

Facebook and the Feed

13-17 minutes

In a week where much of the Internet was [all atwitter about Mobilegeddon](#), Google's pre-announced algorithm change that will favor mobile-friendly sites in mobile search results, a potentially far more impactful announcement was much more of a surprise: [Facebook is tweaking the News Feed algorithm](#).

This is a big deal for publishers in particular: [according to Shareaholic](#), social referrals passed search referrals last summer and are now up to 31% of site traffic as of December, and Facebook is responsible for an incredible 79% of those social referrals.¹ What is perhaps more interesting though, is what these changes mean for Facebook itself.

Understanding Facebook's Dominance

It is increasingly clear that it is Facebook — not iOS or Android — that is the most important mobile platform. Facebook's family of apps [account for 24% of time spent on mobile](#), and the main Facebook app is responsible for 75% of that. Mobile apps thrive on “found time” — moments in line, or on the bus, or even on the couch where people simply want to look at something interesting — and Facebook consistently delivers for an increasing number of users all over the world. More impressively, Facebook isn't just increasing its user base: its existing users continue to deepen their engagement with the app over time.

In this respect Facebook really is the new AOL: in the 1990s the service provided a far easier and more accessible way to get online, and by 1997 nearly 50% of all Americans got online via the service. And, just as publishers and anyone else eager for people's attention flocked to get their content on AOL, the same is the case for Facebook: as [I discussed last month](#) publishers like the New York Times and BuzzFeed are reportedly on the verge of placing their content directly on Facebook. As long as Facebook is the easiest way to access content on mobile, publishers have little choice but to go where their readers are.

The problem with this comparison — at least from Facebook's perspective — is that 1997 was AOL's peak. North America's first broadband service had launched the year previously, and as more and more customers got online through their phone or cable providers, AOL's moat — dial-up access — evaporated away. And in the end, AOL's content, compelling though it may have been, simply couldn't compete with the breadth of the entire Internet.²

Facebook's Moat

This is where, to my mind, the AOL comparison falls apart. AOL provided an essential utility that was far easier-to-use than the alternatives, but that utility was obsoleted by broadband. Facebook, on the other hand, is built on the social graph: its users' relationships. And given that the very nature of humanity is to [connect and communicate with other humans](#), the need that Facebook has traditionally met will be with us forever. The only danger is that another service somehow takes Facebook's place as the Rolodex of the world.

I simply don't see that happening. At this point, my most extreme Facebook bear case is that the service is the equivalent of an email address: something nearly everyone has because you can't function without it, even if it's not their preferred means of communication.

However, I say “extreme” for a reason: for many Facebook is much more than that. Here in Asia, for example, Facebook is LinkedIn: it is standard for an introductory business meeting to conclude with Facebook friend invites. Facebook is also the homepage for the vast majority of businesses: a page is much more discoverable and much easier to maintain, and most don't even bother with a website.³ A significant amount of e-commerce happens on Facebook as well, and most celebrities and well-known bloggers post primarily or exclusively on Facebook (although Instagram is increasingly important as well). True, messaging services like WhatsApp and LINE increasingly handle one-on-one or private

group conversations, but in country after country that I visit or research the social paradigm is Facebook + X social network; the X changes (and is often a Facebook property), but Facebook is the constant.⁴

Still, the argument I just made is about the ongoing usefulness of having a Facebook account. What about engagement?

What Drives Facebook Engagement?

This is the central question facing Facebook, and a fascinating way to think about yesterday's News Feed changes. [The Verge has a good summary](#):

Facebook has announced it's twisting the knobs that control what content you see in your News Feed to favor more content from your close friends. In a [post titled](#) "News Feed FYI: Balancing Content from Friends and Pages," Facebook said it's making three changes. The first is that it won't let people reach the "end" of a News Feed as easily, because it will be willing to show more content from the same publisher than it was before. Previously, you wouldn't be likely to get two posts from the same Page. But the other two changes are more ominous for publishers, but potentially great for users who actually want to see content from their friends: "content posted by the friends you care about" will be "higher up in the News Feed." Also, if a friend interacts with a post from a brand or publisher page, it will be less likely to show up in your News Feed.

