Online Giant Monopolies

What is the issue?

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Data aggregating online ad firms like Google and Facebook have almost completely monopolised their niche areas.

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What are bail-bond companies?

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- Bail-bond companies are organisation that provides pledge money or property as bail (as surety) for the appearance of persons accused in court.
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- In the U.S., such companies largely profit from “communities of colour and low income neighbourhoods when they are most vulnerable”
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- Also, as bail-bond firms use “opaque financing offers that can keep people in debt for months or years”, Google finds the industry immoral.
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- Hence, recently, Google banned bail-bond companies from advertising on its platforms, claiming that the industry’s work offends its values.
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What is the impact of Google’s ban on advertising?

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- Media companies have for long decided what content or ads to carry based on its cherished values, but Google’s case is unique.
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- Notably, no ad company has ever come close to controlling over 90% of the market space in a particular domain, like Google does in internet search.

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- Significantly, Facebook, which undisputedly has the largest share in the social media space, has also banned bail-bond companies, following Google's lead.
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- Considering the near monopolistic position of these large firms in their niches, these bans effectively close all modes of online advertising for bail-bond firms.
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- Bail bond companies could still show up in search results, and reach out to clients through their own websites, but outreach has become much harder.
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What are the larger implications?

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- Whether data controlling firms like "Google and Facebook" are too big, leading to suppression of market competition, is often speculated in recent times.
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- "Data monopoly firms" affect not only our wallets but also our privacy, and autonomy, making them more dangerous than conventional monopolies.
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- In this context, bail-bond ad ban raises a different, and potentially more troubling, possibility - they also get to dictate values and ideas.
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- **Increasing Objectivity -** From another angle, dada majors are facing increasing external pressure to weed out fake news and inciting content.
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- This has forced them to get increasingly objective (taking stands) about their outlook towards content on their sites.
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- Hence, the issue is complex and data firms can't be solely vilified.
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What is the way ahead?

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- **Free Markets -** Had there been sufficient competition among players in the data space, bans by one or two companies wouldn't have mattered.
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- But the pro-active "mergers and acquisition" drive carried out by Google and Facebook has effectively ensured that their monopolies remain.
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- If markets lack competition, then the need for governmental pressure to regulate the market is needed, but that is again a complex mesh to explore.
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- **Preventing Monopolies -** It is ideal to prevent emergence of monopolies in the 1st place through hard hitting "out of the box" policies.
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- Breaking up big firms through legislations is fraught with legal hurdles and the resultant consequences are also highly unpredictable.
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- But when firms proceed towards their next acquisition, government needs to get innovative to ensure that market competition isn't compromised.
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Source: Business Standard

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