Testimony of Chris Kelly
Chief Privacy Officer
Facebook

Before the United States Senate Committee on Commerce, Science, and Transportation,
"Privacy Implications of Online Advertising" Hearing
July 9, 2008

Thank you, Mr. Chairman, for the opportunity to address the Committee about the important privacy matters facing the online advertising industry.

I am Chris Kelly, the Chief Privacy Officer of Facebook, a social service on the internet that serves more than 80 million active users, roughly 30 million of whom are in the United States.

Facebook aims to create social value by empowering people to share their lives and experiences with the people they care about. From the founding of the company in a dorm room in 2004 to today, Facebook's privacy settings have given users control over who has access to their personal information by allowing them to choose the friends they accept and networks they join.

We are dedicated to developing advertising that is relevant and personal, and to transparency with our users about how we use their information in the advertising context. We are pleased to discuss both Facebook's general approach to privacy and how these principles have been implemented in advertising provided by Facebook.

With many mainstream media reports focusing on privacy concerns about "social networking sites," we first want to clarify how our site differs from most. Though we will not always address user concerns perfectly – no site can – Facebook is committed to empowering users to make their own choices about what information they share, and with whom they share it.

I. Facebook and Privacy

The statement that opens our privacy policy, a short plain-English introduction, is the best place to start this discussion. It reads:

We built Facebook to make it easy to share information with your friends and people around you. We understand you may not want everyone in the world to have the information you share on Facebook; that is why we give you control of your information. Our default privacy settings limit the information displayed in your profile to your networks and other reasonable community limitations that we tell you about.

Facebook follows two core principles:

facebook

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1. You should have control over your personal information.
Facebook helps you share information with your friends and people around you. You choose what information you put in your profile, including contact and personal information, pictures, interests and groups you join. And you control the users with whom you share that information through the privacy settings on the Privacy page.

2. You should have access to the information others want to share.
There is an increasing amount of information available out there, and you may want to know what relates to you, your friends, and people around you. We want to help you easily get that information.

Sharing information should be easy. And we want to provide you with the privacy tools necessary to control how and with whom you share that information. If you have questions or ideas, please send them to privacy@facebook.com .

We implement these principles through our friend and network architectures, and through controls that are built into every one of our innovative products. Contrary to common public reports, full profile data on Facebook isn't even available to most users on Facebook, let alone all users of the Internet. Users have extensive and precise controls available to choose who sees what among their networks and friends, as well as tools that give them the choice to make a limited set of information available to search engines and other outside entities.

The "privacy" link that appears in the upper-right hand corner of every Facebook page allows users to make these choices whenever they are using the site, and everyday use of the site educates users as to the meanings of privacy controls. For instance, a user will see regularly that they have access to the profiles of their friends and those who share a network, but not to the profiles of those who are neither friends nor network members.

In February 2008, Facebook simplified and streamlined its presentation of privacy settings to users, adopting a common lock icon throughout the site to denote the presence of a user-configurable privacy setting. We also introduced the concept of "Friends Lists," which, when paired with privacy settings, allow users to easily configure subset of their confirmed friends who may see certain content. We are constantly looking for means to give users more effective control over their information and to improve communications with users and the general public about our privacy architecture so they can make their own choices about what they want to reveal.

For instance, we participated in the Federal Trade Commission's workshop on new advertising technologies, and have been working with government officials and non-governmental organizations throughout the globe. Facebook has also worked productively with state and federal officials, as well as law enforcement, to explain our longstanding strategy to make the Internet safer by promoting responsibility and identity

online, and is currently participating in the state Attorneys General Internet Safety Technical Task Force.

II. Privacy and Advertising on Facebook

A. Personally Identifiable and Non-Personally Identifiable Information

It is important to stress here in the first instance that targeting of advertising generally benefits users. Receiving information that is likely to be relevant, whether paid for by an advertiser or not, leads to a better online experience. Facebook aims to be transparent with our users about the fact that advertising is an important source of our revenue and to explain to them fully the uses of their personal data they are authorizing by using Facebook. For instance, the following explanation of how we use information for advertising has been a prominent part of our privacy policy for nearly three years:

Facebook may use information in your profile without identifying you as an individual to third parties. We do this for purposes such as aggregating how many people in a network like a band or movie and personalizing advertisements and promotions so that we can provide you Facebook. We believe this benefits you. You can know more about the world around you and, where there are advertisements, they're more likely to be interesting to you. For example, if you put a favorite movie in your profile, we might serve you an advertisement highlighting a screening of a similar one in your town. But we don't tell the movie company who you are.

The critical distinction that we embrace in our policies and practices, and that we want users to understand, is between the use of personal information for advertisements in personally-identifiable form, and the use, dissemination, or sharing of information with advertisers in non-personally-identifiable form. Ad targeting that shares or sells personal information to advertisers (name, email, other contact oriented information) without user control is fundamentally different from targeting that only gives advertisers the ability to present their ads based on aggregate data. Most Facebook data is collected transparently in personally identifiable form – users know they are providing the data about themselves and are not forced to provide particular information.[1] Sharing information on the site is limited by user-established friend relationships and user-selected networks that determine who has access to that personal information. Users can see how their data is used given the reactions of their friends when they update their profiles, upload new photos or videos, or update their current status.

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[1] Currently, only four pieces of data are required to establish and maintain a Facebook account – email address to provide a unique login identifier, birthdate to calculate age, name to provide a standard identifier (our Terms of Use require real name), and gender to promote the accuracy of grammar through the site infrastructure.

