

MARKETING

Facebook's troubles extend beyond data scandal

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Hearst is one of many publishers disillusioned with Facebook. Image credit: Elle

By DANNY PARISI

Facebook has been one of the dominant entities in the world of digital advertising and publishing, but the recent controversies plus the platform's waning popularity may drive some luxury publishers and advertisers to look elsewhere.

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As Facebook founder Mark Zuckerberg appeared before Congress this week, the tech CEO faced tough questioning over how the company uses and abuses consumers' data. At a panel hosted by Media Radar on April 5, an executive from Hearst explained that traffic from Facebook has been in a steady decline for quite a while, calling into question how valuable the platform still is.

"It was something we saw coming for a while," said Brian Madden, senior vice president of development at **Hearst**. "You could see the traffic start to go, the engagement start to stop.

"Facebook would create something and put it out and tell us exactly how to use it," he said. "Then they'd change it."

Data scandal

After the Cambridge Analytica scandal, during which the data firm improperly accessed personal data of Facebook users by purchasing it from an application developer, users and publishers alike are reevaluating their relationship with Facebook.

On the user side, individuals are concerned about the laissez-faire attitude Facebook has taken towards their data and the social network's failure to inform more than 87 million people that their data had been improperly collected, sold and misused.

On the advertiser side, Facebook has announced that it will severely limit the access that publishers and developers have to users' data. Facebook is now caught in between the two: risking losing users by not protecting data and risking losing advertisers by limiting data access too much.



Mark Zuckerberg spoke about how information is used on Facebook. Image credit: CSPAN

But for publishers, the problems with Facebook began long before the Cambridge Analytica scandal. Even as Facebook's user base has remained large, overall traffic and site use time is down.

One of the major complaints of publishers is that Facebook frequently introduces a new feature or concept, making sweeping promises to media brands about the potential revenue and traffic gains from using it, only to abandon the feature soon after. This was the case with Facebook Live, for which Facebook paid publishers to create content for before abruptly cutting off funding.

"We've always been diversified," Hearst's Mr. Madden said. "We found other ways to cover traffic loss.

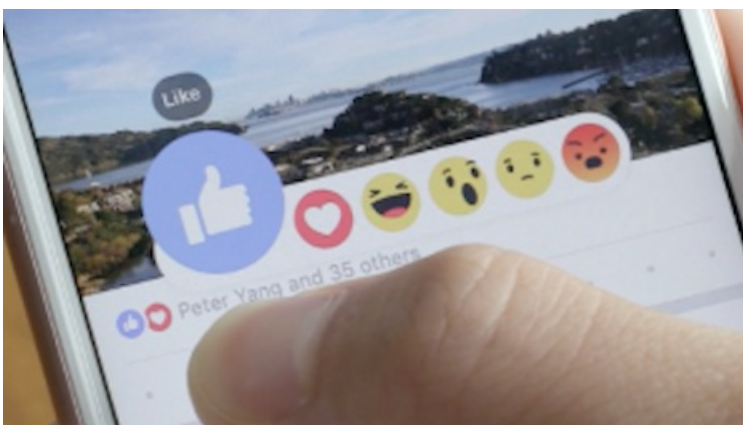
"Facebook tries so actively to get you to create content," he said. "We had people from Facebook come to us and tell us to make these specific things and then six months later they abandon it."

Dwindling traffic

At the congressional hearing, Mr. Zuckerberg was emphatic that advertisers and developers will never take priority over consumers' data safety. In response to the controversy, Mr. Zuckerberg announced that Facebook would strictly limit what consumer information advertisers would be able to access ([see story](#)).

Tesla's dramatic exit from Facebook amongst the #DeleteFacebook scandal will likely spur a continuation from other luxury brands, whose strategies are so rooted in the social network.

After the recent scandal, Tesla founder Elon Musk prompted luxury and mass market brands to delete their pages on the social network in a series of harsh tweets. While Facebook was the first tool luxury brands looked to in relation to social media, it could be the first to go ([see story](#)).



Facebook sees backlash from data mining. Image credit: Facebook

But at the same time, some luxury brands have asked that Facebook offer even more information on users to them. For example, an executive from Estée Lauder spoke at Forrester's Consumer Marketing event on Apr. 8 about how it is difficult to build accurate profiles of users across platforms.

While big data companies such as Facebook and Google offer a start to finish look at the customer on their own platforms, they do not work with others to show the full view of the user. Yes, consumers are spending a significant portion of time on these platforms, but they are not spending all their time there ([see story](#)).

For now, Facebook is in a tough position as it seeks to balance protecting user privacy with the demands of its advertisers or risk those same advertisers and publishers taking their ad dollars elsewhere.

"For us, it doesn't make sense to put money behind a platform that doesn't see the value of content," Mr. Madden said.

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