

# FTC Loses Antitrust Challenge to Facebook Parent Meta

[https://www.wsj.com/articles/ftc-loses-antitrust-challenge-to-facebook-parent-meta-11675272525?st=0tuvydv3xrvyo&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/ftc-loses-antitrust-challenge-to-facebook-parent-meta-11675272525?st=0tuvydv3xrvyo&reflink=desktopwebshare_permalink)

Feb. 1, 2023 at 12:28 pm ET

- A federal judge declined to halt [Meta Platforms](#) Inc.'s [META 2.77%increase; green up pointing triangle](#) acquisition of the virtual-reality startup Within Unlimited, delivering [a setback to antitrust enforcers](#) at the Federal Trade Commission seeking to block the deal, a person familiar with the ruling said.
- The judge's opinion, which isn't yet public, is a boost to [Meta's virtual-reality ambitions](#) and appears to vindicate for now the Facebook parent's claims that the FTC overreached by bringing a flawed antitrust case.
- The lawsuit has been closely watched because it is based on an unusual theory of competitive harm focusing on potential future competition in a nascent industry. The case is also widely seen as emblematic of FTC Chair Lina Khan's [opposition to the expansion of big technology companies](#).
- The mere prospect of Meta's potential entry into the market for virtual-reality fitness apps spurs Within and others to compete harder to retain customers and improve their products, the agency added.

## Most CFOs now see a softer recession ahead

[https://www.cfobrew.com/stories/2023/01/31/most-cfos-see-softer-recession-ahead?cid=30417247.26014&mid=e1b4f8acf002cf2d6104630a97a174fc&utm\\_campaign=cfo&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.cfobrew.com/stories/2023/01/31/most-cfos-see-softer-recession-ahead?cid=30417247.26014&mid=e1b4f8acf002cf2d6104630a97a174fc&utm_campaign=cfo&utm_medium=newsletter&utm_source=morning_brew)

## Hacker finds bug that allowed anyone to bypass Facebook 2FA

[https://techcrunch.com/2023/01/30/facebook-two-factor-bypass-bug/?utm\\_campaign=itb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://techcrunch.com/2023/01/30/facebook-two-factor-bypass-bug/?utm_campaign=itb&utm_medium=newsletter&utm_source=morning_brew)

- A bug in a new centralized system that Meta created for users to [manage their logins](#) for Facebook and Instagram could have allowed malicious hackers to switch off an account's two-factor protections just by knowing their phone number.
- With a victim's phone number, an attacker would go to the centralized accounts center, enter the phone number of the victim, link that number to their own Facebook account, and then brute force the two-factor SMS code. This was the key step, because there was no upper limit to the amount of attempts someone could make.
- Once the attacker got the code right, the victim's phone number became linked to the attacker's Facebook account. A successful attack would still result in Meta sending a message to the victim, saying their two-factor was disabled as their phone number got linked to someone else's account.

## Meta Embraces AI as Facebook, Instagram Help Drive a Rebound

[https://www.wsj.com/articles/meta-ai-facebook-instagram-reels-ad-targeting-11674829286?reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-ai-facebook-instagram-reels-ad-targeting-11674829286?reflink=desktopwebshare_permalink)

Updated Jan. 27, 2023 at 9:27 am ET

- **After the roughest year in its history, Meta is starting to bounce back. Users are watching its short-form videos, ad-targeting is improving and the social-media company is well down the road to recovering from the impact of privacy changes imposed by Apple.**

