

## META SAYS TIME SPENT ON INSTAGRAM GREW 24% THANKS TO TIKTOK-STYLE AI REEL RECOMMENDATIONS

[https://techcrunch.com/2023/04/26/meta-says-time-spent-on-instagram-grew-24-thanks-to-tiktok-style-ai-reel-recommendations/?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioscloser&stream=top](https://techcrunch.com/2023/04/26/meta-says-time-spent-on-instagram-grew-24-thanks-to-tiktok-style-ai-reel-recommendations/?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioscloser&stream=top)

7 PM AST • April 26, 2023

- Zuckerberg shared that time spent on Instagram has grown more than 24% since the company launched Reels on the platform thanks to AI-powered content recommendations — aka, the kind of non-connection recommended videos that TikTok basically built its entire brand upon.
- “We’re seeing the sharing flywheel take off with Reels re-shares, with re-shares doubling over the last six months,” she said.
- While Reels and AI recommendations are driving more engagement on Instagram, that’s not yet directly translating to more revenue. In fact, Li acknowledged that Reels are actually cannibalizing some revenue from Stories and feed-based posts, since they’re accounting for some of the time users would’ve spent engaging with that content.
- The larger trend is incremental however, meaning overall user time is going up, which Li said will eventually be a positive point for revenue potential.
- She said Reels is on track to be revenue-neutral by end of year, or early 2024, and looked ahead to positive contributions sometime after that.

## META STRIKES DEAL TO DIVEST ITSELF OF KUSTOMER

[https://www.wsj.com/articles/meta-strikes-deal-to-divest-itself-of-kustomer-8e945431?st=7u2smvcd38xw4fr&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-strikes-deal-to-divest-itself-of-kustomer-8e945431?st=7u2smvcd38xw4fr&reflink=desktopwebshare_permalink)

May 5, 2023 7:00 am ET

- When Meta Platforms closed a deal last year to acquire business-software provider Kustomer for \$1 billion, the tech giant had high hopes for how it could integrate the services of the startup.
- Meta said the acquisition would enable companies to use its messaging apps for customer service, helping fulfill its longstanding ambition to turn its platforms into e-commerce giants.
- But a little over a year later, Meta is parting ways with Kustomer in a rare transaction where Meta is trading its ownership of Kustomer for a passive minority stake in the company with no guaranteed payment in return, according to people familiar with the matter.
- Meta will remain the single largest stakeholder in the new company but won’t have a seat on its board.
- After completion of the deal, which is slated to close May 15, according to internal communications reviewed by The Wall Street Journal, Kustomer will have to maintain growth and operations with a fraction of the head count it had under Meta.
- The Journal reported in March that Meta was planning to divest itself of Kustomer as the tech giant looks to refocus on its core business and that Kustomer’s founders had been reaching out to venture firms to try to raise money to buy back the business and fund losses.

- But Meta whittled down Kustomer's ranks over multiple rounds of layoffs at the tech giant. After a period of growth inside Meta, Kustomer had a peak of roughly 350 employees in November but that was reduced to 192 by the end of April, according to the people.
- Kustomer will be left with roughly 90 employees, one of the people said.
- One current employee who spoke with the Journal expressed concern about Kustomer's ability to service its clients with a staff that has been reduced by roughly 74%. That person said they expected Kustomer to simply hire for unfilled positions.

## FACEBOOK PARENT META AGREES TO SELL GIPHY FOR \$53 MILLION ON REGULATOR'S ORDER

[https://www.wsj.com/articles/facebook-parent-meta-agrees-to-sell-giphy-for-53-million-on-regulators-order-7b1c2ec6?st=jmy5zsaqb2bynbn&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/facebook-parent-meta-agrees-to-sell-giphy-for-53-million-on-regulators-order-7b1c2ec6?st=jmy5zsaqb2bynbn&reflink=desktopwebshare_permalink)

May 23, 2023 at 8:19 am ET

- Shutterstock S\$TK -3.10%decrease; red down pointing triangle on Tuesday said it agreed to buy Giphy from Facebook parent Meta Platforms META 4.40%increase; green up pointing triangle for \$53 million in net cash, ending a yearslong legal battle that forced the sale of the social-media animated-images company.
- The U.K.'s Competition and Markets Authority initially ordered Meta to sell the company in 2021, saying that the purchase of Giphy "would significantly reduce competition in two markets." It also said the deal removed a "potential challenger in the U.K. display-ad market, while also giving Meta the ability to further increase its substantial market power in social media."
- Shutterstock said it plans to fund the deal, slated to close in June, with cash on hand and its revolving credit facility, adding that Meta is entering into an API agreement to ensure continued access to Giphy's content across its platform.
- A third suit, filed against Meta only, in Kenya's High Court in December, alleges that Meta's Kenya-based content moderation wasn't adequate enough to stop ethnic hate speech amid the recent civil war in neighboring Ethiopia and that its algorithm gave such content more prominence.
- A few months after Sama began doing content moderation for Facebook, one of Sama's employees working on Meta content moderation, South African citizen Daniel Motaung, says he began organizing around 150 colleagues to protest their working conditions and demand better pay. Motaung says he was in the process of formally filing trade-union papers when he was fired.
- In May 2022, he filed a lawsuit against Sama and Meta in the Nairobi Employment and Labour Relations Court, alleging worker abuse, exploitation, union-busting and unlawful termination.
- In January, Sama told all of its content moderators that they were being let go at the end of March, saying it had decided to exit that business altogether. Meta moved its Facebook content-moderation business to Luxembourg-based MajorelMAJ 0.17%increase; green up pointing triangle, which also has a Kenyan presence.
- Then, in March, workers filed a separate suit at the same labor court alleging they were unlawfully terminated and were effectively blacklisted from being hired by Majorel. Majorel declined to comment.
- Workers allege in the lawsuits that they were paid less and given fewer benefits than their counterparts in developed countries, and that the counseling that was offered was unprofessional, including not observing confidentiality.

- Sama says content moderators were allowed to take wellness breaks as often as needed, and benefits included paid vacation and health insurance, and salaries were four times the Kenyan minimum wage.

## LAWSUITS BY MODERATORS OF VIOLENT ONLINE CONTENT POSE THREAT TO BIG TECH

[https://www.wsj.com/articles/lawsuits-by-moderators-of-violent-online-content-pose-threat-to-big-tech-f543ff95?st=imdajih7qdcaf9u&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/lawsuits-by-moderators-of-violent-online-content-pose-threat-to-big-tech-f543ff95?st=imdajih7qdcaf9u&reflink=desktopwebshare_permalink)

May 24, 2023 at 10:00 am ET

- Musa Abubakar spent years moderating Facebook content, scrolling through videos and images of what he said were often rapes, beheadings and suicides.
- He and 183 other content moderators here are now part of a lawsuit against a contractor for Facebook-owner Meta Platforms META 4.40%increase; green up pointing triangle, and the social-media giant itself. The moderators accuse the company, California-based Sama, and Meta of worker exploitation and unfair termination. In legal filings, they say that reviewing graphic content like the videos Abubakar says he was regularly asked to watch has led to depression, PTSD and anxiety. It is one of three lawsuits in Kenya that are casting a fresh spotlight on the tech industry's far-flung, outsourced workforce.
- If Meta fails in its appeal, the suits could significantly broaden legal risks for the entire industry, lawyers and industry watchers say.
- Global tech giants such as Meta and TikTok owner ByteDance rely on third-party contractors to outsource armies of workers in low-cost labor markets like Kenya. These workers are increasingly tasked with time-consuming jobs such as content moderation and data annotation, which is used to train artificial-intelligence systems.
- The two labor suits, if successful, could bolster efforts elsewhere to legally challenge big tech companies who contract out a large chunk of their workforce.

## META PLATFORMS ASKS FEDERAL COURT TO BLOCK FTC IN PRIVACY FIGHT

[https://www.wsj.com/articles/meta-platforms-asks-federal-court-to-block-ftc-in-privacy-fight-12edcc71?st=dxcptliy4bcphio&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-platforms-asks-federal-court-to-block-ftc-in-privacy-fight-12edcc71?st=dxcptliy4bcphio&reflink=desktopwebshare_permalink)

May 31, 2023 at 3:17 pm ET

- Meta Platforms META 4.40%increase; green up pointing triangle asked a federal court to block the Federal Trade Commission's attempt to impose new sanctions on the company for alleged privacy violations, escalating a legal battle that has reopened years-old accusations against the tech giant.
- Meta, the owner of Facebook, Instagram and WhatsApp, on Wednesday asked the U.S. District Court for Washington, D.C., to stop a legal proceeding the FTC launched May 3. The agency accused Meta of violating a \$5 billion privacy settlement from 2019 and sought to add new prohibitions, such as a ban on the company profiting off data it collects about young users.
- The FTC ordered Meta to respond by Aug. 3. In its motion, the company argued that the FTC can't unilaterally change the original settlement, which included a consent order approved by the district court.
- The company is also disputing the FTC's claims that it violated the privacy settlement.
- The agency is accusing Meta of misrepresenting its privacy protections in recent years, for example by telling parents—allegedly falsely—that users of the Messenger Kids app could only communicate with parent-approved contacts.
- More broadly, the FTC's current Democratic leadership, including Chair Lina Khan, is unsatisfied with the 2019 settlement, which was entered into when Republicans were leading the agency.

## ✓ FACEBOOK PARENT THREATENS TO REMOVE NEWS FROM ITS PLATFORMS IN CALIFORNIA

[https://www.wsj.com/articles/facebook-parent-threatens-to-remove-news-from-its-platforms-in-california-f039406f?st=xt2fwhiitlacayb&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/facebook-parent-threatens-to-remove-news-from-its-platforms-in-california-f039406f?st=xt2fwhiitlacayb&reflink=desktopwebshare_permalink)

Updated May 31, 2023 at 8:53 pm ET

- Facebook parent Meta Platforms META 4.40%increase; green up pointing triangle is threatening to pull news from its sites in California if the state passes a law requiring technology platforms to pay publishers, the latest in a series of warnings from the company as various governments consider similar legislation.
- Under the provisions of the California bill, Meta and other major online platforms would be required to pay a “usage fee” to eligible news publishers. The amount of that fee would be based on a percentage of advertising revenue the platform receives and set through an arbitration process established by the bill. News publishers would be required to spend 70% of profits from such fees on journalism personnel.
- The purpose of the California legislation is to seek compensation for publishers based on the value they create for technology platforms. There is no cap on the size of publishers who can join the effort.
- The federal bill that is pending in Congress, the Journalism Competition and Preservation Act, is meant to allow U.S. publishers to band together to negotiate for payment from tech platforms without violating antitrust laws. Unlike the California proposal, the federal bill does cap the size of participating publishers.
- Meta lobbied a similar threat in December aimed at Congress, after JCPA was attached to the National Defense Authorization Act, a bill focused on national security, The Wall Street Journal previously reported. Congress has reintroduced the bill, which is slated to be marked up soon.
- Meta's threat to remove news comes as publishers that have become more reliant on platforms such as Facebook and Google face a challenging economy and advertiser pullback.
- The company has put similar threats into practice. In Australia in 2021, Facebook removed news from its platform for several days, as legislation that would require the company and Alphabet's Google to negotiate paying traditional media companies for content worked its way through the country's parliament. The company has threatened to do the same thing in Canada, where similar legislation is under review.

## ✓ MARK ZUCKERBERG UNVEILS META'S NEWEST VR HEADSET DAYS AHEAD OF APPLE EVENT

[https://www.wsj.com/articles/meta-quest-3-vr-headset-unveiled-fb3e1ab1?st=tgyjc2ob5955dhw&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-quest-3-vr-headset-unveiled-fb3e1ab1?st=tgyjc2ob5955dhw&reflink=desktopwebshare_permalink)

Updated June 1, 2023 at 5:27 pm ET

- Meta META 4.40%increase; green up pointing triangle Platforms Chief Executive Mark Zuckerberg on Thursday introduced the latest version of the company's virtual-reality headset, called Meta Quest 3.
- The Meta Quest 3, powered by a new chip from Qualcomm, will be 40% thinner and have updated displays and resolution. Zuckerberg said in a video on social media that it is the company's most powerful headset yet.
- Meta's new VR headset is expected to go on sale this fall and will start at \$499, Zuckerberg said. The company will release additional details at its Connect conference in September, he said.
- Consumer adoption of VR programs has been a challenge for Meta. Reality Labs, which makes the Meta Quest headsets, posted an operating loss of \$4 billion during the

first three months of the year. Other competitors like Microsoft have also struggled to get consumers to buy into VR programs.

