

Navigating the Australian Social Media Ban: Reputation Risk and Defensive Marketing Strategies

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Abstract

Purpose – This research aims to analyze the strategic responses of Major Technology Platforms (MTPs) to Australia's Social Media Minimum Age (SMMA) regulation, which prohibits access for children under the age of 16. The primary focus is to evaluate internal organizational culture shifts and the effectiveness of defensive global marketing strategies in mitigating reputational risks.

Methodology – This research employs a qualitative phenomenological case study approach to analyze the strategic impact of ethics-based regulations. Thematic analysis is applied to understand how MTP leadership interprets regulatory pressures and integrates digital governance principles into corporate practices.

Findings – This research finds that compliance with the social media Minimum Age regulation compels Major Technology Platforms to transform from a 'growth-first' to a 'safety-first' model, where children under 16 are no longer viewed as monetization assets but as vulnerable stakeholders. The analysis indicates that reputational risks are triggered by previous failures in age-limit enforcement, which now demand the integration of compliance functions from the early stages of product development (Safety by Design).

Practical Implications – Major Technology Platforms must immediately diversify their business models by investing in alternative monetization strategies such as subscriptions, non-targeted e-commerce, or high-value content partnerships to reduce dependence on advertisements targeting adolescents. Companies need to position themselves as active contributors in co-regulation to formulate global safety standards.

Social implications – This transformation strengthens global digital governance that prioritizes ethics and safety over short-term profits. By leveraging input from organizations such as the United Nations Children's Fund, the industry can steer policies away from simple total bans toward a fundamental improvement in platform quality through the strengthening of digital resilience.

Introduction

Reputation Risk Management has emerged as a critical component for global organizations, especially with the rise of digital oversight and regulatory changes (Balqis et al., 2025). The

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regulation concerning the minimum age for social media usage has become a global priority, with various countries implementing restrictive measures to protect children. The United States has set a minimum age limit of 13 years for creating new accounts. France mandates that platforms must deny access to children under the age of 15 unless they obtain parental consent. Meanwhile, the European Union is considering the possibility of raising the minimum age for social media access to 16 years. On the other hand, Australia is taking a more aggressive and controversial approach by introducing legislation that would prohibit children under the age of 16 from accessing social media platforms altogether (Carah et al., 2025).

The new legislation in Australia, known as the Social Media Minimum Age (SMMA), is set to take effect starting December 10, 2025. The core of this law is to mandate that social media platforms meeting certain criteria must take adequate steps to prevent Australians under the age of 16 from creating or holding an account (Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, 2025). This compels companies to adopt defensive global marketing strategies that not only protect their brand image but also ensure compliance and social responsibility.

This governmental action is viewed as a direct response to the failure of Multinational Technology Companies (MTCs) in the social media industry to effectively self-regulate. The existing minimum age rule of 13 years is often not enforced effectively, resulting in numerous underage users. The threat of online Child Sexual Exploitation and Abuse (CSEA) is alarmingly high, affecting approximately one in six children during their childhood. This risk is compounded by generative Artificial Intelligence (gen AI), which facilitates grooming and the production of harmful content. Data indicates that over 11,000 criminal AI-generated images were uploaded to the dark web in just one month, risking the diversion of resources from handling genuine Child Sexual Abuse Material (CSAM) (The Lancet Digital Health, 2025). Furthermore, social media heightens individual risk factors for self-harm and suicide. Examples include negative online experiences such as cyberbullying, victimization, and image-based abuse, all of which can increase isolation and psychological distress (Robinson et al., 2025).

This failure of enforcement creates the justification for state intervention, which is deemed necessary to protect vulnerable groups. The regulation, formally known as The Online Safety Amendment (Social Media Minimum Age) Act 2024, serves as more than just a legal compliance requirement. It is a substantial reputation risk catalyst for global social media companies. A failure to implement the 'Reasonable Steps' requirements can trigger severe financial penalties, and more critically, the inevitable loss of public trust and long-term damage to brand image. Because these global platforms are constantly under intense scrutiny, a compliance failure in a jurisdiction like Australia has the potential to rapidly escalate into a global reputation crisis.

