Facebook is testing adverts in its members’ newsfeeds that are tied to their behaviour on other websites, bringing one of the web’s most effective forms of advertising into the heart of its social network.

The experiment could turn into one of the company’s most profitable forms of advertising, though it also risks stirring up fresh privacy concerns if users find it intrusive, according to analysts.

The move, announced in a blogpost on Tuesday, marks Facebook’s latest attempt to find new ways for advertisers to tap the largest online audience. The approach, known as “retargeting”, is based on a formula that has proved effective on the web, though it does little to draw on the social relevance that Facebook has long said sets its service apart.

Using retargeting, advertisers can place their messages in front of internet users based on what they have done on other websites. A user who researches a holiday or a car online, for instance, may find adverts for those things appearing on other, unconnected websites.

Facebook first trialled retargeting in mid-2012, shortly after its tumultuous initial public offering led it to redouble efforts to boost its advertising revenue. At the time, it limited the ads to the right side of its pages.

On Tuesday, the company said it had begun a global test that put retargeted ads between the posts in its users’ newsfeeds, considered the prime location on the social network. The newsfeed accounts for about 40 per cent of Facebook users’ attention and adverts placed there are estimated to be eight times more effective than those on the right side of the page.

Putting retargeted ads inside the feed where users are engaging most directly with friends and family members could backfire, said Rebecca Lieb, an analyst at Altimeter Group. Adverts that appeared to follow users around the web risked being seen as “creepy”, an effect that might be accentuated when they appeared in such a personal place on the page, she added.

To soften the impact of advertising in the newsfeed, Facebook has previously used approaches that...
draw on social context. Using a format called “sponsored stories”, for instance, advertisers have been able to buy space in a user's feed when one of their friends has visited the advertiser's page or engaged with it in some other way.

Showing retargeted ads without this type of social context risks making the social network feel increasingly “spammy”, said Richard Greenfield, an analyst at BTIG Research.

Facebook said that the commercial messages, which will be delivered through the online exchange it set up last year, “will create more relevant ads for people”. It added that the new type of advertising would not increase the overall number of ads that it places in users’ newsfeeds.