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Meta response to the ACCC's Digital Platform Services Inquiry March 2023 Report – Issues Paper

28 September 2022

Executive summary

Meta welcomes the opportunity to respond to the ACCC's Issues Paper in relation to the *Digital Platform Services Inquiry (**DPSI**): Report on social media services* (**Issues Paper**).

As the ACCC has acknowledged in its Issues Paper, the competitive landscape with respect to social media services has evolved considerably since the ACCC conducted the Digital Platforms Inquiry (**DPI**) in 2017-2019. We support the ACCC's consideration of these developments within a rigorous and evidence-based analytical framework to update its previous findings.

Meta faces significant and growing competitive constraints from a range of diverse services that continue to innovate to attract user attention. Rapid shifts in technology and significant changes in the way people are choosing to engage with each other online are continuing to drive the pace of innovation, new entry, rapid expansion of services and features and competitive responses by a wide range of competitors.

We face competition from a diverse range of players in a multi-faceted landscape that extends well beyond the "key social media platforms" identified in the Issues Paper.[1] Just as one example, the omission of YouTube is significant. Even on the usage data from ACMA which is cited in the Issues Paper, YouTube is a "social media website/app" that is used by as many people in Australia as Facebook. YouTube also continues to gain popularity with its evolution in short-form video experiences, feed and discovery experiences, content creator tools, and other innovations to increase engagement. In addition:

- **There have been a number of new entrants even since the DPI Final Report.** This includes TikTok, which the ACCC recognises has emerged quickly and rapidly grown in popularity including in Australia, and also includes a range of other new entrants like BeReal, Clubhouse, Poparazzi, Locket Widget, Yubo, WeAre8 and Dispo, among others.

- **There has been continued growth and expansion of the platforms identified in the Issues Paper.** In addition to YouTube, Snapchat, Twitter, Reddit, Discord and Pinterest have experienced sustained growth, including in Australia.

- **There has also been a rapid expansion in the number of services offering "social" features.** This has been driven by the convergence and evolution of features enabling users to communicate and share content, and to engage with content posted by others. Users have more choice than ever, including from Apple and Google services, Microsoft services like LinkedIn and Xbox, Amazon's Twitch, Roblox, Netflix, Fortnite, Telegram and Signal, among many others.

- **Competition for advertising occurs beyond "social media platforms".** Social media advertising continues to be only one of many choices for advertisers when deciding how to spend their advertising budgets, and competes against many other digital, broadcast, print and outdoor venues and formats. The extent of competition between these different formats has intensified, including with recent significant growth of advertising players like

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[1] The Issues Paper proceeds on the basis that "the main social media services used in Australia include Facebook and Instagram (operated by Meta), Twitter, Tik Tok (owned by ByteDance) and Snapchat" (p 2).

Amazon, Apple and TikTok and imminent entry of new players like Netflix, Roblox and Disney+.

It is therefore critical that as part of this Inquiry, the ACCC does not limit its analysis to considering only a narrow category of "social media services" or "social media advertising." This would miss important trends and drivers of innovation and dynamic competition that we face from a wide range of platforms which all compete to attract and maintain user and advertiser attention. It is important that the ACCC considers the developments and constraints on all sides of the dynamic multi-sided landscape in which we operate.

The evidence of what has occurred in the past 4-5 years is consistent with the information we provided to the ACCC throughout the DPI and DPSI to date. This evidence also stands in contrast to a number of the ACCC's previous findings.

While our services continue to be popular with users and advertisers, this success cannot simply be attributed to barriers to entry or weak competitive constraints as was the basis of the ACCC's findings in 2019. Rather, the intense competition that Meta has faced and continues to face demonstrates the exact opposite: that Meta does not have enduring market power and faces strong competitive constraints from various products and services. The evidence shows that:

- **Engaging services can and do attract user attention and grow very quickly.** The recent entry and rapid growth of TikTok, BeReal, Clubhouse, Poparazzi – together with the growth of other services as set out in this submission and our response to the ACCC's Discussion Paper in relation to the DPSI fifth interim report (**DPSI 5 Response**) – show that new services, features and innovations can reach audiences quickly and at scale. The evidence shows that network effects do not operate as a significant barrier to competition or entrench market power, particularly given the ease with which users and advertisers multi-home and switch between services at little or no cost.

- **There has been significant innovation, entry and expansion, with a wide range of competitors offering an increasing range of social and other features.** This includes Apple and Google services, Microsoft services like LinkedIn and XBox, Amazon's Twitch, Roblox, Fortnite, Netflix among many others. People and businesses have benefited from this dynamic and competitive environment, and now have more choice than ever before.

- **The control that companies like Apple have over mobile hardware and operating systems gives them a significant competitive advantage and operates as a significant competitive constraint.** This control over key services needed to host Facebook, Instagram and other apps is disrupting the advertising sector and is translating into real-world impacts for many apps and the way they provide and monetise services.

Meta is not in any way shielded from this intense competition, and developments over the past 4-5 years contrast starkly with what a principles-based competition analysis would expect if there were entrenched market power or any potential for market foreclosure. Consumers are in fact enjoying greater output, growth and innovation from competing services, faster competitive responses to innovations, increased entry from innovative and well-capitalised new participants, and greater ability than ever to multi-home or switch between services. This suggests strongly that the ACCC's re-examination of its findings in the DPI is warranted to align those findings with a more accurate and nuanced understanding of how competition has developed and the true competition dynamics at play.

Finally, to put this in context, our success critically depends on our ability to deliver a great experience to Australian consumers, small businesses and advertisers – that is fundamental to the way multi-sided platforms work within a competitive environment. We are committed to providing positive and safe experiences for users across our platforms so they can connect with the people and content that matters most to them. In this submission we provide details of the comprehensive policies, enforcement and tools we have in place to protect users on our services, and the significant investments we make in programs to build users' media literacy and ability to spot and report suspicious activity, wherever it occurs.

We look forward to engaging constructively with the ACCC throughout the Inquiry.

Table of Contents

1. Our success depends on our ability to attract and maintain attention from users and advertisers in a multi-sided landscape

We build technology that helps people connect, find communities, and grow businesses. Our useful and engaging products enable people to connect and share with people and communities they care about through mobile devices, personal computers, virtual reality (**VR**) headsets, wearables, and in-home devices. We also help people discover and learn about what is going on in the world around them, enable people to share their opinions, ideas, photos and videos, and other activities with audiences ranging from their closest family members and friends to the public at large, and stay connected everywhere by accessing our products.[2]

We offer many of these services – including the services the ACCC has identified as a focus of this Inquiry: Facebook and Instagram – to people and businesses at no cost, and we monetise these services by supplying personalised advertising that is displayed to users when they access our products and services.

Because these services are funded by advertising, our ability to attract advertisers – and therefore our success – depends on offering an experience people choose to engage with.[3] If we engage users, our services will be more attractive, both to other users and to advertisers. But, if we cease to deliver services that consumers, businesses and creators want, they will spend their time and attention elsewhere, and advertisers will follow.

Accordingly, we invest heavily in products, features and tools for users, creators and advertisers, spending billions of dollars each year on research and development so that we remain relevant against a myriad of other services that compete with us to attract user attention.

In updating its analysis through this Inquiry, it is important that the ACCC considers the developments and constraints on all sides of the dynamic multi-sided landscape in which we operate.

2. Competition for user attention has continued to evolve since the DPI Final Report

2.1 The past 5 years have seen rapid shifts in how people communicate and share content online

Rapid shifts in technology and the ways consumers are choosing to engage online are driving the pace of innovation and competitive responses, both by us and our competitors. The past 5 years have seen the following key shifts and continuing trends:

- **Consumers increasingly rely on mobile to engage with people and content.** As set out in the Issues Paper,[4] online activity is increasingly taking place on mobile devices and apps. This is the case both for Meta and our rivals. For example, in 2021, people spent 30% (globally) and 34% (Australia) more time on Android devices than they did in 2019.[5] As a service originally developed on desktop, the shift towards mobile has put pressure on us and others to invest in features optimised for phones. It also means that OS-owners and

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[2] Meta's filed SEC Annual Report (2021), p 7.
[3] In order to continue to attract users, it is critical that they have a safe experience when using our services, and the safety and security of our users is of paramount importance. Accordingly, we invest heavily in systems to protect our users, including to identify and remove scams, fake accounts, fake reviews and spam so that users have a positive experience when using our services to connect with people and content. We explain the measures that we are taking in further detail in section 5.
[4] Issues Paper, p 2.
[5] 'State of Mobile 2022' (12 January 2022), Report by data.ai, p 6.

Apple in particular – which controls both the mobile operating systems and services needed to host Facebook, Instagram and other apps – continue to have a significant competitive advantage and be significant competitive threats.

- **Increasing convergence of social, gaming, e-commerce and entertainment services as users seek more immersive experiences.** The increased adoption of new "social" features on a range of apps – which has occurred in response to user demand for new ways to engage with content and people online – means that there is no clear delineation between "social media" and other services that compete for user attention.[6] Any distinction is increasingly blurred as many services now offer a range of "social" features that enable people to connect with each other.

- **Accelerating use of video in messaging and content.** People are increasingly favouring video to communicate and to engage with content online. Watching video is half of time spent on Facebook and Instagram, and Reels is our fastest growing content format by far.[7] We are continuing to respond to this increasing demand with strengthened video offerings across our family of apps, including with Live, Gaming, augmented reality (**AR**) experiences for video calls and the Series feature. Consumers now expect to see video functionality embedded in the services they use, with many other companies like TikTok, Apple, YouTube, Snapchat, Twitter and Signal driving significant innovation in this space.

- **Growing popularity of content that is more private and ephemeral.** Temporary and private content are now important characteristics of user communication services. The option to share content with a select group of close friends has become "most platforms' default".[8] This aligns with the popularity of platforms like BeReal and Snapchat, the growth of "social" and "group" features in Signal, Zoom, Messenger, WhatsApp and other private messaging apps, and the availability of ephemeral and "close friends" features like Instagram and Facebook Stories and Twitter's new Circle function.

