positions on markets, value and competition that inform these responses. We conclude by discussing implications for debates about digital platforms that arise from this research.

Method

We conducted interviews with Australian advertising experts between May 2019 and December 2020. The majority of the interviews were undertaken immediately after the release of the ACCC's Final Report in July 2019. We identified and recruited participants based on their operational experience with digital advertising technology, seeking those with at least two years' experience in manager-level or more senior roles in digital ad operations, data analysis, or related fields. To recruit participants, we approached expert speakers and attendees at industry events in person, as well as following up via LinkedIn or email. We asked participants for recommendations for other experts to approach (snowballing). Industry events attended by the authors include the Interactive Advertising Bureau Australia's (IAB Australia's) Ad Ops conferences, AdNews Melbourne Summit, Future of TV Advertising summits (2018–2019), and the online versions of these conferences after COVID-19.

To gain a broader perspective, we aimed to recruit candidates from both the buy and sell side of the digital advertising market. Many professionals we approached were not interested or did not see the value in participating in academic studies. Others were concerned about reputational damage and, although initially open to participating, ultimately declined to be interviewed. Those who did choose to participate as interviewees were often motivated by a desire to share their thoughts on record, a sense of professional frustration with the status quo, and what they perceived as a lack of academic attention to programmatic advertising. In-person approaches were followed up by email, LinkedIn, or text message, and the overall number of completed interviews was 24 out of approximately 54 in-person and email/LinkedIn approaches (a 44% response rate).

By the conclusion of the study, we had interviewed department managers, directors, senior executives, and ad operations specialists working at supply-side platforms, media buyers, ad-tech providers, and ad agencies of various sizes, ranging from small local firms to the Australian divisions of major global firms. A list

of our participants' roles includes 10 agency executives, 1 former ad-tech executive, 5 ad-tech executives, 3 in-house data managers, 2 ad operation specialists, 1 advertising peak body executive, and 2 executives from major media and technology companies (see Table 1 for the full list). These participants were all experts in ad-tech, with deep knowledge of the digital advertising ecosystem. Participants had between 2 and 29 years of experience in the advertising industry, with the average around 11 years. Several participants were already working in digital advertising during the "dot com bubble" in the late 1990s. Some participants used programmatic ad software on a day-to-day basis, whereas others encountered the technology at a strategic or management level.

Table 1. List of Professionals and Their Years of Experience.

Position	Company	Years of Experience
Agency executive	Agency	6
Agency executive	Agency	8
Agency executive	Agency	16
Agency executive	Agency	8
Agency executive	Agency	15
Agency executive	Agency	12
Agency executive	Agency	2
Agency executive	Agency	7
Agency executive	Agency	15
Agency executive	Agency	9
Ex-executive	Ad-Tech	11
Media executive	Major Australian media company	20
Senior ad operations	Agency	19
Senior ad operations	Agency	13
Ad-tech executive	Ad-tech	15
Ad-tech executive	Ad-tech	12
Ad-tech executive	Ad-tech	6
Ad-tech executive	Ad-tech	11
Ad-tech executive	Ad-tech	29
Executive	Major tech company	13
Data manager	Large Australian company	12
Data manager	Large Australian company	5
Data manager	Large Australian company	4
Executive	Advertising industry organisation	20

Samuel Kininmonth conducted the interviews in-person in workplaces, in public spaces (cafes), or via telephone and video conferencing calls. The interviews ranged in duration from half an hour to several hours and were audio-recorded. Given the aforementioned industry sensitivities, we obtained consent to record the interviews and de-identified all participants and the names of their workplaces to allow them to

speak freely and without fear of retaliation. The interviews were then transcribed by Kininmonth with the aid of speech recognition software.

The purpose of these semi-structured conversations—as per the expert interview method (Littig, Bogner, & Menz, 2009; Thomas, 1993)—was to capture discourses that circulate about Facebook and Google in the Australian advertising industry in order to better understand how professionals employed in this industry negotiate the evolving reality of "platform power" in their working lives. We asked our participants about their views on the state of digital advertising, the concerns they had about the future of digital advertising, and the effects of automation in digital advertising. We conducted a thematic analysis and coded the interview transcripts around emergent themes of concern across the interview corpus.

