

Background

Beginning in March, Facebook has started testing 'Real-Time' advertising with 1% of its user base; if you do the math that's a survey of 6M people. Users are immediately served relevant messages based what they post to their profiles. Desperately in need of a Starbucks Latte? Excited to be a first time home buyer? Just finished delivering your second child? You might just be one click away from a deal, furniture store around the corner, or book about raising multiple children.

Details

Facebook has already been using profile keywords as well as status updates and wall posts to serve targeted ads. However, they have never factored in time. Adding this to their ever-evolving algorithm means that these messages will be continuously refined and served within seconds of posting. Couple this with the information Facebook already knows about a user and their social graph – location, gender, relationship status, age – and you can then begin to understand their ambitions and how powerful a marketing platform they are configuring.

To-date no information has been publically provided on future roll-out plans either to Facebook's remaining customer base or to other markets.

Implications

News of this development has largely been delivered with a positive spin across mass-media and influentials across the Web. For many brands, Facebook display advertising is important to increasing their fan-base but typically garners click-through rates that are less than half the industry average. By adding in the layers of relevance and immediacy, Facebook is hoping to increase these response rates by targeting users at a particular moment of need, thus dramatically increasing the relevancy of the messaging.

However, there are negative factors for both users and brands that call this new format into question. Facebook is no stranger to controversy, having a past wrought with scrutiny over the complexity of adjusting privacy settings and tracking user activity, e.g., their failed Beacon experiment. The core question is whether users will embrace seeing messages change based on content they immediately post, or in contrast will this represent another perceived intrusion into their personal space? Facebook's efforts to limit this trial to only 1% of their users is clearly an effort to answer this key privacy question as well as testing the uplift in conversion. If the answer to both variables is yes expect an expansion of the real-time ads program sometime in the near future.

Summary

In our weekly PoV's we typically outline the long running battles between the titans of the Internet – Facebook, Yahoo, Google, Microsoft, Apple, and others. Facebook's real-time ads are their latest effort to counter Google's blending of search and social by using your Facebook posts as needs-based search queries answered with real-time ads. Just as Google loudly launches their "+1" feature, Facebook is quietly testing their own secret weapons, including real-time ads.