- “Facebook engagement is stronger than people expected,” Tom Alison, head of Facebook, wrote in a memo to his staff. “Our internal data indicates that Meta has grown to a meaningful share of short-form video.”
- After the roughest year in Meta’s history, the parent company of Facebook and Instagram is starting to see a path to recovery, internal documents reviewed by The Wall Street Journal and interviews with people familiar with the matter show.
- Heavy investment in artificial intelligence tools has enabled the company to improve ad-targeting systems to make better predictions based on less data
- Though Chief Executive [Mark Zuckerberg](#) declared last year that the company would be “metaverse-first, not Facebook-first,” most of the effort involves optimizing its traditional social-media platforms, especially Facebook.
- That, along with shifting to forms of advertising less dependent on harvesting user data from off its platforms, are key to the company’s plans to overcome an [Apple](#) Inc. privacy change that restricted Meta’s capacity to gather information about what its users do outside its platforms’ walls, the documents show. Executives told employees in October that Meta expected to begin rebounding from Apple’s change as soon as that quarter, which ended Dec. 31
- AI tools also have helped boost Reels, the full-screen, short-form videos shown to both Facebook and Instagram users based on their interests.
- The videos typically come from people that users aren’t friends with or connected to in any way. Last summer, [Meta was still struggling to get users to embrace Reels videos](#), but the documents and interviews show that on Facebook, which remains by far Meta’s biggest moneymaker, viewership has picked up.
- While Apple’s privacy changes continue to be a source of pain, Mr. Schultz said, the success of the company’s adaptation efforts meant that they will no longer be a drag on earnings going forward.
- The challenges dealt by Apple’s move and TikTok’s growing popularity, combined with companies broadly curtailing ad spending amid the tumultuous economy, hammered Meta’s financial performance last year and devastated its stock.
- They suggest that, even as time spent on Meta’s apps had increased as of the middle of last quarter, content production and engagement had continued to fall, especially among young people.
- And even as Meta has made progress on the adoption of Reels, there is little question internally that its platforms lack the cultural power they once had. Rival TikTok was the most downloaded mobile app worldwide last year by a wide margin. That short-form video platform, owned by China-based ByteDance Ltd., is now used by two-thirds of American teens.
- “Creators universally believe TikTok is the best way to get in front of a younger audience,” an internal presentation noted. “If something goes viral on TikTok, they feel confident it’ll perform elsewhere.”
- Meta’s AI efforts involve computational work more complex than anything it had previously attempted. The company is working to use the data it has more efficiently, detecting deeper correlations in user behaviors that could help predict which ads they might consider relevant, according to people familiar with the effort.
- One approach Meta has experimented with has been bargaining with users to get them to agree to tracking in Meta’s own in-app privacy settings. Under the approach being tested, the company promises to show users fewer ads if they agree to provide their data.
- Meta has said it also is trying to sell more ads in which users click straight into a messaging conversation with a business, and the documents show it is experimenting with other types of marketing.
- One thing that’s not contributing to an improvement in Meta’s business so far is its effort on the metaverse, Mr. Zuckerberg’s vision for a future, more immersive version of the internet that was the animating idea behind the company’s name change in 2021.
- Reality Labs, the company’s division that is tasked with building the hardware and software that constitute the metaverse, reported an operating loss of nearly \$3.7 billion in Meta’s third-quarter earnings report, 40% steeper than a year prior. The company also warned that it anticipates Reality Labs’ operating losses will grow significantly in 2023. Despite the continued losses, the metaverse has remained a central focus for Mr. Zuckerberg, according to people familiar with the matter.
- Indeed, for all of Meta’s efforts to rebrand itself, the core Facebook “Blue” app remains its workhorse. While outside financial analysts have generally estimated that Instagram accounts for between 40% to 50% of the company’s ad revenue, internal statistics viewed by the Journal show that Instagram generates a little more than 30%—and it isn’t rapidly catching up.

- Time spent on the company's products overall was up more than 5% to more than 230 million hours a day in the U.S., which accounts for 40% of Meta's worldwide revenue.
- Much of that increase is due to the growth of Reels. While Reels is often publicly associated with young users and Instagram, Facebook users appear to be the more avid consumers of the short videos.
- To improve the relevance of Reels content and better compete with the highly successful recommendation engine of TikTok, Meta prioritized improving its AI algorithms to better learn what kind of content users are interested in when they look at Reels, according to people familiar with the matter, as well as running its recommendation systems on more efficient microprocessors.
- Making money on Reels remains an additional hurdle. The video feature's rapid takeoff created a near-term problem: Because ads in Reels videos don't currently sell for as much as those sold against regular posts and stories, Reels' growing share of content consumption was denting ad revenue. To protect the company's earnings, the company cut back on promoting Reels, which lowered watch time by 12%.