We are mindful that advertising markets and discourse are inherently performative. In his pioneering work on industrial reflexivity in film and television, Caldwell (2008) notes the importance of listening to the "self-theorizing talk" (p. 15) of workers in creative industries. For Caldwell (2008), such talk is revealing not only for its capacity to illuminate wider logics of industrial organization and transformation but also for its status as a form of discourse that is highly "coded, managed, and inflected" (p. 2). In other words, research interviews with industry professionals need to be understood as performative acts that may involve toeing the industry line, expressing a genuine personal opinion, or signaling difference from management groupthink. Like advertising discourse, the advertising industry itself has a strongly performative character. Although it has long aspired to scientific rationality through quantitative reports and big data analysis, adland is still largely based on salesmanship and promotion. For this reason, we approach interview data as managed expressions of professional discourse and common sense rather than a window into empirical reality. As Nixon (2003) argues, "the business forms, practices, and relations integral to the practice of advertising depend for their performance upon sets of cultural meanings and values," including "informal knowledge and dispositions" (p. 35). Of particular interest to us here is how these informal knowledges, dispositions, and values surface in everyday dealings between local firms and the Facebook-Google duopoly. Given that narratives and rationalities are fundamental to the constitution of all markets (Callon, 1998; Christophers, 2015; MacKenzie, 2008), and especially advertising markets (McGuigan, 2019; Nixon, 2003), studying how advertising professionals narrate the presumptive market power of Facebook and Google can reveal how the transformations associated with digital advertising are both experienced and narrated by professionals in different parts of those industries.

Industry Critiques of Google and Facebook's Market Power

The overriding theme to emerge from interviews was suspicion of Google and Facebook, combined with a begrudging respect for their superior technology. This love-hate relationship—characterized by resentment, admiration, and dependency—mirrors what Auletta (2018) describes as the "frenemies" dynamic between advertising agencies and Silicon Valley, as "the once comfortable agency business is now assailed by frenemies, companies that both compete and cooperate with them" (p. 4). Our research found that this frenemies dynamic is alive and well in Australia, where advertising industry professionals are increasingly reliant on the "ad stack" infrastructure of Google and Facebook while being cut out of traditional revenue flows between local advertisers, agencies, and publishers. As an executive from an advertising agency told us:

> I think all advertising people hate Google and Facebook. I like Facebook better but . . . I think Google's more evil. . . . It is the Google model to be unhelpful to the agencies. They would rather deal with clients. . . . I think everybody who works in advertising in any way is equally frustrated with the way that Google and Facebook approach things because it's very anti collegiate. We should be doing things together, but they often work against the rest of the industry.

This expert was frustrated with the platforms' relations to the industry, noting Google's lack of integration with local services and its dominance across multiple segments of the digital advertising supply chain. They accused Google of stealing clients from agencies and trying to cut other intermediaries out of the transaction. "The tension between all of us and Google and Facebook is they don't actually want us to be in the middle," they explained. "They're not candid. They're not invested. They obviously have a dislike for agencies." This suspicion of digital platforms has been observed at the highest levels of the advertising industry and reflects the standpoint that for some the contest for advertising spend is a zero-sum game (Auletta, 2018).

Others we spoke to voiced similar views about what they perceived to be Facebook's rivalry with the broader advertising industry. A data manager for a major Australian company told us that "Facebook is super dodgy, like really dodgy. … Facebook is much worse [than Google]." Likewise, a data manager for a major Australian company, with over a decade of experience, observed that digital platforms have lost the veneer of innovation they once held in the industry:

> It used to be all "Wow, Facebook and Google, they're doing amazing things. I just want to be like them, I want to work there." And now it's "Oh, Facebook and Google, they're stealing all my data. It's this monopoly that we can't crack. They're walled gardens; that means we can't compete on a level playing field."

