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1. Introduction

The Digital Platforms Inquiry has received few submissions relating to the concerns of small business. This submission seeks to partially readdress this by providing a broad view of some of the benefits, constraints and frustrations experienced by small business owners when dealing with large multinational digital platforms as both consumer and advertiser.

Small business owners must utilise digital platforms if they want to survive in today's current economic climate. It's not a choice anymore, it's a necessity.

Many industry specific magazines and other general print media have closed down due to the impacts of the 'digital revolution' on the media and publishing landscape. Small business advertises online because it has to in order to survive, as the print media industry continues to contract. Print media circulation figures are trending down with many titles losing more than 50% of their readership to online media outlets. At least 10 printed publications the writer has advertised in over many years, have now disappeared and those jobs are gone.

Print media does not generally print hate speech, fake reviews or fake profiles. There were and still are occasional instances of fake news (e.g. the defamation of actor Rebel Wilson). Digital platforms are in reality advertising platforms sometimes bowing to both the lowest and the highest human behaviour, despite their sometimes righteous proclamations. One can only hope they continue to evolve for the betterment of all humanity.

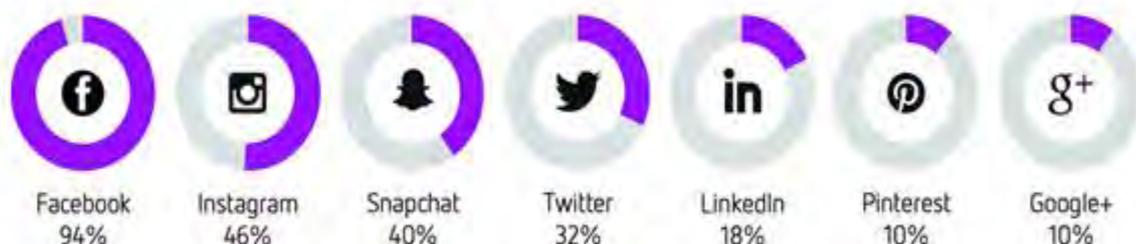
According to¹Sensis, Facebook (Fb) has 94% of the social media market in Australia. Facebook is the go-to social platform for 15 million Australians.

Figure 1: Sensis Social Media Report 2017

The most popular platforms

- Visual platforms continue to grow in popularity, with Instagram seeing a 15 point jump in users (from 31% to 46%). Snapchat saw the biggest growth, with usage almost doubling from 22% to 40% this year. Twitter has also seen a surge in usage, up from 19% to 32%.
- However, Facebook remains the most popular, with 94% of social media users on the platform.

Social networking sites used this year



¹<https://www.sensis.com.au/about/our-reports/sensis-social-media-report-2017>

1. Introduction cont:

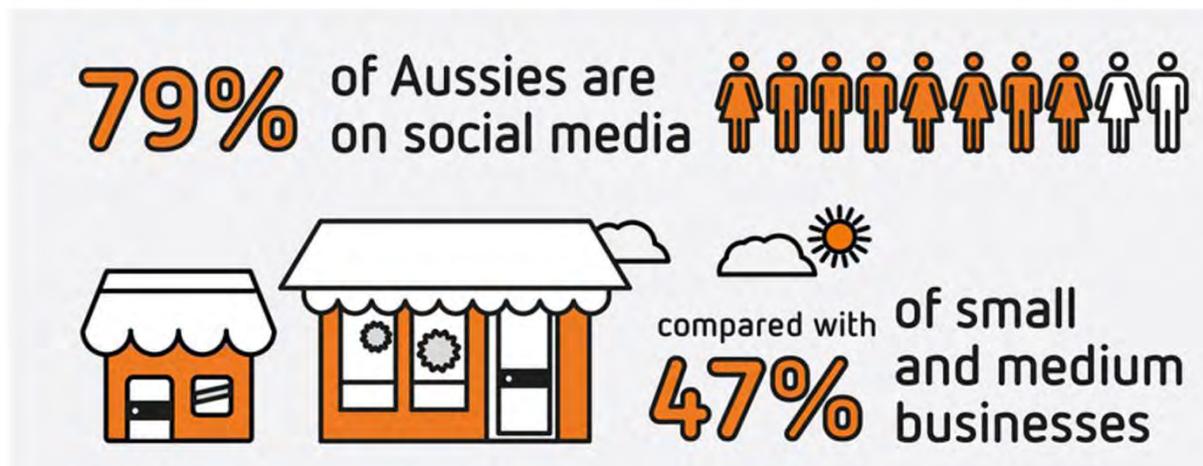
Although not included in the infographic above, ²Social Media News states YouTube (YT) had 15,000,000 Australian views last month April 2018.