This is hardly the first major change to Facebook's News Feed algorithm:⁵ consider, for example, [this major update from December 2013](#):

We've noticed that people enjoy seeing articles on Facebook, and so we're now paying closer attention to what makes for high quality content, and how often articles are clicked on from News Feed on mobile. What this means is that you may start to notice links to articles a little more often (particularly on mobile)...

While trying to show more articles people want to read, we also don't want people to miss the conversations among their friends. So we're updating bumping to highlight stories with new comments...With this update stories will occasionally resurface that have new comments from friends.

This December 2013 change had a huge effect, [crushing viral sites like Upworthy](#) while bumping up traffic for sites like BuzzFeed, Business Insider, and The Guardian. What is perhaps more interesting, though, is that yesterday's changes seem to run in the opposite direction: prioritizing friends, when 2013's update prioritized news; and deprioritizing friends' comments and likes, when 2013 bumped them up.

Here's the thing: I'm quite sure the 2013 changes weren't arbitrary. Facebook is a very data-driven company, and all available evidence suggests that the changes had their intended effect: as I noted above Facebook is not only increasing users but also deepening the engagement of their existing users quarter after quarter. That's why I'm curious just how important data was in yesterday's changes compared to the personal preference of Facebook founder and CEO Mark Zuckerberg and his belief about what makes Facebook valuable.

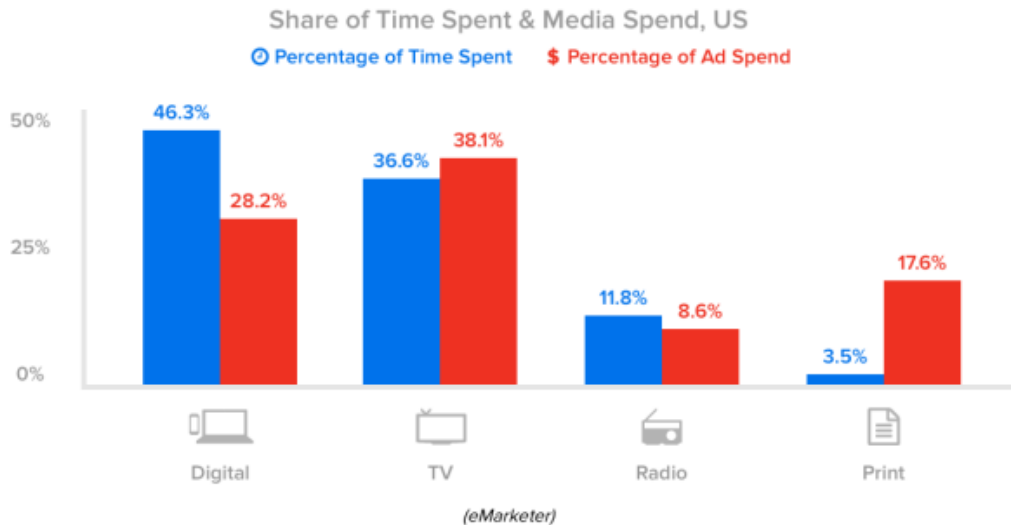
Facebook's Vision and Potential

Zuckerberg is quite clear about what drives him; he wrote in [Facebook's S-1](#):

Facebook was not originally created to be a company. It was built to accomplish a social mission – to make the world more open and connected.

I am starting to wonder if these two ideas — company versus mission — might not be more in tension now than they have ever been in the past. I'm increasingly convinced that Facebook has an absolutely massive business opportunity on its hands: to capture, almost completely, the imminent wave of advertising dollars deserting TV for digital. To do so, though, will require an embrace of Facebook's status as the "homepage of the Internet" (on mobile in particular), and an abdication of sorts of the social interactions that built the company.

