



Facebook (FB) 2020 Q4 Earnings Summary

January 2021

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Key Takeaways



Facebook Is Seeing Increasing Ad Demand, But The Implementation Of IDFA Looms Large In Early 2021

ADVERTISING

- **Expect significant ad targeting headwinds, including the impact of platform changes and the evolving regulatory landscape**
 - Expect IDFA will have increasing impact through the year as more users adopt iOS 14 and go through those permissions
 - Hope to help small businesses by providing more on-site conversion opportunities through initiatives like shops and click-to-messaging ads
- **Have seen SMBs recover nicely in Q3, and in Q4 saw strength from some of their largest advertisers as well**
 - There's still a gap with feed ads, but making progress with ads in Instagram Stories, which have become more effective for direct-response

COMMERCE

- **Goal is to give every small business access to the same kinds of tools that historically only the big companies have had access to**
 - Business can set up a shop once and have an online presence in Facebook and Instagram and eventually on WhatsApp and Messenger
 - Hold a lot of data because it's not feasible for hundreds of millions of businesses to effectively do this on their own
- **175M people message WhatsApp business accounts every day and they are building new features to make it easier to transact**
 - Introduced carts, which lets people browse catalogs, select multiple products and send the order as a message to a business

MESSAGING

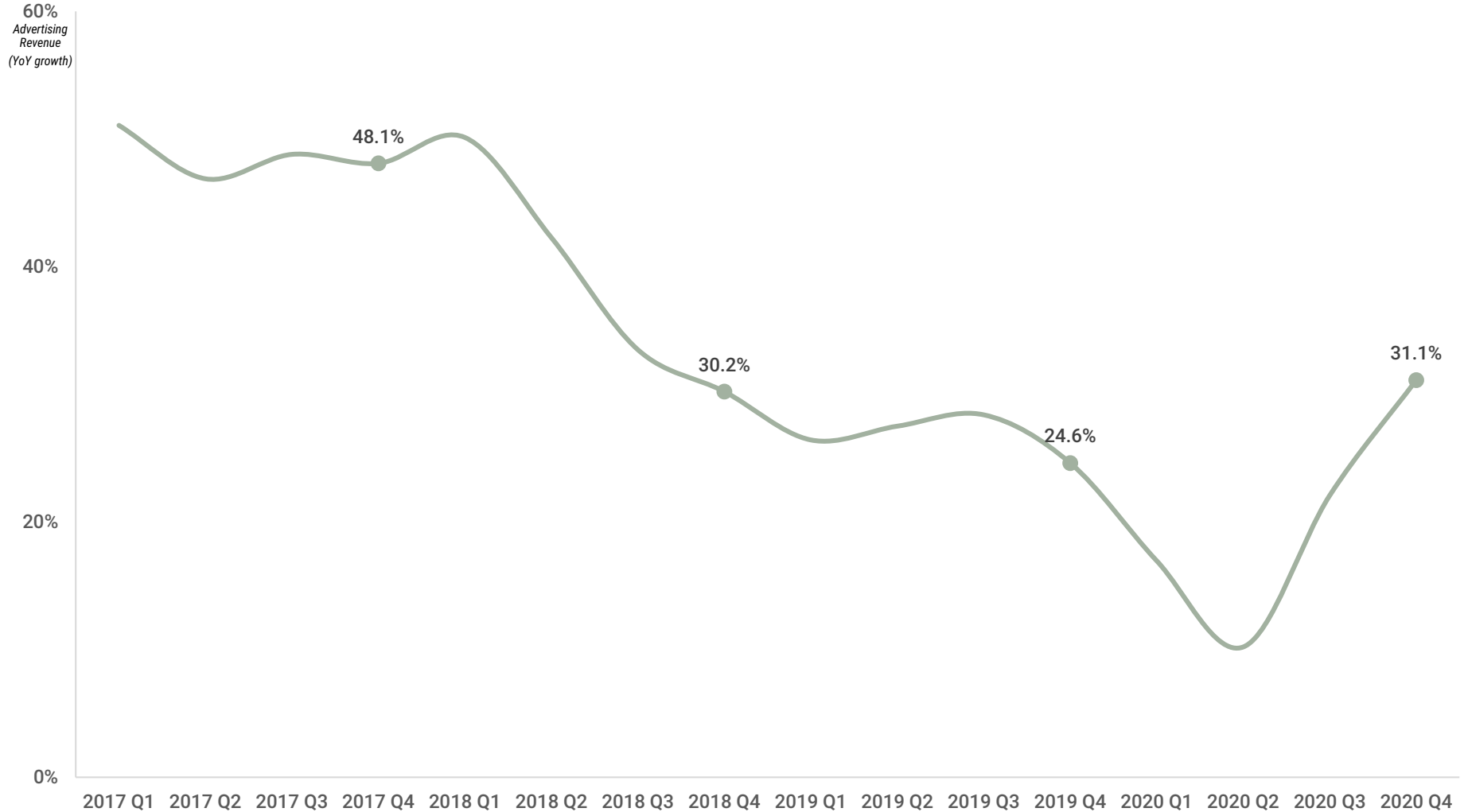
- **Fastest-growing social experiences are connecting privately in the digital living room in services like WhatsApp and Messenger**
 - In progress on a big effort to reimagine what a modern social platform would look like if it was built from the bottom-up to be privacy first
- **The biggest difference between Messenger and WhatsApp is the identity and social graph that is connected to Facebook**
 - Have always focused on making WhatsApp a very utilitarian experience and will place more of a premium on simplicity there
 - In Messenger, they have a lot more tools and features for expression and would expect to continue adding more there as well