- Meta dropped the price of its Meta Quest Pro headsets in March from \$1,499 to \$999 in the U.S. and Canada. The Quest 2 VR headsets with 256 gigabytes fell to \$429 from \$499.
- Meta's new VR headset is making its debut as the company faces increasing competition from companies including TikTok parent ByteDance. ByteDance recently offered to pay developers who have made VR software for Meta to bring their apps to its own Pico headsets. Sony Group launched its PlayStation VR2 earlier this year, the second version of its VR headset.
- Apple is expected to unveil a mixed-reality headset that combines augmented and virtual reality, the Journal has reported. The company is expecting slower adoption for the headset compared with hit products such as the Apple Watch or the iPhone.
- Shipments for the AR and VR headset market declined by 54% during the first three months of 2023 compared with the same period last year, IDC said Thursday.
- Meta controlled about 48% of the market share among AR and VR headset makers, followed by Sony's PlayStation VR2 with 36%, according to IDC. ByteDance's Pico had about 6% of the market.

## INSTAGRAM CONNECTS VAST PEDOPHILE NETWORK

<https://www.wsj.com/articles/instagram-vast-pedophile-network-4ab7189>

June 7, 2023 at 7:05 am ET

- Instagram, the popular social-media site owned by Meta META 4.40%increase; green up pointing triangle Platforms, helps connect and promote a vast network of accounts openly devoted to the commission and purchase of underage-sex content, according to investigations by The Wall Street Journal and researchers at Stanford University and the University of Massachusetts Amherst.
- Its algorithms promote them. Instagram connects pedophiles and guides them to content sellers via recommendation systems that excel at linking those who share niche interests, the Journal and the academic researchers found.
- Though out of sight for most on the platform, the sexualized accounts on Instagram are brazen about their interest. The researchers found that Instagram enabled people to search explicit hashtags such as #pedowhore and #preteensex and connected them to accounts that used the terms to advertise child-sex material for sale. Such accounts often claim to be run by the children themselves and use overtly sexual handles incorporating words such as "little slut for you."
- Instagram accounts offering to sell illicit sex material generally don't publish it openly, instead posting "menus" of content. Certain accounts invite buyers to commission specific acts. Some menus include prices for videos of children harming themselves and "imagery of the minor performing sexual acts with animals," researchers at the Stanford Internet Observatory found. At the right price, children are available for in-person "meet ups."
- The promotion of underage-sex content violates rules established by Meta as well as federal law.
- In response to questions from the Journal, Meta acknowledged problems within its enforcement operations and said it has set up an internal task force to address the issues raised. "Child exploitation is a horrific crime," the company said, adding, "We're continuously investigating ways to actively defend against this behavior."
- Meta said it has in the past two years taken down 27 pedophile networks and is planning more removals. Since receiving the Journal queries, the platform said it has blocked thousands of hashtags that sexualize children, some with millions of posts, and restricted its systems from recommending users search for terms known to be associated

with sex abuse. It said it is also working on preventing its systems from recommending that potentially pedophilic adults connect with one another or interact with one another's content.

- Test accounts set up by researchers that viewed a single account in the network were immediately hit with "suggested for you" recommendations of purported child-sex-content sellers and buyers, as well as accounts linking to off-platform content trading sites. Following just a handful of these recommendations was enough to flood a test account with content that sexualizes children.
- Underage-sex-content creators and buyers are just a corner of a larger ecosystem devoted to sexualized child content. Other accounts in the pedophile community on Instagram aggregate pro-pedophilia memes, or discuss their access to children. Current and former Meta employees who have worked on Instagram child-safety initiatives estimate the number of accounts that exist primarily to follow such content is in the high hundreds of thousands, if not millions.
- A Meta spokesman said the company actively seeks to remove such users, taking down 490,000 accounts for violating its child safety policies in January alone.
- Instagram, estimated to have more than 1.3 billion users, is especially popular with teens. The Stanford researchers found some similar sexually exploitative activity on other, smaller social platforms, but said they found that the problem on Instagram is particularly severe. "The most important platform for these networks of buyers and sellers seems to be Instagram," they wrote in a report slated for release on June 7.
- Meta's automated screening for existing child exploitation content can't detect new images or efforts to advertise their sale. Preventing and detecting such activity requires not just reviewing user reports but tracking and disrupting pedophile networks, say current and former staffers as well as the Stanford researchers. The goal is to make it difficult for such users to connect with each other, find content and recruit victims.
- Meta has struggled with these efforts more than other platforms both because of weak enforcement and design features that promote content discovery of legal as well as illicit material, Stanford found.
- David Thiel, chief technologist at the Stanford Internet Observatory, said, "Instagram's problem comes down to content-discovery features, the ways topics are recommended and how much the platform relies on search and links between accounts." Thiel, who previously worked at Meta on security and safety issues, added, "You have to put guardrails in place for something that growth-intensive to still be nominally safe, and Instagram hasn't."
- The platform has struggled to oversee a basic technology: keywords. Hashtags are a central part of content discovery on Instagram, allowing users to tag and find posts of interest to a particular community—from broad topics such as #fashion or #nba to narrower ones such as #embroidery or #spelunking.
- In many cases, Instagram has permitted users to search for terms that its own algorithms know may be associated with illegal material. In such cases, a pop-up screen for users warned that "These results may contain images of child sexual abuse," and noted that production and consumption of such material causes "extreme harm" to children. The screen offered two options for users: "Get resources" and "See results anyway."
- In response to questions from the Journal, Instagram removed the option for users to view search results for terms likely to produce illegal images. The company declined to say why it had offered the option.
- As with most social-media platforms, the core of Instagram's recommendations are based on behavioral patterns, not by matching a user's interests to specific subjects. This approach is efficient in increasing the relevance of recommendations, and it works most reliably for communities that share a narrow set of interests.
- In theory, this same tightness of the pedophile community on Instagram should make it easier for Instagram to map out the network and take steps to combat it. Documents



previously reviewed by the Journal show that Meta has done this sort of work in the past to suppress account networks it deems harmful, such as with accounts promoting election delegitimization in the U.S. after the Jan. 6 Capitol riot.

- Like other platforms, Instagram says it enlists its users to help detect accounts that are breaking rules. But those efforts haven't always been effective.
- Sometimes user reports of nudity involving a child went unanswered for months, according to a review of scores of reports filed over the last year by numerous child-safety advocates.
- A Meta spokesman acknowledged that Meta had received the reports and failed to act on them. A review of how the company handled reports of child sex abuse found that a software glitch was preventing a substantial portion of user reports from being processed, and that the company's moderation staff wasn't properly enforcing the platform's rules, the spokesman said. The company said it has since fixed the bug in its reporting system and is providing new training to its content moderators.
- Following the company's initial sweep of accounts brought to its attention by Stanford and the Journal, UMass's Levine checked in on some of the remaining underage seller accounts on Instagram. As before, viewing even one of them led Instagram to recommend new ones. Instagram's suggestions were helping to rebuild the network that the platform's own safety staff was in the middle of trying to dismantle.

#### META REVEALS TWITTER COMPETITOR IT PLANS TO LAUNCH AS STAND-ALONE APP

[https://www.wsj.com/articles/meta-reveals-twitter-competitor-it-plans-to-launch-as-stand-alone-app-4a9b7721?st=h9n0vees5448opm&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-reveals-twitter-competitor-it-plans-to-launch-as-stand-alone-app-4a9b7721?st=h9n0vees5448opm&reflink=desktopwebshare_permalink)

Updated June 8, 2023 at 8:47 pm ET

- Facebook parent Meta Platforms META 4.40%increase; green up pointing triangle unveiled to employees a stand-alone app it plans to launch through Instagram to compete with Twitter, according to people familiar with the matter.
- Cox told employees that Meta has heard from creators and public figures who want "a sanely run" platform. The company is in talks to have people such as Oprah Winfrey and the Dalai Lama commit to using the app, Cox said, adding that Meta hopes to launch it "as soon as we can." The app is internally code-named Project 92, a person familiar with the software said.
- Zuckerberg pointed out that Apple went with higher-resolution displays for its headset, resulting in a device that costs seven times as much as Meta's coming Quest 3 headset. Zuckerberg noted that the Vision Pro uses an external battery pack, adding that every demo that Apple showed was of a person sitting on a couch, rather than being active, the people familiar with the meeting said.
- "Their announcement really showcases the difference in the values and the vision that our companies bring to this in a way that I think is really important," Zuckerberg said, according to the people. "We innovate to make sure that our products are as accessible and affordable to everyone as possible."
- Additionally, Zuckerberg made a number of announcements regarding Meta's efforts with generative AI, according to the company. Generative AI is the term used to describe AI systems capable of generating text, images or other types of content, including large language models used for chatbots or to write essays in humanlike ways.
- Those initiatives include LLM-based AI "agents" with unique personas or skills for Messenger and WhatsApp and a photo-generation feature that will allow Instagram users to modify their photos using text prompts and then share them in Instagram Stories. Zuckerberg also shared some internal-only generative AI efforts geared toward employees, including one called Metamate, which is a productivity assistant that pulls

information from internal sources to perform tasks at employees' request, Meta said in a statement.

## BEHIND THE MUSK-ZUCKERBERG 'CAGE MATCH' IS A YEARSLONG BILLIONAIRE FEUD

[https://www.wsj.com/articles/elon-musk-mark-zuckerberg-cage-fight-b71fa4ff?st=8alx6794tme9ci7&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/elon-musk-mark-zuckerberg-cage-fight-b71fa4ff?st=8alx6794tme9ci7&reflink=desktopwebshare_permalink)

Updated June 23, 2023 at 10:10 am ET

- Since then, Zuckerberg has seen an opening to attack rival Twitter, which has been beset by drama and missteps under its new owner. The latest shot: having his Meta META 4.40%increase; green up pointing triangle Platforms prepare its own tweet-like offering through Instagram.
- Even if the two business tycoons never actually meet up in the ring, the latest outburst between them—and the spectacle of will-they or won't-they go through with it—underscores the growing rivalry of their business interests, injecting fresh energy into a battle for social-media advertising dollars.
- It is too early to say if Meta versus Twitter will rank up there with the epic brand showdowns of the past century—whether it be Ford versus Chevrolet or Coke versus Pepsi. But it is clear the bosses are primed for a fight.
- Behind the scenes, the two have held a simmering feud for years, occasionally taking public shots at each other over AI and other topics.
- This month, Meta executives unveiled to employees their Twitter competitor, internally dubbed Project 92, that they hope to launch soon. Chief Product Officer Chris Cox suggested, as The Wall Street Journal reported, the product was inspired by users who want “a sanely run” social-media platform, a dig at Musk's company.
- Signs of the tech duo's public animosity date to 2016 when Musk's rocket company SpaceX was contracted to shuttle a satellite into space for Facebook to offer internet access to large parts of sub-Saharan Africa.
- However, an explosion on the ground during a routine test firing destroyed the rocket and satellite, disrupting Zuckerberg's ambitions.
- A year later, they were trading barbs over artificial intelligence, which Musk has warned could be dangerous to humanity.
- In 2018, amid Meta's controversy over user-privacy concerns in the 2016 presidential election and a subsequent delete-Facebook movement, Musk joined in with his own tweets on the matter. Tesla and SpaceX, where he is CEO, deleted their Facebook pages.

## BIG TECH STOCKS ARE DECLINING

<https://www.barrons.com/livecoverage/stock-market-today-062623/card/big-tech-stocks-are-declining-0j0YJxMVC5RoZOcakBM>

June 26, 2023 at 6:00 PM EDT

- Major technology stocks were trading lower on Monday, dragging down the Nasdaq Composite, following an impressive first half of the year.
- The Nasdaq was down 0.8% on Monday. The index has surged 28% so far this year, with major tech stocks climbing as traders buy up shares of companies with exposure to artificial intelligence.
- “With the rally driven by only a few companies across a narrow set of sectors, the broader market has a bad breadth problem. If these select few stocks fail to deliver on heightened earnings expectations, the broad market may be primed for a pullback,” wrote Seema Shah, chief global strategist of Principal Asset Management.



