

Mobile Makes Facebook Just an App; That's Great News

5-7 minutes

"Strong opinions weakly held" is a core principle of mine, and while I think I've demonstrated strong opinions aplenty on this blog, today it's time to give credence to the "weakly held" part.

Specifically, I have been wrong about Facebook. I've been a bear about their long-term prospects, and now I am a bull.

My arguments to date:

- [Facebook's Mobile Failure: A Compare/Contrast With LINE](#) and [Like Once, Friend Anywhere](#) listed out many of the reasons why the Facebook platform wasn't a good fit for mobile
- [Apps, People, & Jobs to be Done](#) argued that Facebook Home was a fundamentally misguided product; [The Facebook Flop](#) was my "I told-you-so"
- [Facebook Phones and the Future of Online Communication](#) argued that Facebook was an app, not a platform

I stand by all these articles, but for one line from the third bullet point:

Facebook is an app, not a platform.

An app can afford to be prescriptive about the user experience and means of interaction; in fact, the best apps have a point of view on how the user ought to use their service.

Platforms, on the other hand, are just that: a stage for actors (i.e. apps) of the user's choosing to create a wholly unique experience that is particular for every individual user.

It follows, of course, that no successful platform can be built on advertising. Advertising demands eyeballs; platform success demands the ability to fade into the background as said unique experiences take center stage.

I'm not sure an app is worth \$64 billion.

It's the last sentence that contains the seed of the fundamental error I made in evaluating Facebook. Specifically, I presumed that only platforms were worth billions of dollars.

Facebook, of course, was making the same presumption about needing to be a platform. Much of their efforts in 2007-2009 were [focused on building the Facebook platform](#) with the goal of, well, something other than making money, and they were neglecting mobile to do so. When mobile proceeded to become the biggest avenue for growth (didn't something else launch in 2007?), Facebook seemed to be in trouble. After all, the platform they had spent so much time building wouldn't translate.

It turns out, though, that the shift to mobile saved Facebook from itself.

First off, mobile apps own the entire (small) screen. You see nothing but the app that you are using at any one particular time.

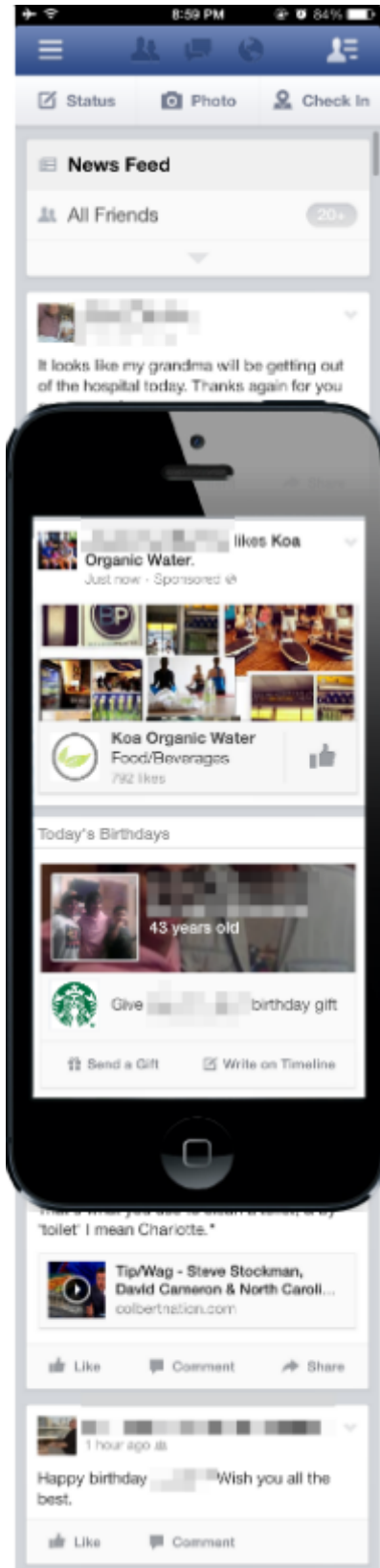
Secondly, mobile apps are just that: apps, not platforms. There is no need for Facebook to "reserve space" in their mobile apps for partners or other apps.

That's why my quote above *is actually the bull case for Facebook*.

Specifically, it's better for an advertising business to **not** be a platform. There are certain roles and responsibilities a platform must bear with regards to the user experience, and many of these work against effective advertising. That's why, for example, you don't see any advertising in Android, despite the fact it's built by the top advertising company in the world.

So a Facebook app owns the entire screen, and can use all of that screen for what benefits Facebook, and Facebook alone.

Something like this:



Two of the first three items in my timeline are ads; at one point they take over the entire iPhone 5 screen

You can't help but see the advertising, which makes it particularly attractive to advertisers. Brand advertising, especially, is all about visuals and video (launching soon!), but no one has been able to

make brand advertising work as well on the web as it does on TV or print. There is simply too much to see on the screen at any given time.

This is the *exact opposite* experience of a mobile app. Brand advertising on Facebook's app shares the screen with no one. Thanks to the constraints of mobile, Facebook may be cracking the display and brand advertising nut that has frustrated online advertisers for years.

The financial results [suggest they're on pace](#).

Facebook made \$655.6m from mobile ads between April and June – more than 41% of the \$1.6bn in overall advertising revenue, compared with 30% for the same period last year. The number of mobile users expanded 51% to 819 million.

"I'd say that Facebook is in a unique position with the ad market right now in that it is very far ahead of any other major ad platform in mobile display advertising," said Clark Fredricksen of research firm eMarketer.

The key, of course, is the iron grip Facebook has on its userbase. You know how readers of this blog feel about Twitter? That's how normal people feel about Facebook. It's the first thing they check in the morning, on the bus, while getting coffee, and on the can. It is the most indispensable tech product in most people's lives, and every time one of those billion people use the mobile app, they see an advertisement that completely owns their device's screen, if only for a moment.

The connection to TV and print are clear: great content draws eyeballs, and the advertising is placed where you can't miss it. Combine this advertising opportunity with Facebook's decent [signaling](#), and you have the makings of a single-product company on its way to owning advertising on today's emerging platform.

That's the story of Google and the web in 2005, and it's the story of Facebook and mobile in 2013. And none of us – and I think that includes Mark Zuckerberg¹ – saw it coming.

1. I'm actually very impressed with Zuckerberg and think he is a very good executive; however, Facebook Home is all the evidence I need on this point [[↔](#)]