On Facebook, then, a feedback loop is established where people know what they are uploading and receive timely reactions from their friends, reinforcing the fact they have uploaded identifiable information. The privacy policy and the users' experiences inform them of how advertising on the service works -- advertising that enables us to provide the service for free to users is targeted to the expressed attributes of a profile and presented in the space on the page allocated for advertising, without granting an advertiser access to any individual user's profile.

Furthermore, advertising on Facebook is subject to guidelines designed to avoid deceptive practices, and with special restrictions and review with respect to any advertising targeted at minors.

I cannot stress strongly enough that Facebook does not authorize access by the Internet population at large, including advertisers, to the personally identifiable information that a user willingly uploads to Facebook. Facebook profiles have extensive user-configurable rules limiting access to information contained in them. Unless a user decides otherwise by willingly sharing information with an advertiser – for instance, through a contest -- advertisers may only target advertisements against non-personally identifiable attributes about a user of Facebook derived from profile data.

We recognize that other Internet services may take a different approach to advertisers and the information available to them. Advertising products that sell personally identifiable information to advertisers without user permission, that rely on transforming non-personally identifiable information into personally identifiable information without robust notice and choice to users, or that rely on data collection that a user has scant notice of and no control over, raise fundamentally different privacy concerns. Facebook does not offer such products today and has no intention of doing so. Advertising products founded on the principles of transparency and user control, where data is collected directly from users in personally identifiable space and targeting is done based on aggregate or characteristic data in non-personally identifiable space, respect the principle that sits at the heart of privacy concerns.

B. History of Facebook Ads and Beacon

Perhaps because our site has developed so quickly, we have sometimes been inartful in communicating with our users and the general public about our advertising products. It therefore may be fruitful to provide a brief history of the current Facebook advertising offerings, including Facebook Ads and Social Ads, as well as the Beacon product that garnered significant public attention late last year.

In November 2007, Facebook introduced Facebook Ads, which consisted of both a basic self-service targeting infrastructure based on the non-personally identifiable use of keywords derived from profile data, and Social Ads, which allow for the paid promotion of certain interactions users take online to those users' friends in conjunction with an advertiser message. The basic targeting infrastructure of Facebook Ads is quite similar to many other Internet advertising systems, where media buyers and agencies can purchase

guarantees that their advertisements will run to people who have certain characteristics, often expressed (as they are in Facebook Ads) in "keywords," or in demographic categories such as men between 29 and 34.

Social Ads are an innovation in that they allow advertisers to pay for promotion of certain interactions users take online to those users' friends. For example, if I become a supporter of a particular political figure on Facebook, their campaign could pay to promote that fact to more of my friends than would have been informed of it otherwise through the Facebook News Feed, and potentially pair a message from the campaign with it. It is notable first that only my action can trigger a Social Ad and that Social Ads are only presented to confirmed friends as opposed to the world at large; there will be no Social Ad generated noting my action to anyone but a confirmed friend. It is also notable that in this paid promotion context through Social Ads, an advertiser is not purchasing and does not have access to users' personal data – they are only told that a certain number of users have taken relevant actions and the number of ads generated by those actions.

We introduced at the same time as Facebook Ads a product called Beacon to allow users to bring actions they take on third-party sites into Facebook. Our introduction of this product with advertising technology led many to believe that Beacon was an ad product when it really was not. Participating third party sites do not pay Facebook to offer Beacon, nor must a third party site that wants to use Beacon purchase Facebook Ads. No Facebook user data is sold to or shared with these third party sites. In most cases, Beacon pertains to non-commercial actions like the playing of a game or the adding of a recipe to an online recipe box. In other cases, we and the participating third party sites experimented with capturing purchases for sharing within a user's Facebook friend network, obviously a more commercial enterprise. In both the non-commercial and commercial contexts, we discovered in the weeks after launch that users felt they did not have adequate control over the information and how it was being shared with their friends.

We quickly reached the conclusion that Beacon had inadequate built-in controls driving user complaints, helped along by an organized campaign by MoveOn.org to get us to alter the product. We made significant changes within weeks after its launch to make it a fully opt-in system. We remain convinced that the goal of helping users share information about their activities on the web with their friends is desirable and appreciated. Indeed, a number of services now exist which attempt to help users in this way. While Beacon was cast in the mainstream press as an advertising product, it operates fundamentally as a means to connect, with a user's permission and control, actions elsewhere on the Web with a user's Facebook friend network.

We are currently working on the next generation of Facebook's interactions with third party websites, called Facebook Connect, to empower users further to share content and actions with their friends using the Facebook infrastructure, and are focused on assuring that proper controls are built into this system.

III. FTC principles on behavioral targeting

Finally, we would like to reinforce our earlier positive public comments about the Federal Trade Commission's leadership in addressing privacy concerns about how data is collected and shared online.

As explained above, Facebook Ads are materially different from behavioral targeting as it is usually discussed, but given our goals of transparency and user control, the important corollary of ensuring appropriate security and the goal of providing users notice and choice with respect to service changes, we applaud the FTC's desire to establish principles in the online advertising area. We believe the FTC should expand and enhance the discussion in the principles about the distinction between personally and non-personally identifiable information to clarify the need for different treatment of advertising based on those different types of information. We will continue our participation in discussion of the principles as they evolve.

Thank you again, Mr. Chairman, for the opportunity to share our views, and I am happy to answer any questions you may have.