

MOBILE

## Is Facebook opening a privacy can of worms with ads targeted by app use?

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By CHANTAL TODE

As Facebook continues to ramp up its mobile advertising strategy, it is reportedly readying a new offering that will enable marketers to target consumers based on the applications they use. The move could be lucrative for Facebook, although it may have some privacy implications.

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The new ads will reportedly leverage the Facebook Connect feature, which lets users sign into numerous apps and Web sites using their Facebook identity. With marketers looking drive higher ROIs from their ads, providing a way to target Facebook users based on their app use could garner significant interest.

“Facebook ads in mobile targeted by app will be attractive to marketers,” said Evan Rutchik, vice president and interactive marketing director at [TargetCast](#), New York. “Mobile has been a steadily increasing access point for Facebook users, and in March actually surpassed desktop usage.

“Targeting users by app usage will allow advertisers to hone in on more defined audience profiles based on behavioral data points, and because we are talking about mobile devices, it reduces the risk associated with device sharing that exists with desktops,” he said.

“It would be most beneficial to marketers if demographic information could be leveraged as well as behavioral app information to target specific audiences on Facebook.”

### Monetization opportunities

Others are offering similar targeting options in partner applications but no one currently offers this within Facebook, per Mr. Rutchik.

Via Facebook Connect, the social network can track which apps users download and target ads based on this information. The ads will be announced next month and will appear on mobile devices in Facebook’s News Feed, according to a recent article in the Wall Street Journal.

Previously, Facebook has typically targeted ads based on whether someone has “liked” a brand.

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Facebook is under increasing pressure to drive revenue from mobile as use of the social network migrates from desktop – where it traditionally has made most of its money – to mobile. In response, the social network has introduced new mobile ad strategies this year, with early reports suggesting that mobile Sponsored Stories are outperforming desktop Sponsored Stories.

The new ads targeted by app use could be key for Facebook as it looks to monetize mobile, with the company reportedly planning to charge advertisers every time an app is installed. The traditional mobile advertising business model consists of charging a fee based on every one thousand people who have viewed an ad.

“I think that every consumer who uses Facebook knows that they are being advertised to based on their activity inside of Facebook,” said Jon Potter, president of the [Application Developers Alliance](#), Washington. “This is a little more interesting because the simplified sign in, using your Facebook identity for other apps, has potentially many commercial opportunities for Facebook and its partners.”

### Privacy concerns

However, there is also some concern over the new Facebook mobile ads because this may be a sign that the social network also intends to monitor the actions users take in apps. It is also not clear if Facebook will be informing users about the new ads or if they will automatically start to receive them.

One of mobile’s promises is the ability to provide marketers with a wealth of usage data to enable the delivery of more targeted, relevant ads.

Consumer data is also a double-edged sword that comes with privacy concerns. In the example of what Facebook is doing, the question is how concerned will consumers be that marketers know what apps they have downloaded.

With more than 50 percent of mobile apps now powered by ads, mobile security firm

Lookout has noticed that mobile ads are getting more and more aggressive, accessing and transmitting personal information and changing phone settings without user consent. In an analysis of ad networks in mobile apps, Lookout found that at least 5 percent of free apps include aggressive ad networks and have been downloaded more than 80 million times.

Facebook's move to target ads based on app use may not be a big step away in consumers' minds from the behavioral advertising they are already being exposed to on the Internet.

"If I download a Justin Bieber app, am I going to get ads based on downloading that app and is that a big step away from what I was already aware of – not really," Mr. Potter said.

"The lawyers might disagree over whether someone's click-through license makes it clear but I do not think that this new piece of data out of all of the hundreds of pieces of data the Facebook uses to sell ads is singularly changing my relationship with Facebook," he said.

The bigger issue may be if Facebook decides to target ads based on a user's activity inside an app.

"If they are going to advertise based on what you do in the app, that needs to be part of that app's privacy policy," Mr. Potter said. "That is something you would want to know about.

"It certainly makes the ads more relevant and as consumers, we all appreciate ads that are relevant as opposed to ads that are completely irrelevant," he said.

Final Take

*Chantal Tode is associate editor on Mobile Marketer, New York*