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## Facebook raises fears with ad tracking - FT.com

1 message

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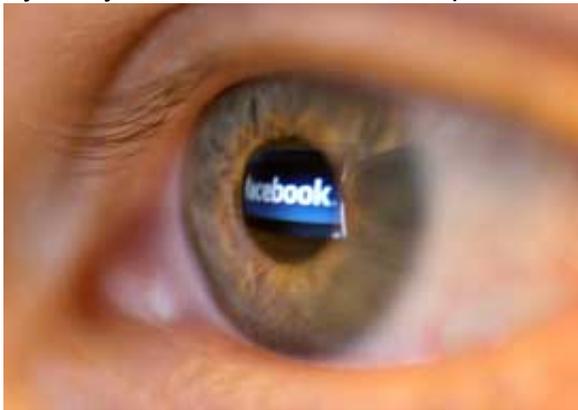
Sun, Sep 23, 2012 at 9:12 PM

<http://www.ft.com/intl/cms/s/0/6cc4cf0a-0584-11e2-9ebd-00144feabdc0.html>

September 23, 2012

# Facebook raises fears with ad tracking

By Emily Steel in New York and April Dembosky in San Francisco



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Facebook is working with a controversial data company called Datalogix that can track whether people who see ads on the social networking site end up buying those products in stores.

Amid growing pressure for the social networking site [to prove the value of its advertising](#), Facebook is gradually wading into new techniques for tracking and using data about users that [raise concerns among privacy advocates](#).

“We kept hearing back [from marketers] that we needed to push further and help them do a better job,” said Brad Smallwood, Facebook’s head of measurement and insights.

Datalogix has purchasing data from about 70m American households largely drawn from loyalty cards and programmes at more than 1,000 retailers, including grocers and drug stores. By matching email addresses or other identifying information associated with those cards against emails or information used to establish Facebook accounts, Datalogix can track whether people bought a product in a store after seeing an ad on Facebook.

The emails and other identifying information are made anonymous and collected into groups of people who saw an ad and people who did not. Datalogix compiles a report for Facebook and its advertisers

to measure which creative approaches and demographic targeting persuade people to buy specific products offline.

Facebook said it is paying Datalogix for the data-matching. So far, the two companies have measured 45 campaigns and in 70 per cent of cases, for every dollar a marketer spent on Facebook it earned an additional \$3 in incremental sales, Mr Smallwood said.

Marketers are eager for more data to see how their Facebook ad campaigns perform, but some said they still are figuring out how to evaluate the new data. Ford said the information was promising, but a spokesman added that it was too early to give a formal opinion."

Some privacy advocates question whether the practice violates [the \\$9.5m settlement Facebook](#) struck with the US Federal Trade Commission over charges that it deceived consumers by not keeping privacy promises.

Facebook users are automatically included in the advertising studies conducted with Datalogix, and cannot directly opt out through their Facebook account. Instead, they must go to the Datalogix website, for which Facebook has a link posted in its help centre.

Jeff Chester, executive director of [the Center for Digital Democracy](#), a privacy group, said this practice does not provide Facebook users with sufficient control over their data or with transparency over how it is being used.

"We don't believe any of this online-offline data should be used without express consumer approval and an opt-in," he said.

Facebook and Datalogix said individual-level purchasing data were not shared with Facebook or its advertisers. Individual Facebook user data are not shared with advertisers. Facebook said it was working with an outside auditor to monitor its practices.

*Additional reporting by Tim Bradshaw in San Francisco*