These platforms are used by many small business owners as both consumer and advertiser. Using digital platforms, small business consumes other products and services, often in hopeful furtherance of our businesses e.g. software ads, bookkeeping, advertising and supplies.³47% of small businesses also advertise particularly on Fb, Instagram and to a lesser extent on YT. 79% of Australians use social media but less than half of small and medium sized enterprises (SMEs) do.

Figure 2: Social Media Presence

Businesses with a social media presence

- 47% of SMBs are now on social media, which is similar to last year (48%). This compares to 79% of consumers.



SMEs are particularly disadvantaged in comparison to larger enterprises regarding the level of service and support offered by these gargantuan platforms. I could enumerate many instances of unresolved difficulties encountered over the years, but will concentrate on just a few in order to convey what small business regularly experiences.

²<https://www.socialmedianews.com.au/social-media-statistics-australia-april-2018/>

³<https://www.sensis.com.au/about/our-reports/sensis-social-media-report> 2017

3. The Issues from a Small Business Perspective

a) A Bumpy Ride on an Uneven Playing Field



i) Little Support for Small and Medium Sized Businesses

Large businesses and multinational corporations have partnerships with digital platforms. There is a lack of transparency as to how a small business can ascend to the rarefied online atmosphere that lofty corporations and big business enjoy on digital platforms. It appears that medium sized businesses in Australia don't get much support either. In fact, although Facebook has had a Sydney office for some years, there is a distinct lack of support for the average Australian business. I have heard of businesses spending \$100,000 per month on Facebook advertising and still not receiving any support whatsoever. I have asked Facebook what is necessary to receive a dedicated account manager and received this response via chat:

"Account Managers and Marketing Experts at Facebook are assigned proactively based on a number of factors including their availability and account details. There is not a way to request a manager, however when availability allows for new clients to be added on and when your account becomes eligible, they will reach out to you".

So small businesses have to sit back and wait for Fb to contact them with a view to offering further support to enable them to grow further. This is a catch 22 situation hindering the growth of small business on Fb. It is in fact anti-competitive behaviour. Do these actions fall under Section 45 of the Competition and Consumer Act?

3. The Issues from a Small Business Perspective cont:

ii) Major Taxation Differentials for Multinational Corporations and SMEs

Large multinational corporations including digital platforms often have their head offices in overseas tax havens, they pay little taxation in Australia, preferring to indulge in lofty pursuits such as transfer pricing. Such taxation differentials put small business at a distinct disadvantage in remaining profitable.

Regarding the taxation arrangements of Fb and Google, it was reported 6 days ago that ⁴both Fb and Google have been forced recently to pay some back taxes, albeit it at less than what was previously determined by the ATO. Therefore multinational digital platforms get a major discount from the ATO. If a small business asked the ATO for a discount, would it be successful?

It does seem that multinationals are given additional sweeteners to stay competitive whilst small business is left out of the loop.

b) Advertising on Digital Platforms – Not for the Faint of Heart

XX



Below are just a few of the experiences xxxxxx has encountered over the past xx years advertising on digital platforms.

⁴<http://www.bandt.com.au/marketing/facebook-google-forced-back-pay-australia-tax-office>

3. The Issues from a Small Business Perspective cont:

Table 1: xxxxxx

XXXX XXX XXXXXX

Effective and efficient online advertising is expensive, difficult and just too complicated for the average small business owner to fully comprehend. Ideally, AB split tests should be performed and statistical analysis undertaken on every ad and every variation thereof. Very few advertising agencies, social media companies or small business owners actually do this. I have studied statistical analysis multiple times during my university training and I have used this in determining the effectiveness of ads. I still find that only half of advertising actually works, the question is always which half?

3. The Issues from a Small Business Perspective cont:

Large corporations have specialist teams doing statistical analysis on ad elements such as different coloured fonts, sizes, images and variations in text. This is one reason why they dominate the environment. They do not necessarily have better products or pricing. SMEs have difficulty competing and it is only their heartfelt beliefs which drive their businesses which actually keep them going. It is true to say that like the Gold Rush times of old... many try but few succeed....to get a reasonable ROI.

