

Facebook (FB) 2018 Q3 Earnings Summary

October 2018

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# Facebook Key Takeaways



## Facebook Is Beginning To Embrace Stories As The Primary Medium For Users To Engage With The Platform

### STORIES

- **Messaging and stories make up the vast majority of growth in sharing and believe it will be a bigger medium than feed has been**
  - People want to share in ways that don't stick around permanently, and they want to make sure they fully embrace this
- **Following their normal playbook of building out the best consumer products before ramping up ads**
  - Effort to shift Facebook from News Feed-first to Stories-first hasn't been as smooth as originally hoped
  - Will take some time and revenue growth may be slower during that period, like it was while transitioning products to mobile

### VIDEO

- **Video is a critical part of the future and as long as they can make it social, it will end up being a large part of their business**
  - Had challenges reconciling all this passive video consumption with what people uniquely want, which is meaningful social interaction
- **Able to build experiences that help creators build communities around their content and encourage meaningful interaction**
  - **Watch has really hit its stride and it's growing incredibly quickly, about 3x in the last few months in the U.S. alone**
  - IGTV is still earlier in its development, but think they have a good sense of how to make it work

### MESSENGER

- **Road map focuses on continuing to make WhatsApp and Messenger even simpler, faster and adding basic utility features**
  - First step has been to enable people to connect with businesses organically in ways they find useful
  - In the beginning of the second step of giving businesses additional paid tools to increase those interactions
- **People now send around 100 billion messages each day using their services and the biggest competitor by far is iMessage**
  - People share more photos, videos and links than they do on social networks

### ADVERTISING

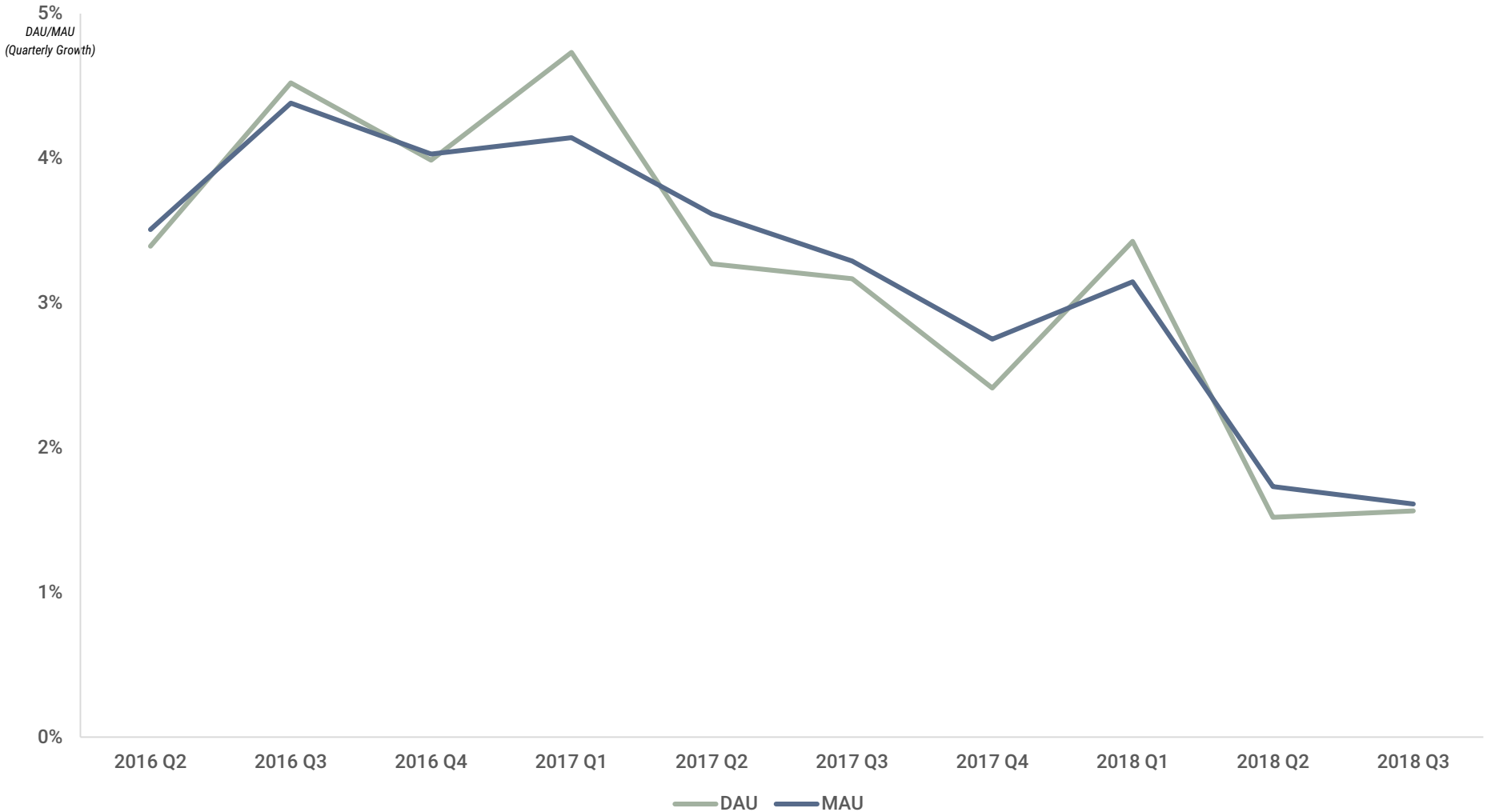
- **Consumers adopt new technologies before businesses do, so their competitive advantage is helping advertisers close that gap**
  - Can take the advertiser base, and the systems they have for targeting and measuring ads, and then help advertisers move to the new format
  - Strive to get more advertisers active in the system in order to have more ads to choose from, and so they become more relevant
- **Format of an ad has to match the consumer experience, so the right ad in News Feed is different than the right ad in Instagram**
  - The amount of ads they feel comfortable inserting into a consumer experience really depends upon how quickly people scroll through them

