



Business Roundtable

**Institute for Corporate Ethics**

Case BRI-1006 (B)

**Facebook (B): Beacon  
and Privacy**

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## Facebook (B): Beacon and Privacy

In December 2007, Facebook decided to give its members the option to permanently turn off Beacon, thus affecting 55 million users,<sup>1</sup> and apologized for its mistakes. On December 6, 2007, Facebook CEO Mark Zuckerberg made the following announcement:

### Announcement: Facebook Users Can Now Opt-Out of Beacon Feature Thoughts on Beacon

About a month ago, we released a new feature called Beacon to try to help people share information with their friends about things they do on the web. We've made a lot of mistakes building this feature, but we've made even more with how we've handled them. We simply did a bad job with this release, and I apologize for it. While I am disappointed with our mistakes, we appreciate all the feedback we have received from our users. I'd like to discuss what we have learned and how we have improved Beacon. ...

On behalf of everyone working at Facebook, I want to thank you for your feedback on Beacon over the past several weeks and hope that this new privacy control addresses any remaining issues we've heard about from you.

Thanks for taking the time to read this.

Mark<sup>2</sup>

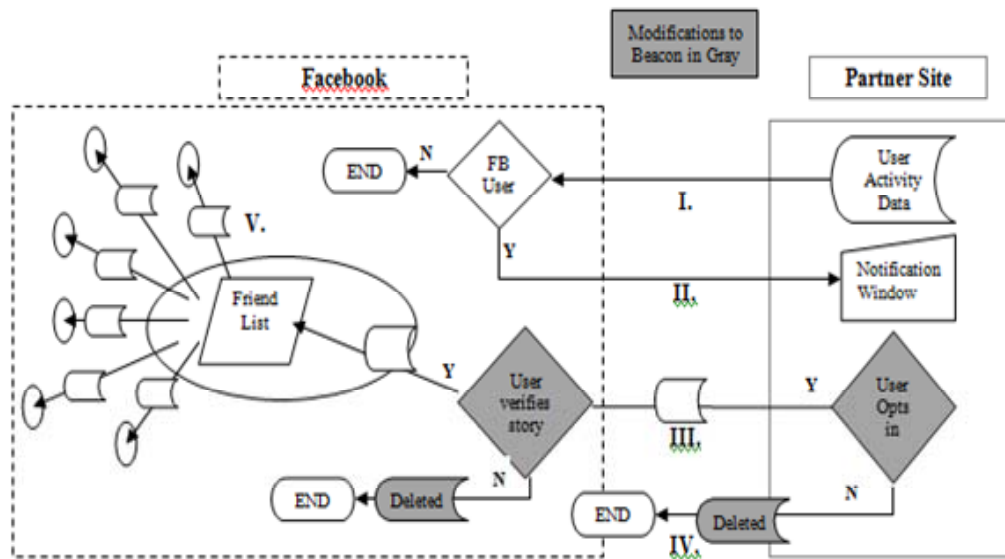
Beacon transformed from an extreme opt-out program—where if the user *ignored* the pop-up window, the user activity data would be broadcast—to a multi-stage opt-in program (see figure 1).

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<sup>1</sup> Michael Liedtke, "Facebook lets users block marketing tool," The Associated Press, 5 December 2007.

<sup>2</sup> <http://www.facebook.com/press/releases.php?p=11174>.

Figure 1. Facebook/Beacon revised information flow.



Specifically, Facebook made the following changes to Beacon:

- Facebook users were asked to allow the broadcast of their activity before their off-Facebook activity was sent to friends.<sup>3</sup> Whereas consent was assumed previously, Beacon now asked users to *opt-in* to the service. Beacon would send activities to a member’s friends through a News Feed, however...

Before that happens, the website will send some information to Facebook in order for Facebook to generate a notification that will display in the lower right corner of your screen. If you click “No Thanks”, no stories or information will be published anywhere on Facebook. Any information that was sent to Facebook’s servers will be deleted. If you click “Close” or ignore the story, the story will be sent to Facebook, but not yet published.<sup>4</sup>

- Facebook added an additional point of control for members to clarify the type of information to be broadcast to their friends. Upon visiting their Facebook pages, members were reminded of a pending story. Any off-Facebook activity would not be automatically sent to friends through a News Feed story even if the members had already opted-in. Rather, members would be asked to proactively approve the story again, and if they ignored the reminder, no story would be sent.<sup>5</sup>
- Facebook clarified the ability to permanently turn off Beacon: “If you do not want any websites to ever attempt to generate Beacon stories for you, you can opt-out by checking the ‘Don’t allow any websites to send stories to my profile’ box.”<sup>6</sup>

<sup>3</sup> <http://www.facebook.com/business/?beacon>.

<sup>4</sup> <http://www.facebook.com/beacon/faq.php> (accessed March 2008).

<sup>5</sup> <http://www.facebook.com/beacon/faq.php> (accessed March 2008).

<sup>6</sup> <http://www.facebook.com/beacon/faq.php> (accessed March 2008).

- In addition, Facebook would not automatically store information from third-party partner sites. “In the case of logged-off users, deactivated accounts and non-members, Facebook deletes the data upon receiving it.”<sup>7</sup>
- Facebook decided not to modify Beacon’s ability to “indiscriminately track actions of all users on external sites that have implemented Beacon.”<sup>8</sup> This facet of Beacon was referred to as “broad user tracking,”<sup>9</sup> since Beacon captured web-page addresses visited, IP addresses, and actions performed on sites of Facebook members and nonmembers.

In March 2008, Zuckerberg stated: “Almost all of the mistakes we made, we didn’t give people enough control. We need to give people complete control over their information. The more control and the more granular the control, the more info people will share and the more we will be able to achieve our goals.”<sup>10</sup> Facebook updated its privacy options to support Zuckerberg’s statement in May 2008, with a standardized user interface to increase the probability of members actually using the privacy settings. In addition, different friends lists allowed members to determine what information was shared with different groups of people and to create distribution lists for messaging and group invitations. The friends lists were critical to giving members the “ability to share and restrict information based on specific friends or friend lists.”<sup>11</sup> See figures 2 and 3.

Figure 2: Total unique visitors (worldwide).<sup>12</sup>



<sup>7</sup> Juan Carlos Perez, “Facebook tweaks Beacon again; CEO apologizes,” *PC World*, 6 December 2007.

<sup>8</sup> Juan Carlos Perez, “Facebook doesn’t budge on Beacon’s broad user tracking,” *PC World*, 8 December 2007.

<sup>9</sup> Perez, “Facebook doesn’t budge on Beacon’s broad user tracking.”

<sup>10</sup> Spencer E. Ante and Catherine Holahan, “Facebook CEO Admits Missteps,” *BusinessWeek*, 10 March 2008, [http://www.businessweek.com/technology/content/mar2008/tc2008037\\_151923.htm?chan=search](http://www.businessweek.com/technology/content/mar2008/tc2008037_151923.htm?chan=search) (accessed March 2008).

<sup>11</sup> Naomi Gleit, “More Privacy Options,” *The Facebook Blog*, 19 March 2008, <http://blog.facebook.com/blog.php?post=11519877130>, (accessed March 2008).

<sup>12</sup> Michael Arrington, “Facebook No Longer the Second Largest Social Network,” *TechCrunch*, <http://www.techcrunch.com/2008/06/12/facebook-no-longer-the-second-largest-social-network/>.

Figure 3. Facebook's revised development.