Multinational digital platforms like Google and Fb say things to pull in SMEs like “Attract more customers”...well actually....not necessarily. Some campaigns do not work. They do not result in increased revenue or profits for SMEs. The really difficult thing is that small business owners rarely find out why their campaigns fail and there’s little transparency with most digital platforms. So we keep experimenting and refining ads, paying the platforms more and more to find the ‘sweet spot’. Eventually we learn or maybe not... we simply give up after wasting huge sums of money, time and effort.

Another digital platform catch cry is “You only pay for results”... well again... not necessarily.

Figure 3: Ad for Google Adwords

You may have competitors clicking on your keywords. These days Google does have algorithms attempting to stop this but they are not always successful. Best I can tell, there are approximately 10% of clicks that are suspect, but again there’s a lack of transparency to really know. So again SMEs are hit with additional costs and waste their advertising \$\$\$.

The screenshot shows a blue-themed advertisement for Google AdWords. At the top, it asks "Why Google AdWords?". Below this, there are four key benefits listed in a grid:

- Attract more customers.** Whether you're looking to bring in new website visitors, grow online sales, get the phones ringing or keep customers coming back for more, Google AdWords can help.
- Reach the right people at the right time.** Your business gets found by people on Google precisely when they're searching for the things that you offer.
- Advertise locally or globally.** Target your ads to customers in certain countries, regions or cities – or within a set distance from your business or shop.
- If you need us, we're here.** Google AdWords lets you manage your campaign by yourself, or call us for free phone support at 1800 988 571*.

At the bottom left, there is a "PRICING" section with a green line and the text "You only pay for results." At the bottom right, there is a "Ready to start?" button with a dropdown arrow. Below this button, it says "Call an AdWords expert for:" followed by a list of services with checkmarks:

- Help creating your first campaign
- Valuable tips and insights
- Ongoing support

Below the list, it says "Call us now on 1800 988 571*" and "Phone support operating hours are Mon-Fri, 9am-6pm AEST".

3. The Issues from a Small Business Perspective cont:

We either pay to play or don't play at all. We are locked in by necessity in using these large multinational digital platforms. There is an absolutely gigantic differential between SMEs and large enterprises when dealing with large digital platforms.

In the past I have contacted Google Adwords, Facebook and Youtube, often they have been unsatisfactory exchanges not giving me real information that can solve my issue. Below are a few examples.

xxxxxx, I had a competitor steal my business name to use in its Adwords. A customer rang and complained she was confused because she thought she was calling us here in Australia and instead ended up talking to a company in the UK. I went through the Google Adwords process to report the use of my trademarked business name. At the end of the process (which took some time) I received the message that Google had a lot of reports and would come back to me. To date, I still have NOT been contacted.

It was only through the diligence of the small local social media team I use, that I was advised of the competitor involved. I rang the competitor and they resolved the situation within a few days after I threatened legal action. But the Google process was useless. In February I estimate my business lost approximately xxxxxxxx to this UK competitor as a result of Google not having an algorithm to pick up that someone else was using my trademarked business name in their Google ads. The ability to detect unlawful use of registered companies business names could be coded into the Adwords algorithm, if Google had the will.

ii) Arbitrary and Inconsistent Adjudications, Lack of Clarity, Unfair Policies

xxxxxxxxxxxxxx xx xxxxxxxxxxxxxx got me blocked from sharing in Facebook groups. Why?

VIDEO XXXXX

On seeking Fb chat support, initially I was told that it had been reported by some group members. I presume these were competitors as I received a fake review after sharing in this large Australian xxxxxxxxxxxxxx group previously. Even if that is the case, how does this silly video violate Fb policies? xx xxxxxxxxxxxxxxxx.

3. The Issues from a Small Business Perspective cont:

iii) F is for fake news, fake profiles and fake reviews

IMAGE XXXXXX

Facebook particularly has a major problem with fake news, fake profiles and fake reviews. When these are reported to Facebook, it has been reported that at least 40% of the time nothing is done. I have read this online previously but unfortunately can't find now the source in the little time I have. The topic of fake news is too large to cover in the 2 days I have to produce this submission.