This phenomenon fundamentally demands an Organizational Culture shift within technology companies. They must pivot from an operational model that has historically centered on growth and the monetization of user data toward an approach that explicitly prioritizes user safety and upholds ethical by design product principles. Such a cultural transition necessitates a comprehensive review of corporate governance, a change in the *tone from the top*, and the significant allocation of resources towards robust age verification procedures and the protection of children's data.

This study is specifically designed to examine how the world's largest social media companies are responding to the complexity of this dual challenge. The research focuses on two crucial aspects. First, it analyzes the internal changes in Organizational Culture, including

governance, leadership mindset, and operational processes required to integrate child protection compliance as a core corporate value. Second, it identifies and evaluates the Defensive Global Marketing Strategies adopted by these companies to protect their brand and maintain their market share in the international market, while simultaneously struggling to navigate ongoing criticism regarding child safety issues. By carefully analyzing the impact of this Australian regulation, the research aims to offer deep insights into how reputation risk management operates in an increasingly regulated digital environment and provides a strategic framework that can be adopted by other multinational corporations in anticipation of the wave of child protection regulations expected to spread globally.

This research provides an original contribution to management literature by bridging the gap between regulatory compliance and strategic transformation. Theoretically, this paper extends the concept of reputation risk from a mere communication function into the operational integration of 'Safety by Design.' Practically, the study offers a defensive marketing framework for technology companies facing the devaluation of data assets due to tightening regulations. The uniqueness of the Australian Social Media Minimum Age case lies in its aggressive zero-tolerance policy, positioning it as a global policy blueprint or laboratory for the future of social media governance.

Literature Review

1. Internal and External Synergy in Reputation Management

Reputation management has evolved from a mere effort to construct a cohesive external image into a strategy deeply rooted in an organization's internal dynamics. Contemporary perspectives assert that the foundation of reputation is, in fact, built from within the company. In this regard, employees play a crucial role as the primary link between definition and representation, shaping perceptions both in the eyes of the external public and within the internal environment (Wæraas & Dahle, 2020).

2. Safeguarding Reputation through Brand Safety

In the pursuit of maintaining a well-established image integrity, brand safety has become a vital practice that marketing managers cannot overlook. This represents a protective measure to prevent reputational damage that may occur if a brand's digital advertisement appears alongside content deemed unsafe such as negative, offensive, hazardous, or undesirable content (Grewal et al., 2025).

3. Value Conversion and Monetization Mechanisms

Success in managing reputation and ensuring brand safety ultimately culminates in an organization's ability to achieve monetization. Monetization is a structured process of generating revenue by converting assets whether in the form of products, services, ideas, or content into financial value. This mechanism enables individuals or organizations to transform non-financial aspects into sustainable revenue streams (Rahayu et al., 2025).

Research Methods

This research employs a qualitative approach with a phenomenological case study design to explore how executives of Multi Technology Platforms (MTPs) interpret and respond to regulatory pressures in Australia (Leslie et al., 2024). The primary focus is on the shift in corporate values from a growth-first model toward a safety-first approach (Jones, 2020)

1. Unit of Analysis and Data Selection Criteria

The unit of analysis in this research is the strategic behavior and ethical decision-making processes at the top management level of MTPs operating under Australian jurisdiction. Data was selected using a purposive sampling technique based on the following criteria:

- a. Regulatory Relevance: Entities directly impacted by the Basic Online Safety Expectations (BOSE).
- b. Public Significance: Companies with a large user base that carry high reputational risks (Jones, 2020).