- **Content creation is evolving and allowing people to communicate more expressively.** Consumers are creating and sharing content in new and experimental ways - from "remixing" content created by others[9] to using AR filters and features to alter visual content. The take-up of these features is part of a growing desire for people to be creative and authentic to who they are online. This trend is also driving the acceleration of AR with a Snap report predicting nearly 75% of the global population will be "frequent AR users" by 2025.[10] We have responded to this growing demand by launching innovative tools to encourage creators to develop content for our platforms.[11]

- **Live streaming is driving consumer spend in the creator economy.** It has become a significant feature for social engagement and is expected to power the creator economy into the future. In the first half of 2021, live streaming accounted for US$3 of every US$4 consumers spent in the top 25 social apps.[12] In 2021, Twitch passed US$1 billion in consumer spend (with Australia being one of the top contributing markets).[13] The shift in consumer preference towards "authentic experiences" has favoured content creators, with TikTok and YouTube surpassing leading video streaming platforms Disney+ and Netflix by consumer spend in 2020 and 2021 H1 respectively. By 2025, consumer spend for live

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[6] For example, in the gaming space see: *'Consumers increasingly choose gaming platforms for social experiences, driving convergence across social media'*, Insight by Altman Solon.

[7] *'Launching Facebook Reels Globally and New Ways for Creators to Make Money'*, (22 February 2022), Meta Newsroom.

[8] *'Gen Z shapes new social media era'* (26 July 2022), Article by Axios, Sara Fischer.

[9] For example, TikTok's Stitch and Duet, Snapchat's Remix and Instagram's Remix.

[10] *'Snap Consumer AR Global Report 2021'* (2021), Report by Deloitte Digital, pp 6, 41.

[11] See section 3.2.

[12] *'The Evolution of Social Media Apps'* (6 September 2021), Report by data.ai, p 10.

[13] *'Twitch has surpassed $1 billion in global consumer spend'* (28 January 2022), Blog post by data.ai, Lexi Sydow.

streamers and content creators is expected to reach US$17.7 billion annually, up from less than US$5 billion in 2020.[14]

- **Improvements in technology and new hardware are driving new ways to communicate and connect.** New hardware enabling users to connect with each other is continuing to emerge as semiconductors and processors become smaller and more powerful. We are seeing this as wearable and voice-activated devices continue to gain mainstream adoption and smartwatches are increasingly embedded with 5G technology, enabling users to reply to text messages, answer phone calls, access apps, and receive notifications without touching or carrying their smartphone.[15] New ways to communicate and connect will also continue to evolve as VR hardware becomes increasingly mainstream and new services are developed for the metaverse.

2.2. Switching between different services is easy and inexpensive, and multi-homing is common

As consumers spend more of their time online and connected to their mobiles and smart-devices, the propensity to multi-home and switch between services has continued to increase. Various studies confirm this, including in Australia. We noted a number of these studies in our DPSI 5 Response.[16] In addition:

- even more recently, a study conducted by the ACMA in 2021 found that, between January and June 2021, 77% of Australian respondents multi-home across different "social media websites/apps",[17] using on average 3.3 "social media websites/apps";[18]

- research by Professor Pinar Ackman based on consumer survey data in July 2020 found that Australian users used an average of 3.05 "professional/networking platforms" in the previous 12 months;[19] and

- a 2021 study prepared by data.ai (commissioned by Meta)[20] found that consumers regularly switch between apps with similar features, and this trend is increasing over time - for instance, in December 2020, 89% of Facebook Android app users and 94% of Instagram users also used YouTube (up from 85% and 90% in December 2019). In addition, 99% and 50% of TikTok users used YouTube and Snapchat respectively.

The ease with which people can switch between different services is facilitated by a range of factors, including:

- negligible switching costs. As many services are free, switching between services on a device is generally costless. This enables users to try out different services – even for short periods of time – and scale up or down their engagement at any time without leaving existing networks;

- the minimal time and effort required to search and download an app from app stores, and the quick and simple registration processes for many services;

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[14] *The Evolution of Social Media Apps'* (6 September 2021), Report by data.ai, p 13, 20.

[15] Other wearable devices are continuing to evolve. For example, smart glasses developed by Snap Inc. (Spectacles by Snap), Facebook Reality Labs (through Facebook's collaborations with Ray-Ban to develop Ray-Ban Stories), and Glass Enterprise Edition 2 (by Google) are enabling users to connect with each other in new and innovative ways.

[16] See section 2.2.1.

[17] 42% of Australian respondents used 4 or more separate "social media websites/apps", and 35% used 2 or 3 "social media websites/apps".

[18] *'Communications and media in Australia: How we communicate'* (December 2021), Report by ACMA.

[19] *'A Web of Paradoxes: Empirical Evidence on Online Platform Users and Implications for Competition and Regulation in Digital Markets'* (29 March 2021), Virginia Law and Business Review article by Pinar Akman.

[20] *'Similar Apps Usage Trends'* (23 March 2021), Report by data.ai.

- the ease of importing contact details. Platforms like TikTok, Snapchat, Twitter, Telegram and BeReal allow users to identify and add connections on their service by syncing their phone contacts and/or importing their Facebook friends list[21] and/or provide connection recommendations on a personalised basis (e.g. through mutual contacts, shared interests and location);[22] and

- tools to support switching between platforms and services. For example, in 2020, Meta launched the Transfer Your Information (**TYI**) tool that enables Facebook users to transfer their Facebook photos and videos directly to BackBlaze, Dropbox, Koofr and Google Photos. Over time we've continued to add new data types (like notes, posts, and events) and new destinations (like Photobucket, Google Calendar, Google Docs, Blogger, and WordPress).

The extent to which users multi-home and switch between multiple services intensifies the level of innovation by each service to keep users engaged.

2.3 The past 5 years have seen significant new entry, expansion and competition between diverse services

As set out in previous submissions,[23] it is well established that services do not need to be identical in order to compete. It is also a key feature of highly dynamic digital ecosystems characterised by consumer choice-led innovation that functionally differentiated services can and do compete vigorously for the same users.

But, even looked at more narrowly in terms of rivals that offer comparable features and functionality as our services, there has been significant new entry and expansion. The result is that we face more direct competition and constraints than ever before.

The shifts in how consumers use technology to connect with content and other users continue to drive improvements in our products and features to ensure that we engage consumers. Likewise, many of our competitors have introduced a wide range of new features in response to growing consumer demand for more immersive services. For example:

- With the desire for AI-driven richer discovery feeds, a range of platforms are continuing to make improvements to the feed used to show personalised content to users. TikTok and YouTube, in particular, are leaders in using AI technology to power their feed. Amazon is also reported to be internally testing a TikTok-like social feed.[24] We likewise are continuing to refine our social feed. For example, earlier this year, we announced our plans to develop a "discovery engine" that will utilise AI to recommend content we think users will find interesting across our platforms.[25]

- In response to TikTok's success and increasing consumption of short-form video content, YouTube introduced YouTube Shorts in 2020, Snapchat introduced Spotlight in 2020, Twitter introduced its For You page in 2021 and Netflix introduced Fast Laughs in 2021.

- In response to demand for ephemeral features on social media, and following the launch of KakaoTalk's app KakaoStory, Snapchat launched Stories in 2013, YouTube launched Stories

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[21] *'Finding friends from your contacts'*, Web Page by Tik Tok Support; *'About Twitter's account suggestions'*, Web Page by Twitter Support; *'How to add friends on Snapchat'*, Web Page by Snapchat Support; *'FAQ'*, Web Page by Telegram.
[22] See, eg, features like TikTok's 'Find friends', Snapchat's 'Quick add', Telegram's 'Find people nearby' and Twitter's 'Suggested accounts'.
[23] For example, *'Facebook response to ACCC's Digital Platform Services Inquiry September 2020 Interim Report'* (8 March 2021), Submission by Facebook, p 14.
[24] *'Amazon is internally testing a TikTok-like feed in its app'* (18 August 2022), Article by TechCrunch, Amanda Silberling.
[25] *'Second quarter 2022 results conference call'* (27 July 2022), Earnings call transcript by Meta Platforms, Inc.

in 2018, Google launched Memories in 2019 and Pinterest launched Pinterest Story Pins in 2020.

- Following the growing popularity of Clubhouse and community audio experiences, Telegram introduced Voice Chats in 2020, Twitter introduced Spaces in 2021, Discord introduced Stage Channels in 2021 and Reddit introduced Reddit Talk in 2021.

These developments and innovations extend far beyond the small set of "main social media services" identified in the ACCC's Issues Paper. They also extend beyond the wider range of "social media platforms" identified in Table 1 of the Issues Paper which contains some notable omissions. By way of example, Table 1 does not include YouTube despite the ACMA data cited in the Issues Paper itself listing YouTube as a "social media website/app" that is used by 74% of Australians (virtually identical to Facebook at 76%).[26]

(a)   There have been a number of new entrants even since the DPI Final Report

Even since the DPI Final Report, there has been significant new entry of services that compete for user and advertiser attention – many of which offer comparable features and functionality to Meta's services.