For several years now the percentage of people's attention devoted to digital has far outstripped the percentage of advertising devoted to the medium. Television and (especially) print, on the other hand, keeps a far greater share of advertising than it seems they deserve:



via BuzzFeed

A big reason for television's dominance in particular is that it is simply the easiest way to reach a large audience. Twitter may offer [interest-based targeting](#), for example, but your typical brand manager simply doesn't have the time or expertise to optimize every dollar across a broad array of platforms. Efficiency is just as much a feature of advertising as is targeting capability, conversion tracking, or price.

Still, as I wrote in [Old-Fashioned Snapchat](#), advertisers care above all about attention, and there's no question that television is losing it both to alternative video services like Netflix but also to digital services, especially Facebook. Last year the average user gave Facebook over [40 minutes of attention a day](#) (and another [20 minutes to Instagram](#), a property capable of supporting a very [Facebook-like advertising unit](#)), and that number continues to grow. Given Facebook's excellent targeting capabilities and aspirations for [Atlas's ability to provide conversion tracking](#) (*members-only*), it's not inconceivable that, at some point in the relatively near future, it is Facebook that is the default advertising medium, commanding dollars that exceed its already dominant share of attention. Still, this outcome depends on Facebook driving ever-more engagement, and I'm not convinced that more "content posted by the friends [I] care about" is the best path to success.

What Matters to Users?

Everyone loves to mock Paul Krugman's [1998 contention](#) about the limited economic impact of the Internet:

The growth of the Internet will slow drastically, as the flaw in "Metcalfe's law"—which states that the number of potential connections in a network is proportional to the square of the number of participants—becomes apparent: most people have nothing to say to each other!

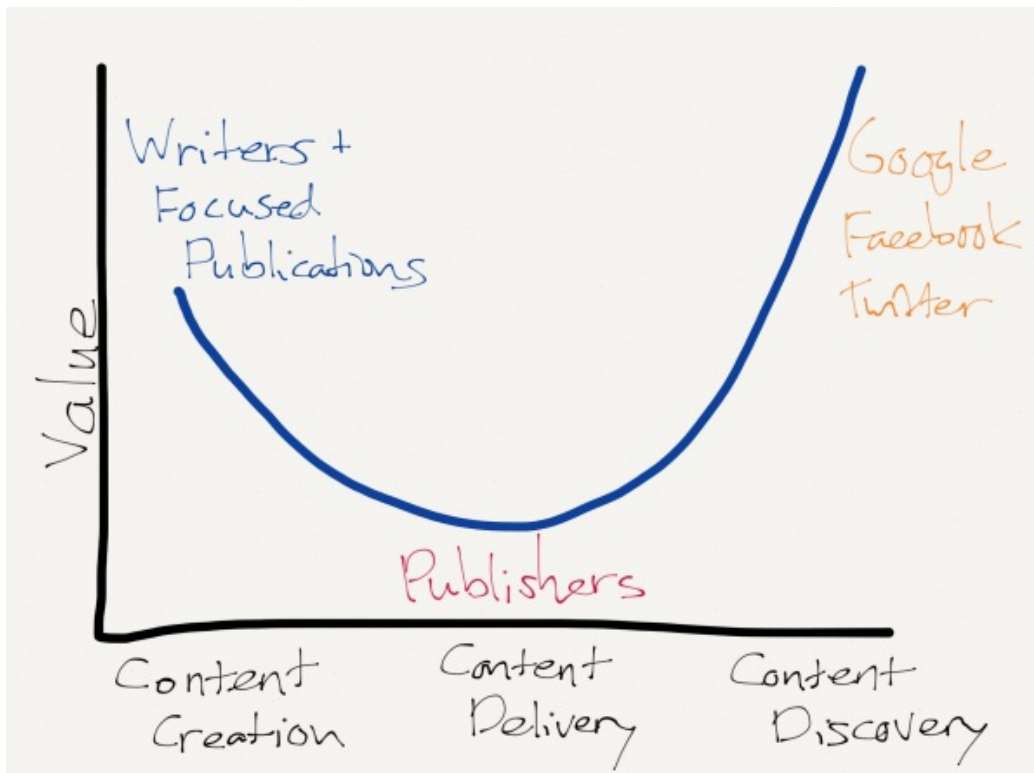
It's worth considering, though, just how much users value what their friends have to say versus what professional media organizations produce. Again, as I noted above, Facebook made the 2013 decision to increase the value of newsworthy links for a reason, and in the time since, [BuzzFeed in particular](#) has proven that there is a consistent and repeatable way to not only reach a large number of people but to compel them to share content as well. Was Krugman wrong because he didn't appreciate the relative worth people put on what folks in their network wanted to say, or because he didn't appreciate that people in their network may not have much to say but a wealth of information to *share*?