2. Data Sources

The unit of analysis in this research is the strategic behavior and ethical decision-making processes at the top management level of MTPs operating under Australian jurisdiction. Data was selected using a purposive sampling technique based on the following criteria:

- a. Policy & Regulatory Documents: Official texts from the eSafety Commissioner (2025) regarding BOSE standards.
- b. Corporate Reports: Annual reports, sustainability reports, and corporate governance documents.
- c. Public Statements: Media interview transcripts, official press releases, and executive statements in industry forums related to digital ethics.

3. Coding Procedures and Thematic Analysis

The data were analyzed using Thematic Analysis to identify narrative patterns regarding strategic and ethical decisions (Andriana & Suhermin, 2024). This procedure was conducted through the following steps:

- a. Familiarization: Rereading all documents and public statements to gain a deep contextual understanding of reputational risks and financial stability (Jones, 2020).
- b. Generating Initial Codes: Tagging text segments related to ethical internalization, auditable culture, and regulatory pressure.
- c. Searching for Themes: Grouping codes into broad themes, such as Shift in Corporate Values (the transition from growth to safety) and Management Risk Integration.
- d. Reviewing Themes: Ensuring that the emerging themes are consistent with the raw data and the theoretical framework of reputational risk.
- e. Defining Themes: Assigning formal names to themes, for example: 'Transitioning to a Safety-First Model' as a key qualitative variable in maintaining public trust (Jones, 2020).

4. Auditable Digital Ethics Framework

This analysis specifically assesses the extent to which entities internalize digital ethics principles (such as BOSE) not merely as legal compliance, but as an auditable culture (eSafety Commissioner, 2025). A failure to demonstrate this internalization is categorized as a serious management risk, equivalent to the failure to anticipate traditional reputational risks (Jones, 2020).

Results and Discussion

Organizational Culture Shift Towards Child-Centric Governance

Compliance with the SMMA demands more than just technical changes; it requires a deep cultural transformation within MTPs. Compliance must shift from a reactive (punitive) function to a consultative function that is fully integrated into product design.

1. Incorporation of Children's Best Interests: The analysis results confirm that MTP culture must shift from viewing young users as a monetizable metric to a vulnerable stakeholder group requiring maximum protection. The principle that the child's best interests must be the primary consideration in service design and operations must be imbued within the corporate DNA. This moves the compliance function from a team at the end of the process to a function integrated at the beginning of the product development lifecycle (Safety by Design).
2. Age Verification and Operational Adaptation: Changes driven by the adoption of technology (such as Age Verification/AV) pose significant challenges to established operational procedures. To cope with this uncertainty, companies are required to focus efforts on effective competency training for employees. This training must cover the usage, as well as the potential benefits, of the new technologies. The goal is to ensure that new technology can be integrated into daily operations without disrupting existing workflows (Wardhani et al., 2024). Given the increasing role of technology in professional services and practices, regulators also face the challenge of ensuring that practitioners are technologically competent (Leslie et al., 2024).
3. Internal Reputation as a Compliance Driver: The cultural shift is not only essential for meeting external regulatory demands. By adopting strong ethical-digital-based governance, MTPs can enhance their internal reputation among employees, positioning themselves as socially responsible workplaces. This is crucial for talent retention, especially since employees may feel uncomfortable being involved in the development of products deemed ethically exploitative, such as addictive design or child profiling.

Table 1. Matrix of Organizational Culture Shift Towards Responsible Digital Governance

Cultural/Governance Dimension)	Pre-SMMA Philosophy	Post-SMMA Philosophy
Primary Focus	User Growth and Monetization Metrics.	Child Safety and Ethical Compliance (Child's Best Interests) (eSafety Commissioner, 2025)
Users under 16	Valuable Asset for Long-Term Monetization	Vulnerable Stakeholder Group, Requiring Total Protection.
Compliance Function	Reactive Gatekeeper at the end of the process; handling fines/complaints.	Proactive strategic partner at the beginning of the Product Development Life Cycle (PDLC) (Safety by Design)
Risk Mitigation	Focus on illegal content such as Child Sexual Exploitation and Abuse.	Focus on Structural Harm (child data profiling) and recommendation systems.