COMMUNITIES

- **Helping everyone find and participate in meaningful communities is one of the most important things that they can do**
 - More than 600 million people are now members of a group on Facebook and this has grown steadily over time
- **Product focus is to develop community infrastructure beyond feeds to help people build and run self-sustaining institutions**
 - Building tools to help groups get things done together and provide support for people that span messaging, video chat and websites
 - Exploring different ways to raise funds, including donations, merchandise and member fees to help group leaders support community operations

Apple is increasingly becoming a competitor as they further expand into messaging, commerce and virtual reality

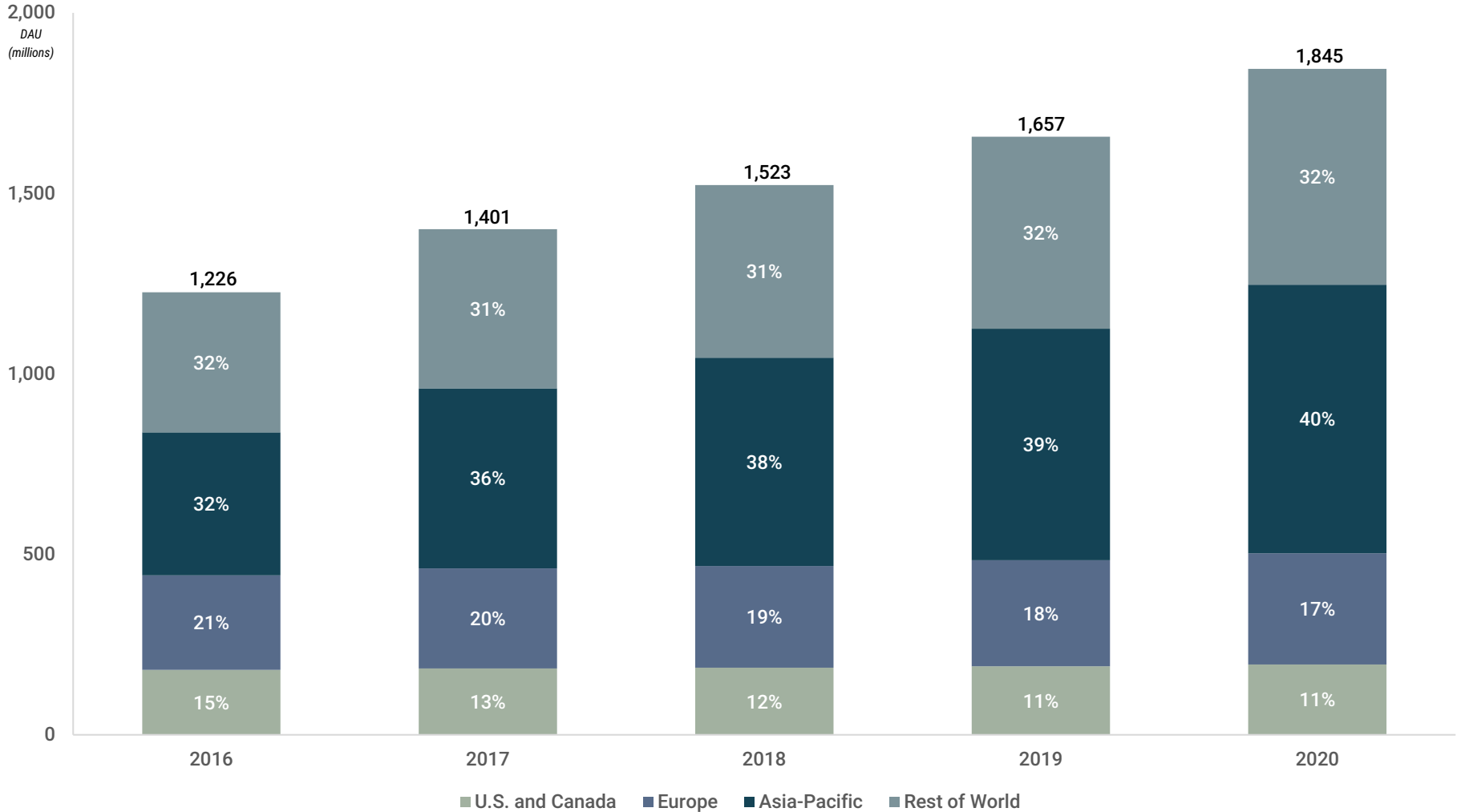
As Advertising Recovers, There Is A Benefit From The Shift To Online Commerce And Product Sales