## ✓ META ASKED BY SENATORS TO DETAIL EFFORTS TO PREVENT SHARING OF CHILD SEXUAL-ABUSE MATERIAL

[https://www.wsj.com/articles/meta-asked-by-senators-to-detail-efforts-to-prevent-sharing-of-child-sexual-abuse-material-](https://www.wsj.com/articles/meta-asked-by-senators-to-detail-efforts-to-prevent-sharing-of-child-sexual-abuse-material-f66ac0cc?st=ebq2off8m1rjfbw&reflink=desktopwebshare_permalink)

[f66ac0cc?st=ebq2off8m1rjfbw&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-asked-by-senators-to-detail-efforts-to-prevent-sharing-of-child-sexual-abuse-material-f66ac0cc?st=ebq2off8m1rjfbw&reflink=desktopwebshare_permalink)

June 30, 2023 at 10:00 am ET

- Members of the Senate Judiciary Committee sent a letter to Meta Platforms META 4.00%increase; green up pointing triangle on Wednesday, asking the company to explain child-safety enforcement shortfalls and how the company's algorithmic recommendation systems connected pedophilic users, citing a report this month by The Wall Street Journal.
- "We are gravely concerned that Instagram's failure to prevent this perverse use of its algorithms is not due to a lack of ability, but instead a lack of initiative and motivation," the senators wrote.
- The senators also asked why Instagram didn't detect the issue, what steps Instagram has taken to ensure such failures don't happen again, and how Instagram will respond to reported child sexual exploitation.
- A Meta spokesman declined to comment on the letter, pointing to the company's response in the Journal report.
- In response to questions from the Journal for that article, Meta acknowledged problems within its enforcement operations and said it has set up an internal task force to address the issues raised. "Child exploitation is a horrific crime," the company said, adding, "We're continuously investigating ways to actively defend against this behavior."
- The senators asked for more information on the task force convened in response to the Journal article, "including the areas of expertise of the participants, supervisory structure, measures of improvement, and implementation plans and timelines."
- The senators also said it is alarming that online child sexual exploitation wasn't among Meta's highest priorities, "especially when its platform directly facilitates and bolsters the black market for child sexual abuse material."

## ✓ ZUCKERBERG'S QUEST TO RE-ENTER CHINA FACES CHALLENGE: HIS OWN WORDS

[https://www.wsj.com/articles/zuckerbergs-quest-to-re-enter-china-faces-challenge-his-own-words-d1457c0?st=8bx1ful2eqf9bw6&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/zuckerbergs-quest-to-re-enter-china-faces-challenge-his-own-words-d1457c0?st=8bx1ful2eqf9bw6&reflink=desktopwebshare_permalink)

July 3, 2023 at 7:00 am ET

- Mark Zuckerberg in late 2021 had a question for those working on Meta Platforms' META 4.40%increase; green up pointing triangle strategy for its virtual-reality headset: If Apple can sell iPhones in China, and Tesla can sell cars, why can't we sell our devices there?
- The company held discussions with several Chinese tech companies and has made progress with videogame powerhouse Tencent Holdings TCEHY -1.56%decrease; red down pointing triangle, people familiar with the matter said. But the effort faces challenges, in part because Chinese executives worry that Zuckerberg isn't seen as friendly to China, according to people familiar with the matter.
- In recent years the Meta founder has accused China of stealing technology and taken aim at ByteDance, the Chinese owner of video-sharing platform TikTok. That has undermined a charm offensive Zuckerberg undertook in Beijing in 2016 and bolstered negative views of the entrepreneur in Beijing, the people said.
- Meta's refusal to comply with Beijing's censorship rules led to its being blocked in 2009, officials have said. Both Facebook and Twitter were cut off that year after unrest in China's Xinjiang region, with state media saying social media was used to stir riots.

- China has since tightened control of online content. Prospective partners in talks with Meta have also discussed concerns internally about how Meta might react to possible future restrictions on VR content, a segment Beijing plans to regulate, the people said.
- A tie-up could benefit both Tencent, the world's biggest videogame publisher, and Meta. China's enormous consumer market could help Meta recoup some of the billions of dollars it has spent developing headsets, software and apps for the metaverse.
- One challenge is how Meta would roll out content in China, the people said. Users there would likely be presented with content siloed from Meta's global offerings, while Tencent has also sought to integrate its own products into the headset, they said.
- Additional complications to any deal are China's damped consumer spending and operational issues such as the handling of user data, they said. China has increasingly restricted the sending of data outside the country.
- This is the latest of several attempts by Meta to re-enter China. Facebook remains blocked in the country of 1.4 billion, as do Meta's WhatsApp and Instagram, though the company makes revenue from Chinese companies that advertise on Facebook.
- The company has courted Chinese officials and hired a well-connected China-policy chief. Zuckerberg gave some speeches in Chinese and made a 2016 jog through smoggy Beijing without a face mask, causing an online stir.
- But in 2019, Zuckerberg told students at Georgetown University in Washington, D.C., that TikTok doesn't share Facebook's commitment to freedom of expression, and represents a risk to American values and technological supremacy.
- In a 2020 House hearing with leaders from Amazon.com, Apple and Google, Zuckerberg went further than other executives in commenting on the U.S.-China tech tensions, condemning intellectual-property theft by China.
- Any deal with Tencent would make the Chinese company the country's exclusive seller of Meta's headsets, including the coming Quest 3, the people said. Tencent would gain a new source of revenue and an opportunity to leverage off the VR hardware business. Some of its in-house teams and studios it has invested in have been developing VR games, but it hasn't had a device for playing them.
- If successful, Meta would also likely compete with homegrown rivals that dominate the Chinese market. They include ByteDance, whose Pico device led the market with 43% of shipments last year, according to research firm Counterpoint.
- Competition between Meta and Pico has been intensifying globally. Pico's headset is available in Europe and Asia. A ByteDance spokeswoman didn't respond to a question about whether it plans to launch Pico in the U.S.
- Additional competitors would include Sony Group, whose PlayStation VR2 launched in China in February, and Apple. Apple's Vision Pro headset, unveiled in June, will go on sale in the U.S. early next year, with more countries to follow shortly. Analysts expect it will be released in China, with Apple sourcing components from Chinese suppliers and assembling it there.

## MARK ZUCKERBERG LOOKS TO DELIVER HIT TO ELON MUSK WITH UPCOMING TWITTER CLONE NAMED THREADS

[https://www.wsj.com/articles/mark-zuckerberg-looks-to-deliver-hit-to-elon-musk-with-upcoming-twitter-clone-4a464407?st=n73zyzz3yn7e3ee&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/mark-zuckerberg-looks-to-deliver-hit-to-elon-musk-with-upcoming-twitter-clone-4a464407?st=n73zyzz3yn7e3ee&reflink=desktopwebshare_permalink)

Updated July 3, 2023 at 8:27 pm ET

- Meta Platforms META 4.00%increase; green up pointing triangle plans to release a microblogging app called Threads, a new product that is expected to hit the market Thursday, days after Twitter owner Elon Musk announced new strictures that will limit how many posts users see on that platform.

- Social-media veterans and analysts see the planned app as a formidable competitor for Twitter, which has faced falling revenue and other challenges since Musk took over the company in October.
- Since Musk's takeover of Twitter in October, many Twitter users have voiced that they want an alternative. Over the past nine months, the company has experienced numerous technical issues, removed thousands of employees, lost users and advertisers, and was criticized for how the service moderates content. Musk last week took steps to limit how many posts users can see on the platform, saying he wanted to combat "extreme levels of data scraping."
- There are signs that some of Musk's changes are working. As of June, Twitter had as many as 850,000 subscribers of its Blue service, according to an estimate from Travis Brown, a Berlin-based software developer who tracks social-media platforms. Additionally, the company's new CEO, Linda Yaccarino, joined the company last month, bringing with her a strong network, credibility and reputation in the advertising industry.
- Meta's biggest advantage will be drawing upon its more than two billion monthly active Instagram users to launch its new app. It is unclear how broadly Meta will release the app upon its launch, but if even a fraction of its Instagram users try it out, Meta might be able to grow its microblogging app's user base quickly. Twitter has 363.7 million monthly users, according to an estimate provided by Insider Intelligence.
- Any Twitter-like product by Meta is likely to face an uphill battle. Although Meta will draw on Instagram data to launch its new app, the company will still need to get users to migrate to the app.
- Meta will also need to get users to adopt a new type of behavior. Instagram has always been a visually driven social network, so Meta will have to get users accustomed to a text-driven medium.

#### META'S FACEBOOK FACES FRESH THREAT TO SENDING PERSONALIZED ADS IN EU

[https://www.wsj.com/articles/metas-facebook-needs-consent-to-personalize-ads-eu-court-rules-6c705f18?st=14hd0rs2aq0eh0i&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/metas-facebook-needs-consent-to-personalize-ads-eu-court-rules-6c705f18?st=14hd0rs2aq0eh0i&reflink=desktopwebshare_permalink)

Updated July 4, 2023 at 7:07 am ET

- Meta META 4.40%increase; green up pointing triangle Platforms' Facebook must get user consent before sending personalized ads in certain circumstances, the European Union's top court ruled, a surprise element in a broader court decision in which it sided with German competition regulators in limiting how the company can use data.
- Depending on how broadly the ruling is interpreted, Facebook could be compelled to ask its users to opt in to ads that are based on how they interact with it and other Meta apps. Such interactions could include a user's comment on an Instagram post, or their views of a particular Instagram video.
- Tuesday's ruling would only apply in the EU. But it could set a precedent for other social-media companies that rely on the same elements of the EU's privacy law to justify their personalized ads and may now need to seek user consent in the bloc.
- Meta is currently appealing a January privacy decision in Ireland that fined the company roughly \$425 million and ruled that the company couldn't use its contracts to justify personalizing its ads based on users' activity on Meta's platforms. Tuesday's Court of Justice decision isn't appealable, and it could influence the Irish court's handling of Meta's appeal.
- In Tuesday's decision, however, the Luxembourg court found that users' interest in their own privacy overrides the "legitimate interest" argument for a social network such as Facebook to personalize ads. It said that is because, despite the fact that Facebook is

free to users, "the user of that network cannot reasonably expect" that it will use large volumes of data to personalize ads "without his or her consent."

- The judgment on the legality of Facebook's ad model came as part of a wide-ranging decision from the EU court, which said that competition regulators such as Germany's Federal Cartel Office can consider whether companies comply with rules other than competition laws—such as the bloc's data-protection laws—as part of investigations into questions of competition violations.
- That is something that could open the door to new types of antitrust investigations against big tech companies, which are already facing a big expansion of tech regulations related to competition, content moderation and—soon—artificial intelligence.
- The broader decision Tuesday means Meta will have to comply with a 2019 order from the German cartel office and stop combining user data from various platforms unless users gave their consent. That included Facebook and Meta-owned products WhatsApp and Instagram.
- But the concrete impact of that part of the decision may be limited, in part, because a new EU digital competition law is likely to impose similar rules on Meta beginning next year. The EU's Digital Markets Act requires explicit user consent for providers of digital core platforms to process personal user data, combine it with data from other platforms and cross-use data from one service to another. If a user doesn't provide consent, the DMA states they must still be able to use the service.

## META LAUNCHES INSTAGRAM THREADS, ITS TWITTER RIVAL

[https://www.axios.com/2023/07/05/zuckerberg-vs-musk-digital-cage-match?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioscloser&stream=top](https://www.axios.com/2023/07/05/zuckerberg-vs-musk-digital-cage-match?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioscloser&stream=top)

Jul 5, 2023 - Technology

- Mark Zuckerberg's bargain is to offer you a cleaner version of Twitter — "sharing with text" — in exchange for handing over more data.
- Meta has achieved massive success buying up and borrowing ideas from elsewhere. Messenger, WhatsApp and Instagram are its most notable successes.
- Now the playbook is being used to claim a potentially lucrative market from Musk, who's severely annoyed both users and advertisers since taking ownership of the platform in late 2022.
- Just four hours after making the app available in the Apple App Store, Meta CEO Mark Zuckerberg announced on the app that more than 5 million people had signed up for Threads.
- As with Instagram, Threads users can follow friends and creators with shared interests — including the accounts and content they already follow on Instagram.
- Meta's move is both an admission of defeat — it's not a metaverse play, after all — and a product with a high chance of business success.
- Threads takes the sales pitch of Twitter's new CEO Linda Yaccarino — that she's a safe pair of hands for your advertising dollars — and offers the advertisers the ability to target Facebook, Instagram and Threads users under one roof.
- Meta isn't planning to launch Threads in Europe — limiting its ability to leverage global scale to squeeze Twitter.
  - Europe is the second most lucrative global market after the U.S., but data sharing between Threads and Instagram creates regulatory issues in the EU.
- Both Meta and Twitter will continue to struggle with misinformation and election-related issues, including because of layoffs — though Meta has more experience and staff on hand through the 2024 elections.