These views reflect a mix of value claims and commercial rivalry. When we asked why participants had negative views of the two platforms, some reported hearing that platforms had transgressed advertising industry norms such as trying to poach clients from agencies or being uncooperative business partners.

Several participants told us that the platforms bypass agencies to poach their clients. Some also mentioned a prevailing industry suspicion that the platforms would steal or repurpose data shared with them by advertisers and publishers. As one expert who manages marketing data on behalf of a large company told us, "there's a lot of nervousness around from publishers about losing their first-party data to these big guys." In advertising, first-party data (collected by the publisher or brand) is usually considered more valuable than third-party data (purchased from a data broker). The expert's view reflects a widely held belief across the technology and media sector that if large technology companies are able to access a business's data, they could use that data to disintermediate that business. For example, one participant—a former ad-tech executive—recounted how their company broke relations with a particular demand-side platform (DSP) after it was acquired by Google because "they didn't want Google having any of their data." The ability of large technology companies to develop or buy features of other intermediaries is a key challenge in regulating digital platforms (Flew, 2021).

Other participants noted a culture clash between technology companies and advertising firms, suggesting a fundamental difference in working style. The executive of a supply-side platform (SSP) with firsthand knowledge of Google remarked,

> Yeah, outside of Google, [the industry] is very kind of salesy, very kind of even *Mad Men*–esque. But in Google, it's not too salesy at all. It's just full of nerds. [Google is] all about the product and the technology. . . . you don't really do that much selling.

The implication here is that the duopoly's superior technology and platform design allows them to bypass the long-established sales practices accepted within the Australian advertising industry. Instead, the executive explained, "They [Google] build great products; you have to say that they're definitely very good products." Another expert in advertising operations, who uses the platforms in their work, described Google ad platforms as useful in the industry because they are "awesome" and "easy" ("you can teach your 8-year-old kid how to use it"). This view is echoed by an executive from a DSP, who told us that they understood why advertisers find the digital platforms so attractive:

> From an advertiser's perspective? It's the easiest way out, right? Like if you want to reach one massive audience and have them engaged. . . . And it drives like nobody's business. It drives really well. It's not comparable to other channels in terms of actually being able to action something based on the Facebook ad or Google ad.

These responses are notable because whereas smaller DSPs and SSPs may not be perceived to directly compete with Google and Facebook, as we discuss later, the same participants who were positive about the digital platform's advertising services also considered their immense market power to be detrimental to the ad ecology. DSPs usually offer more specialized features and connect to a broader range of channels (such as TV and billboards), but as we discuss later, they cannot access certain inventory such as YouTube or Facebook ads. It is revealing that an expert from a DSP holds inventory that they cannot access in such high regard.

In other interviews, respondents' admiration of Google and Facebook was tinged with suspicion and critique. A senior executive from a major Australian media company, while applauding the platforms' "superior technology," worried that "they've got to a size where they're actually not working in the interests of our society." This was a common position among our participants, who were all familiar with the notion of platforms as extractive entities that commoditize human interaction and attention for commercial benefit. Some offered carefully considered critiques of platforms based on their contribution to public culture. An advertising agency executive, reflecting on the impact of Facebook and Google on newspapers, expressed the following concern:

> I still fundamentally have my own beliefs in this idea that you should be able to create content, monetize that content relatively easily to an audience that you found. And then that will grow culture in general, but also sort of support the fourth estate and the news economy. And I think that there is a concern there that they [Google or Facebook] produce essentially nothing, but they take such a huge share.

That advertising funds news and the open web is a common line of discussion in the digital advertising industry. These remarks recall the critiques of social media and platforms offered by Hwang (2020), Lanier (2018), and Zuboff (2019), among others, which present the platforms as fundamentally extractive rather than productive when it comes to news and information. The fact that Google and Facebook do not (with rare exception) produce their own content is of course a strategic element in their legal status as platforms not publishers, allowing them to minimize defamation, copyright, and other legal liabilities and obligations (Napoli & Caplan, 2017). But as the previous quote from the agency executive reflects, this strategy is a source of tension for some in the advertising industry who have residual affection for the democratic functions of traditional publishers, who regard those publishers as essential partners, and who are suspicious of the platforms' extractive relationship with publishers.

