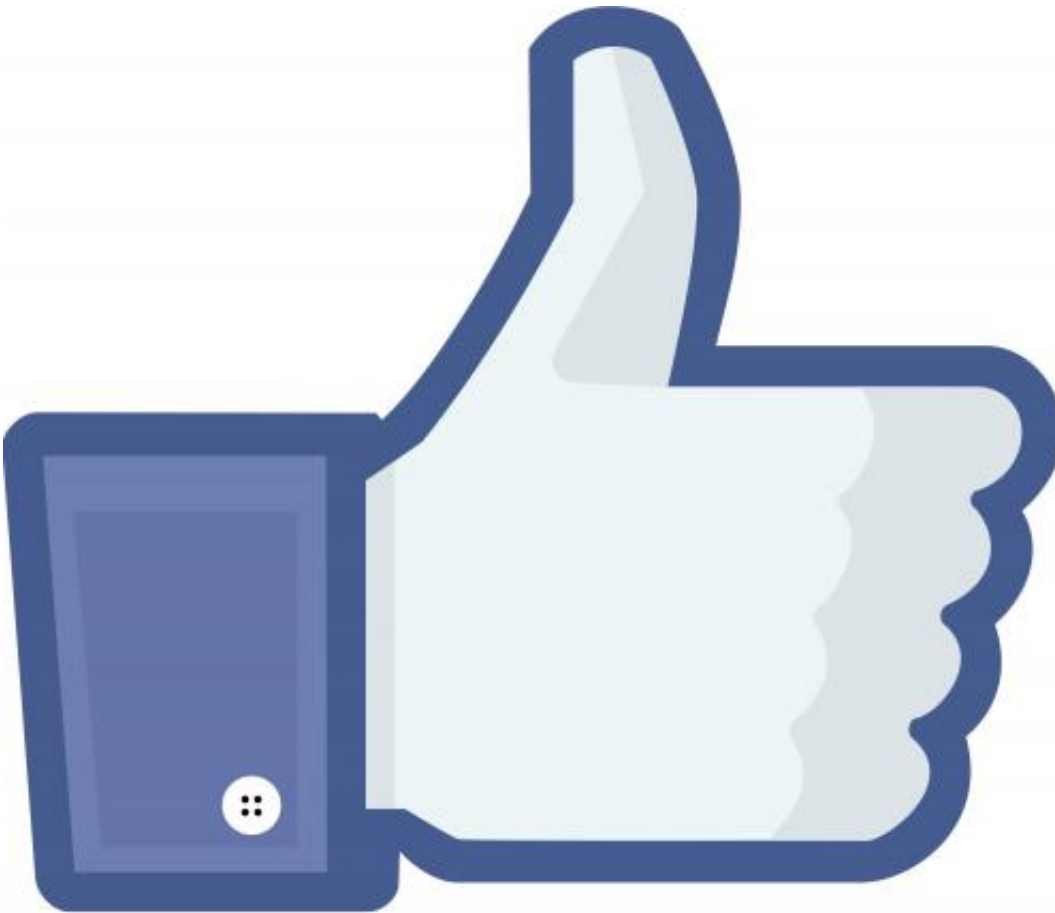


You're the product: Facebook's business model explained

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Do you prefer organic food? Did you study in Mexico? Do you like red shoes? Such bits of information about Facebook users may seem

insignificant in isolation but, once harvested on a grand scale, make the internet giant billions. Here's how:

'If you're not paying, you're the product'

Newbies signing up for Facebook are greeted with the promise that the social network is "free, and always will be".

But if users don't pay, then how does Facebook generate its massive profits, nearly \$16 billion last year, up 56 percent from 2016? The answer is: via advertising, which at the last count made up a whopping 98.5 percent of the company's total revenue.

Facebook puts into practice what marketing specialists have long summed up in the slogan: "If you're not paying, you're the product."

The "product", in this case, is all the personal data that users hand over to Facebook every time they react to a post by clicking "like", add an emoji, post something themselves, or launch a search on the site.

Data, that treasure trove

This mass of information is invaluable for [online advertisers](#) because they can use it to "target" people with messages that are more likely to get their attention because many of their tastes are already known.

This is a big selling point for Facebook, which gives advertisers detailed instructions on how to identify and target their preferred group.

"Find people based on traits such as age, gender, relationship status, education, workplace, job titles and more," is one approach suggested by the company. "Find people based on what they're into, such as hobbies,

favourite entertainment and more", is another.

"Two billion people use Facebook every month. With our powerful audience selection tools, you can target the people who are right for your business," Facebook says.

It's all legal

Facebook's business model is perfectly legal: The network does not itself market any of the data, but instead sells access to the data to third parties, which often don't read or respect the terms and conditions of use.

This can lead to allegations of [data breaches](#). The Cambridge Analytica firm is accused of misusing data of 50 million Facebook users for Donald Trump's presidential campaign, in violation of Facebook's policies.

Facebook also only uses what users freely divulge about themselves.

"Facebook does not look for anything beyond what you yourself have put on the web, and that's the user's responsibility," said Gaspard Koenig, head of GenerationLibre, a French think tank.

"But it's all done in a way that [people](#) can't change those terms of use," he said.

Facebook does allow users to restrict advertisers' access to their [personal data](#) in the Settings page of their account. This will not remove all ads, just the ones specifically targeted at them.

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