

# Will Facebook's Latest Scandal Affect Its Ad Business?

eMarketer's principal analyst Debra Aho Williamson says incident could diminish the platform's effectiveness

## ARTICLE |

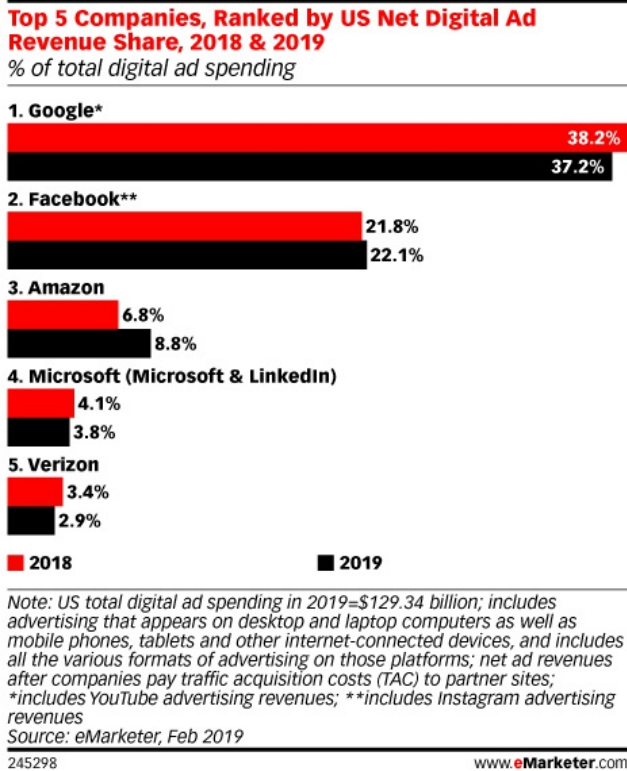
### eMarketer Editors

**T**he New York Department of Financial Services has launched an investigation into Facebook's reported collection of data from third-party apps. According to [The Wall Street Journal](#), the social media platform has been using partnerships with third-party apps to receive personal information on both Facebook and non-Facebook users.

"It is abundantly clear that the user information that app developers have access to and share back to Facebook—and the ways these developers use consumer information to deliver targeted advertising on Facebook—deserves more investigation," said eMarketer principal analyst Debra Aho Williamson.

It was nearly a year ago that the Cambridge Analytica scandal opened up scrutiny over Facebook's relationships with developers. Despite the scandal, Facebook usage in the US continues to grow—reaching 171.1 million users in 2019 and representing nearly 60% of internet users in the US, according to our estimates. This wide user base, in addition to Facebook's ad targeting capabilities, continues to drive Facebook's ad revenues.

Ad revenues also continue to climb post-Cambridge. In 2019, Facebook's US digital ad revenue will grow just over 20% to \$28.52 billion, representing 22.1% of the total US digital ad market.



But Williamson says this scandal could take a toll on Facebook if it results in less data being available for ad targeting.

"As revelations about data sharing continue to surface, they will no doubt have an impact on Facebook's ad business," Williamson said. "Its ad business relies heavily on data, and its ad targeting based on that data is incredibly precise. If there were limits imposed on how [and how much] consumer data could be gathered or used for targeting, that will diminish the effectiveness of Facebook advertising."