



International Journal of Humanities & Social Science Studies (IJHSSS)

A Peer-Reviewed Bi-monthly Bi-lingual Research Journal

ISSN: 2349-6959 (Online), ISSN: 2349-6711 (Print)

ISJN: A4372-3142 (Online) ISJN: A4372-3143 (Print)

Volume-X, Issue-III, May 2024, Page No.348-358

Published by Scholar Publications, Karimganj, Assam, India, 788711

Website: <http://www.ijhsss.com>

DOI: 10.29032/ijhsss.v10.i3.2024.348-358

Shaping the "New Normal": Google and Facebook's Business Models in the Digital Era

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Abstract:

The digital era has ushered in unprecedented interconnectedness, where every online interaction leaves a data trail. In this new normal, businesses leverage analytics, with tech giants like Google and Facebook leading the data-intensive revolution. While media giants contribute to global marketplaces, concerns arise about the impact of media concentration on cultural diversity and political pluralism. As technology evolves, the Internet supports content providers, and giants like Google and Facebook significantly shape the media landscape. Despite claims of positive impact, questions persist about the dominance of these tech giants in the digital infrastructure. The study undertaken will help to understand the economic impact and societal implications of Google and Facebook's business models. Identifying challenges, mitigation methods and solutions for a responsible "new normal". The study is review based study which covers data from secondary source.

Keywords: Google, Facebook, Digital, Business models, New Normal.

Introduction: Gone are the days when the world was limited by limited interactions and interconnectedness among the nations. Today, we are living in a world, where everything-ranging from a mere click to an actual purchase leaves a data trail behind. This is the "new normal" of a digital economy where the more we are dependent on digital algorithms, the more we are allowing them to define our experience. Businesses today are thriving on these analytics to predict our desires and target us with surgical precision. Tech giants like Google and Facebook stand at the forefront of this data-intensive revolution with their in-depth insights that can easily monetize our digital footprints.

Today, some media giants are actively working towards the advancement of the global marketplaces by increasing commercial values. While they are functioning on such a large

scale, it is a fact that scholars and policymakers across the world have brought to light some concerns related to the impact of media concentration in an atmosphere where we also focus on cultural diversity and political pluralism. The power and influence of media are increasing in complex ways, and this is a concern not only at the regional level but at a global level. With the advent of technology, the focus has shifted from the availability of packaged software to the provision of services, and this model has increased the interactivity with customers, hence, they have risen to economic power in this era of convergence.

Over time, the Internet has now emerged as a remarkable tool to support content providers. Not to forget that it is still evolving rapidly, and will provide a more decentralised and immersive experience in the coming years. Internet users have access to hundreds and thousands of information providers. Among a host of digital media giants, two of the most prominent and significant players are Google and Facebook, for they have completely transformed the way people consume content in the media landscape. Studies have revealed that these digital tech giants will continue to impact humanity and the lives of individuals. This article aims to answer some of the questions related to the dominance of Google and Facebook in the digital infrastructure.

Mark Zuckerberg sees the tech industry as an American success story and believes that the company builds products that change the world and improve people's lives. The CEO of Google, Mr. Sundar Pichai has also testified that the company aims to build products that increase access to opportunity for everyone. However, they do not see their marketplace power as a problem.

Emergence of Google and Facebook Empire: Historical perspective: It has been over 19 years journey since the launch of Facebook by Mark Zuckerberg. It was launched with the motto of open world and connecting and now its motto is "Move fast and break things. Presently Face Facebook has more than 3 million active users monthly. India has the highest number of Facebook users followed by the United States.

The effectiveness of Facebook was the first time during the Arab Spring when Wael Ghonim created a Facebook page urging for regime change in Egypt. The Egyptian revolution gained momentum through the use of office books. This instance has helped Facebook gain popularity and the number of users.

Over a while, Facebook has added new features to its services that include news feeds and algorithms. In 2010 Federal Trade Commission pointed out that Facebook sells its user data to third-party developers. Besides this Facebook controversies were increasing on issues related to social media for nefarious purposes, data manipulation (during voting), and threats to national security. On one side Facebook has a greater number of users on the other side it is facing new issues that need to be addressed in and timely dealt. Facebook has to face serious allegations related to foreign investment, fake news, misinformation, data privacy, hate speech, developers in data police.