# Instagram's co-founders are back with Artifact, a kind of TikTok for text

<https://www.theverge.com/2023/1/31/23579552/artifact-instagram-cofounders-kevin-systrom-mike-krieger-news-app>

- The Instagram co-founders, [who departed Facebook in 2018](#) amid tensions with their parent company, have formed a new venture to explore ideas for next-generation social apps. Their first product is Artifact, a personalized news feed that uses machine learning to understand your interests and will soon let you discuss those articles with friends.
- Artifact — the name represents the merging of articles, facts, and artificial intelligence — is opening up its waiting list to the public today. The company plans to let users in quickly,
- The simplest way to understand Artifact is as a kind of TikTok for text, though you might also call it Google Reader reborn as a mobile app or maybe even a surprise attack on Twitter. The app opens to a feed of popular articles chosen from a curated list of publishers ranging from leading news organizations like *The New York Times* to small-scale blogs about niche topics. Tap on articles that interest you, and Artifact will serve you similar posts and stories in the future, just as watching videos on TikTok's For You page tunes its algorithm over time.
- Users who come in from the waitlist today will see only that central ranked feed. But Artifact beta users are currently testing two more features that Systrom expects to become core pillars of the app. One is a feed showing articles posted by users that you have chosen to follow, along with their commentary on those posts. (You won't be able to post raw text without a link, at least for now.) The second is a direct message inbox so you can discuss the posts you read privately with friends.
- The breakthrough that enabled Artifact was the transformer, [which Google invented in 2017](#). It offers a mechanism for systems to understand language using far fewer inputs than had previously been required.
- The transformer helped machine-learning systems improve at a much faster pace, leading directly to last year's release of ChatGPT and the attendant boom in interest around AI. (Transformers are the "T" in ChatGPT.)
- The question is whether personalized recommendations for news articles and blog posts can drive the same viral success for Artifact that video has for TikTok. It's not a slam dunk: in 2014, [a wave of personalized news apps with names like Zite and Pulse came and went](#), dogged by their inability to create deep habits in users. And earlier this month, Tokyo-based SmartNews, which uses similar AI technology to personalize recommendations, [laid off 40 percent of its workforce in the United States and China amid a declining user base and challenging ad market](#).
- Like most startups at this stage, Artifact has yet to commit to a business model. Advertising would be an obvious fit, Systrom said. He's also interested in thinking about revenue-sharing deals with publishers. If Artifact gets big,

it could help readers find new publications and encourage them to subscribe to them; it may make sense for Artifact to try to take a cut.

- Systrom also told me Artifact will take seriously the job of serving readers with high-quality news and information. That means an effort to include only publishers who adhere to editorial standards of quality, he told me. For now, the company won't disclose every publisher in its system, but you can search for individual outlets within the app.
- Both left- and right-leaning publishers were included; you'll find Fox News there, for example. But Systrom isn't shy about the fact that the company will be exercising its own judgment about who belongs and who doesn't.

### Big Tech Didn't Quite Clear the Bar

[https://www.wsj.com/articles/big-tech-didnt-quite-clear-the-bar-11675385803?mod=markets\\_lead\\_pos2&mod=djemMoneyBeat\\_us](https://www.wsj.com/articles/big-tech-didnt-quite-clear-the-bar-11675385803?mod=markets_lead_pos2&mod=djemMoneyBeat_us)

# Meta Plans to Shut Down One of Its Most Popular and Long-standing Multiplayer VR Games

[https://www.roadtovr.com/meta-echo-vr-shut-down-announcement-ready-at-dawn/?utm\\_campaign=etb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.roadtovr.com/meta-echo-vr-shut-down-announcement-ready-at-dawn/?utm_campaign=etb&utm_medium=newsletter&utm_source=morning_brew)