The ACCC recognises in its Issues Paper the emergence of **TikTok** and its rapid growth in usage. Across iOS and Android, TikTok is now the most downloaded "social" app, both worldwide and across a number of key Asia-Pacific jurisdictions, including Australia in 2021.[27] Not only is TikTok's monthly time spent per Australian user growing rapidly (as the Issues Paper notes), but TikTok also overtook the likes of Google, Facebook, Apple, Amazon and Netflix to become the most popular website last year.[28] TikTok continues to innovate - for instance, it is currently piloting a stories feature where users can post ephemeral videos, and the ability to share such stories to platforms like Facebook and Instagram.[29] Just this month, TikTok launched TikTok Now which, like BeReal, provides a daily prompt inviting users to capture what they're doing in the moment using their device's front and back camera.[30] Over time, TikTok has also expanded into longer-form video content, having increased maximum video length from 15 seconds to 10 minutes.[31] TikTok is currently testing a Nearby feed designed to display local content to users.[32] TikTok also appears to be expanding beyond video, developing Bitmoji-like avatars, group chats, audio-only livestreams and Twitch-like subscription features.[33]

But new entry has extended far beyond this. Other apps that have launched and continued to expand include:

- **BeReal**: Described as "Gen Z's new favourite app",[34] BeReal has achieved exponential growth in 2022 and is currently one of the most downloaded apps in Australia on the Apple App Store.[35] Public reporting indicates that, globally, BeReal has approximately 10 million daily active users (**DAU**) and 73.5 million monthly active users (**MAU**).[36] BeReal is reportedly on track to close a funding round that will quadruple its valuation to more than

[26] *'Communications and media in Australia: How we communicate'* (December 2021), Report by ACMA.

[27] *'State of Mobile 2022'* (12 January 2022), Report by data.ai, p 52.

[28] *'TikTok surpasses Google as most popular website of the year, new data suggests'* (23 December 2021), Article by NBC News, Kalhan Rosenblatt.

[29] *'A new TikTok feature lets creators share TikTok Stories to Facebook and Instagram'* (18 August 2022), Article by TechCrunch, Sarah Perez.

[30] *'Introducing more ways to create and connect with TikTok Now'* (15 September 2022), Blog post by TikTok news, TikTok.

[31] *'Tik Tok expands max video length to 10 minutes, up from 3 minutes'* (1 March 2022), Article by TechCrunch, Aisha Malik.

[32] *'TikTok is testing a new 'Nearby' feed to display local content'* (24 August 2022), Article by TechCrunch, Aisha Malik.

[33] *'TikTok is working on avatars, live audio streams, new creator tools and more'* (25 January 2022), Article by TechCrunch, Amanda Silberling.

[34] *'It's a modern-day Facebook' – how BeReal became Gen Z's favourite app'* (22 August 2022), Article by The Guardian, Laurie Clarke.

[35] *'BeReal - Your friends for real'* (2022), Statistics by data.ai.

[36] *'BeReal revenue and usage statistics (2022)'* (15 August 2022), Article by Business of Apps, David Curry.

US$600 million,[37] reflecting the confidence investors have in its ability to expand and monetise its services.

- **Clubhouse**: Since its launch in 2020, Clubhouse, which has driven the popularity of social networking in the audio space, has grown rapidly to 10 million weekly active users.[38] To retain user attention, Clubhouse continues to develop new features, such as private communities called Houses (similar to Discord), in-room gaming and text (comparable to YouTube and Twitch)[39] and monetisation opportunities for creators.[40]

- **Poparazzi**: Poparazzi, an app which only allows users to take photos of other people, hit over 5 million downloads in its first year.[41] Poparazzi continues to roll out new features, such as camera uploads and recently received US$15 million in funding.[42] TTYL, the developer behind Poparazzi, recently announced plans to launch Made With Friends, a new app which expands on Poparazzi's photo-sharing concept to include text-based and video content and Q&A prompts.[43]

There are also a number of other new generation services that have recently launched with the aim of prioritising "authentic" digital connections. Apps that have quickly gained popularity, including in Australia, include **Locket Widget** (an app for sharing photos to friends' homescreens), **Yubo** (an app that offers live streaming rooms which users can socialise in), **WeAre8** (a social app that pays users for watching ads), and **Dispo** (an app where users can take photos and share unedited the following day). During September 2022, Locket Widget was ranked in the top 10 in the "social networking" category on the Australian Apple App Store.[44] With 40 million users worldwide and US$60 million in funding, Yubo has introduced integrations with YouTube to consume content directly from a room, and has partnered with Snap to integrate Camera Kit.[45]

(b) In addition to this new entry, there has been continued growth and expansion of the platforms identified in the Issues Paper

Many of the "social media platforms" identified in the Issues Paper have continued to experience sustained growth since the DPI Final Report.

- **Snapchat**: Snap's recent results demonstrate its continued growth, with global DAUs growing from 203 million in Q2 2019, to 293 million in Q2 2021, to 347 million in Q2 2022 (an annualised growth rate of 19.6% between 2019 and 2022). After its Q1 2022 results were released, it was reported that Snap had grown faster than Meta and Twitter in the previous year.[46] Snap continues to invest and grow its features, including with an AR platform which 250 million Snapchat users interact with daily.[47]

- **Twitter**: Twitter's global DAU has grown significantly, from 139 million in Q2 2019, to 206 million in Q2 2021, to 237.8 million in Q2 2022 (an annualised growth rate of 19.6%

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[37] *'French social media startup BeReal set to quadruple valuation to over $600 million as Yuri Milner's DST Global leads new round, sources say'* (May 2022), Article by Business Insider, Callum Burroughs.

[38] *'Clubhouse hires Android software developer, signaling work on Android app has begun'* (23 February 2021), Article by CNBC, Salvador Rodriguez.

[39] *'Clubhouse begins beta testing private communities called 'Houses' to foster curated interactions'* (5 August 2022), Article by TechCrunch, Aisha Malik.

[40] *'Clubhouse launches payments so creators can make money'* (6 April 2021), Article by TechCrunch, Natasha Mascarenhas.

[41] *'What's poppin''* (1 June 2022), Article in Medium, Alex Ma, Poparazzi.

[42] *'Poparazzi hits 5M+ downloads a year after launch, confirms its $15M Series A'* (2 June 2022), Article by TechCrunch, Sarah Perez.

[43] *'Following its Series A, Poparazzi's team is readying a new social app that goes beyond photos'* (31 August 2022), Article by TechCrunch, Sarah Perez.

[44] '*Apple App Store – Locket Widget*' (7 September 2022, archived by Wayback Machine).

[45] *'Yubo enhances product suite with Snap Inc. camera kit and YouTube integration'* (14 December 2020), Article by B&T Magazine.

[46] *'Snapchat is growing faster than Facebook and Twitter'* (22 April 2022), Article by TechCrunch, Amanda Silberling; Snap's filed SEC Quarterly Reports (Q2 2019, Q2 2021 and Q2 2022).

[47] '*Snap Inc. Q1 2022 Transcript*' (21 April 2022), Transcript of Snap Inc.'s investor relations.

between 2019 and 2022).[48] Twitter has made a number of additions to drive user engagement such as Communities where users can tweet to people with shared interests rather than followers, Spaces which enable live audio conversations similar to Clubhouse, Circle which lets you tweet to a select group of people (similar to Instagram's Close Friends feature) and TikTok-like reaction videos to tweets.

- **Reddit**: As reported by the company itself, growing at 40% year over year, Australian users spend an average of 31 minutes per day on Reddit.[49] In recent years, Reddit has undergone significant transformations that emphasise a focus on building its "social" offerings. Since 2020, Reddit has introduced the Start Chatting function,[50] Reddit Talk, a live audio social room product,[51] and most recently, a new Discover Tab - surfacing popular images, videos and GIFs via a feed that looks extremely similar to the Explore function on Instagram or Pinterest.[52] In 2020, Reddit also acquired Dubsmash, a TikTok-like platform, for the purpose of embedding its video creation tools, and is also rolling out a TikTok-like video feed button.[53]

Likewise **Discord** and **Pinterest** have seen continued growth in Australia. For example, Discord has doubled its MAU since 2019 and currently has 150 million MAUs.[54]

Finally, **YouTube** - which not only self-identifies as arguably "one of the largest social networks online"[55] but also has continued to innovate and grow its features in response to the same competitive pressures and changing landscape that we face - continues to be a very significant, effective competitor for user and advertiser attention.

Case study: YouTube

YouTube continues to grow in popularity, with more than 1 billion hours of YouTube content being viewed every day, a 10-fold increase since 2012.[56] Across mobile and desktop, YouTube claims two billion monthly signed-in users,[57] while the YouTube app has grown from approximately 416 million MAU to 892 million MAU since 2018.[58] In Australia, Android users spend almost as much time on YouTube each month (17.1 hours) as they do on Facebook (17.6 hours), and more than double the time spent on Instagram.[59]

YouTube's feed evolution is particularly noteworthy, transforming from a site driven by search. From 2006 to 2009, videos showcased on the homepage were ranked by a star system.[60] 2011 saw significant transformation, launching a new homepage with algorithmically determined video uploads and activities based on user behaviour, sharing many commonalities with Facebook in design and operation.[61] In 2015, YouTube began using Google Brain to increase engagement with immense success - more than 70% of the time people spend watching videos on YouTube is now driven by AI.[62] More recently, YouTube has rolled out a New to You tab to help

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[48] Twitter's Earnings Press Releases (Q2 2019, Q2 2021, Q2 2022).
[49] *'Reddit Upvotes The Land Down Under'* (11 July 2021), Blog post by Reddit.
[50] *'Reddit is launching built-in subreddit chat rooms'* (30 April 2020), Article by The Verge, Monica Chin.
[51] *'Reddit is secretly exploring a Clubhouse-like voice chat feature'* (9 April 2021), Article by Mashable, Jack Morse.
[52] *'Reddit App Gets Instagram-Like Makeover With New 'Discover Tab''* (25 February 2022), Article by PCMag Australia, Michael Kan.
[53] *'Reddit is quietly rolling out a TikTok-like video feed button on iOS'* (10 August 2021), Article by TechCrunch, Amanda Silberling.
[54] *'About Discord'* Discord website.
[55] *'Is YouTube a Social Network?'* (9 June 2022), Article by ClickZ , Matt McGowan.
[56] *'YouTube Tops 1 Billion Hours of Video a Day, on Pace to Eclipse TV'* (27 February 2017), Wall Street Journal article by Jack Nicas.
[57] *'Alphabet Q1 2022 Earnings Call'* (26 April 2022), Transcript of Alphabet's investor relations.
[58] *'YouTube app monthly active users (MAU) worldwide 2018-2021'* (14 February 2022), Statista post by L Ceci.
[59] *'Digital 2022 Australia: Online Like Never Before'* (9 February 2022), Report by WeAreSocial.
[60] *'The Evolution of YouTube: From 2005 to 2016'* (31 May 2016), Blog post by Medium, John Mederich.
[61] *'YouTube's New Homepage Goes Social With Algorithmic Feed, Emphasis On Google+ And Facebook'* (2 December 2011), Article by TechCrunch, Eric Eldon.
[62] *'How YouTube perfected the feed'* (31 August 2017), Article by The Verge, Casey Newton.