Coexisting With Facebook and Google

Another topic of discussion was how local advertising businesses can coexist with Google and Facebook. Here, our participants' views often diverged according to what kind of company they worked for. In speaking to professionals from independent digital agencies (as opposed to larger agencies), we found that they were largely optimistic about their relationship with Google and Facebook, which they regard as essential partners. As one executive from a small advertising agency explained, "they've created a product which is working well, and we don't have huge a problem about that. We don't shy away from the fact that we've built our businesses around these platforms." For some smaller agencies, the kind of tools and automation that the digital platforms provide allow them to engage with digital advertising without the budgets or expertise required by more specialized DSPs and SSPs.

Other participants were also optimistic that major players like Facebook and Google—which exercises control over every aspect of the online display advertising value chain—could use their market power to suppress bad actors, such as fraudsters and unethical intermediaries. As an executive from an advertising agency told us,

> Google is actually beneficial because they can look at the ecosystem and be like, "Well, that's ridiculous," and actually remove players or use their market power to stop those sort of practices. . . . The duopoly is actually a benefit to us because you actually have somebody that has enough power to stop that stuff.

This sentiment is revealing given the well-known governance problems within the digital advertising ecosystem and the failure of the leading global digital advertising standards body, the Internet Advertising Bureau (IAB), to coordinate industry interests (Gehl, 2014; Lobato & Thomas, 2020). Several participants from agencies, ad-tech, and media noted that Google uses its dominant market position to implement standards. These participants were frustrated with the IAB's ability to shape standards. As one agency executive exclaimed, the "IAB has no control of anything." Another ad-tech executive expressed their frustration that they had sat on IAB committees to find that "anything Google and Facebook do" are "the industry standards [that] get implemented." Participants noted Google would likely continue shaping industry standards going forward, but they were mixed about whether or not that was positive. Several experts argued Google uses standards to control the industry. One agency executive explained that

advertising agencies had introduced standards around viewability and transparency to foster trust and would like Google and Facebook to adopt or better publicize their own standards. These comments reflect the widely held notion that Google and Facebook function as standard-setters for the rest of the advertising ecology, in the absence of effective industry coordination.

Other participants were pragmatic about the still-evolving digital advertising ecology and argued that patience is needed. An ad-tech executive, reflecting on the role of Google and Facebook, told us, "It's all so new, all this ad-tech industry, that it's very hard to police it, I suppose . . . So in my discussions with the ACCC, I wasn't too critical of Google, really." Another participant similarly defended the U.S. platforms, arguing that too much attention is paid to the deficiencies of digital advertising compared with the smoothly functioning parts. "It's kind of like aeroplane travel," they suggested. "You hear about the crashes, but you don't hear about the hundred thousand flights a day that land normally." In other words, digital advertising largely works for many who are involved, but attention is paid to disasters and scandals.

As these comments suggest, industry perceptions of the duopoly are not uniform. Although many participants were somewhat suspicious of the platforms' market power and motives, they expressed a range of other views—including admiration, respect, and desire for closer partnership—that complicate this position. The emphasis placed on negative versus positive aspects of the platforms' conduct also varied according to respondents' position in the industry: Smaller digital agencies tended to be more optimistic in their views about the platforms than representatives from larger global agencies. Industry views converged around the theme of duopoly power, but participants did not universally regard this as a problem. Some saw an opportunity to build closer relationships with the platforms, whereas others resented their loss of status and centrality in a transforming advertising industry. In this sense, the responses reflect complex interdependencies and a reliance on imported expertise that has long been a feature of Australian advertising industries (Crawford, 2008; Sinclair, 2012).