Source: Data processed by the researcher (2025).

This shift indicates that reputation management is no longer merely an external communication function but is deeply rooted in the organization's internal dynamics. Consistent with Wæraas & Dahle (2020), employees act as critical links between internal values and public perception. By internalizing digital ethics, MTP seeks to bolster its internal reputation to improve talent retention, as employees tend to distance themselves from products perceived as exploiting child profiles. This demonstrates that an 'auditable' culture has become a key variable in maintaining public trust.

Devaluation of Monetization and the Threat to the AdTech Model

The Australian regulation carries significant financial consequences as it directly targets the monetization potential of the young audience and the underlying AdTech model.

1. The proposed ban imposes direct financial losses and damages the market potential of social media companies. A significant impact is the loss of the opportunity to monetize approximately 2.5 million young users in Australia. This is based on the fact that 95% of teenagers aged 10 to 15 use at least one social media account. Although Meta, Snap, and YouTube do not publish revenue data derived specifically from underage users, a Harvard study estimated that these platforms collective.
2. Generate US\$11 billion globally per year from users under the age of 16 (MI-3, n.d.). The consequences are substantial, particularly for companies like Snapchat, which is estimated to derive 41% of its total revenue from users who have not yet reached the age of 18 (MI-3, n.d.).
3. The Australian Competition and Consumer Commission (ACCC) has identified the profiling of children's data as a 'structural harm' and is pushing for a ban on the trading of children's data and direct marketing (MI-3, n.d.). This is not merely an account ban, but a challenge to the core business model that relies on profiling that exploits the young demographic.
4. This liability extends across the entire supply chain and has broad downstream implications. Brands and agencies can be subject to penalties if they use data (even indirectly or through intermediaries/proxies) to target minors (MI-3, n.d.). Consequently, this regulation effectively creates a ban on online advertising to minors, demanding a new level of prudence and vigilance across the entire advertising industry (MI-3, n.d.)
5. Large technology platforms (MTPs) face broader litigation risks that are not limited to regulatory fines (which can reach A\$49.5 million). If MTPs fail to implement adequate Age Verification (AV), this can be used as evidence of negligence in civil class action lawsuits filed by parents, alleging psychological or financial harm to their children. Furthermore, recent criminal cases in the United States involving certain platforms and child exploitation demonstrate that corporate legal responsibility extends beyond mere data compliance; it underscores the importance of having a reliable AV system as tangible proof of risk mitigation efforts.

This phenomenon underscores a significant threat to the monetization processes that traditionally convert data assets into financial value. As regulations dismantle the ability to profile younger demographics, MTP's established value conversion mechanisms are facing a systemic failure. From a risk management perspective, this devaluation represents more than just a loss of revenue; it creates new liabilities where any failure to implement age verification could be cited as evidence of negligence in civil litigation.

Marketing Reorientation: Pivoting to Brand Safety and Context

1. MTPs must ensure that all advertising channels and tools offered to third-party brands do not violate the ban on child profiling and teen ad targeting. This necessitates significant investment in brand safety tools capable of analyzing content context and the safety of the digital environment, rather than solely relying on user demographic data (Security Brief, n.d.).

2. With restrictions on teen ad targeting (e.g., Meta limiting ad targeting for the 13–17-year-old audience only to location and age), MTPs must facilitate a shift in brand spending towards content marketing. This involves encouraging brands to create content that is relevant, valuable, and educational, rather than ads driven by Personally Identifiable Information (PII).
3. MTPs must facilitate reaching young audiences through channels that are excluded from the ban, such as public content that does not require login, or via platforms that historically have different regulatory boundaries, such as search engines, video platforms, and AI assistants. These channels are predicted to play a larger role in content discovery by the young demographic (Security Brief, n.d.).

This move represents a reputation mitigation effort through brand safety practices, designed to prevent image degradation caused by advertisements appearing alongside harmful content. Consistent with Grewal et al. (2025), maintaining brand integrity through digital context control becomes crucial when access to audience data is restricted. By pivoting toward channels such as search engines or AI assistants which are exempt from these bans MTP is attempting to sustain its market share through a more ethical defensive marketing strategy.