> users discover content beyond the recommended videos they usually see – YouTube's take on TikTok's For You page.[63]
>
> The consumer shift to short-form video experiences has seen YouTube launch Shorts, where users can utilise built-in creation tools, and watch content by swiping vertically. YouTube Shorts currently has 1.5 billion monthly users, and generates 30 billion views per day, up 400% from a year ago.[64] Google continues to push Short's integration into the wider YouTube ecosystem, with new functionalities like the ability to turn clips from long form videos into Shorts and remix them (similar to TikTok's Stitch)[65] and integrating songs saved on YouTube Music.[66] YouTube has also developed a range of new TikTok-like creator tools.[67]

(c)   The past 5 years have also seen a rapid expansion in the number of services that offer "social" features

Over the past 4-5 years, a large number of apps have evolved in various ways to incorporate a range of features that enable users to communicate and share content, and to engage with content posted by others. Many of these apps have evolved significantly since the DPI Final Report, and are continuing to grow at a rapid pace. This includes:

- **Apple**: Apple is one of Meta's biggest competitors,[68] hosting a wide set of proprietary products – that are often default and cannot be uninstalled – which offer a range of features such as iMessage, FaceTime, Apple TV+, Apple Podcasts, Apple Arcade and Apple News which compete aggressively for user time and attention. Usage of these devices is growing, from 1.65 billion active Apple devices in 2021 globally to more than 1.8 billion currently[69] and, in Australia, Apple devices account for over half of all Australian mobile users.[70] Apple continues to develop new functionalities and features focused on social engagement, including launching 'SharePlay' to iMessage and FaceTime (which allows users to co-watch/listen to content) and a 'Shared with You' feature for a number of its apps.[71]

- **Google**: Google Messages, Google Voice, Google Chat, Google Meet, Google Photos, YouTube, Google Play Games and a range of other Google services compete directly for user time and engagement. Google's apps are constantly being updated and improved, with a particular focus on increasing the social functionalities - for example, launching Apple SharePlay-like live-sharing features to Meet,[72] along with Memories (a time-travelling version of Stories[73]) and a direct sharing feature into Photos[74] (which has passed the 1 billion user mark[75]).

[63] _'YouTube rolls out personalized 'New to you' feed to help users discover content'_ (26 October 2021), Article by TechCrunch, Aisha Malik.
[64] _'Shorts are redefining the artist journey on YouTube'_ (7 July 2022), Blog post by YouTube, The YouTube Music Team.
[65] _'YouTube Shorts now allows creators to splice in long-form videos'_ (15 April 2022), Article by the Verge, Mia Sato.
[66] _'TikTok competitor YouTube Shorts is integrating more closely with YouTube Music'_ (15 September 2022), Article by TechCrunch, Amanda Silberling.
[67] _'YouTube Shorts gains a TikTok-like 'Green Screen' feature'_ (12 May 2022), Article by TechCrunch, Sarah Perez.
[68] _'Fourth Quarter 2020 Results Conference Call'_ (27 January 2021), Transcript of Meta's investor relations, p 3.
[69] _'Apple now has 1.8 billion active devices'_ (28 January 2022), Article by The Verge, Tom Warren.
[70] _'DPSI Interim Report No. 2 – App marketplaces'_ (March 2021), ACCC, p 4.
[71] _'Apple is encroaching on Facebook's territory like never before with new social features'_ (8 June 2022), Article by CNBC, Steve Kovach; _'What's new in iOS 16'_, Web Page by Apple Support.
[72] _'Duo, meet Meet: One upgraded app for video calling and meetings'_ (10 August 2022), Blog post by The Keyword, Dave Citron.
[73] _'Google Photos adds a time-traveling version of Stories, plus more sharing and printing options'_ (13 September 2019), Article by TechCrunch, Sarah Perez.
[74] _'Google Photos launches private messaging for quickly sharing photos'_ (3 December 2019), Article by The Verge, Nick Statt.
[75] _'How Google Photos joined the billion-user club'_ (27 July 2019), Article by Fast Company, Harry McCracken.

- **Microsoft**: Microsoft offers a wide range of products and services that compete for user time and attention. These include **Xbox**, which recently launched integrations with Discord voice chat and Twitch,[76] as well as Snapchat-like stories on the app;[77] and **LinkedIn**, which recently launched LinkedIn Live,[78] and a Clubhouse-like audio events feature.[79] Globally, Xbox has more than 100 million monthly active users,[80] and LinkedIn has more than 830 million members.[81]

- **Twitch (owned by Amazon)**: Twitch is the leading live video game streaming platform, generating nearly 70% of the total gaming live stream hours watched in Q2 2022,[82] and is well-placed to capitalise on the predicted growth of esports and video streaming.[83] Global smartphone MAUs have increased exponentially from 40.2 million in June 2019, to 69.8 million in June 2020, to 87.2 million in June 2021 (an annualised growth rate of 47.3%).[84] Twitch has continued its expansion into non-gaming audiences, which now account for 12% of the total Twitch hours watched (and has grown 64% since 2020).[85] Twitch's Just Chatting feature continues to grow,[86] and new features such as Watch Parties are constantly being added.[87]

- **Roblox**: While Roblox initially launched as a game, it has, over the past few years, implemented new sharing-based features and describes itself as "an online community where people do things together in virtual worlds... [we refer] to these worlds as experiences, as they better represent the wide range of 3D immersive places – from obbys to virtual concerts – that people can enjoy together with their friends".[88] Roblox's DAUs have skyrocketed, from 17.1 million in Q2 2019, to 33.4 million in Q2 2020, to 43.2 million in Q2 2021, to 52.2 million in Q2 2022 (increasing at an annualised rate of approximately 45% between 2019 and 2022). Likewise, time spent on Roblox has more than tripled between Q2 2019 and Q2 2022, rising from 3.2 billion hours to 11.3 billion hours.[89] As part of a significant revamp, Roblox is introducing a new immersive ads system where creators can drop 3D ads into their own experiences – like a billboard in a sports stadium – and get a cut of the ad revenue.[90]

- **Strava**: As an exercise tracking platform where users can post their activities to a feed, Strava has over 100 million registered users on its platform, doubling in size over the last two years.[91] Users can post photos, comment on an activity and share posts on the Strava platform. Strava recently deployed features to support video uploads and user tagging, indicating a focus on offering more "social" features.[92]

- **Fortnite and other gaming services**: Online multiplayer games like Fortnite and Minecraft have grown significantly. For example, Minecraft has grown from 126 million *yearly* active

[76] *"Connect Your Worlds – Discord Voice Chat Comes to Xbox Consoles for Xbox Insiders'* (20 July 2022), Article by Xbox Wire, Eric Voreis; *'Twitch streaming returns to the Xbox dashboard in a new update'* (23 February 2022), Article by The Verge, Tom Warren.
[77] *'Xbox mobile app rolls out new stories feature for sharing game clips, screenshots and more'* (5 May 2022), Article by TechCrunch, Aisha Malik.
[78] *'LinkedIn debuts LinkedIn Live, a new live video broadcast service'* (12 February 2019), Article by TechCrunch, Ingrid Lunden.
[79] *'LinkedIn is launching interactive, Clubhouse-style audio events this month in beta; a video version will come this spring'* (7 January 2022), Article by TechCrunch, Ingrid Lunden.
[80] *'Xbox Game Pass subscribers hit 18 million'* (26 January 2021), Article by The Verge, Tom Warren.
[81] *'About'*, LinkedIn.
[82] *'Stream Hatchet's Q2 2022 Report'*, Report by Stream Hatchet, p 4.
[83] *'Global Esports & Live Streaming Market Report 2021'* (9 March 2021), Report by Newzoo.
[84] *'The Evolution of Social Media Apps'* (6 September 2021), Report by data.ai, p 24:
[85] *'2021 Live Streaming Report'* (31 January 2022), Report by Stream Hatchet, p 7.
[86] *'Twitch viewership dipped this month, unless you're looking beyond games'* (24 August 2022), Article by The Verge, Jacob Kastrenakes.
[87] *'Twitch launches Watch Parties to all creators worldwide'* (3 September 2020), Article by TechCrunch, Sarah Perez.
[88] *'Apple said Roblox developers don't make games, and now Roblox agrees'* (14 May 2021), Article by The Verge, Adi Robertson.
[89] Roblox's Quarterly Results Press Releases (Q2 2021, Q2 2022); Roblox's filed SEC Annual Report (2021), pp 75-6.
[90] *'Roblox is ready to grow up'* (10 September 2022), Article by The Verge, Mia Sato.
[91] *'Strava's Global Community Continues Strong Growth Surpassing 100M Registered Athletes on the Platform'* (24 May 2022), Blog post by Strava.
[92] *'Strava adds video to rival Instagram for cycling social media'* (16 June 2022), Article by Ride 24, Lance Branquinho.

users to 140 million *monthly* active users from 2020 to 2021.[93] At the same time, gaming services are increasing the number of "social" features they offer for users, including Fortnite's Party Royale (a social space that allows players to hang out with friends).[94] Epic Games (the developer of Fortnite) has also recently announced that it plans to add a range of social features, and to transform the Epic Games Store "into a place where you can connect with your friends across platforms, effortlessly jump into parties with voice chat, and play games together".[95] In part due to the COVID-19 pandemic, gaming grew in popularity in Australia over 2021 , ranking as one of the top three household activities for the first time (above free-to-air TV and "social media"). Based on a recent Australian survey, 75% of Australian adults and children play video games socially, and 22% communicate through games.[96]

- **Netflix (and other video on demand services)**: There are a wide range of video streaming services that compete with Meta for user attention and which employ a range of monetisation strategies, including subscription video on demand (**SVOD**)[97] and free broadcasting video on demand.[98] Netflix continues to be a major player in this space, with its account holders comprising 87% of all Australian SVOD subscribers.[99] At the end of June 2022, Australian SVOD memberships hit 23.4 million, a 22% increase year-on-year.[100] Netflix has itself noted, when the 2021 Facebook outage occurred and Netflix's engagement increased by up to 14%, that it competes "with a staggeringly large set of activities for consumers' time and attention"[101] and "while consumers may maintain simultaneous relationships with multiple entertainment sources, we strive for consumers to choose us in their moments of free time."[102] A number of these SVOD services are incorporating social features to attract increased user engagement, such as Disney+'s Groupwatch option.