- Meta and its child-studio Ready at Dawn today announced plans to shut down the popular free-to-play multiplayer game *Echo VR*, with plans to turn off servers come August 1st.
- *Echo VR* has had a storied journey, having originally launched as an Oculus Rift exclusive title all the way back in 2017. In 2020 the game made the leap to Quest, allowing cross-play multiplayer between Rift and Quest players. Shortly thereafter, Meta announced that it had acquired the game's developer, Ready at Dawn.
- And though it stands as one of the [best-rated and most popular free titles on the Quest store](#), Meta has announced it plans to shut the game down for good on August 1st. According to the [announcement from Ready at Dawn](#), the main reason behind the planned shuttering is because the studio is "coming together to focus on our next project."
- In addition to being one of the platform's most popular free multiplayer games, *Echo VR* also had one of the most robust in-app purchase offerings of any VR title so far, with a battlepass-style system that allowed players to pay for the chance to unlock cosmetic rewards over the course of seven seasons. Unfortunately the studio has confirmed that refunds for in-game content will not be offered.

TikTok officials go on a public charm offensive amid a stalemate in Biden White House

[https://www.npr.org/2023/02/02/1153448116/tiktok-la-media-briefing-project-texas?utm\\_campaign=itb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.npr.org/2023/02/02/1153448116/tiktok-la-media-briefing-project-texas?utm_campaign=itb&utm_medium=newsletter&utm_source=morning_brew)

# Google invested \$300 million in AI firm founded by former OpenAI researchers

<https://www.theverge.com/2023/2/3/23584540/google-anthropic-investment-300-million-openai-chatgpt-rival-claude>

## Apple and Google should boot TikTok from their app stores, Democratic senator urges

[https://www.cnn.com/2023/02/02/apple-google-urged-to-boot-tiktok-from-app-stores-democratic-senator.html?utm\\_campaign=etb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.cnn.com/2023/02/02/apple-google-urged-to-boot-tiktok-from-app-stores-democratic-senator.html?utm_campaign=etb&utm_medium=newsletter&utm_source=morning_brew)

## Meta's 'Year of Efficiency' was everything Wall Street needed to hear from Zuckerberg

[https://www.cnn.com/2023/02/01/metas-year-of-efficiency-everything-wall-street-needed-to-hear.html?utm\\_campaign=etb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.cnn.com/2023/02/01/metas-year-of-efficiency-everything-wall-street-needed-to-hear.html?utm_campaign=etb&utm_medium=newsletter&utm_source=morning_brew)

- Following a 64% plunge in Meta's share price in 2022, Wall Street cheered the report, sending the stock up almost 20%, extending a rally that began late last year. Based on after-hours pricing, Meta is trading at its highest since July.
- Rather, Zuckerberg's commitment to cost cuts and efficiency is a sign that increasing profitability is important to Meta, which was known as a growth machine prior to last year's slump.
- Zuckerberg said Meta will be more "proactive on cutting projects that aren't performing or may no longer be crucial" and that it will emphasize "removing layers of middle management to make decisions faster."
- Meta is also reducing spending as it builds new data centers that are intended to be more efficient while still able to power the company's various artificial intelligence technologies.
- Zuckerberg is selling investors on a story they want to hear, acknowledging that the company got bloated and needed more financial discipline. One of Zuckerberg's top deputies, technology chief Andrew "Boz" Bosworth, wrote a personal [essay](#) just a few days ago echoing that sentiment.
- Meta's Reality Labs unit, which is responsible for developing the nascent metaverse, [lost](#) \$13.7 billion in 2022. Finance chief Susan Li told analysts that the company isn't planning for any reduction in that unit anytime soon. Zuckerberg still sees it as the company's future.
- Digital advertising, meanwhile, is suffering from a struggling economy, and Li gave no indication that companies are planning to dramatically increase their spending in 2023.
- Meta has also yet to recover from [Apple's](#) 2021 iOS privacy update that made it harder to target users with ads. Li said the company has been improving its online advertising system, but Apple's update is "still certainly an absolute headwind to our revenue number."

