

SOFTWARE AND TECHNOLOGY

Can Facebook recover from 2018 turmoil?

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Users and advertisers have mounting concerns about Facebook. Image credit: Facebook

By SARAH RAMIREZ

As a tumultuous year for social network Facebook comes to a close, experts caution against luxury brands giving up on the still-powerful platform.

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Concerns about Facebook's revenue growth and a steady stream of data privacy controversies have contributed to the company's stock falling 40 percent from its record high. The social network is still recovering from the Cambridge Analytica scandal, accusations of disinformation and high-profile departures.

"Unquestionably, Facebook has been facing many challenges this year, but it will overcome these," said Michael Becker, managing partner at **Identity Praxis**, San Francisco. "Facebook continues to be a powerful platform for profiling, targeting and engaging one's customers and prospects.

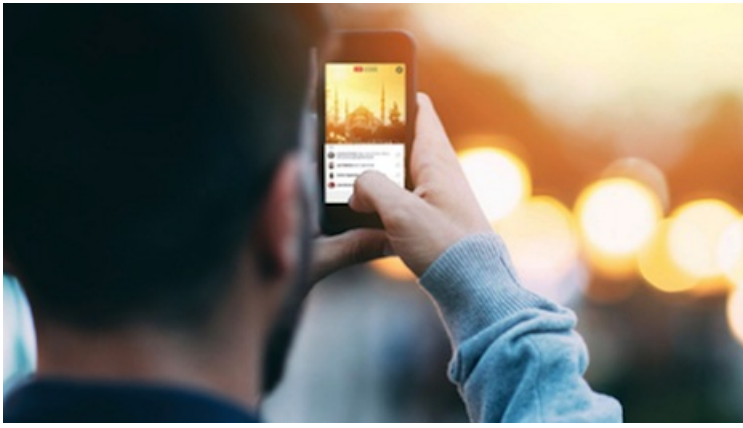
"Facebook needs to reestablish trust, something that cannot be accomplished overnight," he said.

Challenges continue

Facebook has seemingly been in crisis mode since the spring, when the news broke that political data firm Cambridge Analytica used access to more than 50 million users' personal data to influence the 2016 election.

"It's difficult to quantify the damage that Facebook's reputation has sustained as a result of the Cambridge Analytica scandal, but it is significant," said Sean McGrath, data privacy expert at **BestVPN.com**, Bromborough, United Kingdom. "The issue has forced users to consider their relationship with the ubiquitous platform."

News of the unparalleled access to personal data afforded to Cambridge Analytica left many aghast at how lax Facebook was with their data. As a result, the company abruptly placed limits on the amount of valuable information that third parties can pull on users on Facebook and its subsidiary platform Instagram ([see story](#)).



Facebook has faced ongoing scrutiny over its handling of users' data. Image credit: Facebook

The Cambridge Analytica scandal also temporarily spurred a movement throughout the Internet and a hearty conversation on Twitter, where the hashtag #DeleteFacebook trended. Tesla founder Elon Musk unsuccessfully urged luxury and mass market brands to delete their pages on the social network in a series of harsh tweets ([see story](#)).

However, protests against Facebook continue to reemerge on other social media platforms following each negative report.

Last week, [The New York Times](#) reported Facebook granted brands including Netflix and Spotify access to users' private Facebook messages, as well as write and delete private messages. Other large companies, including [The Times](#), benefitted from loopholes in Facebook's privacy policies.

In the aftermath of the reporting, Facebook's stock fell 7 percent. The company sought to alleviate privacy concerns by sharing a clarification.

"No third party was reading your private messages, or writing messages to your friends without your permission," Facebook said in a [blog post](#). "Many news stories imply we were shipping over private messages to partners, which is not correct.

However, the social network has seen its credibility damaged throughout 2018.

"Facebook is at risk of losing a significant number of users if it does not find a way to refurbish its tarnished brand and clean up its policies, technology and communications strategies," Mr. Becker said.

Still, the social network's 2.2 billion users have not necessarily been proactive about safeguarding their personal information on Facebook.

"Consider, about half of consumers, 46 percent, have done nothing to adjust their privacy settings on social media, and less than half have checked to see if their data has been compromised over the past 12 months, even after Cambridge Analytica," Mr. McGrath said. "Until we the people choose to take our online privacy seriously, Facebook will be just fine."

Despite facing intense scrutiny from users and government regulators for its data and security practices, after Facebook's chief security officer exited the company, it decided to leave the position vacant ([see story](#)).

"Facebook needs to be transparent, consistent, and work on establishing new safeguards to protect its users, advertisers and partners," Mr. Becker said. "These safeguards should include a variety of elements, including new policies, compliance tools and services, security measures and tools that help people reclaim their digital sovereignty."



Balmain is one of the luxury brands that has partnered with Facebook on virtual reality. Image credit: Balmain

Aside from personal data controversies, advertisers have been working to keep up with Facebook's evolving priorities.

Prior to the Cambridge Analytica scandal becoming public, the social media behemoth announced that it will no longer prioritize branded posts and publisher content in favor of users' friends and families ([see story](#)). There are also reports that Facebook is interested in building customer services for banks, such as chatbots that can tell consumers their balance or handle certain requests ([see story](#)).

This fall, Facebook appealed to brands by furthering its existing feature that allows advertisers to block their campaigns from appearing on certain publishers' Web sites or applications, bringing the ability to ad units within its own Web and application experience. For luxury brands in particular, brand image is of the utmost importance, making this a potential boon to Facebook's prestige advertising partners ([see story](#)).

Looking forward

Relative to the negative press and user complaints surrounding Facebook, Instagram and WhatsApp have mostly been unscathed from serious scrutiny.

When Facebook acquired Instagram in 2013, the platforms' data collection efforts were also consolidated. All ads created to run on Instagram have to go through Facebook's Ad Manager.

Because of their shared ecosystem, Facebook can use data collected through Instagram to target ads on both Instagram and Facebook. Instagram collects less user data, and provides fewer opportunities to share it, but still collects a significant amount of customer information ([see story](#)).

Instagram is rolling out Shopping on Stories to a wider array of brands as well as testing out a Shopping feature on its Explore hub. These launches come as the brand is said to be working on a standalone shopping application ([see story](#)).

However, despite the success of Instagram and WhatsApp, cofounders of both platforms departed Facebook this year along with key players on its virtual reality team ([see story](#)).

Facebook has also introduced a new series of video communication devices.

Portal and Portal+ are now available for preorder and aim to make video chatting more streamlined with the use of artificial intelligence, similarly to how Amazon's Alexa has changed the voice technology industry. However, the product launch comes on the heels of Facebook's admittance that hackers accessed the names and contact details for about 30 million users ([see story](#)).

"Luxury brands should take great care when choosing the channels they use to connect with their customers," Identity Praxis's Mr. Becker said. "A channel is more than a medium to publish content.

"Every channel a brand decides to use to engage its customer is an extension of the brand these channels become part of the brand and its story," he said. "Consequently, the brand both benefits and can be harmed by what happens within and by the channel."