- **Private messaging apps like Signal, LINE, WeChat, Discord, Viber and Telegram as well as WhatsApp and Messenger** now offer new social features like group messaging, video chat, location sharing, photo and video sharing, ephemeral stories, inline replies, pins, mentions, emojis / stickers, filters, AR features, reacts and sharing of GIFs.[103]

This significant increase in competition and choice has led to consumers spending more time on competing apps and websites, and comparatively less time on Facebook. In Q4 2021, we experienced a decline on a quarter-over-quarter basis in the number of global DAU on Facebook, although some growth returned for Q1 and Q2 of 2022.[104] Public reporting indicates that in Australia, Facebook has fallen behind TikTok based on the average time spent per Android user on the Android app (23.4 hours per month vs 17.6 hrs), and is only slightly above YouTube (17.1 hours, a 5% year-on-year increase). Each of these platforms attracts significantly greater time spent per user than Instagram (8.3 hours per month).[105]

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[93] *''Minecraft' Has Surpassed 131 Million Monthly Active Users'* (5 October 2020), Article by PCMag Australia, Brittany Vincent; *'Minecraft Franchise Fact Sheet'* (April 2021), Fact Sheet by Xbox Wire.
[94] *'Fortnite is now one of the biggest games ever with 350 million players'* (6 May 2020), Article by The Verge, Nick Statt.
[95] *'Epic Games Store Social Update'* (18 March 2021), Article by Epic Games.
[96] *'Digital Australia 2022'* (2021), Report by Interactive Games & Entertainment Association, Jeffrey Brand and Jan Jervis.
[97] See, eg, Netflix, Disney+, Amazon Prime, Stan, BINGE, Paramount+, Kayo Sports, Hayu, Foxtel Now.
[98] See, eg, ABC iView, 7plus, 10 Play, SBS On Demand, 9Now.
[99] 'Media consumer survey 2021' (20 September 2021), Report by Deloitte, p 8.
[100] *'Subscription entertainment defies rising cost of living pressures'* (29 August 2022), Article by Telsyte.
[101] *'Q3-21 Shareholder Letter'* (19 October 2021), Letter from Netflix Inc, p 6.
[102] Netflix's filed SEC Annual Report (2021), p 1.
[103] *'Facebook response to ACCC's Digital Platform Services Inquiry September 2020 Interim Report'* (8 March 2021), pp 14-27. Facebook.
[104] Meta's filed SEC Annual Report (2021), p 13; Meta's filed SEC Quarterly Report (Q1 2022), p 29; Meta's filed SEC Quarterly Report (Q2 2022), p 32.
[105] *'Digital 2022 Australia: Online Like Never Before'* (9 February 2022), Article by WeAreSocial.

2.4. Competition is far from static – it is now evolving onto new platforms and services that were not even envisaged when the DPI Final Report was published

Services that compete for user attention are continuously evolving. We compete to predict how people will engage tomorrow so that we can build those products and services today. While most applications today are developed for PCs and mobiles, this is shifting to other hardware, including wearables, voice-activated devices and VR headsets.

As an example, gaming is an area that is attracting substantial investment – particularly given the wide range of monetisation options available to participants – and competes vigorously with us to attract user time and attention. This is increasingly the case as socialising in gaming becomes more important for users, and more gaming services incorporate a range of messaging and social features that enable consumers to connect with their friends for extended periods of time.

Meta is also moving toward immersive experiences like AR and VR to help build the metaverse, which we believe is the next evolution in social technology. In 2021, we announced a shift in our business and product strategy to focus on helping to bring the metaverse to life.[106] This will be a complex, evolving and long-term initiative that will involve the development of new and emerging technologies, and involves substantial risks. Meta is not in any way shielded from competition, and needs to invest heavily in new developments and innovation in order to compete in this new environment – with no guarantee of success.

Like us, our competitors take bold steps to position themselves for what consumer demand will look like in the future, and to prepare themselves for these new areas of competition for user attention. Many of these competitors are well-resourced and in a strong position to capitalise on their existing success. For example, in the past year:

- Google purchased Raxium, a start-up manufacturing AR components, to fuel its AR ambitions;[107] Snap purchased NextMind, a neurotech start-up, to drive long-term AR research efforts;[108] Sony Interactive Entertainment purchased multi-platform game developer Bungie, as a "catalyst to enhance [its] live service game capabilities";[109] TikTok's owner ByteDance acquired Pico, the third-largest VR headset maker globally in the first quarter of 2021; [110] and Niantic purchased NZXR, a New Zealand-based AR studio, to accelerate new kinds of AR experiences for the real-world metaverse;[111]

- Microsoft has entered into an agreement to acquire Activision for US$68.7 billion to "provide the building blocks for the metaverse";[112]

[106] '*Introducing Meta: A social technology company*' (28 October 2021), Article by Meta Newsroom.
[107] '*Google Buys Hardware Startup Raxium to Fuel AR Ambitions*' (16 March 2022), Article by The Information, Josh Sisco, Stephen Nellis, Mathew Olson, and Sarah Krouse.
[108] '*Snap buys mind-controlled headband maker, NextMind*' (24 March 2022), Article by TechCrunch, Brian Heater.
[109] '*Sony Interactive Entertainment to acquire leading independent videogame developer, Bungie*' (31 January 2022), Statement by Sony Interactive Entertainment; '*Sony well positioned for coming push into metaverse, CEO says*' (18 May 2022), Article by Seeking Alpha, Chris Ciaccia.
[110] '*TikTok owner ByteDance takes first step into virtual reality with latest acquisition*' (30 August 2022), Article by CNBC, Arjun Kharpal.
[111] '*Welcoming Creative AR Studio NZXR To Niantic*' (5 April 2022), Article by Niantic, Dennis Hwang.
[112] '*Microsoft to acquire Activision Blizzard to bring the joy and community of gaming to everyone, across every device*' (18 January 2022), Statement by Microsoft Corporation.

- Epic Games, through its US$100 million Epic MegaGrants fund,[113] has invested in companies like Grease Monkey Games (a developer of blockchain-based racing games)[114] and Ristband (a music metaverse start-up); [115]

- Sony has invested another US$2 billion in Epic Games to advance their metaverse partnership with the Lego Group;[116] and

- Disney's 2022 Accelerator program has invested in Web3 platforms focused on immersive experiences tied to non-fungible tokens, blockchain and e-commerce.[117]

There are also industry rumours that Apple is planning to launch a mixed reality headset in the next year.[118]

We continue to face increasing pressure from a wide range of participants that are seeking to gain a foothold in this space, particularly as services trend towards a more immersive integration of networking, messaging, gaming, shopping and entertainment in response to user demands. This pressure will intensify as new technologies are developed as part of the evolution towards Web 3.0 which, although at a nascent stage, continues to attract significant investment.

Despite our substantial investment, research and product developments, our success in the metaverse and the next generation of technology is not guaranteed. It depends on developing high quality and innovative products that users want – so they continue to choose to spend their limited time engaging with our features.

3   We also face significant competition to attract advertisers, creators and SMBs

3.1   Competition for advertising occurs beyond "social media platforms"

The focus of the Issues Paper on examining the use of "social media platforms" for online advertising is far too narrow, and any proper assessment of competition in advertising needs to reflect actual evidence around how advertisers choose to place ads, and the competitive choices available to them based on their fundamental objective of maximising expected Return on Investment (**ROI**).

That evidence - which Meta addressed in detail in the DPSI 5 Response[119] - demonstrates that we compete with a broad range of online and offline advertising venues and formats, including digital, television, radio and print. The extent of competition between these different formats has intensified as a result of new entrants (including Netflix,[120] Roblox[121] and Disney+[122]), technological advancements in targeting and measurement, the ability and willingness of advertisers to switch and multi-home between ad formats, and the similarities in the advertising features offered on

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[113] *'Epic MegaGrants'*, Unreal Engine.
[114] *'Metaverse Makers: Animoca NFT video game subsidiary gets Epic Grant'* (25 August 2022), Article by Investor's Business Daily, Harrison Miller.
[115] *'Music metaverse startup Ristband bags Epic Games 'MegaGrant'* (28 January 2022), Article by Musically, Stuart Dredge.
[116] *'Epic Games valued at about $32 bln in funding from Sony, Lego firm'* (12 April 2022), Article by Reuters.
[117] *'2022 Disney Accelerator Participants Announced'* (13 July 2022), Article by The Walt Disney Company.
[118] *'Trademark filings point to 'Reality' branding for Apple's mixed reality headset'* (28 August 2022), Article by The Verge, Emma Roth.
[119] See section 2.3.
[120] Netflix is reportedly bringing forward the launch of an ad-supported tier for its platform to the start of November. See: *'Netflix to launch cheaper ad-supported subscription tier in November'* (5 September 2022), Article by The Guardian, Josh Taylor.
[121] Roblox announced plans to debut ads on its platform, testing this with some developers and advertisers by the end of this year ahead of a broader rollout in 2023. See *'Roblox jumps into online advertising as revenue growth slows'* (9 September 2022), Article by CNBC, Jonathan Vanian.
[122] Disney's global streaming platform, Disney+ is set to introduce an advertising-supported subscription, first launching in the US by the close of 2022 and then rolled out globally in 2023. See *'Disney+ set to introduce ad-supported offering, will others follow?'* (8 March 2022), Article by Mumbrella, Calum Jaspan.

social media platforms and other advertising venues (including the Google Ad Network). These developments mean that advertising on "social media services" competes more closely than ever with other formats.