## META THREADS THE RIGHT NEEDLE TO POKE TWITTER

[https://www.wsj.com/articles/meta-threads-the-right-needle-to-poke-twitter-2abaee60?st=c1glygbaxcwfel1h&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-threads-the-right-needle-to-poke-twitter-2abaee60?st=c1glygbaxcwfel1h&reflink=desktopwebshare_permalink)

July 6, 2023 at 10:52 am ET

- Zuckerberg's Meta Platforms META 0.26%increase; green up pointing triangle, parent of the Facebook and Instagram social networks, launched a new "text-based conversation app" called Threads late Wednesday that clearly takes aim at Musk's Twitter.
- It isn't the first time Zuckerberg has copied a rival, nor is it the first attempt to create a new version of Twitter during the turbulent eight months since Musk formally took ownership of the place.
  - Those attempts, by names such as Mastodon, Post, Bluesky and Spill, have enjoyed spikes of user interest during that time. Bluesky, a spinoff of Twitter backed by co-founder Jack Dorsey, is the current hot ticket. According to Similarweb, daily users on the Bluesky iOS app more than doubled to 240,000 on Saturday—the day Twitter announced a controversial policy to limit the number of posts users can read on the platform.
- Previous attempts to create a new Twitter were clunky, had waiting lists and brought almost no prior established audience, while Threads will effectively be a new extension of a social network family that already has more than three billion people checking in daily.
- In a post on Threads early Thursday morning, Zuckerberg claimed the app has already racked up 10 million sign-ups in just seven hours.
- Meta also has the business muscle to go after whatever is left of Twitter's real lifeblood—advertisers.
- "Twitter's self-imploding antics of the Elon Musk era and the failure of upstarts to capitalize on the situation should mean there is an opportunity for someone to capture significant consumer engagement and advertiser budgets from Twitter," wrote ad industry analyst Brian Wieser on Wednesday.
- The aforementioned curb on the number of tweets users can view was billed as part of "extreme measures to remove spam and bots from our platform," Twitter said earlier this week. The company also framed the limits as temporary, and added that the impact on advertising has been "minimal." But Twitter is also making changes to TweetDeck—a tool popular with the site's power users. Among those changes is that TweetDeck will soon require a subscription to the company's controversial Twitter Blue plan to access.
- Charging its most active users for something that has long been free is a particularly dicey prospect for Twitter, which has long relied heavily on a small number of its users to generate the bulk of its content.

## META'S COPYCAT MACHINE

[https://www.axios.com/2023/07/06/metascopycat-machine-threads?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioscloser&stream=top](https://www.axios.com/2023/07/06/metascopycat-machine-threads?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioscloser&stream=top)

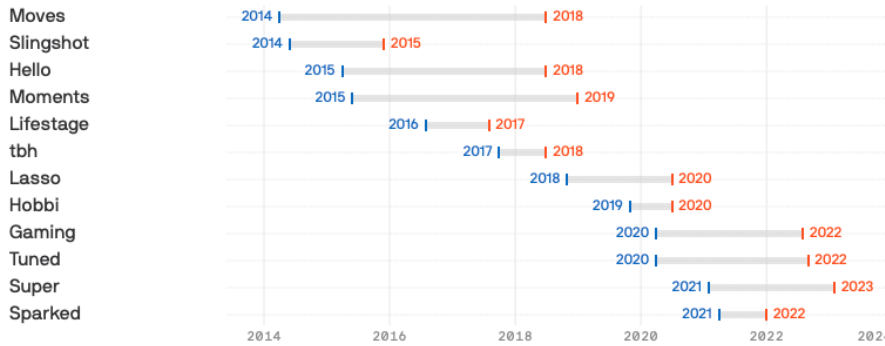
Jul 6, 2023



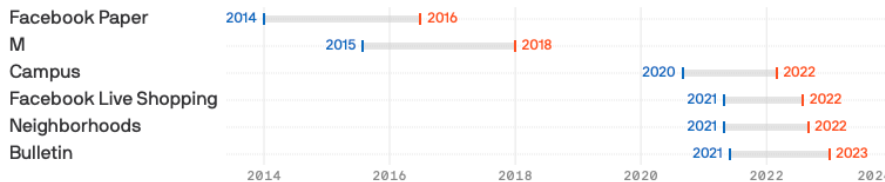
## Meta's launches and shutdowns of apps and features

January 2014 to June 2023

### Apps



### Features



Data: Axios Reporting; Chart: Jared Whalen/Axios

- Meta's new Twitter copycat app, Threads, may seem like an attempt to undercut Elon Musk while he's down, but it's also a continuation of the company's long-standing "clone and conquer" product strategy.
- Why it matters: Most of the time, Meta's copycat experiments have failed. But a small number of cloned or acquired features that have worked out, like its TikTok copycat Reels and its Snapchat copycat Stories, have paid off handsomely.
- Meta has a deep history of launching apps and features mimicking its rivals' offerings, only to shut them down after a few months.
  - Most copycat apps or features launched by Meta that have shuttered lasted less than two years.
  - Meta has tried everything from dating apps to fitness trackers and news readers. While some of the failed products were small losses, others — like Facebook's stand-alone Gaming app that shut down in 2022 after two years — required heavier investment.
- Meta typically copies apps or features that are rising in popularity, while Threads is launching as Twitter struggles with product flubs and fleeing advertisers.
- Regulators have cited Meta's copycat strategy as a point of possible antitrust concern.
- Lawsuits filed by the Federal Trade Commission and dozens of U.S. states in 2020 allege that Meta, then called Facebook, has long engaged in a "systematic strategy" to eliminate threats to its monopoly, which includes buying and cloning rivals to box them out.

## ✓ META'S THREADS APP SEES EARLY SUCCESS, DRAWING ADVERTISER INTEREST AND TWITTER'S IRE

[https://www.wsj.com/articles/early-success-of-metas-threads-is-already-drawing-interest-from-advertisers-ba67d722?st=vsio04h2eoi6x54&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/early-success-of-metas-threads-is-already-drawing-interest-from-advertisers-ba67d722?st=vsio04h2eoi6x54&reflink=desktopwebshare_permalink)

Updated July 6, 2023 at 6:55 pm ET

- In less than 24 hours, the microblogging app Threads, launched Wednesday by Meta Platforms META -0.61% decrease; red down pointing triangle, has signed up more than 30 million users, surged to the top of app store download charts and become a trending topic on Twitter, the social network it is hoping to upend.



- The launch also drew a sharply worded letter from a Twitter lawyer, which alleged that Meta hired Twitter employees and assigned them to help build Threads. A Meta spokesman denied the charge.
- It isn't clear whether Threads can sustain its early momentum, but with so many sign-ups, analysts and investors said the launch appeared to be an early success and that it could become attractive for advertisers if the platform achieves sufficient scale.
- Threads initially isn't carrying advertising, but several ad-agency executives expect if it does it will have an innate advantage over other platforms because of its connection to Meta's ecosystem.
- Mark Zuckerberg, chief executive of Threads parent Meta Platforms, has said his team is concentrating for now on developing user engagement, and Meta has told advertisers that Threads won't have monetization features for now.
- The launch hasn't been without its kinks. Some users complained about a number of features that are absent from the app. Among those features are the ability to create lists that display threads from specific accounts, the ability to watch full-screen videos horizontally and the ability to search for specific posts.
- "It remains too early to estimate given that we are not sure about whether the users will stay and interact much or they will just give it a try and go back to Twitter," said Ali Mogharabi, senior equity analyst at Morningstar Research Services.
- The launch of Threads contrasts with that of other would-be Twitter competitors such as BlueSky and Mastodon. They require users to secure an invitation or choose what servers they want their accounts to be based on, which slows sign-ups.
- As Meta has done on previous occasions when competing with upstarts such as Snapchat and TikTok, the company launched Threads with many features its competitors offer. Users can make posts up to 500 text characters, they can repost others' threads and they can post photos and videos that are five minutes long.
- It is still unclear how much this will move the needle for Meta's revenue, said Igor Tishin, an information technology analyst at asset manager Harding Loevner, which owns shares of Meta. "Regardless, this is not good news for Twitter," he said. Some analysts said Threads could eventually push up Meta's revenue by a few billion dollars but that it is unlikely to make a material contribution in the near term.
- Twitter, which struggled with losses and other problems before Musk took over, has been dealing with the departure of advertisers since then after the new owner upended many of the site's policies about content moderation. Brands have been cautious about resuming their spending on Twitter, and Musk recently brought in Linda Yaccarino, a seasoned ad executive, to be CEO. Since taking over last month, Yaccarino has made overtures toward addressing advertisers' concerns in an attempt to bring them back.
- Brendan Gahan, chief innovation officer at digital-ad agency Mekanism, said Meta's ad-technology and targeting capabilities were the best in the world. "If Threads becomes a viable social platform, they'd open up a massive stream of ad revenue by tapping into Meta's data trove—offering highly targeted ads from the start," he said.

## THREADS VS. TWITTER: WHAT'S THE DIFFERENCE?

[https://www.wsj.com/articles/threads-app-twitter-features-differences-dc943cd2?mod=hp\\_lead\\_pos1&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioscloser&stream=top](https://www.wsj.com/articles/threads-app-twitter-features-differences-dc943cd2?mod=hp_lead_pos1&utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioscloser&stream=top)

Updated July 7, 2023 at 1:56 pm ET

- While linked to Instagram (you need an Instagram account to sign up for Threads), the new app's primary focus is sharing short snippets of text. Users can post up to 500 characters or share videos up to five minutes long.

- Since Musk took over Twitter in October, the company has had numerous technical issues, changed its blue-check-mark verification policies and faced criticism from users and advertisers for how it moderates content. This past weekend, Musk limited how many posts users could see, saying he wants to combat “extreme levels of data scraping.”
- That's left a potential opening for competitors. There's Mastodon, Bluesky, Spill.
- Thanks to some serious Twitter copying and pasting, Threads is simple to use.
- You can't join Threads without an Instagram account, but the new service operates as its own app.
- If you really don't want to download another app, you can access the service from the Threads.net website, similar to how you can use Instagram in a browser. Hayes said there are no plans right now for a dedicated Mac or Windows app.
- Because of the Instagram integration, setting up Threads is fast and easy. Quitting it—not so much. You can't completely delete your Threads profile unless you also delete your Instagram account, the app's privacy policy says.
- If you really don't want to use Threads but want to keep Instagram, you can deactivate your account, which hides your profile, Threads, replies and likes. Deactivating Threads doesn't impact your Instagram account.
- It takes just a few minutes of using Threads to see where Meta rushed things. “There are a bunch of features that are coming that weren't quite ready for launch,” Hayes said.
- There are no ads on Threads—at least for now. “The priority for this launch is to make the app as great as possible for consumers and creators,” Hayes said. “And we haven't prioritized ads as a part of this.” (Translation: There will eventually be ads.)
- Threads has an edge over most Twitter competitors because it uses Instagram to immediately build your following and populate your feed.
- Heck, in just the first four hours, it had over five million sign-ups, according to Zuckerberg's own Thread. The app hit 70 million as of Friday morning. “Way beyond our expectations,” he said.

## THREADS ISN'T FOR NEWS AND POLITICS, SAYS INSTAGRAM'S BOSS

<https://www.theverge.com/2023/7/7/23787334/instagram-threads-news-politics-adam-mosseri-meta-facebook>

Jul 7, 2023 at 2:16 PM AST

- Instagram's new Threads app is “not going to do anything to encourage” politics and “hard news,” Instagram boss Adam Mosseri said in a Threads conversation with *The Verge's* Alex Heath.
- The additional scrutiny, negativity, and integrity risks that come with politics and hard news aren't worth the “incremental engagement or revenue,” Mosseri wrote. “There are more than enough amazing communities — sports, music, fashion, beauty, entertainment, etc. — to make a vibrant platform without needing to get into politics or hard news.”
- The Instagram boss later clarified his initial response, stating that while Threads won't “discourage or down-rank news or politics,” it won't “court” them as Facebook has in the past. “If we are honest, we were too quick to promise too much to the industry on Facebook in the early 2010s, and it would be a mistake to repeat that,” Mosseri said.
- The goal isn't to replace Twitter. The goal is to create a public square for communities on Instagram that never really embraced Twitter and for communities on Twitter (and other platforms) that are interested in a less angry place for conversations, but not all of Twitter.
- Still, it seems inevitable that politics and news will trickle onto Threads in some way, especially if politicians and journalists use the platform during the 2024 presidential election cycle. And Instagram is working on a feed just for people you follow and a

chronological feed, which, at least for me, should make Threads a much more useful place to find news. But it sounds like Instagram won't be going out of its way to make Threads what Twitter once was — so don't get your hopes up for some kind of Thread-Deck.

