users were giving "implied consent" every time they clicked a Like button on a page. Users are now confronted with an opt-in notice that analysts speculate may cost Facebook up to $103 million in advertising revenue.

Additionally, in response to the increased scrutiny brought about by its IPO, Facebook has improved its archive feature to include more categories of information that the company makes available to users that request copies of their personal data. In Europe, 40,000 Facebook users have already requested their data, and European law requires that Facebook respond to these requests within 40 days. Still, even after Facebook's improvements, they will offer users access to 39 data categories, while the company supposedly maintains at least 84 categories about each user. And, despite the increased emphasis on privacy and data disclosure, European lawmakers are unlikely to hamper Facebook's ability to offer highly customized advertisements, which is the backbone of Facebook's business model.

Perhaps sensing that privacy concerns represent a long-term threat to its profitability, Facebook is working to develop revenue streams beyond display advertising. Facebook is now a strong second to Google in the United States in display advertising, with 28 percent of all display ads served on Facebook, but the company hopes to become more of an online marketplace, facilitating the selling of goods and services, potentially challenging Amazon and eBay. Still, it's likely that the personal data of hundreds of millions of users will always be Facebook's most valuable asset. How responsibly it manages that asset will guide its path into the future.

Sources: "Selling You on Facebook," Julia Angwin and Jeremy Singer-Vine, *The Wall Street Journal*, April 7, 2012; Consumer Reports, "Facebook and Your Privacy," May 3, 2012; "Facebook Is Using You," Lori Andrews, *The New York Times*, Feb. 4, 2012; "Personal Data's Value? Facebook Set to Find Out," Somini Sengupta and Evelyn M. Rusli, *The New York Times*, Jan. 31, 2012; "Facebook, Eye on Privacy Laws, Offers More Disclosure to Users," Kevin J O'Brien, *The New York Times*, April 13, 2012; "To Settle Lawsuit, Facebook Alters Policy for Its 'Like' Button," Somini Sengupta, *The New York Times*, June 21, 2012.

CASE STUDY QUESTIONS

1. Perform an ethical analysis of Facebook. What is the ethical dilemma presented by this case?
2. What is the relationship of privacy to Facebook's business model?
3. Describe the weaknesses of Facebook's privacy policies and features. What management, organization, and technology factors have contributed to those weaknesss?
4. Will Facebook be able to have a successful business model without invading privacy? Explain your answer. Are there any measures Facebook could take to make this possible?