I suspect that Zuckerberg for one subscribes to the first idea: that people find what others say inherently valuable, and that it is the access to that information that makes Facebook indispensable. Conveniently, this fits with his mission for the company. For my part, though, I'm not so sure. It's just as possible that Facebook is compelling for the content it surfaces, regardless of who surfaces it. And, if the latter is the case, then Facebook's engagement moat is less its network effects than it is that for almost a billion users Facebook is their most essential digital habit: their door to the Internet.

Facebook's Choice

I've written previously about [publishers and the smiling curve](#), the idea that value is increasingly flowing to aggregators on the right and differentiated content creators on the left; publishers are being left in the

cold.



Publishers and the Smiling Curve

Facebook is slowly but surely building a bridge between the left and right sides of that curve: publishers are being invited into a revenue-sharing content-on-Facebook deal now, but what is to stop the program from extending to individuals? Same thing with Facebook's video unit, which is on pace to [attract more advertisers than YouTube](#). Were this to happen, it's easy to see Facebook as a one-stop shop for even more users than today, and were that to happen, advertisers would inevitably follow to an even greater degree.

This course, though, depends on Facebook giving users exactly what they want, or at least a good enough mix, in their news feed, and as I noted, I'm not convinced personal updates is enough. Moreover, while Facebook may view "the network" as their differentiator, the fact is that a lot of "friend" sharing is indeed moving to alternative networks like Snapchat and LINE and WhatsApp. With this News Feed update I am concerned that Facebook is limiting itself and committing to a battle — the private sharing of information — it can't necessarily win.

Consider Facebook's smartest acquisition, Instagram. The photo-sharing service is valuable because it is a network, but it initially got traction because of filters. Sometimes what gets you started is only a lever to what makes you valuable. What, though, lies beyond the network? That was Facebook's starting point, and I think the answer to what lies beyond is clear: the entire online experience of over a billion people. Will Facebook seek to protect its network — and Zuckerberg's vision — or make a play to be the television of mobile?

I will admit, I write this analysis with mixed feelings: from a strategic perspective, I think Facebook should go for it — be the dominant interaction model on mobile for every user on earth (outside of China). On the other hand, as [an advocate](#) and beneficiary of the open web, I do fear this future and wonder: What might be the broadband to Facebook's dial-up?

1. Pinterest is second, with 16% of social referral, and Twitter a distant third, with only 3% of social referrals [↪]
2. AOL — now Aol — still exists of course, but it's basically another Yahoo; relatively high-traffic sites monetized through relatively undifferentiated advertising. That said, it is more profitable... [thanks to dial-up!](#) [↪]
3. As I've [written previously](#), WeChat fills these roles in China, where Facebook is banned [↪]
4. That is why I was not surprised to see [this month's Pew Research report](#) that showed that Facebook was still the dominant social networking service amongst teenagers, past scaremongering notwithstanding [↪]

5. Buffer's blog has a [running list](#) [↪]