## ✓ ELON MUSK IS MAKING MARK ZUCKERBERG SEEM COOL AGAIN

[https://www.wsj.com/articles/mark-zuckerberg-threads-twitter-elon-musk-ecec1eaa?st=en80qeudyw85j5h&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/mark-zuckerberg-threads-twitter-elon-musk-ecec1eaa?st=en80qeudyw85j5h&reflink=desktopwebshare_permalink)

Updated July 8, 2023 at 12:02 am ET

- Elon Musk has done the once unimaginable: He has helped revive Mark Zuckerberg's Silicon Valley mojo.
- After more than eight months of turmoil under Musk on Twitter, a certain glee erupted from those who said they were tired of the chaos and sometimes nastiness of his particular digital clubhouse. So much so that they signed up for Threads, overlooking the typical privacy anxieties that come with Meta Platforms META -2.03% decrease; red down pointing triangle sites.
- There were reports of apps crashing and posts not loading. But overall it appeared from the outside to be a successful launch as, hour after hour, Zuckerberg updated figures on the surge of people signing up.
- "Twitter is definitely not anyone's PUBLIC square. Not anymore," Chris Messina, who is credited with inventing the hashtag concept that has become ubiquitous throughout social media, wrote Thursday morning on Threads. "It's Elon Musk's private playground where he's about to charge everyone, not just the landed gentry, for entry and access."
- For years, it had been Musk, 52, who was winning over praise for his antihero antics, risking his personal fortune to bring the world electric cars and make space travel possible—all as he took on entrenched industries with his cunning swagger. His ambitions made him the world's richest man.
- He dated Hollywood starlets and joked about drugs and sex on Twitter, where he has amassed more than 145 million followers, and spoke with an authenticity that won him many fans.
- All while Zuckerberg was cast in recent years as Silicon Valley's poster child for the Great Tech Backlash. It was a painful fall for the wunderkind who helped usher in the social-media age almost 20 years ago as a baby-faced, Harvard University student who co-founded The Facebook in his dorm room.
- His arrival in Silicon Valley brought a new way of doing things and a new kind of bravado. His business card once read, "I'm CEO...bitch," and his trademark T-shirts and hoodies became standard uniforms for a generation of wannabe hackers.
- His arrival in Silicon Valley brought a new way of doing things and a new kind of bravado. His business card once read, "I'm CEO...bitch," and his trademark T-shirts and hoodies became standard uniforms for a generation of wannabe hackers.
- He was reviled for various scandals, from Cambridge Analytica to the company's slow response to 2016 election meddling, and ridiculed for his unusual personal pursuits—like riding a hydrofoil while holding an American flag—that made him seem out of touch.
- And his company faced criticism over his investments in virtual reality for the so-called Metaverse and saw advertising sales pull back amid new privacy changes introduced by Apple's iPhones.
- Since then, things have been looking better for the CEO and his company, even if not always easy. He has cut thousands of jobs as part of his so-called "year of efficiency" while also seeing improvements in the ad business, reporting in April its first revenue

increase in almost a year. Investors have rewarded Meta: Shares have more than tripled from last year's low.

- With Threads this week, Zuckerberg appeared to have some of his swagger back as the public face of the platform's rollout. "Let's do this," he posted in his debut Wednesday.
- His upbeat, inoffensive posts were in many ways counterprogramming to Musk's tweets, especially as the rival billionaire stewed on Twitter, accusing Meta of copying his platform.
- "Best public image stretch for Zuck in a long time," Eric Newcomer, author of a popular newsletter about startups on Substack, wrote on Threads. "A kind of enemy of my enemy is my friend situation. Also Elon set such a low bar by making Twitter mean that Meta saying 'how about nice' makes them look like saints."

## THREADS V. TWITTER: WHAT TO KNOW ABOUT META'S NEW SOCIAL MEDIA SERVICE

[https://www.axios.com/2023/07/06/threads-twitter-meta-instagram-zuckerberg-musk?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioscloser&stream=top](https://www.axios.com/2023/07/06/threads-twitter-meta-instagram-zuckerberg-musk?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioscloser&stream=top)

July 10, 2023

- "Meta only needs 1 in 4 Instagram users to use Threads monthly for it to be as big as Twitter," according to Insider Intelligence principal analyst Jasmine Enberg.
- It's no surprise that Twitter is already threatening legal action.

## THE RAPID RISE OF THREADS APPEARS TO BE HURTING TWITTER

[https://www.wsj.com/articles/the-rapid-rise-of-threadsappears-to-be-hurting-twitter-f557ba6e?reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/the-rapid-rise-of-threadsappears-to-be-hurting-twitter-f557ba6e?reflink=desktopwebshare_permalink)

Updated July 10, 2023 at 5:21 pm ET

- Mark Zuckerberg, chief executive of Threads parent Meta Platforms META 1.23%increase; green up pointing triangle, said the new microblogging platform hit 100 million sign-ups less than a week after launching. At least two third-party estimates suggest Twitter traffic has been falling in tandem, an indication that its users may be leaving it for Threads rather than attempting to juggle both.
- In a post on Threads, Zuckerberg said the 100 million sign-ups are from "mostly organic demand and we haven't even turned on many promotions yet."
- The arrival of Threads has added more fuel to a long rivalry between Zuckerberg and Twitter owner Elon Musk, which went into overdrive last month when the men tentatively agreed to a cage match.
- Days after Threads made its debut, Musk accused Zuckerberg's Meta of using Twitter's trade secrets and poaching its employees to work on Threads. A Meta spokesman said no one on the Threads engineering team was a former Twitter employee.
- Twitter has undergone a string of changes since Elon Musk bought the company in October and took it private in an effort to increase subscription revenue and cut costs. Those changes have created an opening for rivals to swoop in.
- Since Twitter's launch in 2006, it has fended off startup rivals such as Parler, a social network popularized by supporters of former President Donald Trump, and overcome hiccups, which suggests the company can weather this latest storm, said Cascend analyst Eric Ross.

## AS TWITTER TRAFFIC TAKES A HIT, ZUCK-MUSK FIGHT GETS HEATED

[https://www.barrons.com/articles/twitter-threads-elon-musk-mark-zuckerberg-feud-c2717b80?mod=djem\\_b\\_Feature\\_7112023%2065141%20AM](https://www.barrons.com/articles/twitter-threads-elon-musk-mark-zuckerberg-feud-c2717b80?mod=djem_b_Feature_7112023%2065141%20AM)

Updated July 11, 2023 8:31 am ET

- Analytics firm Similarweb SMWB +4.03% said in an updated report on Monday that in the first two full days that Threads was available last week, web traffic to twitter.com fell 5% compared with the same days of the previous week. Compared with one year ago, Twitter traffic was down 11% those two days, it said, adding that Twitter traffic had dropped even without Threads.
- In what Similarweb called "a bad sign for app user loyalty," Twitter user retention also dropped. On Android, the percentage of new users who are continuing to regularly use the Twitter app after 30 days has dropped from 19% in May 2022 to 16% in May 2023, Similarweb said. The loyalty of new Instagram users has held steady at about 40%, it said.

## EU-U.S. DATA PACT KICKS OFF NEW SHARING ERA

[https://www.axios.com/2023/07/11/data-pact-privacy-transatlantic-pact-eu-us?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosmarkets&stream=business](https://www.axios.com/2023/07/11/data-pact-privacy-transatlantic-pact-eu-us?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosmarkets&stream=business)

Jul 11, 2023

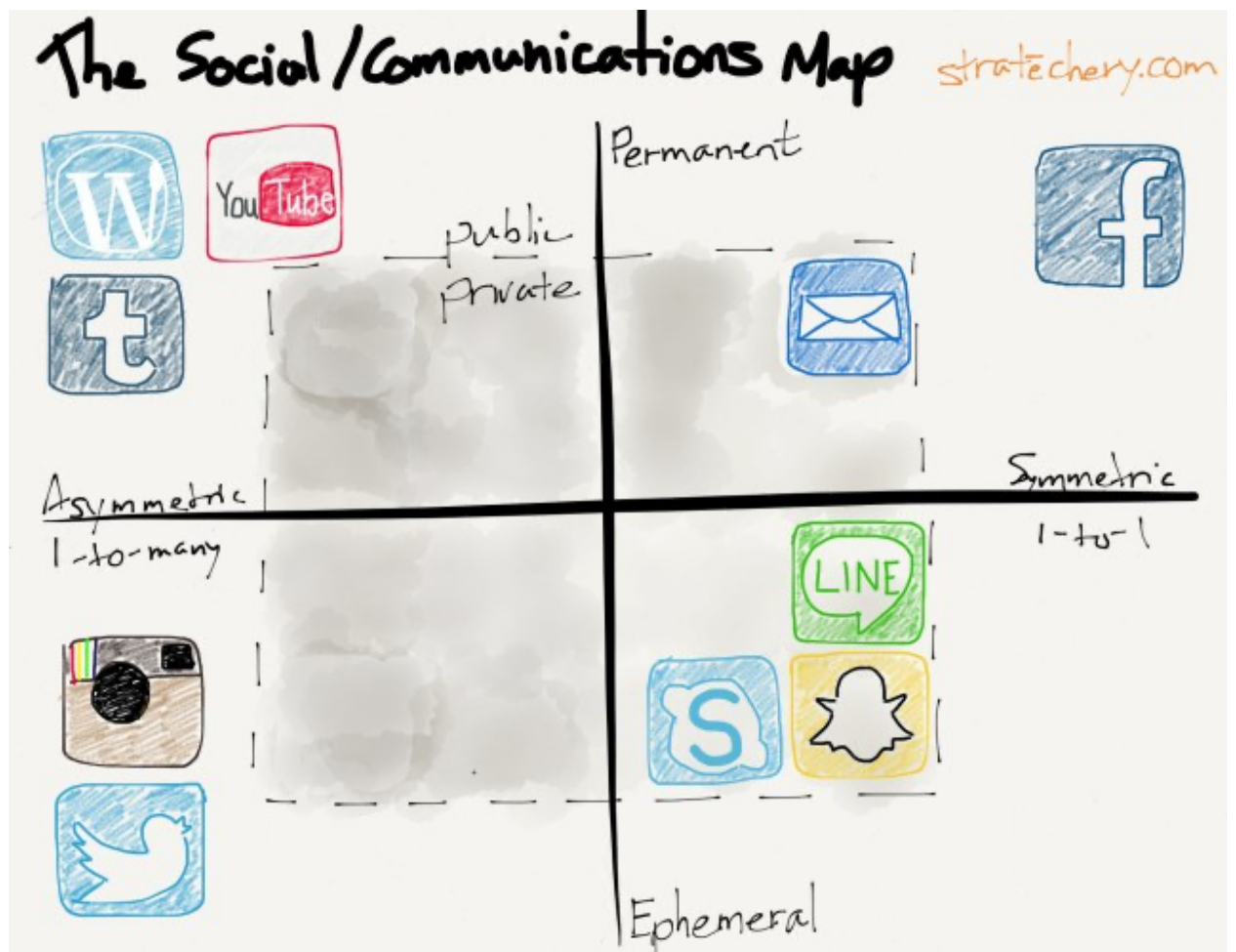
- A deal allowing tech companies to send user data between the European Union and the United States was completed Monday, resolving a disagreement over the ability of American intelligence agencies to access EU resident data.
- The US and EU have been hammering out different versions of a transatlantic data sharing agreement for years, and officials hope this latest one will stick after previous attempts were struck down.
- The EU's tighter data privacy protections put American companies at risk while sending European user data back to the U.S. The agreement aims to provide these firms with standards they can pledge to meet to comply with EU rules.
- Compared to past agreements, the EU-US Data Privacy Framework has clearer policies around when U.S. intelligence agencies can obtain personal EU resident information and how that process can be appealed.
- Without a workable data agreement in place, Ireland's Data Protection Commission fined Meta \$1.3 billion for transferring the personal data of European users to the U.S. in May.

