

Facebook developments positive for privacy, consumer protection

 By Gil Sperling

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The right to user privacy and respect for personal information on the internet continued to make news headlines last month as the Facebook data breach saga headed to Washington, where Facebook founder and CEO Mark Zuckerberg faced questions from US senators.



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Advertisers, marketers and brands are obviously keeping close tabs on what effect, if any, this latest scandal to befall the world's largest and most influential social media network will have on the Facebook user base, or to their level of engagement.

Obviously, a mass exodus of users, or a drop in their willingness to engage on the platform will reduce the effectiveness of Facebook's data-driven advertising model. Should this happen, advertisers will have to ask if the platform can continue to deliver adequate returns on ad spend.

The fundamental issues surrounding the scandal – the privacy and use of users' personal data – is not new. This is just the latest in a number of issues related to the misuse and abuse of user information, of which Facebook is not the sole perpetrator. Similar data breaches have happened at other internet companies and social media platforms.

While I don't believe that there's widespread apathy towards these breaches among users, I doubt that these latest revelations will be the tipping point for a mass exodus.

The main reason for this is that Zuckerberg and Facebook moved relatively quickly to respond. They have accepted blame and publicly acknowledged that 'mistakes were made'. They are also implementing corrective steps.

Coming out of congress

Facing a five-hour barrage of questioning from Congress in Washington, Zuckerberg reaffirmed that the company's mission of "connecting people" would continue to take precedence over advertisers and developers.

In the session, Zuckerberg stated that: "We need to take a more active view in policing the ecosystem and watching and looking out and making sure that all the members in our community are using these tools in a way that's going to be good and healthy."

Obviously, such words are superfluous without meaningful action to back them up, but there has certainly been changes at Facebook since the scandal broke. Having taken responsibility for the breach, Facebook is now acting by assigning resources to solve the issues.

Zuckerberg announced sweeping measures that have already, or will be, implemented across various aspects of the Facebook platform as part of the second phase of the Cambridge Analytica 'clean up'.

Word up

He is keeping to the promises made about addressing and resolving the issues and he is widely viewed to be acting responsibly.

These measures include notifying all Facebook users whether they were affected by the leak. This will include a notification prompting users to review which apps and websites have permission to see their data. The roll-out of this element started last Monday.

Facebook also adjusted its privacy settings and ad targeting tools to give users more control over their information and is creating a tool to make it easier for users to approve what information is shared about them.

In addition, Facebook is reviewing where additional risks for data leaks exist. Already underway is an audit of all third-party apps that offer the outside world access to the platform via their API. Any app that collected and misused data will be banned from the platform, and every user who engaged with the app in question will be notified.

Further restrictions imposed on access to user data include a lockdown of the Groups, Events and Gaming APIs. These provided data to developers – such as the number of types of events attended by users – that Facebook now says is unnecessary as they should be able to create useful experiences without scraping this information.

Following Zuckerberg's appearance on Capitol Hill, Facebook also announced a novel bounty programme, which will reward people who find and report cases of data abuse on its platforms with between \$500 to \$40,000, depending on the significance of the discovery.

While welcomed, these sweeping changes and reforms that seek to impose stricter data safeguards understandably has Facebook marketing partners and advertisers wondering if their ability to target users effectively and deliver a return on their ad spend will now be limited.

Impact on advertisers

South African-based advertisers and agencies needn't be concerned, though, as the planned changes to the platform will have a minimal impact, if any, on Facebook advertising in our region.

That's not to say that significant changes weren't announced, though. For instance, the shutting down of Partner Categories, a feature that enabled ad targeting on the platform by using third-party data provided by data brokers, could have ramifications across the Internet-based and social media marketing industries. However, its impact will be felt predominantly in the US and parts of the EU where the use of third-party data for narrow targeting is common practice.

This approach was not adopted in South Africa, and we believe that this is a move in the right direction to improve industry best practices and ensure greater transparency regarding the responsible use of end-user data.

There have also been a few minor changes to the platform's automated leads development solution, but these won't have an impact on the technical capabilities of the solution.

Are these steps sufficient to stave off a significant backlash from users and advertisers?

We believe so.

The importance of changing data practices

For brands to continue realising a return on their ad spend on the platform, Facebook needs to ensure that users keep coming back, remain engaged with the content, and continue to feel like they are getting value.

For that to happen, they can't feel like their right to privacy is being abused.

Based on recent announcements and the steps already taken, it is clear that Facebook has realised the importance of fundamentally changing its data practices to restore trust among users. We feel that Facebook has achieved that with the measures implemented.

This stance aligns with current user and ad data metrics, which haven't seen a drop off since news of the data breach first broke. Granted, there was a loss in investor value for holders of Facebook stock, but the fundamental value proposition to users and advertisers seems to still be intact.

Protecting the revenue stream

Zuckerberg also reaffirmed the company's commitment to its advertising model as the primary source of revenue. That means Facebook's future depends on its ability to deliver a return on ad spend. When asked whether he has considered offering an ad-free, subscription option for users, Zuckerberg didn't dismiss the idea, but stated that there will always be a free version of Facebook available.

I also believe that the sunk investments made by most users in the platform, having built their profiles over years, even a decade for some, means that something more significant would have to happen for them to divest from the platform.

Obviously, there's a threshold of user tolerance and many are already weary of the continual breaches in trust. However, Facebook has now taken accountability and has implemented bold and decisive action.

We're therefore confident that it will remain business as usual for the brands that leverage the platform ethically to effectively reach their target audiences.

ABOUT GIL SPERLING

Gil Sperling is cofounder and co-CEO of Flow, a proptech company that goes straight to the source of the largest social platforms in the world - to match people with property.

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