Google has grown from a tech startup into a global behemoth, managing eight products with more. The company started as a novel search engine and has expanded its pervasive ad empire across the internet. Google is now a subsidiary of Alphabet, which is steadily rising to join Apple and Amazon in the \$1 trillion market valuation territory (VergeStaff, 2018). Google's journey to become one of the most powerful companies in the world is the subject of the podcast "Land of the Giants" (Ghaffary & Kantrowitz, 2021)

Google's empire includes products such as mapping, self-driving cars, and smartphone operating systems. Google has a significant presence in various areas of technology, including cloud computing, mobile operating systems, and artificial intelligence. The company is omnipresent and firmly anchored in the world. However, some people view Google as the new evil empire, expanding into everything from self-driving cars and virtual reality to broadband fiber and neural networks. In recent news, NVIDIA's meteoric rise threatens Google's empire. Google plans to merge Google Brain and DeepMind, its advanced research divisions, into a new subsidiary (Markman, 2023).

Objective of the Study:

- 1) To analyze the economic impact and societal implications of Google and Facebook's business models.
- 2) To work out the societal challenges stemming from Google and Facebook's business models
- 3) To explore potential mitigation methods and solutions for a responsible "new normal".

Research Questions:

- 1) What are the economic and societal implications of Google and Facebook's business models?
- 2) What are the societal challenges stemming from Google and Facebook's business models?
- 3) What are some potential mitigation methods and solutions for a responsible "new normal"?

Research Methodology: This study is supported by an analytical framework to examine the societal and economic implications of the business models of Google and Facebook. The study is a result of a careful analytical approach focussing on the qualitative aspects of the business models of the two tech giants to develop a comprehensive understanding of the complex issues at hand. The study is majorly supported by a content analysis of Google and Facebook's official policy documents that state their goals, practices, strategies, etc. The data collection involves a review-based data analysis of all the literature resources, videos, news clippings, etc. on the issue at hand.

Google and Facebook: Let's Take a Glance

Google's Search Engine and Ad Dominance: As of March 2023, Google is the leader of the global search engine market and accounts for a total of 85.53 percent (Bianchi, 2023).

The Internet is a very expansive space, and its value exists only in a situation where the users can find what they are looking for. Incorporated in the year 1998, Google in its initial days was run on a business model that was associated with sponsorship deals sold by the sales reps on Madison Avenue. In the year 2000, Google started selling search advertising using its AdWords system, with advertisers bidding for keywords in real-time. This auction, combined with cookie-based personalization, still determines which adverts each user sees and their ranking on the page.

The launch of AdWords was in itself a success for Google as it served both the markets (the users and the advertisers) better than any of its competitors. For the users, it has served the most relevant and important search results within no time, at no cost on an uncluttered and appealing search engine results page. On the other hand, advertisers can reach the most targeted users who search for specific keywords.

Apart from its core business, Google has also built other free services such as Chrome, Gmail, Maps, etc. which can be accessed with a Google account. Thanks to Google's machine learning and data collection methods, the data from all these applications is used to deliver more targeted and personalised advertisements to the users. Additionally, huge profits also stream after the introduction of Android as a competitor of Microsoft Windows or Apple iOS.

Overall, it has been an undefeatable player in terms of the search engine market and is continuing to tap more markets by building newer products (Moore & Tambini).

Facebook: The King of Social Networking: According to Facebook's most recent investor report, 2.895 million monthly active users sign in to Facebook to consume and share content (Dean, 2023). As a social networking tool, the two most salient characteristics of Google are:

- 1) For someone to add a "friend", both sides must agree
- 2) It is a default assumption that the content posted by anyone is visible to all their "friends" unless one or both parties opt-out.

On Facebook, it is the users who create engaging content for the company at low cost, leading to more audience, and then Facebook monetizes by inserting targeted advertisements among the posts.

Nowadays, Facebook is greatly valuing Professionally Generated Content (PGC) that consists of news articles, opinion pieces, videos, etc. While the producers of such content want to drive more and more traffic to their pages, Facebook just wants to keep the audience engaged on any site on the app.