## THREADS AND THE SOCIAL/COMMUNICATIONS MAP

[https://stratechery.com/2023/threads-and-the-social-communications-map/?utm\\_source=sg&utm\\_medium=email&utm\\_campaign=article\\_email&utm\\_content=article-10869](https://stratechery.com/2023/threads-and-the-social-communications-map/?utm_source=sg&utm_medium=email&utm_campaign=article_email&utm_content=article-10869)

Tuesday, July 11, 2023

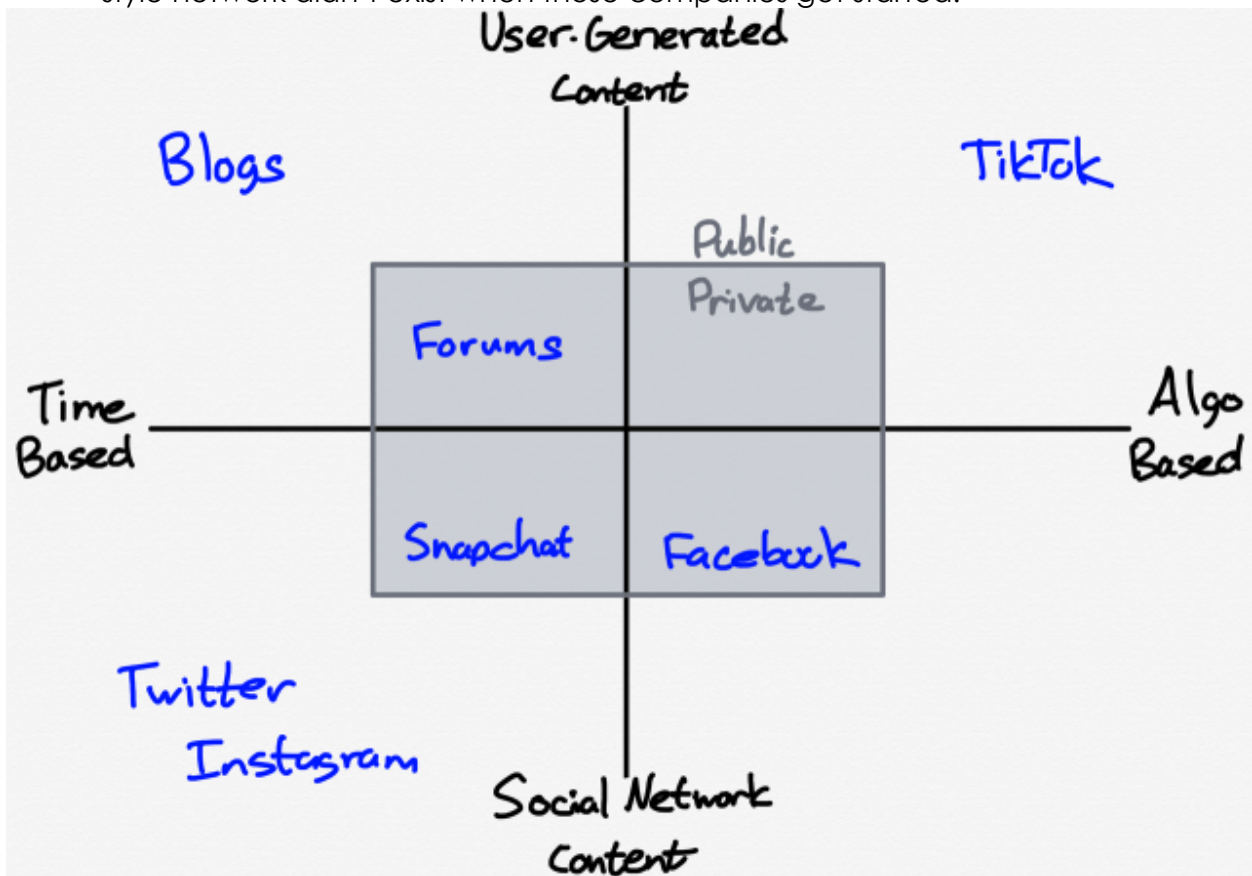




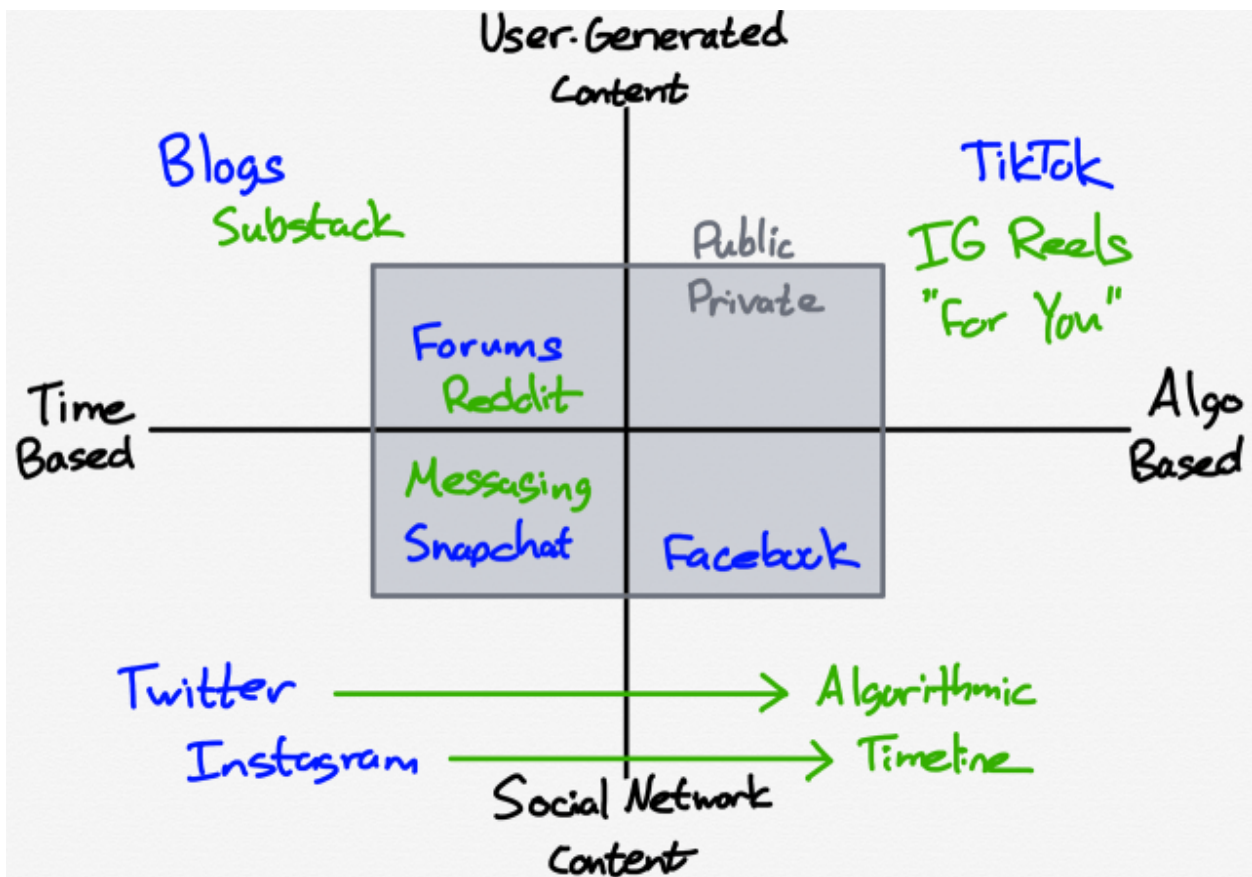
- That map came out of an Article called The Multitudes of Social that argued that social media was not a single category destined to be won by a single app, and that Facebook could never “own social”
- Facebook needs to appreciate that their dominance of social on the PC was an artifact of the PC’s lack of mobility and limited application in day-to-day life. Smartphones are with us literally everywhere, and there is so much more within us than any one social network can capture.
- A better axis leans into the “SocialCommunications” aspect of the title: the most important new social networks of the last few years have been notable for not really being social networks at all.
- TikTok-ization of user-generated content: the reason why TikTok was such a blindspot for Facebook is that, unlike Snapchat, it doesn’t depend on network effects, but rather abundance.
- Mobile, though, is defined by the Internet, which is to say it is defined by abundance...So it is on TikTok, or any other app with user-generated content. The goal is not to pick out the hits, but rather to attract as much content as possible, and then algorithmically boost whatever turns out to be good...The truth is that Katzenberg got a lot right: YouTube did have a vulnerability in terms of video content on mobile, in part because it was a product built for the desktop; TikTok, like Quibi, is unequivocally a mobile application. Unlike Quibi, though, it is also an entertainment entity predicated on Internet assumptions about abundance, not Hollywood assumptions about scarcity.
- It’s ultimately a math question: are you more likely to find compelling content from the few hundred people in your social network, or from the millions of people posting on the service? The answer is obviously the latter, but that answer is only achievable if you have the means of discovering that compelling content, and, to be fair to both



Facebook and Twitter, the sort of computational power necessary to pull off a TikTok-style network didn't exist when those companies got started.



- The first change is that the symmetric/asymmetric axis has been replaced by the nature of the sorting algorithm: chronological order versus algorithmic selection
  - Algorithmic sorting, though, makes much more sense when you are consuming content that is broadcast to the world, and thus has no assumptions about or expectations for in-order contextual replies.
- The second change is the TikTok-ization I noted above: my new vertical axis is user-generated content, by which I mean content across the network, versus network-generated content, by which I mean content from the people you choose to follow.
- I was honestly surprised to find out that both Twitter and Instagram were in the lower left quadrant until 2016; that is when both services started offering an algorithmic timeline.



- In the modern world, machine learning algorithms that mediate who interacts with whom and how in social media feeds are, in essence, social institutions. When you change those algorithms you might as well be reconfiguring a city around a user while they sleep. And so, if you were to take control of such a community, with years of information accumulated inside its black box of an algorithm, the one thing you might recommend is not punching a hole in the side of that black box and inserting a grenade. So of course that seems to have been what the new management team did. By pushing everyone towards paid subscriptions and kneecapping distribution for accounts who don't pay, by switching a TikTok style algorithm, new Twitter has redrawn the once stable "borders" of Twitter's communities.
- Instagram's Evolution has shown that this shift is possible, but the shift has been systemic and gradual — and even then subject to occasionally intense pushback. Musk's Twitter, though, has been haphazard and blistering in its pace. What ought to concern the company about Threads, though, is the possibility that all of the upheaval — which effectively sacrifices the niche Twitter had carved out amongst text nerds that dominate industries like media — will not actually result in the user growth Musk is hoping for, because Threads got there first.
- Indeed, this map is the key to understanding why it is that Threads looks like Twitter, but is in fact a very different product: Threads is solidly planted in the upper right. When you log onto the app for the first time, your feed is populated by the algorithm; there is some context given by whom you follow on Instagram, but Meta seems aware that accounts you might want to look at may be different than accounts you want to hear from, and is thus filling the feeds with what it thinks you might find interesting. That is how it can provide an at-least-somewhat-compelling first-run experience to 100 million people in five days.
- This leads to the biggest open question about Threads' long-term prospects, and, by extension, Twitter's: did those millions of abandoned Twitter users give up because text-based social networking just wasn't that interesting to them, or because Twitter made it too hard to get started? I've made the case that it's the former, which means that

Threads is a grand experiment as to the validity of that thesis. If those 100 million users stay engaged (and if that number continues to grow), then the people chalking up Twitter's inability to grow or monetize effectively to the company's inability to execute are correct.

- Many of those knots are tied to that lower left quadrant: a predominantly time-based feed makes sense if a service is predominantly about "What is happening?", to use Twitter's long-time prompt; a graph based on who you choose to follow doesn't just show what you want to see, it also controls what you don't (Wei notes that this is a particularly hard problem for algorithmically generated feeds). Both qualities seem particularly pertinent for a medium (text) that is information dense and favored by people interested in harvesting information, a very different goal than looking to pass the time with an entertaining video or ten.
- It follows, then, that Twitter's best defense against Threads may be to retreat to that lower left corner: focus on what is happening now, from people you chose to follow. The problem, though, is that while this might win the battle against Threads, it means that Musk will have lost the war when it comes to ever making a return on his \$44 billion. In truth, though, that war is already lost: Musk's lurch for the upper right was probably the best path to reigniting user growth, but if that is the corner that matters then Threads will win.
- Placing this option in the context of Facebook and Instagram actually suggests that this feature won't matter very much; both services make it hard to find, and revert back to the default algorithmic feed, and for good reason: users may say they want a chronological feed, but their revealed preference is the opposite.
- I think success will be creating a vibrant community, particularly of creators, because I do think this sort of public space is really, even more than most other types of social networks, a place where a small number of people produce most of the content that most everyone consumes. So I think it's really about creators more than it is about average folks who I think are much more there just to be entertained. I think [we want] a vibrant community of creators that's really culturally relevant. It would be great if it gets really, really big, but I'm actually more interested in if it becomes culturally relevant and if it gets hundreds of millions of users. But we'll see how it goes over the next couple of months or probably a couple of years.
- "Culturally relevant" is the one game that Twitter has won, far more than Facebook, and arguably more than Instagram: Twitter drives national and international media coverage, from TV to newspapers, to an extent that drastically exceeds its monetization potential. Meta, meanwhile, has been content to provide social networking for the silent majority, making tons of money along the way. The best way to do that with text — if it is even possible — would be to stay in that upper right corner; cultural relevancy, though, is still in the bottom left, even if there aren't nearly as many users, or money.
- Meta is about algorithms and scale, and I would bet that Threads will leave real time reactions, news, and pitched battles to Twitter; Musk's most important decision may be accepting that that is enough, because it's all he's going to get.