Likewise, the evidence clearly shows that:

- there are many opportunities for user attention services that wish to monetise their services by adopting an ad funded model, and many choices for advertisers who multi-home across a wide range of services that provide access to advertising audiences;

- there are very few (if any) barriers to advertisers switching between advertising venues in order to maximise their ROI, including between "social media platforms", "influencer advertising", and other online and offline venues. This can occur at any time and is facilitated by continuing developments in real-time measurement tools. These developments continue to drive competition and convergence between different channels and ad formats, and mean that - more than ever before – distinctions between different ad venues (including ads on social media) are not competitively meaningful; and

- the advertising sector is characterised by new entry, significant innovation, and constant efforts to improve measurement and targeting. Attribution and measurement remain key to ensuring that users are able to compare performance (and ROI) across different advertising venues.

As set out in the DPSI 5 Response,[123] recent changes by Apple and others – such as Apple's tracking restrictions through the launch of the App Tracking Transparency (**ATT**) and SKAdNetwork – have significantly impacted the effectiveness of ads measurement, restricting the ability of advertisers to track and measure ad performance through the whole of the purchasing journey. These changes – which have significantly disrupted the advertising industry, particularly platforms that provide free services to users and rely on advertising – further highlight the significant competitive constraints in this space. Reports estimate that Meta, YouTube, Snap, and Twitter lost nearly US$10 billion in the second half of 2021 and will lose US$16 billion in 2022.[124] Twitter and YouTube's 2021 losses amounted to a 7% decrease in revenue, and Snap's losses amounted to a 13% decrease in revenue.[125] Meta expects to lose US$10 billion in 2022 revenue,[126] with some advertisers cutting their spending on Facebook ads targeting iPhone users by about 90% to less than US$100 per day.[127]

3.2 We compete with a range of platforms to provide businesses and content creators with tools to reach customers and develop communities

Businesses of all sizes use our free tools and services to meet various commercial objectives. For instance, a business may want to use their Facebook Page or Instagram Account to provide information about their business, connect and communicate with customers, or to promote their products through posts. We also offer a range of free business tools such as Meta Business Suite (which enable businesses of all sizes to manage connected accounts across Facebook and Instagram in one place), Unified Inbox (a free self-service message management product), WhatsApp Business App, a Shops feature for selling products online, action buttons to prompt

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[123] See section 2.3.3.
[124] *'Apple's privacy changes are expected to wipe almost $16 billion from Meta, YouTube, Snap, and Twitter's revenues this year'* (12 April 2022), Article by Business Insider, Lara O'Reilly.
[125] *'Inside Apple's Decision to Blow Up the Digital Ads Business'* (14 March 2022), Article by The Information, Wayne Ma.
[126] *'Fourth Quarter 2021 Results Conference Call'* (2 February 2022), Transcript of Meta's investor relations, p 10.
[127] For example, see *'Inside Facebook's $10 Billion Breakup With Advertisers'* (22 February 2022), Article by The Wall Street Journal, Suzanne Vranica.

user engagement on a Facebook Page and online courses to develop users' marketing skills across our platforms, among many others.

While our features remain popular, particularly among small and medium sized businesses (**SMBs**) because of the way they have opened up new opportunities for commerce that did not previously exist, businesses have a very wide range of tools from a variety of different platforms that enable them to meet their commercial objectives. And, given many of these tools are free, SMBs have a strong incentive to maximise their reach by multi-homing so that they can communicate with customers across as many platforms as possible. For example, businesses of all sizes can:

- create and build their virtual presence via a business profile on a range of platforms which enable customers to access information about their business. This includes Google Business Profile, TikTok Business Account, Snapchat Public Profiles, Twitter Professional Accounts, YouTube Brand Account and TripAdvisor;

- post content (including text, videos, photos and advertisements) to raise brand awareness through a range of channels, including TikTok, YouTube, Snapchat and Twitter;

- choose from multiple channels and technologies to connect and communicate with customers, including telephone, email, and messaging channels (e.g. SMS, Rich Communication Services supported messaging channels, webchat and over-the-top/private messaging services); and

- use a wide range of platforms to drive e-commerce activities, including Square pages, GoDaddy, eBay and Amazon.

We also offer a range of opportunities for content creators to interact with users on Facebook and Instagram and monetise content through Facebook Pages, Instagram Creator Accounts, Reels, Facebook Live and Live Audio Rooms.[128] For example, audiences can buy "Facebook Stars" or virtual gifts and send them to creators during Lives and certain on-demand videos, or during a live audio room. Creators can then monetise these Stars or gifts. Other monetisation options include in-stream ads and "Subscriptions", where creators can receive recurring monthly earnings from their audiences, who in turn get benefits such as subscriber-only Lives or special discounts. We have also developed Brand Collabs Manager for Instagram and Facebook, a tool to help creators get discovered for paid partnerships.

We are only one of many options. It is very common for content creators to multi-home by actively engaging with users on different platforms simultaneously, particularly given that use of these platforms is free (or low cost). For example:

- **YouTube** offers a suite of tools, services and information to assist creators in the promotion of their video content.[129] Under the YouTube Partner Program, creators can monetise their content through advertising revenue, channel memberships, subscription fees, live stream fan payments and branded merch.[130] Creators can participate in the US$100 million Shorts Fund and connect with brands through BrandConnect. YouTube also offers a range of analytics tools.

- **TikTok:** The recently published Influence Index reflects that Australia's top "influencers" use TikTok as their main platform.[131] TikTok's offerings like the Creator Portal provide a wide variety of tools relating to video editing (some of which have been integrated with

[128] See *'Meta for Creators'*, Blog post by Meta Platforms Inc, Meta for Creators.
[129] See, for example, *'Tips to build community with comments'*, Article by YouTube Help.
[130] *'How to earn money on YouTube'*, Article by YouTube Help.
[131] *'The Influence Index'* (2022), Statistics by The Australian.

third-party apps),[132] interactions with fans,[133] and promotion (such as the Promote tool).[134] Creators can monetise their content through the Creator Fund, the Creator Marketplace (where creators can connect and collaborate with brands) and various other tools, and can track the performance of their videos.[135]

- **Snapchat**'s recent developments are focused on providing creators the ability to promote and monetise their content, with the launch of the Creator Marketplace, a standalone app called Story Studio and the Creator Hub.[136] Creators can monetise from features including Spotlight (with over US$250 million paid in 2021),[137] Stories[138] and Lens Studio.[139]

- **Live streaming:** The creator economy has fueled growth in livestreaming on platforms such as TikTok, Bigo Live, YouTube and Twitch where creators can be "gifted" content by their audience. Fans can "cheer" and support streamers through virtual gifts such as Bits on Twitch, Beans on Bigo Live, Super Chat and Super Stickers on YouTube Live and Coins on TikTok LIVE, which creators can exchange for monetary value. In H1 2021, Twitch and Bigo Live ranked among the top 10 apps by consumer spend in Australia.[140]

- **Other platforms** such as Patreon, Buy Me A Coffee, Clubhouse, PayPal.me and Ko-fi enable creators to receive money directly from fans, in the form of donations or recurring memberships for their works. Creators can share content on these platforms, communicate with fans, understand engagement and track income.[141] Creators also use other tools such as "link-in-bio" to promote their content or market themselves or other products by directing their followers to other websites.

4.   Assumptions about size, network effects and barriers to entry are misplaced

Our services continue to be very popular with users and advertisers. However, this success cannot simply be attributed to barriers to entry or weak competitive constraints as was the basis of the ACCC findings in 2019. Rather, the intense competition that Meta has faced – particularly over the 4-5 years since the DPI – demonstrates the exact opposite: that Meta does not have enduring market power and faces strong competitive constraints from various products and services in the multi-sided landscape in which we operate.

4.1   Engaging services can and do attract user attention and grow very quickly

Actual evidence over the past 4-5 years is striking, and clearly shows the lack of material barriers to entry or expansion arising from network effects, data or the addition of new features.

Our services are clearly more attractive to both users and advertisers if we have more people and more engaging content on our platform. However, it is overly simplistic to infer from this that

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[132] *'A guide to the newest editing tools on TikTok'* (16 December 2021), Article by TikTok Newsroom; *'Adding new ways for people to Share on TikTok'* (27 October 2021), Article by TikTok Newsroom.
[133] *'Q&A rolls out to all creators'* (4 March 2021), Article by TikTok Newsroom.
[134] *'Use Promote to grow your TikTok audience'*, Tik Tok Support.
[135] *'Understanding your analytics'*, Tik Tok.
[136] *'Snap Creators'*, TikTok.
[137] *'Putting the Spotlight on Creators'* (15 December 2021), Blog post by Team Snap.
[138] *'Snapchat will introduce revenue sharing on ads in creators' stories'* (15 February 2022), Article by TechCrunch, Amanda Silberling.
[139] *'From Statues to Storefronts, Custom Landmarkers Offer a New Way to Tell AR Stories about the World Around Us'* (16 March 2022), Blog Post by Team Snap. There are currently 250,000 Len Creators: *'Snapchat creators earn serious money from making AR filters'* (13 August 2019), Article by CNN Business, Kaya Yurieff.
[140] *'The Evolution of Social Media Apps'* (6 September 2021), Report by data.ai, p 20.
[141] *'Your Buy Me a Coffee stats page explained'* (2022), Article by Buy Me a Coffee; *'Insights dashboard'*, Patreon Support.

network effects operate as a material barrier to competition, entrench market power or confer a sustained advantage - particularly where there is strong evidence that consumers and advertisers multi-home and switching costs are low. We provided information on this issue in the DPI,[142] and this is further supported by a growing body of research that has been published since.[143] It is important that, in this Inquiry, the ACCC engages in a nuanced way with this growing body of economic literature.