It is a very promising tool for advertisers because of the kind of reach and usage it has, the highly targeted display advertising, as well as the short-term responses. It generates key information about the interests of the users when they fill out their profiles and follow certain pages of their choice. It also increases the social and psychological targeting, which

checks that out of all the users, which segment of the users is more influential and receptive to the targeted advertisements that they look at.

So, we can say that Facebook is working on bringing more and more audience and just like Google, catering to both the markets i.e., the users as well as the advertisers, while ensuring a remarkable amount of growth for itself.

Issues and Challenges Posed by Google and Facebook

Privacy Concerns and Human Rights Violations: A press release by Amnesty International clarified how the omnipresent surveillance by these media giants Google and Facebook poses a systemic threat to human rights in terms of privacy. The report highlights how the surveillance model of these tech giants is essentially incompatible with the right to privacy and also poses a threat to other rights such as freedom of opinion and expression, freedom of thought, right to equality, and non-discrimination (International, 2019).

According to this press release, platforms like Google and Facebook have become quintessential to how people interact and engage with one another in the global public square. Both these platforms offer these services to their users for free, who in turn pay for these services by providing their intimate personal data, due to which they are tracked both in the web space as well as the physical world through their connected devices.

Unfortunately, if we want to be a part of the digital world, we have to come to terms with this extremely problematic surveillance machinery. One of the major issues of the tech leaders behind the success of these platforms is that they believe that if their intentions are good, the results will also be good, and hence it becomes difficult for them to imagine that despite their continuous efforts, some things have completely gone downhill and out of control.

The large-scale extraction and analysis of personal data do not align with an individual's right to privacy, and the right to freely express our true identities. The algorithms of platforms like Google and Facebook work in a way to provide the best online experience to the users, for which purpose the advertisers pay these platforms to provide the most targeted and specific ads to the users.

We have already come across several cases related to data privacy breaches like the famous Cambridge Analytica Case that highlight the shortcomings of these platforms in the digital space. In such a scenario, it becomes imperative for governments to save their citizens from corporate human rights violations with the help of stringent data privacy rules.

- 1) User Profiling and Personalisation;** Both Google and Facebook run on algorithmic systems where they collect large chunks of data to provide personalised experiences to all their users. This data consists of user demographics, interests, browsing history, and engagement patterns on different pages and sites among other things.

User profiling is a concept that is associated with creating specified profiles based on the collected data allowing these companies to gain insights on consumer

behaviours and preferences. However, this can pose a serious threat to data privacy measures. In a situation where the users are unaware of the extent to which they share their personal information with these platforms, they might also become victims of identity theft or other such malicious cybercrimes.

To work on these issues, strict laws have been enforced by the European Union and the US Government for the protection and regulation of data. But to date, striking a balance between data personalization and data privacy remains a challenge for netizens.

- 2) **Data Breaches and Security Risks:** When the data of so many people is collected in a space at such a large scale, issues of data breaches and other related security risks become inevitable.

News and Misinformation: With the advent of technology, while all the content is available for us at a single click, we also face a great risk of receiving fake news and misinformation. While legitimate content mobilizes the public to take action, fake news might affect the audiences negatively. Below are some problems related to fake news and misinformation:

- 1) **Amplification of False Information:** In a scenario where false information gets a channel to reach a large audience, there arises a big question on the authenticity and verifiability of the content. As already mentioned in this article, on the part of the public- this situation in itself contradicts the equality of voice, and expression free from manipulation. Widespread and routine sharing of false information by substantial numbers of social media users is both a symptom and an accelerator of an emerging online culture of distrust and cynicism (Chadwick & Vaccari, 2019). With time, this distrust gets embedded in a space where citizens can primarily engage with each other and have meaningful discussions related to social and political issues.

No doubt that Google is a channel for disseminating information to the masses, but since it is freely available to everyone, anyone can share content. There is no specific credibility check on the information provided by them.

Similarly, Facebook relies on organisations that post video content, opinion posts, and other such things but a large part of its audience also engages with information shared by individual creators, and again a verification criterion is not demarcated to check the authenticity of the content.