## META'S THREADS NOW HAS TO KEEP ITS MILLIONS OF USERS ENGAGED

[https://www.wsj.com/articles/metas-threads-now-has-to-keep-its-millions-of-users-engaged-343e345b?reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/metas-threads-now-has-to-keep-its-millions-of-users-engaged-343e345b?reflink=desktopwebshare_permalink)

July 13, 2023 at 5:30 am ET

- Now the Instagram-dependent platform has to prove it can carve out a unique identity and persuade users to stay.
- "As more people get to the platform, as they have to enforce moderation policies, as they start to roll out branded content partnership features and ads, the platform gets more and more familiar to what we already know," said Lia Haberman,

- The big social-media apps, including YouTube, Twitter and TikTok, all have faced scrutiny from Congress over how they handle user data, content moderation and more. Last month, senators asked Meta for information after The Wall Street Journal reported that Instagram helps connect a vast network of pedophiles.
- “The goal isn’t to replace Twitter,” Adam Mosseri, head of Instagram, said in a post on Threads on Friday. “The goal is to create a public square for communities on Instagram that never really embraced Twitter and for communities on Twitter (and other platforms) that are interested in a less angry place for conversations.”
- Mosseri also said Threads isn’t going to encourage politics or hard news, citing what he called scrutiny, negativity and integrity risks.
- “It feels almost like a big group chat,” said Ellen V Lora, a fashion content creator with more than 460,000 followers on Instagram. She said the ability to quickly transfer followers over to Threads made it feel as if it was a “natural addition,” as opposed to Twitter, where she never gained traction.
- Meta thinks the audience for Threads could far exceed Twitter’s. Instagram has more than two billion users, Zuckerberg said on an earnings call in October—that is nearly four times as many monthly active users as Twitter, according to a presentation the company gave to advertisers in June.
- Threads has passed the initial test: capturing the attention of social-media users. But the real test will be whether they stay on the app long-term,

#### META THREADS ENGAGEMENT HAS DROPPED OFF SINCE RED-HOT DEBUT, TRACKING FIRMS SAY

[https://www.cnbc.com/2023/07/13/meta-threads-engagement-has-dropped-off-sensor-tower-similarweb.html?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axioscloser&stream=top](https://www.cnbc.com/2023/07/13/meta-threads-engagement-has-dropped-off-sensor-tower-similarweb.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioscloser&stream=top)

JUL 13 2023 5:38 PM EDT

- Facebook’s Twitter-killer, Threads, has seen drops in daily active users and time spent on app since the weekend, according to SensorTower and SimilarWeb.
- But with 100 million signups in only 5 days, it’s still one of the fastest-debuting apps of all time, and seems to be siphoning some traffic from Twitter.
- But, he added, Sensor Tower data suggests a significant pullback in user engagement since Threads’ launch: On Tuesday and Wednesday, the platform’s number of daily active users were down about 20% from Saturday, and the time spent for user was down 50%, from 20 minutes to 10 minutes.
- “These early returns signal that despite the hoopla during its launch, it will still be an uphill climb for Threads to carve out space in most users’ social network routine,” Bartolacci said. “The backing of Meta and the integration with Instagram likely gives Threads a much higher flood than other services, but it will need a more compelling value proposition than simply ‘Twitter, but without Elon Musk.’”
- Data from Similarweb, a digital data and analytics company, showed similar trends. Threads saw a dropoff of more than 25% in daily active users between its July 7 peak and Monday for Threads users on Android phones worldwide. The company is not yet finished calibrating its model with iOS data.
- Similarweb data also suggested that usage time dropped by more than half, with the average amount of time U.S. users spent on the app dropping from about 20 minutes on July 6 to just over 8 minutes on July 10.
- Threads is still in its extremely early days, and it’s natural for a sign-up boom to taper off as users explore a new service and whether the community, and the topics it pushes, are a fit.

- We launched the app just over a week ago, and our focus now is on ensuring stable performance, delivering new features and continuing to improve the experience in the coming months.” The company also noted that CEO Mark Zuckerberg has commented on Threads that most of its growth to 100 million sign-ups was organic, not the result of promotions.
- “Meta only needs 1 in 4 Instagram users to use Threads monthly for it to be as big as Twitter,” Jasmine Enberg, principal analyst at Insider Intelligence, said in a statement.
- “In the first couple of days of peak Threads activity, last Thursday and Friday, Twitter web traffic was down about 5% from the same days of the previous week. These are admittedly very early indicators, but they do show Threads has the potential to steal significant usage away from Twitter, particularly as the Threads app team starts to fill in missing features like hashtags and topical search.”

## ZUCKERBERG CHanneled ‘OG MARK’ TO FAST-TRACK SECRET EFFORT THAT BECAME THREADS

<https://www.wsj.com/articles/zuckerberg-channeled-og-mark-to-fast-track-secret-effort-that-became-threads-86ce532e?st=blejumqoder84wf&reflink=desktopwebshare> permalink

Updated July 14, 2023 at 3:16 pm ET

- For Mark Zuckerberg, the launch of Threads this month was the culmination of a secretive, monthslong effort aimed at rewriting the narrative about Meta Platforms META 4.40%increase; green up pointing triangle and his leadership of the social-media giant during the most difficult stretch in its history.
- The outward triumphalism mirrors Zuckerberg’s attitude behind the scenes, people familiar with the matter said. He has become more emboldened, acting intentionally and doing so in a cutthroat manner akin to that of his early years running Facebook, or as some have described it, a return to “OG Mark.”
- The official launch of the app was planned for later this month, but Meta decided to move up the date after Musk limited the number of posts Twitter users could view a day. That limit prompted thousands of user complaints, said Sam Saliba, a longtime Silicon Valley tech executive who was previously global brand marketing lead at Instagram and still maintains ties to people at Meta.
- Meta opted to release a basic version of the project, known within the tech industry as a minimum viable product, to capitalize on Twitter’s misstep. Instagram had previously released a messaging app under the name Threads in 2019 that had been shut down by the end of 2021. Considering Meta already owned the brand name, the company decided to recycle Threads for the release of Project 92, Saliba said.
- As Project 92 proceeded, Zuckerberg was dealing with continuing challenges in Meta’s main business. Revenue resumed slight growth in the first quarter, but profit continued to fall.
- The six-month crash project to build Threads hearkened to Facebook’s earlier move-fast-and-break-things days under Zuckerberg.
- The early success of Threads hasn’t solved Zuckerberg’s business problems. Meta’s core digital-advertising business is slowly recovering after a brutal 2022 that triggered the first major cutbacks in the company’s history, sapping employee morale. The metaverse, the concept of a more immersive digital world on which Zuckerberg has effectively bet the company, has yet to show how it will pay off.
- Even when Meta turns Threads ads on, the potential revenue stream might be limited. Twitter’s advertising business peaked in 2021 with \$4.51 billion in revenue. If Meta matched that amount, that would represent a little less than 4% in year-to-year growth for Meta’s advertising business, which generated \$113.6 billion in advertising revenue in 2022.



## ✓ NORWAY HAS HAD IT WITH META, THREATENS \$100K FINES FOR DATA VIOLATIONS

[https://arstechnica.com/tech-policy/2023/07/norway-has-had-it-with-meta-threatens-100k-fines-for-data-violations/?utm\\_campaign=itb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://arstechnica.com/tech-policy/2023/07/norway-has-had-it-with-meta-threatens-100k-fines-for-data-violations/?utm_campaign=itb&utm_medium=newsletter&utm_source=morning_brew)  
7/18/2023, 12:52 PM

- Meta's data privacy woes in Europe continue as Norway has announced an immediate ban on "behavioral advertising" on Facebook and Instagram. Until Meta makes some big changes, it will be fined \$100,000 daily for Norwegian user privacy breaches, the Norwegian Data Protection Authority, Datatilsynet, said yesterday.
- Norway has not banned the apps. Its ban is focused on restricting data collection for behavioral advertising and starts August 4. The temporary ban could drag on for three months unless Meta takes remedial action sooner.
- But there's a chance the ban could also be extended by the European Data Protection Board (EDPB).
- Head of Datatilsynet's international section, Tobias Judin, told Ars that the Norwegian data authority has not yet referred its decision to the EDPB—a step that Reuters reported "could make the fine permanent and widen the decision's territorial scope in Europe." Instead, Datatilsynet is giving Meta time to respond "before taking any next steps."
- If it does get to that point and the EDPB agrees with Datatilsynet, that "would put additional pressure on Meta," Judin told Reuters.
- Norway is not part of the European Union, but it belongs to the European Economic Area, which means it is part of the EU's single market and is similarly bound by the GDPR.
- Meta did not respond to Ars' request for comment, but a spokesperson told Reuters that the company is reviewing Datatilsynet's decision. This month, Meta has indefinitely delayed launching its new app Threads in the EU over similar regulatory concerns.
- The company was so cautious to ensure that Threads was not violating GDPR that it started blocking EU users attempting to use VPNs to access the app.

## META PLATFORMS EARNINGS ARE AROUND THE CORNER. WALL STREET IS BOOSTING ESTIMATES.

[https://www.barrons.com/articles/meta-platforms-stock-price-earnings-55012d3f?mod=djem\\_b\\_BarronsTech0719](https://www.barrons.com/articles/meta-platforms-stock-price-earnings-55012d3f?mod=djem_b_BarronsTech0719)  
July 19, 2023 11:42 am ET

- Analysts continue to ratchet up estimates for Meta Platforms ahead of the Facebook parent's next earnings report, citing signs of better conditions in the digital advertising market, with potential further improvements in the second half of the year.
- "Resilience in user engagement and early signs of success with Reels bode well for Meta amid favorable macro indicators including consumer spending, unemployment and inflation," Squali wrote in Wednesday's note. He adds that the company's focus on operating efficiency should spur improving margins, even as the company invests heavily in artificial intelligence.
- As for Threads, the company's new Twitter competitor, the early traction is impressive, but that "much work remains for it to become consequential" to the company's financial results, the analyst says. The new service seems to have lost some steam after a strong initial start, with daily users now below 25 million, down from a peak of 44 million, he writes, citing data from the research firm Sensor Tower. But he says Threads is "important and strategic" for Meta.



- While Meta has said it has no near-term monetization strategy for Threads, the analyst notes that eventually the new platform can leverage Meta's relationships with more than 15 million advertisers worldwide. And Meta can use data from Threads to improve ad targeting across its platforms, he adds.

## THREADS IS ALREADY LOSING ITS ALLURE FOR USERS, ADDING URGENCY FOR NEW FEATURES

[https://www.wsj.com/articles/threads-user-engagement-continues-to-drop-adding-urgency-for-new-features-8ed2f384?reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/threads-user-engagement-continues-to-drop-adding-urgency-for-new-features-8ed2f384?reflink=desktopwebshare_permalink)

Updated July 21, 2023 at 10:48 am ET

- User engagement on Threads has continued to fall after an initial surge in sign-ups, putting pressure on parent Meta Platforms META -2.73%decrease; red down pointing triangle to roll out new features for its nascent microblogging app.
- For a second week in a row, the number of daily active users declined on Threads, falling to 13 million, down about 70% from a July 7 peak, according to estimates from market intelligence firm Sensor Tower.
- The average time users spend on the iOS and Android apps has also decreased to four minutes from 19 minutes. The average time spent for Android users in the U.S. dropped to five minutes from a peak of 21 minutes on launch day, according to SimilarWeb, a digital data and analytics company.
- Twitter's daily active users remain steady at about 200 million, and average time spent is at 30 minutes a day, according to Sensor Tower estimates.
- Meta executives have said they expected an eventual decline after the app gained more than 100 million sign-ups within a week of its launching earlier this month. They have signaled that they don't see the falloff as worrisome and have said they are working on additional features. Meta aims to increase the number of users and improve the experience before trying to monetize the platform.
- Some writers and reviewers have said that Threads, which was built using Instagram's infrastructure, might seem dull to certain users if they choose to follow the same people they follow on Instagram, since some of those accounts may not be posting nearly as frequently as they do on Twitter.
- Company brands have been prevalent so far on Threads, an issue that some users have complained about on the platform.
- Threads has more time to succeed than other startups because it can continue to invest in the app's success while it adds features and fixes any issues, analysts said. "Meta definitely has the patience, they have the money, and they have the engineering talent," said Debra Aho Williamson, principal analyst at Insider Intelligence, a market research firm.
- Leaders at Meta have stressed that while the response in user engagement in the initial launch has exceeded expectations, they are giving priority to stabilization before engagement.