Small businesses are the most susceptible to targeting headwinds as they are heavily reliant on personalized ads



Improving The Ability To Organize And Build Communities Can Be A Powerful Driver Of Daily Engagement

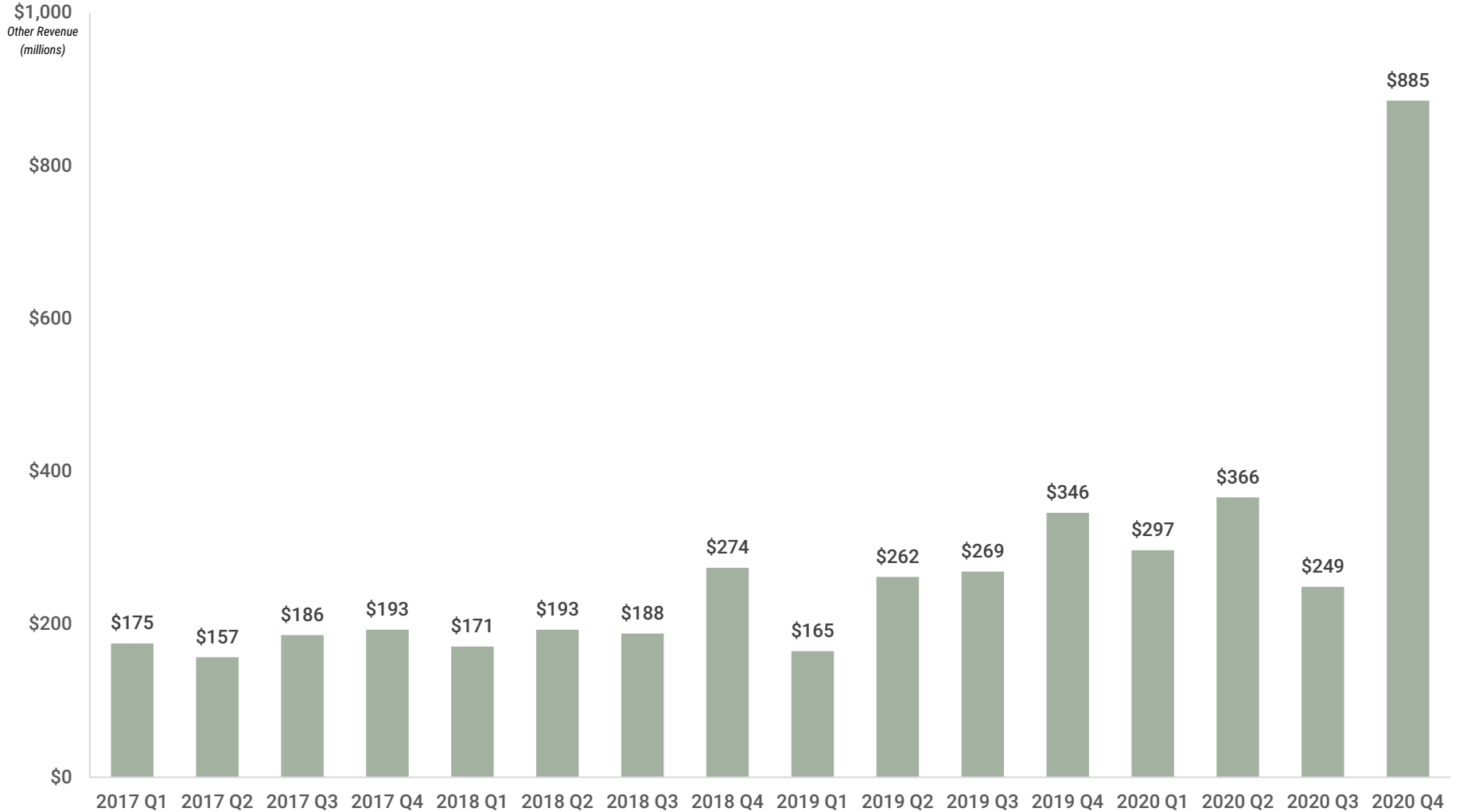


Based off user feedback, they are considering steps to take that reduce the amount of political content in the news feed

Other Revenue



The Launch Of Quest 2 Has Been Successful And It Is On Track To Be The First Mainstream VR Headset



Strategically, it gives them more control of their destiny in terms of the operating systems and platforms they operate on

Note: Other designates non-advertising revenue