- 2) **Manipulation of Public Opinion:** Indeed, these tech giants have unknowingly become a home to propaganda as well. A few reports of the Oxford Internet Institute's Computational Propaganda Research Project from nine different countries i.e., Brazil, Canada, China, Germany, Poland, Ukraine, and the United States found out how a lot of messages with false information reached the masses after benefitting from the algorithms of companies like Facebook and Twitter.

Furthermore, there was a case in Myanmar where a Facebook Live showed hundreds of people protesting against a military coup in the country. This video got over 1.5 million views and more than 50,000 shares across the platform. Here, it is important to notice how big this number is since the population of Myanmar is just 54 million. The story unfolds as the observers who were unable to be on the ground used these live videos and other footage to document the situation. Afterward, the same issues were raised using the same footage- giving the impression that they were still alive. In such a situation, it becomes difficult to determine what is right and what is not.

Threats to the Society

Polarisation and Fragmentation of the Society: To understand this, let us take the case of Israel. In Israel, Facebook is the “mainstream” social media among the adults. It is seen as a platform for personal, community, and interest-based networks. However, on the public pages, there can be a more activist nature of situations. One can notice trends in political debates and the practices of the formation of political identities and influencing other people’s opinions. As already discussed, Facebook has a powerful algorithm that shapes our newsfeeds based on posts from people whom we have strong ties with and interact with frequently. It should be duly noted that consequently, political discussions on platforms like Facebook are congenial (Kligler-Vilenchik, Baden , & Yarchi).

On Google, polarisation and fragmentation occur primarily due to selective exposure to information. People specifically search for information that pertains to their interests, and the majority of people do not look out for information that might differ from their opinions. Both these things also explain another threat i.e., reinforcement of existing beliefs and biases.

Weakening of Public Discourse and Democratic Values: Initially, Facebook was introduced as a platform to connect friends and family. But as more and more people joined the platform, they also started using it to channel their political energies. Hence, currently, it is also being used in unforeseen ways that have major societal repercussions.

This involves very serious issues such as foreign interference by the setting up of fake pages by Russia during the US elections in 2016, which made the platform an information weapon. Other issues include false news, which has already been discussed, and the concept of “echo chambers”, which is again selective exposure to information.

When Facebook was introduced, no one would have thought that this platform would ever be used for political harassment, or will lead to unequal participation, and weaken democracy.

A research study by the Pew Research Centre says that if the authorities do not regulate the powers of big tech companies like Facebook and Google, by 2030, democracy will look like what it is today to an average citizen but people will not have a say in decision-making

practices and other things. Other than that, at the time of elections, search engine suggestions can turn a 50/50 split of undecided voters into a 90/10 split which can make a huge change in the election results. We also cannot ignore the fact that Google got a lot of support from the state in its foundation years which has made it develop into a form of an oligopoly. Corporate surveillance of user behaviour and changing or modifying user behaviour has become so systemized in the current times that soon we will be in a situation where the opinions of individuals will not be represented in a meaningful way. This will be a time when the true essence of democracy will be lost.

Persuasive Design and Addictive Features: The Guardian reports that Facebook is a platform that is very addictive in terms of “likes”, which are technically as hollow as seductive they are. This report describes how the internet shaped around an advertising economy has become an “attention-based” economy.

There are plenty of negative psychological effects on the people who touch, swipe, or tap their phones 2,617 times a day (Times, 2022). This also includes moving towards a state of “continuous partial attention”, severely affecting people’s ability to focus, and possibly affecting IQ as well.

Threat to Local Journalism: The unmatched power of the big tech giants is somewhere affecting people’s access to local journalism. This is because- in a way, Google and Facebook are sort of outshining local radio and TV stations. They are posing a threat to local advertising revenue, and at the same time they are also gatekeeping the online content, this means that they get to decide what content will people get to see online and how will advertisers target their correct audiences.

In other words, these big tech giants are making money off the backs of local journalists through advertisements and sponsored content. They have complete control over the content they offer to their audience as per their algorithms. Broadcast radio and television are the last hope to have access to high-quality local journalism, but without the financial support of the advertising revenue, these organisations would have to downsize, and this would ultimately deprive the community of its voice. The public would become less informed and it will lead to lesser civic engagement.