## META STOCK JUMPS ON EARNINGS BEAT

<https://www.barrons.com/articles/meta-facebook-earnings-stock-price-c094dcfa>

July 26, 2023 5:21 pm ET

- Shares of Meta Platforms jumped in late trading Wednesday after the parent of Facebook, Instagram, WhatsApp, and Threads posted better-than-expected results for the second quarter, along with third-quarter revenue guidance that was well ahead of Wall Street estimates.
- The company also chopped its capital spending plans for 2023, but spending would increase in 2024, and it expands its work on generative AI software.

- “We had a good quarter. We continue to see strong engagement across our apps and we have the most exciting roadmap I’ve seen in a while with Llama 2, Threads, Reels, new AI products in the pipeline, and the launch of Quest 3 this fall,” Meta CEO Mark Zuckerberg said in a statement.
- Revenue in the company’s Family of Apps segment was \$31.7 billion, up 12%. But the Reality Labs segment, which includes VR headsets and the company’s work on the metaverse, saw revenue fall 39%, to \$276 million. Family of Apps had income from operations of \$13.1 billion, while Reality Labs lost \$3.7 billion, widening by \$900 million from the year-ago quarter.
- On Reels, the company’s TikTok competitor, Zuckerberg said video plays are exceeding 200 billion a day, with annualized run rate revenue now exceeding \$10 billion.
- Meta said that it expects 2024 capital spending to grow from 2023, driven by investments in data centers and servers, in particular to support AI-related work.
- The company said that 2024 depreciation expense will be higher than in 2023, due to higher infrastructure-related costs next year. And Meta reported that payroll expenses next year will grow as it adds more “higher cost technical roles.” Meta said that Reality Labs operating losses will increase in 2023 from 2022—and that losses will again “increase meaningfully” in 2024 due to product development efforts in augmented reality and virtual reality.

#### META SEES AD BUSINESS REBOUND BUT WARNS OF HIGHER SPENDING IN METAVERSE

[https://www.wsj.com/articles/meta-platforms-facebook-q2-earnings-report-2023-a0297b9c?st=93ozsem4oylthxv&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-platforms-facebook-q2-earnings-report-2023-a0297b9c?st=93ozsem4oylthxv&reflink=desktopwebshare_permalink)

Updated July 26, 2023 at 6:21 pm ET

- Facebook parent Meta Platforms META -2.11%decrease; red down pointing triangle reported its highest quarterly sales growth since 2021 as digital advertising continued to rebound, but the company also signaled that spending for its experimental metaverse unit would surge in 2024.
- While some investors have urged caution in spending related to that business, Zuckerberg has steadfastly stood by his big bet, insisting that it will position the company to be a leader in what he believes will emerge as the next major computing platform.
- Meta’s shares surged by more than 7% in after-hours trading, a sign that investors are encouraged by improvements in digital advertising even as concerns about the metaverse remain.
- Thus far in 2023, Meta has seen its shares more than double as Zuckerberg has focused on cost-cutting, developing new generative AI technology and the launch of Threads, a microblogging app the company launched to compete with the business formerly known as Twitter, which billionaire owner Elon Musk rebranded as X.
- Zuckerberg said that the number of people coming back to Threads exceeded Meta’s expectations.
- “This is as good of a start as we could’ve hoped for,” Zuckerberg said, noting that the tight timeline Threads was built on was an example of the benefits of Meta slimming down during its “year of efficiency.”
- Meta warned that it expects Reality Labs’ operating losses to increase year over year in 2023 and “to increase meaningfully” year over year in 2024, due to the unit’s ongoing virtual- and augmented-reality product development.
- “Building a large infrastructure for far in the future is risky and investors need to pay attention to where the company’s money is targeted to be spent,” said Kim Forrest, chief investment officer at Bokeh Capital Partners. “No one knows if people want to live in the metaverse, and no one knows how much money it is going to take to build and maintain a compelling metaverse.”

- Asked about Reality Labs' mounting operating losses, Zuckerberg said he thinks it's important for Meta to shape what the next computing platform will look like. He said there are social experiences the company wants to build now but isn't allowed to due to companies like Apple, which controls the iPhone's App Store and dictates its ecosystem's policies for apps such as Meta's.
- "Helping to shape the next platform is going to unlock that in a profound way for decades to come," said Zuckerberg, adding that he understands investors' discomfort with Reality Labs. "I can't guarantee you that I'm going to be right about this bet. I do think that this is the direction that the world is going in."

## DOES FACEBOOK POLARIZE USERS? META DISAGREES WITH PARTNERS OVER RESEARCH CONCLUSIONS

[https://www.wsj.com/articles/does-facebook-polarize-users-meta-disagrees-with-partners-over-research-conclusions-](https://www.wsj.com/articles/does-facebook-polarize-users-meta-disagrees-with-partners-over-research-conclusions-24fde67a?st=0jjp8w323aw7wms&reflink=desktopwebshare_permalink)

[24fde67a?st=0jjp8w323aw7wms&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/does-facebook-polarize-users-meta-disagrees-with-partners-over-research-conclusions-24fde67a?st=0jjp8w323aw7wms&reflink=desktopwebshare_permalink)

July 27, 2023 at 3:53 pm ET

- The research examined the role of Meta's Facebook unit in politics during the 2020 election and analyzed questions such as whether the platform plays a role in polarization. Meta has long disputed the claims of those, including some of its own researchers, who say it exacerbates divides in part by how it filters information that people see.
- The studies covered in the first four articles had different focuses. They broadly showed the influence that Facebook holds over what information users consume on the platform but said, in part, that it isn't clear such content affects their political views and behavior.
- Using data gathered over several months around the 2020 U.S. elections, one paper found that Facebook Pages and Groups had played an outsize role in spreading false news stories among American conservatives on the platform.
- Others of the studies found that there was no clear effect on users' political opinions or behavior when researchers experimented with changes to how Facebook delivers posts to users. Those experiments included temporarily restricting reshared content in users' feeds, which tend to be more political than those recommended by Facebook's algorithms, and temporarily showing users posts in chronological sequence rather than the algorithmically determined order Facebook usually uses.
- The leaders of the academics, New York University professor Joshua Tucker and University of Texas at Austin professor Talia Stroud, said that while the studies demonstrated that the simple algorithm tweaks didn't make test subjects less polarized, the papers contained caveats and potential explanations for why such limited alterations conducted in the final months of the 2020 election wouldn't have changed users' overall outlook on politics.
- "The findings of the research suggest Meta algorithms are an important part of what is keeping people divided," Phelan told Meta's communications team on Monday, according to an excerpt of her message she shared with The Wall Street Journal. She added that one of the studies found that "compared to liberals, politically conservative users were far more siloed in their news sources, driven in part by algorithmic processes, and especially apparent on Facebook's Pages and Groups."
- In response, Meta slightly altered the wording of Clegg's blog post, but stood by its overall characterization of the findings, saying disagreements over research interpretation are normal.

- Meta spent more than \$20 million on its work facilitating the research, and its staffers worked with the researchers, but it agreed not to have control over what they said, according to Wagner. Funding for the researchers' work came from other sources.
- Wagner said "Meta demonstrated a strong commitment to rigorous social scientific research." But he said Meta "set the agenda in ways that affected the overall independence of the researchers," such as through decisions over workflow.

## FACEBOOK BOWED TO WHITE HOUSE PRESSURE, REMOVED COVID POSTS

[https://www.wsj.com/articles/facebook-bowed-to-white-house-pressure-removed-covid-posts-2df436b7?st=nbps6vzrk9hblsc&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/facebook-bowed-to-white-house-pressure-removed-covid-posts-2df436b7?st=nbps6vzrk9hblsc&reflink=desktopwebshare_permalink)

July 28, 2023 at 5:30 am ET

- Facebook removed content related to Covid-19 in response to pressure from the Biden administration, including posts claiming the virus was man-made, according to internal company communications viewed by The Wall Street Journal.
- "We were under pressure from the administration and others to do more," responded a Facebook vice president in charge of content policy, speaking of the Biden administration. "We shouldn't have done it."
- The email, and a number of other such internal company communications, were obtained by the Republican-led House Judiciary Committee, which has been investigating what GOP lawmakers say is the Biden administration's improper efforts to censor Americans' speech on social media about Covid and other topics.
- The White House says its discussions were aimed at promoting the adoption of vaccines and other public-health goals.
- Facebook has long said that its content-moderation decisions are independent and not made with regard to politics.
- The emails viewed by the Journal, which haven't been previously reported, date to the spring and summer of 2021, when the White House was mounting a nationwide push for Americans to get vaccinated for Covid-19. Part of that push included a public and private campaign to get Facebook to more aggressively police vaccine-related content.
- Administration officials had come to believe that many Americans were hesitant to get vaccines because of false information they saw on Facebook. "They're killing people," President Biden said that July.
- "There is likely a significant gap between what the WH would like us to remove and what we are comfortable removing," the Facebook vice president said.
- I can't see Mark in a million years being comfortable with removing that—and I wouldn't recommend it," Clegg wrote in a subsequent email, an apparent reference to CEO Mark Zuckerberg.
- "There may be risk of pushing them further toward hesitancy by suppressing their speech and making them feel marginalized by large institutions," said one draft memo to Facebook leadership, included in an April 2021 email. Removing such posts could also fuel conspiracy theories about a coverup related to the safety of vaccines, the draft memo said.
- By August 2021, Facebook executives were emailing each other about new planned changes to their Covid content policies. One change increased the punishments faced by users who ran afoul of content policies and had accounts on both Facebook and Instagram, another social-media platform owned by Meta, the emails show.
- Rep. Jim Jordan (R., Ohio), chair of the House panel, said "these documents begin to reveal the pressure that Facebook and other social-media companies were under to alter their content-moderation policies and remove protected speech to appease the federal government, particularly the Biden White House."

- Earlier Thursday, Jordan canceled a committee vote on whether to recommend that Zuckerberg be held in contempt of Congress for not turning over documents about the company's communications with the government. The company has been turning over additional documents this week and says it has made nearly a dozen witnesses available for testimony.
- Democrats have said that the Republican-led investigation itself is aimed at bullying platforms like Facebook into loosening content-moderation policies. They also say that the Trump White House engaged in similar badgering of social-media companies as the Biden administration.

#### META PLANS RETENTION 'HOOKS' FOR THREADS AS MORE THAN HALF OF USERS LEAVE APP

[https://www.reuters.com/business/media-telecom/meta-plans-retention-hooks-threads-more-than-half-users-leave-app-2023-07-](https://www.reuters.com/business/media-telecom/meta-plans-retention-hooks-threads-more-than-half-users-leave-app-2023-07-28/?utm_campaign=mb&utm_medium=newsletter&utm_source=morning_brew)

[28/?utm\\_campaign=mb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.reuters.com/business/media-telecom/meta-plans-retention-hooks-threads-more-than-half-users-leave-app-2023-07-28/?utm_campaign=mb&utm_medium=newsletter&utm_source=morning_brew)

July 28, 2023 7:00 AM AST

- Meta Platforms (META.O) executives are heavily focused on boosting retention on their new Twitter rival Threads, after the app lost more than half of its users in the weeks following its buzzy launch, CEO Mark Zuckerberg told employees on Thursday.
- Meta is looking at adding more "retention-driving hooks" to entice users to return to the app, like "making sure people who are on the Instagram app can see important Threads," said Chief Product Officer Chris Cox.
- Zuckerberg told employees on the call that he believed the company's work on the augmented and virtual reality technology that would power the metaverse was "not massively ahead of schedule, but on track."
- "That way, we have all the tools ready for when this is ready for prime time," he said, predicting that mass adoption of metaverse technologies would take place in the 2030s.
- Zuckerberg and Cox also highlighted the company's release of an artificial intelligence model called Llama 2 this month, which it made freely available for commercial use to any developer whose services had fewer than 700 million users.
- The model has received more than 150,000 download requests in the week since its release, Cox said.