Walled Gardens and Closed Channels

Another theme in our discussions with advertising experts was the walled garden phenomenon. In industry parlance, walled garden refers to "any closed platform or closed ecosystem where the technology provider has significant control over the hardware, applications, or content" (Jatain, 2021, para. 1). For example, Facebook is an end-to-end platform that controls all advertising, data collection, and content on its platform, and it allows very little third-party scrutiny; it has invented its own bespoke forms of ad measurement that do not align to established industry standards. Walled gardens such as Facebook have been accused of inflating and overreporting their view counts and other metrics (Hwang, 2020). This has the potential to undermine digital advertising's frequently claimed advantage over legacy forms of advertising—its capacity to precisely measure user attention and engagement (Turow, 2011)—and is therefore a matter of controversy within industry.

The term walled garden is an industry analogue to other concepts in regulatory discourse, such as closed channels, and to the concept of disintermediation in economics, whereby competing intermediaries are cut out of the value chain. As the ACCC defines them, closed channels "involve publishers selling their ad inventory directly to advertisers" (ACCC, 2021, p. 2). Given that traditional open programmatic trading typically

distributes revenues across many different intermediaries, including DSPs and SSPs, this ability of Facebook and Google to go direct-to-client via their own closed channels is controversial. So too is the limited transparency available to advertisers and other market participants within these walled gardens. From some perspectives, this constitutes classical oligopolist behavior, as critiqued by Fuchs (2018) and others.

Antipathy to walled gardens was a common theme in our interviews. The frustration of interviewees frequently centered on a perceived lack of transparency and interoperability. A commercial director at a media buying agency expressed their dislike of walled gardens, which they regarded as oligopolistic for their frustrating opacity:

> I hate walled gardens; I think they're shit. Because they fundamentally stop us from doing the thing that we really need to do, which is overarching campaign reach, actually being able to see what's delivered is delivered.

The irritation expressed here refers to the software used by agencies from easily tracking campaign performance across all digital channels. Walled gardens that stymy interoperability are considered to be transgressing the open market ideals of programmatic advertising (Kininmonth, 2022). As an executive from an ad-tech company observed:

> The problem is, is that because [Facebook and Google are] not agnostic, and they are keeping the data in that ecosystem, it means that the marketer is limited to reaching outside of that, and it's essentially forcing them to spend on that walled garden. . . . So, Google has a monopoly, Facebook has monopoly, because it's absolutely their ecosystem.

These remarks reflect concerns that walled gardens offer limited measurement standardization and no interoperability with third-party ad-tech systems such as DSPs. However, the scale of the platforms' reach, as well as the quality of their products (as discussed earlier), mean it is very difficult to avoid walled gardens completely when planning an advertising campaign.

When discussing walled gardens, our participants raised current industry debates over the Google-led campaign against third-party cookies. In January 2020, Google announced it would be phasing out third-party cookies—a crucial identity and addressability tool in ad-tech—for its Chrome browser (Schuh, 2020). Many in the industry were suspicious of Google's motives, suspecting that its main objective was to use its vast access to first-party data (i.e., not from data brokers) to consolidate its market position in online display advertising. As an advertising agency executive observed:

> Soon Facebook and Google will be the only players that really have a start-to-end view of the path to purchase. . . . So, if you remove cookies, or you weaken them to the point that they're not viable anymore, then the money that's currently going into display and going to publishers from brands is going to disappear. And it's all going to get funneled into Facebook and Google, who have the legal teams and the direct contact with the end-user to continue to operate the way they do.

As these remarks suggest, many in the industry suspect that Google's claimed pro-consumer/pro-privacy campaign against third-party cookies is in fact a ruse to conceal a naked power-move designed to further embed itself at the very center of online display advertising. They also implicitly promote a common industry line that consumer privacy protections could hurt ad-tech competition because smaller players may lack the same compliance teams and first-party data that digital platforms like Google and Facebook have. An ad-tech executive expressed concern that smaller players will have trouble competing with walled gardens and their proprietary data:

> Maybe the big players win out again, because they will just go: "Okay, well, right. Facebook has all this login data. And Google has all this logged in the data on YouTube. So that's first-party data, so we can just spend more money on those."