## Amid wave of layoffs, some tech giants are elevating AI

[https://www.emergingtechbrew.com/stories/2023/02/03/amid-wave-of-layoffs-some-tech-giants-are-elevating-ai?cid=30450722.27042&mid=e1b4f8acf002cf2d6104630a97a174fc&utm\\_campaign=etb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.emergingtechbrew.com/stories/2023/02/03/amid-wave-of-layoffs-some-tech-giants-are-elevating-ai?cid=30450722.27042&mid=e1b4f8acf002cf2d6104630a97a174fc&utm_campaign=etb&utm_medium=newsletter&utm_source=morning_brew)

# Analysis: From Meta to Microsoft, AI's big moment is here

<https://www.reuters.com/technology/meta-microsoft-ai-big-moment-is-here-2023-02-03/>

- Snap Inc ([SNAP.N](#)) CEO Evan Spiegel said on the social media company's fourth-quarter call that generative AI would be critical over the next five years to growing augmented reality (AR), which is important to its business.
- Meta plans to incorporate the new technology across almost all its products, such as generating images, videos, avatars and 3D assets, Zuckerberg said. The software will help content creators produce more across Meta's apps, he added. And marketers could use generative AI to help with written copy for their paid posts or create imagery and video, Nicola Mendelsohn, vice president of the global business group for Meta, said in an interview.

## Google is asking employees to test potential ChatGPT competitors, including a chatbot called 'Apprentice Bard'

[https://www.cnn.com/2023/01/31/google-testing-chatgpt-like-chatbot-apprentice-bard-with-employees.html?utm\\_campaign=etb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://www.cnn.com/2023/01/31/google-testing-chatgpt-like-chatbot-apprentice-bard-with-employees.html?utm_campaign=etb&utm_medium=newsletter&utm_source=morning_brew)

## Meet OpenAI CEO Sam Altman, who learned to code at 8 and is a doomsday prepper with a stash of gold, guns, and gas masks

[https://www.businessinsider.com/sam-altman-chatgpt-openai-ceo-career-net-worth-ycombinator-prepper-2023-1?\\_gl=1%2A1fkfp7p%2A\\_ga%2ANDEwMTkzOTE2LjE2NjYxMjcYNDQ.%2A\\_ga\\_E21CV80ZCZ%2AMTY3NTI4NDQ2MC4zNjMuMS4xNjc1Mjg0Nzg2LjAuMC4w&utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=Post%20Blast%20%20%20Blackstone%27s%20real-estate%20business%20is%20totally%20fine%2C%20so%20please%20stop%20asking%20about%20it&utm\\_term=10%20THINGS%20ON%20WALL%20STREET%20SEND%20LIST](https://www.businessinsider.com/sam-altman-chatgpt-openai-ceo-career-net-worth-ycombinator-prepper-2023-1?_gl=1%2A1fkfp7p%2A_ga%2ANDEwMTkzOTE2LjE2NjYxMjcYNDQ.%2A_ga_E21CV80ZCZ%2AMTY3NTI4NDQ2MC4zNjMuMS4xNjc1Mjg0Nzg2LjAuMC4w&utm_source=Sailthru&utm_medium=email&utm_campaign=Post%20Blast%20%20%20Blackstone%27s%20real-estate%20business%20is%20totally%20fine%2C%20so%20please%20stop%20asking%20about%20it&utm_term=10%20THINGS%20ON%20WALL%20STREET%20SEND%20LIST)

## Meta Pursues Teen Users as Horizon Metaverse App Struggles to Grow

[https://www.wsj.com/articles/meta-to-revamp-horizon-metaverse-app-plans-to-open-for-teen-use-as-soon-as-march-11675749223?st=opcwtafqnj8smar&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/meta-to-revamp-horizon-metaverse-app-plans-to-open-for-teen-use-as-soon-as-march-11675749223?st=opcwtafqnj8smar&reflink=desktopwebshare_permalink)

- The new strategy includes opening up Horizon to teens aged 13 to 17, the memo says. The app is currently available to people 18 and older. A teen launch for Horizon could happen as soon as March, according to people familiar with the matter.