Unfortunately, the 3fs above have also been the writer's experience after xx years using Facebook both personally and for business. Many of my reported posts have been routinely disregarded relating to cruelty to animals, fake profiles set up after stealing my photo, scammers contacting my friends which seems to happen all too often, quite often weekly. xxxxxxxx a so called 'friend' contacted me in Fb Messenger about getting a government green grant...it was a scam and my actual friend had her photo and name stolen. The new Fb Messenger app seems to be hacked regularly.

My business has xx xxxxxxx fake reviews that I cannot get removed despite multiple attempts. Yet recently, when xxx fake reviews were added overnight, Facebook acted immediately removing those reviews. It did not act immediately however when my feedback score went down as a result of those xxx fake reviews. After I complained my feedback score was adjusted back up after xx days.

These xxx fake reviews generated from fake profiles which were the result of me taking legal action against someone who had posted a fake review several weeks previously on my business page. I then contacted a lawyer who wrote to the perpetrator (for a fee of \$1500).

4. Content Creation and Small Business

Effective advertisers create copious quantities of content. Consider for a moment, that an optimal posting rate of 3 posts per day across each platform is often required to cut through the noise and get traction. A small business owner actually has to run their business, there is little time to create content and yet it must be done.

There are also many rules relating to content, so content creation needs careful consideration. Many SMEs use multiple platforms, we use Facebook, Twitter, Pinterest, Google Plus and Instagram. Content for all these platforms is actually a lot of work. We use Sprout Social to simultaneously post to some platforms. Other posts have to be done manually.

Content creation works best when it's in video format, next best is an image and least effective is a text post. Video creation was very costly (although software company subscriptions have bought the cost down now, it is still a substantial cost to small business). Images are less costly and text is free but generally doesn't work well. So when digital platforms say they are free to use for consumers, this is really not the case for business. The content has to be developed which is time consuming, costly and requires effort and strategy.

In the case of consumers as the ACCC has pointed out in its Terms of Reference, consumers actually pay by handing over their data. But it's not only consumers... businesses actually pay three times by handing over their data, creating content (this costs \$\$\$ and work) and paying for advertising that may or may not work.

My point here is that there is a cost for all which is often more than we expect and this is purposely obfuscated by digital platforms.

5. Benefits and Challenges

Digital Platforms are a source of knowledge... some incorrect and some correct but not well known. This morning (May 9, 2018) this ⁵news story appeared in News.com.au:

She says: "I was told a termination was the best option because they said he had a less than one per cent chance of survival with my waters having broken so early."

"They said the small amount of fluid was not enough for him to survive."

Desperately seeking information, Cally headed to Facebook and found a group called Little Heartbeats, which supports women who suffer from pre-term pre-labour rupture of membranes, known as PPRM.

Cally says: "When I read that other mums believed drinking more water had helped, I knew straight away I couldn't give up on my baby I kept researching and read that the more the mother drinks, the more the baby urinates which increases the amniotic fluid, so it made sense that drinking more might help replenish some of the waters at least".

This unborn baby survived and was born at 28 weeks due in part to Facebook's ability to connect her mother with a support group.

Knowledge, support, entertainment - these are some of the benefits of social media and digital platforms generally. There are however 2 sides to every coin and the dark side is rarely mentioned by the digital platforms themselves. They do not effectively self-regulate to remove harmful or false comment. They say they do, but they are not always effective.

Many times I have reported false, violent and/or harmful posts and nothing has been done. There are no warnings that the content is patently false. And who decides what is false? One person's falsehood is another person's livelihood.

Despite our freedom of speech in western countries, there is cause for concern when the manipulation of societal beliefs is allowed to go unchecked. Digital platforms do sometimes allow this situation. They can also be very slow at rectifying these situations, if at all.

⁶One woman on Youtube says she knows the world is flat because "she has watched over 50 hours of video about it" ... gee it must be true according to that logic.

⁵<http://www.news.com.au/lifestyle/parenting/pregnancy/mum-27-saved-her-premature-baby-by-drinking-seven-litres-of-water-a-day/news-story/91d964fd73e6c5b49e23e57d38258c80>

⁶<https://www.youtube.com/watch?v=x3vcSab13Sk>

5. Benefits and Challenges cont:

Last week xxxxxxxx xx xxxxxx xx x xx xxxxxxxxxxxx about Flat Earthers. I tried to watch it in full but it was so wrong I couldn't stand it. I know the world is round (I've flown around it multiple times) and yet here is someone saying the world is flat...a misleading and blatant falsehood posted for the commercial purpose of getting views to sell advertising. Not only are people saying the world is flat – thanks in large part to social media, there is now a worldwide movement of “Flat Earthers” who hold conventions in the UK and USA. Yes, it's now actually a 'thing'! A Google search reveals 7,060,000 results and it's growing according to Google Trends. We can expect a Flat Earth Conference here in Australia sometime soon.