Another participant expressed skepticism that large platforms could be persuaded to forgo their advantages to pursue more transparent, interoperable advertising markets:

> The agencies just have to live with the fact that they have to do one thing in that world, one thing and another world, and then so one thing everywhere else. Yes, you want to join it all up to be able to attribute cleanly, but they [Google and Facebook] sort of don't allow it—(A) for the data related risks, that I think is kind of fair enough; (B) because of the commercial dominance. If you had that level of dominance, why would you change it? I mean, they're crushing it.

However, other experts we spoke to were less sure about the increasing pressure from walled gardens and more optimistic that clients' skepticism would act as a bulwark to total monopoly by large digital platforms. As one executive at an ad-tech startup rationalizes, third parties will always have a role to verify the platforms and keep them in check:

> Well, I mean you can't have a platform telling you how to model and measure their own effectiveness. . . . No client is credibly going to believe that. And I think they let Google get away with it in the early days of search, and people [are] starting to wise up to it a bit.

This executive has faith that market forces and skeptical advertising budgets will check the platforms' market power. This could reflect their company's market position as an ad-tech startup seeking to find a niche in the already crowded market.

Across our interviews, the walled garden character of Google and Facebook recurred as a consistent frustration for participants. Many felt that the digital platforms are far less interoperable or transparent than they should be. Some worry that digital platforms' lack of interoperability, combined with their market power, might dissuade clients from using other advertising technology or services. Yet this frustration was sometimes tempered by optimism that market forces would eventually reign in egregious examples of deceptive conduct as clients choose to avoid services that they consider untrustworthy or less cost-effective.

Competition and Complementarity: Do Platforms Create New Markets?

A further theme in our interviews was the issue of competition and complementarity within advertising markets. This goes to the larger question of whether Google and Facebook have cannibalized existing advertising markets—as per the public and official ACCC narrative of excessive market power—or whether they have created *new* markets alongside those legacy markets (or both). At issue here is how participants locate the boundaries of different advertising markets, and the consequences for public debate of drawing those boundaries in particular ways.

For example, one advertising executive was critical of narratives that, in their opinion, oversimplify and distort how media budgets are allocated. They told us that "You don't ever sit down and go, 'Should I put all of my money on TV or Facebook?' Because you would never do that. Facebook [is] a very specific thing. And YouTube and Google are a very specific thing." Their comments suggest a vision of multiple, complementary advertising markets coexisting across, and also within, legacy and digital media. Rather than a zero-sum model of a single advertising market cannibalized by the platforms, this view holds that social media and social video are new markets that exist alongside older ones. Although the balance of power between these markets may be uneven, products offered within each market are not directly substitutable and should not be conflated.

This view of advertising markets as plural rather than singular was echoed in comments by another advertising executive. They noted that advertisers who spend money with Google and Facebook are often qualitatively different from the traditional clients of legacy media: "Facebook's primary consumer is not agencies and not big brands—it's basically SMEs [small and medium enterprises] . . . who they care about." This view is shared by another participant, who observed that

> the tools that Facebook and Google make available are perfect for that kind of small business. And they make it really simple and straightforward. And there isn't really a lot of competition for those small businesses for their marketing other than those environments because that's not where the big money is. But obviously, when you think about it, in terms of the economies of scale that Google or Facebook then have, they've got hundreds and thousands of small businesses around the world that are using their platforms.

From this perspective, the small business markets serviced by Facebook and Google—offering cheap placements using self-serve technology—are fundamentally different from the traditional markets of television, radio, and publishing, which cater to larger, national businesses seeking sustained exposure and brand-building. This view seems to be borne out by regulators too. The ACCC (2021) notes that "Google Ads is the only DSP that focuses on providing services to smaller advertisers" (p. 65). The ACCC (2021) estimates that in 2020, approximately 90,000 to 100,000 Australian customers used Google Ads and spent somewhere between $2,000 to $3,000 each (p. 65). In other words, Google and Facebook have not only cannibalized traditional advertising markets but also grown a new "bottom end" market of small advertisers that has no direct equivalent in the pre–social media world. Seen from this perspective, Australian advertising needs to be understood as an assemblage of many different markets, of which Google and Facebook are only two—albeit highly significant—parts.

