# Zuckerberg - Intro Comments

- Expects 2014 to be the year where FB delivers new and engaging mobile experiences.
- More than 50% of ad revenue came from mobile.
- Important Product Launches + Initiatives:
  - ↳ Internet.org   ↳ Graph Search   ↳ Instagram video   ↳ Messenger 3.0
  - ↳ Improvements in performance + reliability on all mobile apps.
- Only 1/3 of the population has access to internet today.
  - ↳ Internet.org is a partnership with industry leaders to make affordable internet access to everyone in the world.
    - ⟹ Focus for 2014 is to deepen relationship with internet operators + working to develop models for internet access.
- Messenger was among top downloaded apps for iOS + Android.
  - ↳ # of people using grew 70% in last 3 months.
  - ↳ Large increase in # of messages sent.
  - + Would be interesting to see if can find information on most downloaded apps for each year.
- Instagram updates:
  - ↳ Launch on Windows phone.
  - ↳ Launch of first ad
  - ↳ Launch of Instagram Direct ⟹ sharing of photos + video messages privately.
- Growth in use of FB Groups to more than 500 million users using it each month.
- A lot of new growth is coming from giving people the tools to share with different size groups of people.
- FB's goal is to improve quality in ads to a point where ads are as relevant as the content that friends share.
  - ↳ FB carries out surveys daily in order to understand sentiment.
    - ⟹ Sentiment towards ads in mobile improved even though the amount of ads in the News Feed increased.
      - ⟹ Clic-through rate also remains stable.

# Sheryl Sandberg

- Trend seen of FB use while shopping at a 4x rate than any other app or search.
  - ↳ 1/2 of the users see it as an influential source of information.
- Customer Segments
  - ↳ Direct Response Marketers:
    - ⟹ Look for short term ROI
    - ⟹ Had high response for holiday season especially in e-commerce.
  - ↳ SMBs: Small + Medium size Business
    - ⟹ Considered Holy Grail for online advertising
    - ⟹ 25 million have active FB pages.
    - ⟹ FB made investments in simplifying ad product
      - * Of all SMBs acquired in Q4, 72% started with FBs simplest ad offering.
  - ↳ Developers:
    - ⟹ Launched mobile app install ad over a year + mobile app engagement ads last quarter.
      - * Help people find + use great apps.
    - ⟹ Announced small test to show FB ads in 3rd party mobile apps.
  - ↳ Brand Marketers:
    - ⟹ Making steady progress, specially in verticals like CPG (Consumer Packaged Goods)
    - ⟹ Started a small test of video ad products + measuring impact on sales.
- Investment in product development has been driving growth.
  - ↳ Custom Audiences: reach their current customers on FB.
    - ⟹ Have added targeting that lets marketers reach people similar to their best customers.
    - ⟹ Partner Categories: use 3rd party data to improve marketing.
      - * Offer 1000 categories in the US + will continue investing on being better at targeting.
- Investment on measurement in order to measure the impact advertiser has on in-store sales.
- FB is the first global platform that allows marketers to personalize their message at unprecedented scale.
  - ↳ FB is making marketing personal again.

# David Ebersman

- Mobile driving growth.
  - ↳ Started 2013 with more desktop user than mobile. Ended the year with 200 million more daily users in mobile.
- Instagram doubled its user base during 2013.
- Key driver of growth continued to be great performance of News feed in both desktop & mobile, which attracted more advertisers.
- In Q4, total ad impressions declined by 8% but total price increased by 92%.
  - ↳ Decline in impressions was due to reduction of use of desktop where more ads are shown.
  - ↳ Increase in average price per ad was due to increase in use of News feed which has higher engagement and also shown in mobile ⇒ has higher price.
- Without taking into account the extra income recognized last year in payments, the segment grew 8% even with decrease in laptop use.
- Expense increase of 44%
  - ↳ Growth in infrastructure expense
  - ↳ 37% growth in headcount.
- Efficiency investments including Open Compute Project on hardware + propietary work on software, have enabled to significantly increase the amount of data + amount of users FB can support with each server they buy.
- Increased cash flows by doing a secondary offering of 27 million share.
- Outlook for 2014 include increasing headcount + continue with product development.
- Expect Capex to increase: 2-2.5 billion
  - ↳ Expansion of corporate office, expansion of datacenters, support initiatives like Internet.org

# Questions

- Competitive advantage of Messenger.
  - ↳ Messenger was seen as a feature of the FB app.
    - ⇒ It was removed from the app so that Messenger on its own would have room to grow and bloom.
      - ⁕ This action resulted in 70% growth in use of the app.
- Usage + engagement with video content by users + advertisers.
  - ↳ Videos autoplay in the feed (started this as a test)
    - ⁕ Would be interesting to investigate how screen stimulation works with our brains ⇒ why we are mesmerized by screens and how having videos autoplay or not could influence the time the user dedicates to their screens.
  - ↳ Video ad products are currently driving growth.
  - ↳ Marketers + users are using more videos as they have the ability to do so.
  - ↳ Being able to have results of A/B tests + prove FB ads ROI has helped FB drive results.
- Possibility of ad load creeping up over time?
  - ↳ Primary focus is in increasing quality + experience more than quantity.
    - ⇒ Harder path but gives better results.
- Pricing of Ads.
  - ↳ As they continue to prove results and create value + increase in quality, their expectation is for ad price to go up.
- Engagement with Graph Search
  - ↳ Only currently in desktop. Expect that it will soon go to mobile were the real engagement happens.
    - ⇒ We're working more on indexing the data
- Trending Topics
  - ↳ Push on public news/content.
  - ↳ FB wants to be a great place for people to share content + learn about it
- Payment Platform / Developers
  - ↳ FB is seeing a trend of higher interest in app installed ads
    - ⇒ one of the best ad works that they did last year
- ComScore publishes mobile app data for each month ⇒ Research.
- Messenger is a big focus for the company.
- Showing FB ads on third party apps.
  - ↳ Currently running this test but still don't have results.
    - ⇒ Have high expectations for this new feature.
- Do you envision a future where people can buy digital + physical products in FB app?
  - ↳ Currently do not see an opportunity in e-commerce.
  - ↳ FB has partnerships with Braintree + Stripe ⇒ validate what these companies do.
- The company has made interesting hires in the area of machine learning. How important is this initiative for the company + how will AI help FB over time?
  - ↳ Long term research (5-10 years)
  - ↳ Yann LeCunn brought to lead the team.
  - ↳ Goal is to understand how everything is connected in order to provide more relevant experiences.
  - ⁕ FB divides strategy in 3 parts:
    - ① 3-year: Building new experiences for sharing
    - ② 5-year: build network to help people answer questions + solve problems
      - ↳ Graph Search, Open Graph + some early part of AI work
    - ③ 10-year: impact of work with Internet.org
      - ↳ Getting more of the world on the internet.