The only benefit I can see in Flat Earth theory, is the encouragement of telling people to question everything (except the proponents don't appear to question themselves).⁷ There are also videos denouncing Flat Earth theory, so vibrant public discourse is taking place.

Perhaps such discourse might inspire thinking people to further the science of physics? This raises questions about what should or could be done to correct the situation. Who should do something and under what circumstances? Do falsehoods even need to be corrected? People can believe whatever they wish in a democracy.

One must ask however “what are the likely consequences for society when many members hold such false beliefs?”. We are all aware now of the potent examples of election interference in several countries including Nigeria, USA and also UK Brexit involving the manipulation of voters.

It should be noted that Facebook is attempting to mitigate bad actors swaying public opinion but according to an article on ⁸Gizmodo.com.au these attempts will be easily circumvented by those determined to do public harm as fake identification would be relatively easy to get.

Digital platforms still have many issues to effectively confront. Attempts so far to deal with hate speech, violence and manipulation of the public so far have been of limited effectiveness.

Yet a picture of a woman's nipple can be dealt with and removed. Perhaps women's nipples have the propensity to cause public harm? Determined bad actors get around digital profile algorithms, whilst innocent posts are removed, blocked or made ineffectual. SMEs get caught up in these vortices of public manipulation too.

⁷<https://www.youtube.com/watch?v=thxbiR-XfJo>

⁸<https://www.gizmodo.com.au/2018/04/here-is-facebooks-dubious-plan-to-prevent-its-2016-election-catastrophe-from-happening-again/>

5. Benefits and Challenges cont:

Algorithm Addiction



Algorithms are great... most of the time... they make almost immediate decisions about vast quantities of information. However, they are not fool-proof, they do not necessarily see 'unusual circumstances'. They do not understand anything other than what they've already been designed and pre-programmed to do.

Algorithms in themselves are not sufficiently agile to react to market changing conditions. This is not helped by large digital platforms or corporations not having the political will to act upon their inherent bloated inertia concerning human sensibilities. Although AI is being developed, it may take some time to get the kinks out and make it market ready with human-like sensibilities, including the concept of fairness.

To small business, it seems that multinationals are addicted to algorithms. In small business we must react to changes on a daily basis, but it's usually just small tweaks. We must be agile and implement changes quickly as we don't normally have vast reserves of cash to carry us through to the making and implementation of the next decision, if we get it wrong.

But change is hard for people. Human brains do not make new neuronal paths easily or quickly. This requires a lot of sugar, energy and effort. It also requires a lot of willpower. People can be generally resistant to change and it takes time to adapt to new algorithms. To small business a change in digital platform algorithm can mean changing the goalposts under which we operate our businesses. We've already put in a lot of money, work, sweat and tears (yes, Google made me cry!) and then an algorithm change comes along and we feel as if we're back to square one.

Algorithms need tweaking with small changes to allow the end user to adapt over time. Yes, I know things happen and digital platforms must be very proactive but they should take into account what it actually means to run a small business...I do think they've forgotten. No wonder, small business is the least likely group to advertise on digital platforms according to

5. Benefits and Challenges cont:

⁹Sensis Social Media Report 2017. There is room to grow the small business market for digital advertising, if those who operate digital platforms can stop thinking like machine learning automatons and act more like human beings:

Figure 5: Business Groups Advertising Digitally



By their very nature, algorithms are designed and pre-programmed to encourage users to interact as much as with the platform. But digital platform ethos is to try and extract as much money as possible out of users. Whilst shareholders demand this, it is not in the interests of the end user or the company if this is done unethically. Greed is a short term proposition (with bonuses for C suite executives) which usually results in long term harm to the general public and the company concerned.

As Fb is monopolistic (and they know it), there is a definite tendency to push boundaries beyond what is ethically acceptable in terms of growing revenue. Google Adwords should also listen up here - the estimated price of their keywords is consistently underestimated, in an endeavour to get users to advertise.

I suggest all digital platforms become more au fait with the Australian concept of a 'fair go' and actually help small businesses rather than hinder their growth.