One solution to "living with the platforms" will be to offer products and services that are sufficiently different from those offered by the platforms, and thus to create a new space in the ecosystem. An ad-tech executive from a DSP explained to us that they see their company's niche as "trying to stitch together different types of formats to one another":

> DSPs are the only place that you can now get digital billboards and Spotify and audio like digital radio and digital TV, connected TV inventory and websites, [whereas] Facebook and Google [are] a lot more focused.

For this executive, the Darwinian game of platform-complementarity is "both a challenge and an opportunity." Other participants predicted that future realignments between the major platforms may change the competitive landscape for the better, tempering the market domination of Facebook and Google. One participant, an executive from an advertising agency, hopes that new entrants like Amazon will rebalance the market and provide competitive terms for advertisers. "Everyone is loving the inception or the rise of Amazon" because "at least there's three, a triopoly or whatever you want to call it, rather than just having Facebook and Google dominate the market." For this executive, the worst-case scenario is "just more and more reliance on Google and Facebook." The prospect of three, rather than two, tech giants controlling the market is therefore welcomed.

The discussions above demonstrate the different perspectives on Google and Facebook's place in digital advertising markets. As we have shown, there is rough consensus among our participants that Google and Facebook have market power but there was less consensus on whether that dominance is growing new digital advertising markets or cannibalizing existing ones, as long as digital advertising spend continues to grow.

Discussion

Industry understandings of markets are significant because they shape business practice and inform regulatory debates. It is clear from our interviews that many professionals in the Australian advertising industry are worried about the market power of Google and Facebook. However, it is also clear that many of these professionals—including those worried about the duopoly—have favorable opinions about the platforms and their advertising services. Some go so far as to argue that the self-serve advertising platforms are a democratizing force, wresting access to advertising from the domain of larger businesses that could afford to retain agencies, and opening up a space for small and medium-sized businesses to become digital advertisers in their own right.

At first, these positions might seem contradictory. How can experts be worried by large digital platforms while also praising their products? Why would experts predict that ad-tech supply chains, as the basis for the digital platforms' power, might also eventually erode such power and produce a more dynamic marketplace? The answer, we argue, lies in the heterogeneity of interests in digital advertising—or what Flew and colleagues (2021) describe as "the importance of differentiating competing corporate interests" (p. 129). As we have shown in this article, the stakeholder position of large ad agencies is not directly equivalent to those of smaller agencies and niche ad-tech providers. While large agencies are often focused on the market share lost to the platforms, smaller players may also see opportunities—including potential

for revenue generation around the edges of the platforms' business models. Our research suggests that industry attitudes to the duopoly reflect these institutional differences, although not always neatly.

For example, among our interviewees, the most strident critic of the duopoly worked for a major Australian media company; their position was that the platforms are free-riding on content they had not produced. In contrast, those working for larger agencies tended to be critical of the duopoly's methods but accepting of their role in the industry. Meanwhile, staff from smaller agencies or ad-tech startups were often the least critical; these professionals often worked with smaller clients and appreciated that the platforms' lower spending thresholds allowed them to run modestly budgeted campaigns for those clients.

In this sense, our interviews suggest a rather conflicted understanding among advertising professionals of the platform "problem" and its possible solutions. By conflicted, we mean two things. First, the individuals we interviewed often expressed views that seem to be logically incongruent with one another. An example is an ad-tech executive who worried about Google's "massive, massive monopoly" and its effect on the industry, before later adding that they "definitely trust Google" to conduct their business honestly. This reflects the mixed feelings held by many advertising professionals towards the duopoly, which represent both a commercial threat and a commercial opportunity—the "frenemies" problem famously described by Auletta (2018). Second, the modes of industrial "self-analysis" (Caldwell, 2008, p. 1) excavated in this article are also conflicted in the sense that diverse views on platforms exist *across* the industry, as well as at the individual level. For example, as noted above, a difference of opinion can often be observed between established ad agencies who fear being disintermediated from traditional revenue chains and smaller ad-tech operators who are deeply integrated into, reliant on, and comfortable with the Google-Facebook platform ecosystem.