Responses and Mitigation Measures: GDPR or General Data Protection Regulation is a part of the Google Cloud that comes under the European Union and is a privacy legislation that lays down guidelines to prioritize the security of users’ data and information. Google also attempts to be transparent about the treatment of the collected data and does not sell it to third parties. Additionally, all customer data is encrypted by default and all the privacy practices are audited against international guidelines.

GDPR also applies to Facebook and other companies including Instagram, WhatsApp, Messenger, and Oculus. So naturally, Facebook talks along the same lines about transparency, control, and accountability of the data collected by it, and has mentioned key legal bases, advertising terms, etc.

Breaking the Monopolist Powers: Much can still be done at the legislative level by reallocating property rights and creating more incentives for competition. If Google and Facebook do not allow this format to break their monopolistic powers through competition, then it will be done through regulation, and that is worse- not only for the consumers but also for the companies.

All this will lead to fair competition and innovations in the market. Additionally, this will also foster alternatives and decentralisation of the monopolistic powers.

Ethical Design and Responsible AI: Since 2018, Google's AI principles have served like a living constitution. Google has put these principles into building advanced technologies, conducting research, and drafting policies. Building an AI also requires continuous evaluation. This involves risk and opportunity assessment for the technology in the early stages of its development.

Similarly, Facebook has also created a dedicated responsible AI team to build and test approaches to ensure their Machine Learning Systems are designed and used properly.

User Empowerment and Control over Personal Data: It would become much more convenient for the users if just like phone calls, they get to maintain their social graphs and transfer their followers or friends to another application. Currently, people do not have the option to switch their entire social networks to another app in case they want to switch to a different platform. This helps the existing tech giants to maintain and gatekeep their monopolistic powers. But having such control will help in decentralising all the powers and stabilising the situation.

Major Findings: While tech giants like Google and Facebook have become a part and parcel of our lives in the digital era, a closer glance at them sheds light on the complex challenges and their impact on our society.

One of the major concerns is the invasive nature of these services which can pose a threat to individual privacy and human rights. Google and Facebook rely on vast data collection for targeted advertising that can lead to user profiling and potentially harmful manipulation.

Fake news and misinformation can spread quickly within echo chambers that are nurtured by the algorithms of these digital platforms. Such information spreads like wildfire and has the potential to destabilise communities and undermine peaceful discourse. Further, polarised content can fragment various communities, poisoning democracy with foreign interference, eroding general civic engagement, and threatening mental well-being on an individual level.

Not only that, it also poses an existential threat to local journalism and leaves local news outlets to starve for resources and struggle to compete. This can further escalate to marginalisation of diverse voices and the creation of a media system that is dominated by a few powerful voices.

While Google and Facebook bring to the table some undeniable benefits, the current business models certainly come with a cost, a threat to individual privacy societal cohesion, and democratic values. The call to action is a multi-faceted approach with stricter regulations, adequate media literacy, ethical design practices, and a firm commitment to fair competition for a responsible and inclusive digital future, where the values of a just and equitable society are still held high.

Conclusion: In the global media scenario, Google and Facebook have maintained their dominant positions in the tech space and have undoubtedly provided a lot of convenience and benefits to the users, which also established them as cultural heads who were responsible for driving economic growth.

However, this power also comes with a very complex set of challenges and threats that demand the attention of the authorities and also the developers of this technology, as they will ultimately affect society as well as its economy at large. Autonomous market power often comes with concerns related to hindered competition and market manipulation.

As discussed, privacy concerns related to data breach and security risks, user profiling and personalisation, etc. majorly threaten individual autonomy, and fake news fuels societal polarisation, posing a significant threat to the democratic discourse inherent with the power-asserting business models, which need immediate attention and a collective call to action. A holistic approach is needed to counter this adverse situation. Such an approach needs to be ready with all the necessary regulatory actions, media literacy initiatives, competition measures, and ethical design practices, rejecting manipulation and embracing responsible digital citizenship.

With these issues acknowledged and everyone working collaboratively on them, a healthier and more inclusive media space would be created for the future, for a “new normal” with a fair and just society. Harnessing the immense potential of technology shapes a digital landscape that ultimately values economic and societal well-being in an era of shared progress, open access, and a democratic environment.

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