There's a lot going on at the small end of town but digital platforms don't appear to be genuinely interested in small Australian businesses, other than relieving them of their advertising budgets.

⁹<https://www.sensis.com.au/about/our-reports/sensis-social-media-report>

6. Recommendations

1. That a Digital Ombudsman be appointed to oversee all things internet including the activities of digital platforms operational in Australia. Now the internet is an essential service and as the majority of Australians are involved in using the internet, a Digital Ombudsman is warranted and should be appointed additionally to the Telecommunications Ombudsman.
2. Although confidential complaints can be made to the ACCC regarding the behaviours of digital platforms, it does appear that the ACCC are not sufficiently resourced to deal with complaints about the likes of Facebook, Google and other large multinationals. Therefore ACCC require additional financing, expertise and political goodwill to achieve its Statement of Expectations:

“The ACCC plays a key role in achieving sound and effective competition and consumer regulatory frameworks. Its role includes promoting competition by taking action to stop anti-competitive conduct, protecting the interests and safety of consumers and supporting fair trading in markets, and promoting the economically efficient operation of, use of and investment in monopoly infrastructure”.

3. The ACCC take a more ‘hands on’ role in dealing with digital platforms including the implementation of legislation relative to anti-competitive practices.
4. The ACCC legislate to ‘level the playing field’ for small business and multinational corporations. The gap between SMEs and multinationals is becoming wider and wider and this needs to be stopped as it is promoting structural changes within society such as higher unemployment as SMEs close down due to reduced profitability.
5. The ACCC legislate to require more effective transparency of digital platforms regarding their policies and procedures. Transparency of procedures and policy must NOT be hidden in legalese and must be aimed at the average person being able to comprehend its meaning.
6. The ACCC legislate to require digital platforms to formulate clear, transparent and fair policies and procedures. The platforms must actually uphold these rather than just paying lip service.
7. Digital platforms or alternatively the ACCC, have a SME consultation board of at least 8 Australian representatives representing a range of industries. These representatives should be from different age demographics from 20s to 70s, with current successful small business experience and who are internet active. Digital platforms must pay more than just lip service to the consultation team and act in a timely manner upon its recommendations. This would benefit the Digital Platform who is highly influenced by its own cultural programming and not necessarily the culture of the country (Australia) they are operating in. Digital platforms need to be more sensitive to culture and not consciously or unconsciously, try to convert that country into the 51st state of the USA. Interactions with digital platforms in Australia are unaustralian now and do not give a ‘fair go’.

7. Conclusion

In many respects digital platforms have revolutionised business and consumer behaviours such as advertising and keeping in touch socially. There are many good and convenient aspects to their offerings. Likewise there are also confusing elements and some blatantly dishonest practices that are kept hidden by unclear policies and misinformation.

The internet is like some far off land in the back of beyond, consumers and SMEs can easily become complacent when it's too hard to find out the consequences of their actions. In short, we don't fully understand the terms of conditions of use of the platforms we use, if we can be bothered to read them at all.

Sensible regulation is needed but not to the extent that creativity and innovation are stifled. Small business already has too much red tape to deal with and additional legislation intended for digital platforms, may in fact be passed on to SMEs. Onerous conditions in some manner may be implemented by digital platforms creating more red tape for small business. Remember what happened at the Eureka Stockade when miners were overtaxed and over regulated. Heavy handed regulation does not work very well with SMEs who are already under stress. SMEs need assistance not further hindrance.

Digital platforms are becoming increasingly complicated for both consumers and SMEs. It is impossible for small business owners to be across every aspect of online advertising on these platforms. The devil is in the detail and this is what catches most small business owners out of their hard earned advertising dollars, especially when the goalposts keep changing in this fast paced digital environment. Generally there is little worthwhile support (despite the claims of platforms) and in the cases where advertisers are offered support, it is often from low paid workers in developing countries whose English is insufficiently fluent to understand the actual problem and/or who do not fully understand the Australian culture and the needs of the platforms users.

Large digital platforms have little accountability and transparency. They need appropriate regulation as soon as possible.

Despite all the problems, challenges and negative experiences, SMEs know....

'There's still gold in them 'thar hills'....the trick is to know where and how to find it.

The Australian government needs to stand up against digital platform monopolisation and exploitation of small business before irreparable structural damage is done to the Australian economy.