It is important to understand how these industry narratives inform policy discussions. After the DPI concluded, the ACCC's (2021) DASI final report found that digital advertising markets are still complex and opaque, with myriad opportunities for self-preferencing and for conflicts of interest between ad-tech and agency actors. The report noted that the size, complexity, and opacity of digital advertising means that even regulators able to compel information must rely to some extent on industry sources to frame problems. As the ACCC (2021) noted in the DASI final report, "the ACCC has not been able to verify the accuracy of the . . . information provided to us, and we have relied on ad-tech providers to provide us with accurate information" (p. 22). Regulators in Australia are now proposing to introduce legally binding codes of conduct on Designated Digital Platforms to attempt to curb anticompetitive behavior similarly to the European Union's Digital Markets Act (ACCC, 2022). The ACCC (2022) recommends that each competition code of conduct should be developed in consultation with "all relevant stakeholders" (p. 111). Given the history of the DPI and DASI, it seems likely that Google and Facebook's market power in ad-tech would likely attract such a code or codes. This reflects the tendency for industry narratives about competition and market power to filter through to competition policy.

Given that regulators globally will be relying on industry sources to identify problems, it is useful to have a nuanced understanding of industry narratives. Our research has shown that advertising professionals share many of the same concerns as regulators, such as market power, market opacity, and the risk of self-preferencing. However, we also observed a "frenemies" dynamic where the same concerned respondents also shared their respect for the platforms' products. This could signal a divergence between regulators and adland. Although adland is built on advertising spend and its proponents seek to further the

project of more effective, efficient advertising, regulators are approaching advertising from the perspective of media funders and market information providers for businesses and consumers. This could make regulators and adland unlikely bedfellows who, while sharing the same concern about the duopoly's market power, have different priorities when it comes to other issues such as consumer privacy. As one interviewee from a large advertising agency candidly remarked, people around the world condemned Cambridge Analytica for its use of personal data but many in the advertising industry would embrace a similar ability "because that's our whole thing."

Conclusion

This article has found that advertising professionals hold mixed views about the impact of Google and Facebook on digital advertising. While it would be rare in any professional sector to find unanimity of views, the depth of feeling our participants shared about the future of digital advertising is striking. Our participants were remarkably frank when they shared their opinions on the digital platforms. Many, especially those in larger advertising agencies and media companies, are openly critical of the platforms and worry about their ability to disintermediate local agencies and media companies as the advertising industry increasingly turns to automation. They are also concerned that platforms will be able to shape emerging privacy standards to their own advantage. Other participants, often from smaller agencies, viewed the digital platforms as providing many commercial opportunities, especially for clients with smaller budgets. As we have shown, these various sentiments reflect the general "frenemies" dynamic described by Auletta (2018), which characterizes digital advertising in Australia as well as in the United States.

The DPI and DPSI have provoked an ongoing policy discussion about competition in digital markets that provides a wider frame for these advertising industry conversations. At the time of writing, it is still unclear how adland will engage with this policy agenda. After the ACCC (2019) process, many advertising professionals in Australia are now aware there is an institutional vacuum within the policy debate. Many of our participants question the ability of the main industry association, the IAB, to steward digital advertising in the shadow of the platforms. Yet they are also skeptical about the prospects and purpose of direct government regulation of digital markets. Having long campaigned against government regulation of advertising, adland now occupies a paradoxical position: it could potentially benefit from possible future competition regulation that may emerge from the DPSI, even though this pulls against the natural free-market inclination of advertising industry culture. As our interviews suggest, there is no clear industry consensus about whether or how government should intervene in the market, other than to rein in the worst excesses of the platforms' business practices. Advertising industries have historically resisted regulation, but this inclination may not serve those industries well in the years to come as competition with the platforms intensifies.

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