

MySpace Data Mining

Brad Stone

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Members of the booming social network Web sites treat their individual profile pages as a creative canvas for personal expression. The social networking companies see those pages as a lush target for advertisers—if only they could customize the ads. Although Internet companies have talked about specifically aiming their ads since the inception of the Web, so far advertising on social networks has been characterized by mass-marketed pitches for mortgages and online dating sites.

But MySpace, the Web's largest social network and one of the most trafficked sites on the Internet, says that after experimenting with technology over the last six months it can tailor ads to the personal information that its 110 million active users leave on their profile pages.

Executives at Fox Interactive Media, the News Corporation unit that owns MySpace, will begin speaking about the results of that program this week. They say the tailoring technology has improved the likelihood that members will click on an ad by 80 percent on average.

"We are blessed with a phenomenal amount of information about the likes, dislikes and life's passions of our users," said Peter Levinsohn, president of Fox Interactive Media, who will talk about the program at an address to investors and analysts at a Merrill Lynch conference in Los Angeles on Tuesday. "We have an opportunity to provide advertisers with a completely new paradigm."

MySpace's rival, Facebook, also says it is experimenting with ad customization with the help of Microsoft, which signed with the up-and-coming social network last year to provide display ads on the service. To the consternation of privacy advocates, who say Internet users are unaware of such activity, the social networks regard these detail-stocked profile pages as a kind of "digital gold," as one Fox executive put it last year.

The companies hope that customizing ads to their members' stated enthusiasms will improve the effectiveness of the ads and recruit new advertisers who want to pitch their messages to refined slices of the

FYI

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online audience. Fox executives also hope the technology can help MySpace recapture some of the momentum and attention that has recently gone to Facebook.

Richard Greenfield, the managing director of Pali Research, predicts that MySpace's fledgling program will help increase MySpace's current revenue to \$70 million a month from \$40 million a month by next year.

"This is a critical evolution of the MySpace business model envisioned from the day News Corporation bought it," Mr. Greenfield said.

A 100-employee team inside the Fox Interactive Media offices in Beverly Hills, called the "monetization technology group," has designed computer algorithms to scour MySpace pages. In the first phase of the program, which the company calls "interest-based targeting," the algorithms assigned members to one of 10 categories that represents their primary interest, like sports, fashion, finance, video games, autos and health.

The algorithms make their judgments partly on certain keywords in the profile. A member might be obvious by describing himself as a financial information enthusiast, for example. But more than likely the clues are more subtle. He might qualify for that category by listing Donald Trump as a hero, *Fortune* magazine as a favorite publication or "Wall Street" as a favorite movie.

The system also looks at the groups members belong to, who their friends are, their age and gender, and what ads they have responded to in the past. "Our targeting is a balance of what users say, what they do and what they say they do," said Adam Bain, the chief technology officer at Fox Interactive.

MySpace evidently does not completely trust the technology. Every two weeks, 200 temporary workers, which the company calls "relevance testers," come to

Fox Interactive's offices to manually check member profiles against the categories they have been assigned to.

The company said that several national advertisers are trying out the service, though they declined to name them. Fox Interactive executives say that some kinds of ads benefited more than others. Clicks on tailored auto ads more than doubled and clicks on music ads jumped by 70 percent.

For the last two months, Fox Interactive has also experimented with the second phase of its targeting program, called "hyper targeting," in which it further divides the 10 enthusiast categories into hundreds of subcategories. For example, sports fans are divided into subgroups like basketball, college football and skiing, while film enthusiasts are further classified by their interest in genres like comedies, dramas and independent films, and even particular actors and actresses.

For now, Fox's advertising sales representatives are selling the new kinds of ad abilities. In November, according to Michael Barrett, Fox Interactive Media's chief revenue officer, the company will set up an automated online system to allow smaller companies to aim at MySpace users with their ads without ever talking to a human being at Fox.

A punk band performing in Seattle, for example, could publicize a performance by looking up all the people on MySpace who live in that area who are punk fans.

MySpace also plans to give its advertisers information about what kind of people its ads have attracted. "We want them to leave knowing more about their audience than when they came into the door," said Arnie Gullov-Singh, a senior director at Fox Interactive.

That is precisely the goal that worries some privacy advocates. They argue that users of social networks like MySpace and Facebook are not aware they are being monitored and that current ad-targeting is only the first step in what has become a huge arms race to collect revealing data on Internet users.

"People should be able to congregate online with their friends without thinking that big brother, whether it is Rupert Murdoch or Mark Zuckerberg, are stealthily peering in," said Jeff Chester, executive director at the Center for Digital Democracy in Washington.

His organization will ask the Federal Trade Commission, during a planned hearing on Internet privacy in November, to investigate social networks for unfair and deceptive practices, he said.

MySpace and Facebook executives argue that they are harming no one. They say that they are using information their members make publicly available, and contrast their ad targeting with efforts by Yahoo, America Online and Microsoft, whose advertising technologies follow people around the Web and try to deduce what they are interested in based on what sites they are looking at.

Fox executives also say they are planning on letting users opt-out of the ad-targeting program on MySpace, though it means those members will see fewer relevant ads.

At least one MySpace member has no problems with the new technology. Mark Gong, a 26-year old photo-journalist from Washington, runs the 3,000-member Wanderlust group on MySpace and on his profile expresses an interest for foreign films like "Lost in Translation" and "The Spanish Apartment." Not surprisingly, that has defined him as a prime target for travel ads on MySpace from companies like ShermansTravel.com, a travel deal site. "I'm not opposed to advertising," Mr. Gong said. "They have got to make money."

But he also says he hopes MySpace spends the extra cash on making the site more reliable and fending off the Facebook threat. He says many members of his group have flocked to Facebook in the last two months and that even he is logging into Facebook more often. "Everybody I know is switching to Facebook," he said. "MySpace has its work cut out for it."

CONSIDER

- 1 How do you feel about ads on social networking sites? Are you willing to suffer through ads to have free access to social networks? Do you like the ads? Are you fed up? At what point might you consider leaving a social network because of its ads?
- 2 Do you feel like the postings you make to a social network belong to you? To the owners of the network? To the public domain? What changes might you make in your online behavior depending on your answers to these questions?