4.2 The development of new features and expansion into new products provides strong evidence of competition for user attention and generates significant consumer benefits

People use our services in varied and constantly evolving ways to discover, share, and connect with meaningful and relevant content. We strive to facilitate these interactions and enhance people's experiences and, in response to changes in user preferences, continuously innovate to improve our existing features and offer new services and features that users will find valuable. Our introduction of Facebook Marketplace is an example of this strategy.

Case Study: Facebook Marketplace

In the period leading up to 2014, Meta observed that users were increasingly using Groups on Facebook to buy and sell items. This led Meta in 2014 to introduce Buy and Sell Groups (then For Sale Groups) with tailored features to facilitate buying and selling between users.[144] Subsequently, in response to the increased use of Buy and Sell Groups, we decided to launch Facebook Marketplace in October 2016. Marketplace was developed primarily to address and enhance buy-and-sell interactions that were organically already taking place on Facebook in Buy and Sell Groups.[145] As a tailored surface dedicated to enabling users to buy and sell items on Facebook, Marketplace aims to enhance the user experience and further facilitates existing, organic interactions.

As the launch of Marketplace shows, feature based competition is effectively about facilitating and enhancing existing user activity on a platform by improving the quality of an existing service. The fact that Google, Apple, Amazon, and many other players have continued to improve and invest in tailored e-commerce offerings suggests our introduction of Marketplace has had no impact on barriers to entry and expansion. Likewise, despite us launching features like Messenger and Reels, a variety of platforms that offer similar features have continued to grow at pace.

To the extent the new feature or product is a value-add for some users that makes our existing services more attractive (as the Issues Paper suggests), this is an efficiency and welfare enhancing. It therefore cannot be assumed to be anti-competitive or involve barriers to entry, and a nuanced, fact-specific analysis is required to weigh any potential anti-competitive harms against clear pro-competitive benefits.

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[142] *'Submission by Facebook Australia Pty Ltd'* (18 April 2018), Facebook, pp 33-8; *'Submission to the ACCC's DPI Network Effects'* (24 April 2014), Submission by Catherine Tucker.
[143] For example, see *'Vertical Restraints in a Digital World'* (24 March 2020), The Evolution of Antitrust in the Digital Era: Essays on Competition Policy essay by David Evans; *'Network Effects: March to the Evidence, Not to the Slogans'* (27 August 2017), Antitrust Chronicle - Competition Policy International article by David Evans and Richard Schmalensee; *'Network Effects and Market Power: What Have We Learned in the Last Decade?'* (2018), Technology & Policy Research Initiative, Boston University School of Law article by Catherine Tucker; *'Identifying Formal and Informal Influence in Technology Adoption with Network Externalities'* (23 January 2008), MIT Sloan Research Paper No. 4687-08 by Catherine Tucker.
[144] These included a Sell function that allowed users to create posts with a description of the item they were selling, its price and a designated pick-up or delivery location.
[145] *'Introducing Marketplace: Buy and Sell With Your Local Community'* (3 October 2016), Article by Meta Platforms Inc, Mary Ku.

5.   Meta is committed to ensuring positive and safe experiences across our platforms

The Issues Paper states that "the rise of digital platforms has enabled the growth of online scams, misleading advertisements and other harmful content". Content of this nature breaches Meta's Community Standards and Advertising Policies and damages Meta's business by negatively affecting users' experience on the platform. Protecting our users is of paramount importance, and we are committed to providing positive and safe experiences for users so they can connect with the people and content that matters most to them.

Scammers and other bad actors present an ongoing challenge in any online environment and, indeed, for many businesses across the economy.[146] Scammers use highly sophisticated techniques to deceive consumers and evade detection.

As outlined in previous submissions, while we continue to invest heavily in systems to protect our users, and enforce against scammers, Government, regulators and users themselves – alongside digital platforms – all have a role to play in creating a safe online environment.

While we deploy a range of tools and techniques to detect and remove scam content from our platforms, because scammers continually evolve the techniques they use to seek to evade detection, content review is only part of the solution. An effective response to online scams must also include "off platform" measures, such as pursuing bad actors to prevent them from perpetrating the behaviour, and educating consumers to be alert to the risk of scams, whatever form they appear in.

5.1   Policies and reporting

(a)   Misleading or deceptive content

All people who use our services must comply with our Community Standards,[147] which guide what is and isn't allowed on Facebook and our other services, and which apply to all types of content.[148]

Advertisers must also comply with our Advertising Policies, which strictly prohibit scam ads,misleading or deceptive behaviour and practices intended to circumvent our ad review systems.

In addition, our policies prohibit fake accounts. We find that scams and other misleading or inauthentic behaviour are often perpetrated by fake accounts and our goal is to remove as many fake accounts on Facebook as we can. These include accounts created with malicious intent to violate our policies and personal profiles created to represent a business or organisation. We prioritise enforcement against fake accounts that seek to cause harm. In Q2 2022, for example, we actioned 1.4 billion fake accounts, often within minutes of them being created, and 99.7% of these were detected proactively.[149]

We also invest significantly to combat spam. The tactics spammers use, and our ability to detect them, drive the amount of content we take action on, as well as our proactive rate. In Q2 2022, we

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[146] The ACCC's _Scam Statistics_ indicates that telco and banking are the industries where consumers are most likely to submit a scam report to the ACCC. For example, ACCC Scamwatch statistics for the 2021 calendar year indicate the ACCC received the highest number of reports in respect of scams delivered by phone (144,601 reports), followed by text message (67,180), email (40,172), internet (12,499), social networking (10,139), mobile applications (6,544) and mail (2,218). The DPSI 5 Discussion Paper (p 48) also notes that "the majority of reported losses are from scams delivered via phone calls".
[147] See for example, Instagram Help Center website, 'Community Guidelines'.
[148] '_Meta Transparency Center: Facebook Community Standards_', Meta website.
[149] '_Meta Transparency Center: Fake Accounts_', Meta website.

actioned 734.2 million pieces of content that violated our spam policies, 99.2% of which we detected proactively.[150]

We have a dedicated Transparency Centre[151] which gives our community visibility into our policies and how we enforce them. Each quarter we publish our Community Standards Enforcement Report (CSER), a voluntary transparency effort that allows for scrutiny of our enforcement efforts.[152] Our CSER reports on five metrics including:

- **Content removed** for going against our standards. This metric shows the scale of our enforcement activity.
- **Content removed proactively** before users reported them to us. We use this metric as an indicator of how effectively we detect violations.
- **Prevalence.** Prevalence metrics allow us to track, both internally and externally, how much violating content people are seeing on our apps. Prevalence, in turn, helps us determine the right approaches to driving that metric down, whether it's through updating our policies, products or tools for our community.
- **Appeals.** We report the number of pieces of content that people appeal after we take action on it for going against our policies. Reporting on this metric holds us to account for our content decisions, and ensures we can continue to improve our enforcement.
- **Restored content.** For policy violations, we measure the number of pieces of content that we restored after we originally took action on them.

(b)   User reporting

We provide channels for users to report content that may contravene our policies – and we make this a very easy process. Our Help Centre explains how to do this for various types of content.[153] Through these tools, users (both individual consumers and businesses) can report any misleading claims of which they become aware.

Feedback from our users is critical in preventing and removing scams or misleading or deceptive content. We use signals from users about negative interactions, such as people reporting, hiding or blocking content, which help improve our automated detection systems' ability to detect and remove harmful content.

5.2   Steps to hold bad actors to account

We are continually responding to an evolving and sophisticated cohort of bad actors throughout the world who are misusing our products, including by engaging in scams and other harmful conduct. These bad actors transcend country borders, targeting users in different markets.

For this reason, we continue to sharpen our efforts to keep our users safe and enforce against the misuse of our products. In addition to suspending and deleting accounts, Pages, and ads, and seeking to prevent bad actors from creating new accounts, we have also taken legal action against bad actors responsible for violating our Terms to create real world consequences for their actions on our platforms.

Through these legal actions, we have disrupted online scams and abuse by obtaining judgments, court orders and injunctions banning bad actors from our platform. This approach creates real

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[150] '*Meta Transparency Center: Spam*', Meta website.
[151] '*MetaTransparency Center*', Meta website.
[152] '*MetaTransparency Center: Community Standards Enforcement Report*', Meta website.
[153] '*How to report things*', Facebook Help Centre website.

world consequences for a scammer's actions on our platforms, and helps to take down the perpetrator at the source.

Meta is the only "social media platform" that has consistently used legal action to hold bad actors to account. Since 2019, we have filed approximately 30 lawsuits across the globe enforcing Meta's Terms.

Some examples of the legal actions we have taken in this space are set out below.

Case study: Combatting Deceptive Advertising Practices – Cloaking

On 9 April 2020 Meta filed a lawsuit in a US Federal Court against Thailand resident Bassant Gajjar for violation of Meta terms and policies in providing cloaking software and services designed to circumvent automated ad review systems and run deceptive ads on Facebook and Instagram.

Mr Gajjar used the name "LeadCloak" to provide malicious software that impaired Meta's ad review systems by concealing the nature of a website linked to an ad. When ads are cloaked, ad review systems may see a website showing an innocuous product such as a bag or shoes, but a user will see a different website, promoting deceptive products and services which, in many cases, are not allowed.

LeadCloak's software was used to conceal websites featuring scams related to COVID-19, cryptocurrency, pharmaceuticals, diet pills, and fake news pages.

In addition to the court filing, Meta took technical enforcement measures against LeadCloak and accounts that used LeakCloak software, including disabling personal and ad accounts on Facebook and Instagram.