*There will be a need for continued investments around data security as there will never be a complete fix to the problems*

# Users



User Growth Has Levelled Off After Sharp Declines Due To GDPR And Recent Data Security Issues



*New users are primarily coming from developing countries in Asia that are just starting to get reliable internet access*

# Marketing



As Engagement Wanes, There Is A Greater Need To Promote The New Features Outside Of The News Feed

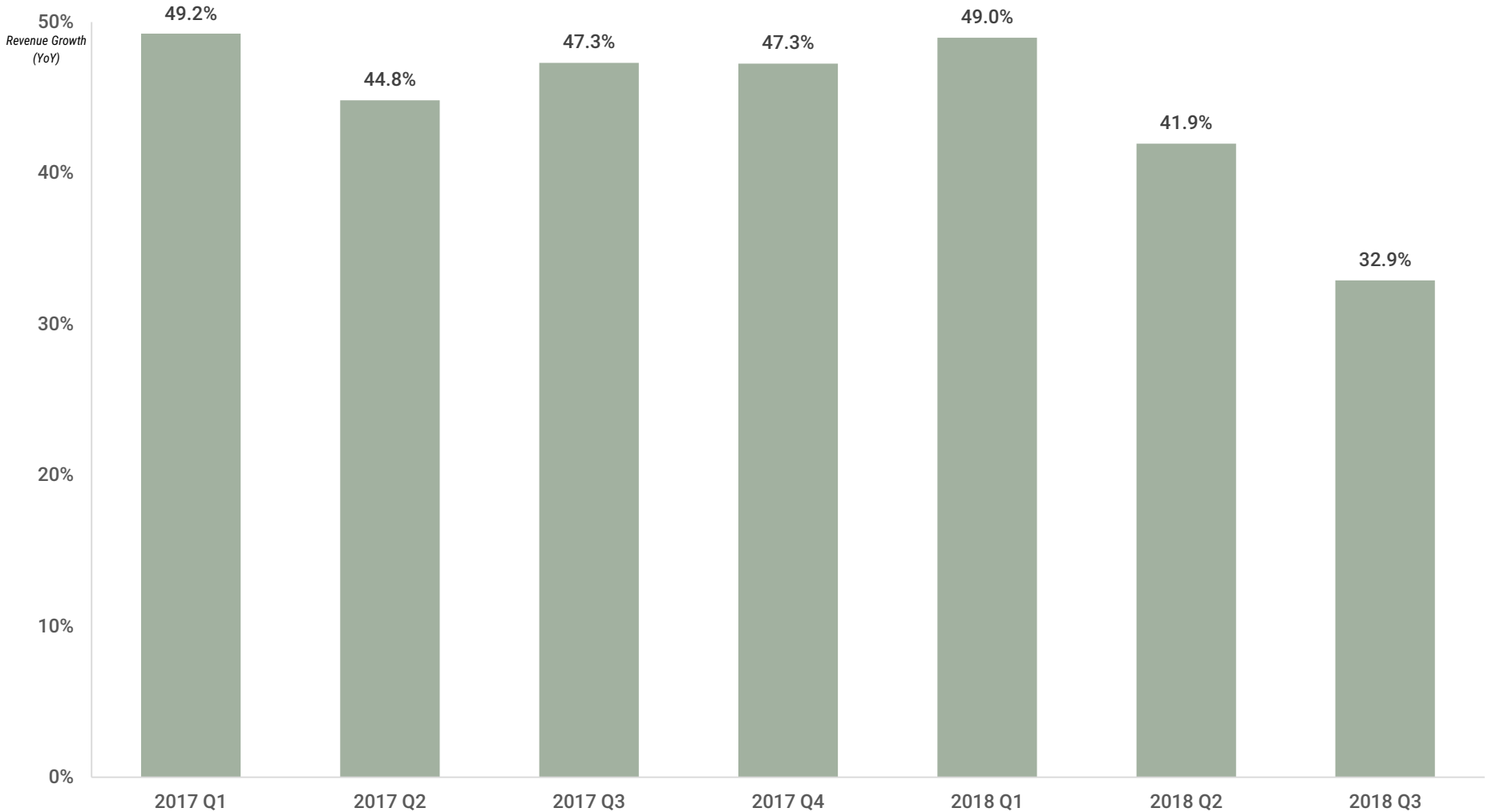


*There is a much bigger focus on groups and communities to stimulate interaction between users with shared interests*

# Revenue



Revenue Growth Is Slowing Down As Stories Doesn't Have The Same Monetization Of News Feeds Ads



*In the early stages of developing direct e-commerce opportunities for advertisers across all of their products*