'Frenemies': The scary world where internet companies disrupt everything

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By Glenn C. Altschuler

According to Michael Kassan, the CEO of MediaLink, a “smash-up” has occurred in the advertising and marketing industries: “The Mad Men, which was the creative agency, and the Media Men, which was the media agency, and the Math Men, which is the data and technology person, is now one person. And that’s what clients want.”

In “Frenemies: The Epic Disruption of the Ad Business (and Everything Else),” Ken Auletta draws on hundreds of interviews to provide profiles of industry power brokers and lay out the profound changes the digital age has brought and is bringing to advertising, entertainment, news and the mass media. He analyzes the cooperation, competition and conflict that now characterizes ad agencies; social media companies; data, algorithm and artificial intelligence maven; online merchants; their clients; and consumers.

The author of the iconic “Annals of Communication” column in The New Yorker and a slew of books, including “Googled: The End of the World As We Know It” and “Three Blind Mice: How the TV Networks Lost Their Way,” Mr. Auletta knows his subject. His book is likely to inform and engage anyone who views a screen, is hooked to a mobile phone, or has zapped an ad.

Mr. Auletta documents the existential threat technology poses to traditional modes of advertising and the brick-and-mortar retail stores, newspapers and magazines, radio, network and cable television stations that depend on ad revenues.

The digital giants — Facebook, Google and Amazon — know much more about users than their nondigital “frenemies” (who now buy billions of dollars of ads on online platforms). They can use data about gender, education, job, hobbies and past purchases to target individuals, directly or through “branded content” (embedded in “news” stories) much more effectively than with ads produced by “creative” agencies that millennials and GenZers, who have short attention spans and prize
“authenticity,” increasingly find intrusive.

Artificial intelligence, Mr. Auletta reports, already has the capacity to influence intent as well as interest, by providing, for example, a “personal assistant” to recommend books, albums and clothing (based on past habits), and plan vacations that take into account budget parameters, weather, transportation options, and the recreational preferences of adults and kids. The assistant can also make all the purchases lickety-split on a mobile phone app.

Online platforms, Mr. Auletta reminds us, bring danger as well as convenience, engagement and enjoyment. A 2015 study by Distil Networks, he says, found that a third of ad “clicks” were made by “bots” (automated computer software) rather than potential customers at a cost of billions of dollars to ad sponsors. More important is the exponential growth of identity theft, and the loss of privacy associated with the internet.

According to Mr. Auletta, it remains unclear whether the company or citizens own data about them; whether individuals cede control when they click “Agree” or “Accept”; and what role, if any, the government should play in protecting privacy. Mr. Auletta said we should not accept at face value the claims of marketers that younger Americans believe that they cannot manage what companies learn about them and are willing to trade their personal data for discounts, subsidized content, and opportunities to share experiences with their friends. Revelations about breaches of cybersecurity and fake news spread by bad actors in the presidential election of 2016 have, of course, added new and urgent concerns about the power, reach and fragility of online platforms.

Meanwhile, digital giants continue to grow, giving new meaning to the phrase “the internet of all things.” These days, about 77 percent of global advertising dollars go to Facebook and Google. Online shopping is increasing by double digits every year, and once iconic big box stores are declaring bankruptcy.

Recognizing that “content is king,” Netflix, Amazon, Facebook and Google are producing their own TV shows and movies. Facebook has become the primary source of news for tens of millions of Americans, accelerating the death spiral of some newspapers and network news (which is watched primarily by senior citizens), and facilitating the spread of misinformation and conspiracy theories.

“Frenemies” leaves us forewarned about the implications of our brave new world for privacy, sources of news and information, and, indeed, our everyday decisions. Forewarned but, alas, maybe not forearmed.

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