Strategic Partnerships and CSR as Reputation Mitigation

Reputation risk management necessitates proactive investment in Corporate Social Responsibility (CSR) that directly aligns with regulatory and digital ethics demands.

1. Education and Resilience Partnerships: MTPs must invest heavily in CSR programs focused on digital literacy education and building resilience for children, parents, and educators. These programs must be substantial and measurable, aiming to rebuild trust by positioning the company as part of the online safety solution, rather than as an entity that failed to protect.
2. Advocating for Balanced Solutions: MTPs must forge collaborations with human rights organizations and academic institutions to develop online safety standards that respect children's rights and digital autonomy, as emphasized by UNICEF. This strategic partnership aims to steer regulatory discussions away from outright bans towards a more fundamental improvement of platform quality.

This strategy serves as a form of reputational risk mitigation by synchronizing internal values with external expectations. Analytically, this move supports the argument by Andriana & Suhermin (2024) regarding the role of CSR in community business development; however, within the digital context, CSR functions as a legitimizing tool to restore public trust lost due to previous self-regulatory failures. By positioning itself as an active contributor to co-regulation, MTP aims to shift the public narrative from being a 'violator' to a 'solution provider' for online safety, thereby strengthening brand safety in the eyes of stakeholders.

Data Regulation and Reduction of Profiling Risk

1. Data Minimization: To mitigate future liability risks, MTPs must implement strict data minimization policies, limiting the collection, storage, and processing of PII from all users under the age of 18 globally (Information Technology and Innovation Foundation, 2025). This aligns with the view that advertising restrictions are driven by concerns over exposure to harmful content and invasive data collection practices.

2. Transparency and User Control: For the teenage audience that is still permitted, transparency regarding how their data is used for advertising must be increased. MTPs should provide tools that allow teens to manage the advertisements they see, including opting to view fewer ads on potentially age-inappropriate topics.

The reduction in data risk profiles indicates an operational transition triggered by the devaluation of child data assets. This analysis aligns with the Basic Online Safety Expectations (BOSE) framework, which mandates digital ethics as an auditable culture. When adolescent data is no longer viewed as a financial asset but as a legal liability as warned by ITIF (2025) regarding the dangers of global precedents MTP is compelled to adopt Safety by Design principles to mitigate the risk of class-action lawsuits. This proves that profiling risk reduction is not merely a matter of technical compliance, it is a defensive strategy to safeguard long-term profitability from the threat of severe financial sanctions.

Conclusion

The Australian SMMA Regulation signals an inevitable transition towards an era of Strengthened Digital Governance. The requirement to take reasonable steps in age verification effectively compels large technology platforms (MTPs) to internalize the Children's Best Interests Principle into their corporate culture and product design. Failure to adapt will trigger a compounded set of risks, including: reputation risk exacerbated by the privacy controversies inherent in age verification technology, increased litigation, and the rapid regulatory contagion to key markets such as the European Union and Asia-Pacific. Therefore, the future viability of MTPs will heavily depend on their ability to proactively shift their business model from the invasive monetization of teen data to one that unequivocally prioritizes safety and transparency.

The Recommendations of this study are as follows: MTPs need to actively invest in research and development of alternative monetization models to reduce reliance on advertisements targeting teenagers. This strategy could involve increasing revenue through subscription models, non-targeted e-commerce, or high-value content partnerships, thereby mitigating the risks posed by the devaluation of children's data due to regulation. Furthermore, MTPs should position themselves as active contributors to Co Regulation to formulate global safety standards. By leveraging criticism from organizations like UNICEF, MTPs can steer the regulatory discussion away from outright bans (which could potentially drive children onto less safe platforms) towards a fundamental improvement of platform quality through investment in safety features, content moderation, and digital resilience enhancement.

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