In response to Meta's lawsuit, the LeadCloak website was shut down. This case is pending in US Federal Court and the Court has found in favour of Meta on various motions, including finding that the defendant has to respond to Meta's claims in US Federal Court.

LeadCloak's software also targeted a number of other technology companies including Google, Oath, WordPress, and Shopify.

Case study: Combatting Account Takeover Scams

On 29 June 2021, Meta filed a lawsuit in a US Federal Court against four residents of Vietnam for account take over attacks used to run thousands of unauthorised ads.

The filing alleges that they developed, promoted, and distributed a malicious app on the Google Play Store designed to trick users into self-compromising their Facebook accounts.

The defendants targeted the accounts of employees of marketing companies and tricked the victims into self-compromising their accounts by installing malicious software that was deceptively promoted as Facebook-affiliated tools for managing ads. Once installed, the malicious software was programmed to collect information through a technique known as "session or cookie hijacking." The defendants then used the accounts to run ads without the victims' knowledge or consent.

> The malicious software has now been removed from online sources. The group ran over $36 million in unauthorised ads, including to target Australian users.

In addition to the case studies highlighted above, we also currently have numerous lawsuits underway targeting a range of violating conduct in multiple countries, including scam advertising and e-commerce sams, data scraping, clone sites, ad system circumvention and impersonation. This includes legal proceedings underway against an individual located in Australia who violated our Terms and Policies by providing a service designed to evade Meta's detection and enforcement systems against misleading ads. From Australia, the defendant operated a website that provided fake reviews and feedback for businesses and that artificially increased their Facebook Customer Feedback Score,[154] in order to drown out and minimise negative customer reviews and seek to evade Meta's detection and enforcement against misleading ads.[155]

We strongly believe that creating real world consequences for scam advertisers and other bad actors - including through legal action - is important to protect our users and maintain the integrity of our services. However, creating these consequences – and disrupting economic incentives – also requires that Governments and regulators play a critical role in pursuing action against scammers. Meta would welcome further collaboration by Governments and regulators to take action against scammers on online platforms and other communication services. Governments and regulators have broader legal tools to go after bad actors than Meta, especially when the bad actors engage in conduct off of the Meta platform (as explained in the examples above) and use sophisticated techniques to evade Meta's detection and enforcement systems.

5.3   Partnerships

Scammers often use techniques where they skip across multiple channels to perpetrate their scam. This means that providers do not have the full picture of their behaviour and it makes it harder to track and detect their activity. For example, Meta will have limited visibility of a scam that is initially perpetrated via SMS, which directs someone to a Facebook post with limited context, then directs someone to an off-platform website. That is why partnerships are so important: they help to provide additional context to assist with enforcement, and to provide a holistic picture of the scam behaviour.

Meta already works collaboratively with a wide range of government and regulatory bodies to tackle scams and other misleading or inauthentic behaviour. One of the ways we do this is developing formal partnerships with organisations so they can refer potential scams cases to Meta for investigations. These include:

- Australian Small Business and Family Enterprise Ombudsman (**ASBFEO**): we work closely with the ASBFEO to receive referrals on a range of small business-related issues including hackings, account queries, and questions about how to set up an advertising account and grow their business using our services.

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[154] As a part of the Customer Feedback Score program, some users receive surveys after clicking on ads on our platform to help understand whether the quality of the product they purchased met their expectations, the shipping was timely, and to learn more about their customer service experience. This survey data, along with other information, informs a business' Customer Feedback Score. If a business receives a significant amount of negative feedback, we may take a number of enforcement measures, which could include ad restrictions, financial penalties or disabling accounts.
[155] *'Taking action against fake customer feedback and reviews'* (16 March 2022), article by Meta Newsroom, J Romero.

- State and territory consumer protection bodies: Content and accounts are reviewed and we will take action if we determine our policies have been violated.

- IDCARE: IDCARE is Australia's leading organisation for identity theft and cyber support. We began our partnership with IDCARE in 2021 to raise awareness and reduce the risk of scams (as explained above), and review referrals.

  Our partnership with IDCARE involves a two way flow of referrals – IDCARE will refer hacking and scam cases to Meta for resolution, and Meta will refer cases to IDCARE where there may have been an identity theft that requires investigation. This partnership allows us to offer Australian users a comprehensive approach to having their cyber or hacking issues resolved.

- Puppy Scams Awareness Australia (PSAA): we partnered with PSAA in 2021 to better detect and remove animal scams, given the feedback we were receiving that puppy scams were a common crime type during the pandemic.

- ACCC Scamwatch: Scamwatch refers scam cases to us where they have been reported through the Scamwatch website. Content and accounts are reviewed and we will take action if we determine our policies have been violated.

5.4   Educational tools, resources and campaigns

We also work with these partners to develop public awareness campaigns and education tools and resources for our users, focusing on how to identify and avoid scams and misleading content on our platforms. These programs invest in building users' media literacy and ability to spot and report suspicious activity, wherever it occurs. Some examples of our campaigns include:

- In 2021, to mark Scam Awareness Week, we ran a dedicated campaign to raise awareness for the most common scams online, and provided tips on how to avoid them.[156] To run this campaign, we partnered with a national identity and cyber support service, IDCARE, and the pet scam prevention organisation, Puppy Scam Awareness Australia. This campaign reached **7.7 million** people across Australia. We have been partners of Scam Awareness Week for many years now and, each year, our outreach has increased the number of Australians we have been able to reach.

- In July 2022, we ran a consumer awareness campaign with IDCARE and the ASBFEO, focussing on online scams that may impact small businesses. This campaign reached **8 million** people across Australia.

- We are supporting IDCARE to promote their Cyber Resilience Outreach Centre (**CROC**) program across our platforms. The CROC program will take mobile cyber clinics to remote and rural locations in Australia, and provide scam and cyber threat and account protection training. The CROC program began in October and will deliver up to 50 clinics across Australia.

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[156] '*Staying safe online - scam prevention*', Meta Australia Blog.

Figure 1: Assets from the 2021 Scam Awareness Week consumer awareness campaign
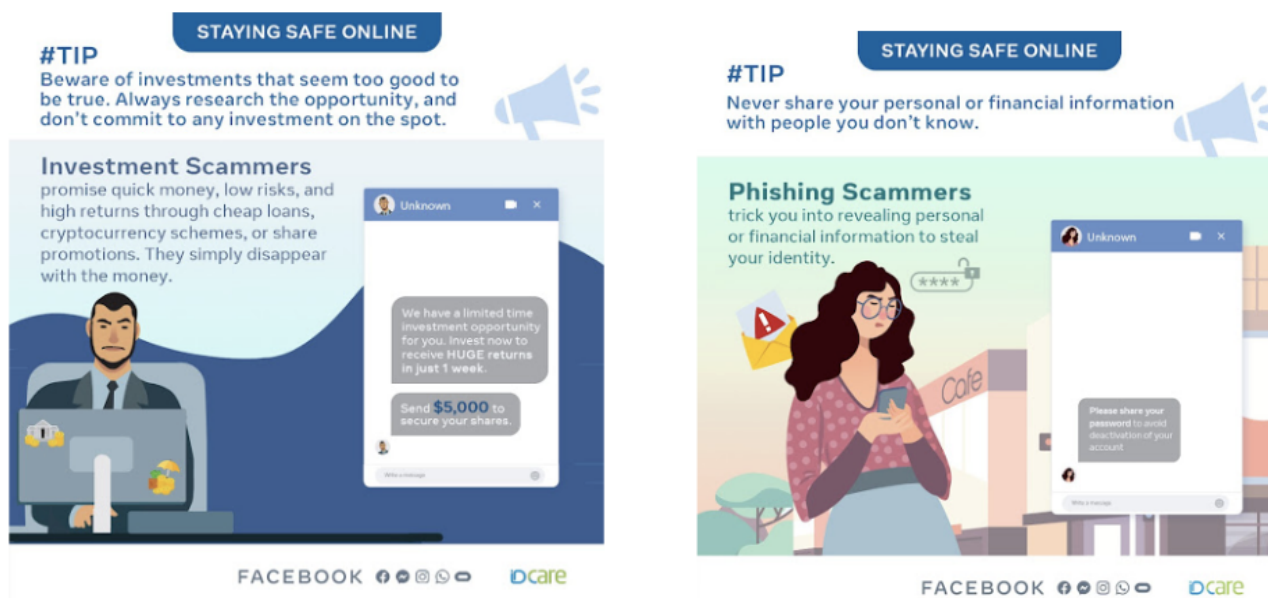
- Meta has also been working on a number of ways to support regional small businesses to develop digital skills. In 2018, we launched our Boost with Facebook program which provides free digital skills education to empower small businesses with the tools they need to start and grow a business online at every stage of their journey.[157]

  Since the launch of the Boost program, we are proud to say that Meta has visited over 50 towns and cities and trained over 25,000 small businesses in Australia. These sessions often include support for small businesses to improve their cyber security.

6.   Conclusion

We continue to be a popular choice for users to access features that enable them to connect with each other, and view and share content. We are proud that our services have provided new opportunities for large, medium and small businesses and creators. We are also proud of the role our services have had in facilitating the growth and entry of businesses that could not have been imagined even a few years ago.

But this success does not mean that we have market power or are shielded from competition. Nor does it enable us to operate in an unconstrained way. We face intense competition on all sides of the multi-sided landscape in which we operate, and need to innovate constantly to attract users, creators, businesses and advertisers to our services.

The reality of what has occurred over the past 4-5 years contrasts starkly with what a principles-based competition analysis would expect if there were entrenched market power, any ability to foreclose competitors, or only weak competitive constraints in this multi-sided landscape. That the precise opposite has occurred suggests strongly that the ACCC's

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[157] *'Boost with Facebook Australia'*, Meta Australia blog.

re-examination of its findings in the DPI is warranted to align those findings with a more accurate and nuanced understanding of how competition has developed and is continuing to evolve.

We look forward to engaging constructively with the ACCC throughout the Inquiry.