- “Today our competitors are doing a much better job meeting the unique needs of these cohorts,” Mr. Aul said in the memo, which was reviewed by The Wall Street Journal. “For Horizon to succeed we need to ensure that we serve this cohort first and foremost.”
- Meta’s [Quest virtual-reality headsets](#) were designed for people aged 13 and up, so it makes sense that the company would plan to introduce experiences for that audience in Horizon, Meta spokesman Joe Osborne said.
- “Teens are already spending time in a variety of VR experiences on Quest, and we want to ensure that we can provide them with a great experience in Horizon Worlds as well, with age-appropriate tools and protections in place,” Mr. Osborne said.
- As part of this push for growth, the company has set goals for the Horizon team to improve the reliability of the service and maintain high performance. The team went into lockdown in October after many users complained about a high number of bugs affecting the user experience, according to documents reviewed by the Journal.
- Meta wants the Horizon team to launch a so-called 2-D version of the metaverse that can run on mobile and desktops, according to the memo. The company has previously talked about bringing Horizon to these types of devices. Meta missed its initial goal of launching this version by the end of 2022, and the new target is the first half of 2023, according to the memo.
- The company is also pushing for more integration between Horizon and other services within Meta’s family of apps, which include Facebook, Instagram and WhatsApp.

## Social Media Warnings Rarely Stop Users Sharing, EU Reports Show

<https://www.bloomberg.com/news/articles/2023-02-09/social-media-warnings-rarely-stop-users-sharing-eu-reports-show?srnd=technology-vp&srref=KkPzpZvz>

## Facebook Hit With \$1 Million Fine Tied to User-Privacy Lawsuit

[https://www.bloomberg.com/news/articles/2023-02-09/facebook-fined-925-078-for-egregious-ploys-in-privacy-lawsuit?utm\\_source=website&utm\\_medium=share&utm\\_campaign=copy](https://www.bloomberg.com/news/articles/2023-02-09/facebook-fined-925-078-for-egregious-ploys-in-privacy-lawsuit?utm_source=website&utm_medium=share&utm_campaign=copy)

- Facebook and its outside law firm were ordered to pay almost \$1 million in sanctions for deceitfully denying that it shared users’ private information with third parties without permission.
- Thursday’s \$925,078.51 penalty stems from a lawsuit in which [Meta Platforms Inc.](#) agreed to pay a record-setting \$725 million to settle a 2018 lawsuit that claimed Facebook illegally shared user data with the research firm [Cambridge Analytica](#). According to Chhabria, Facebook relied on “delay, misdirection, and frivolous arguments” to make the litigation unfairly difficult and expensive.

## More than half of Twitter’s top 1,000 advertisers stopped spending on platform, data show

<https://www.cnn.com/2023/02/10/tech/twitter-top-advertiser-decline>

- More than half of Twitter’s top 1,000 advertisers in September were no longer spending on the platform in the first weeks of January, according to data provided to CNN by digital marketing analysis firm Pathmatics, in a striking sign of how far reaching the advertiser exodus has been following [Elon Musk’s acquisition](#) of the company.
- As a result of the pullback, monthly revenue from Twitter’s top 1,000 advertisers plummeted by more than 60% from October through January 25, from around \$127 million to just over \$48 million, according to the data.

- Although Twitter’s ad business was always much smaller than that of competitors Facebook and Google, it was still responsible for the vast majority of the company’s revenue. Musk must now fill in that gap as he stares down interest payments for the debt he took on to buy Twitter for \$44 billion.
- A coalition of civil society and civil rights groups renewed calls on Thursday for companies to join what they say is more than 500 advertisers who have stopped advertising on Twitter. The latest effort came after a [research report](#) from the Center for Countering Digital Hate, a member of the coalition, raised concerns about ads “appearing next to toxic content” from previously banned accounts.
- Some advertisers also complained that the Twitter employees they previously worked with had been terminated by Musk, causing confusion. In November, Musk complained that Twitter had seen a “massive drop in revenue.”
- But Musk has stood by those policy changes, and has since been scrambling to reduce costs and find new revenue streams for the company. Those efforts include dramatically [cutting staff](#), revamping its [paid subscription](#) service and, more recently, announcing the controversial move to charge researchers and developers reliant on [Twitter’s API](#), which allows third parties to tap into Twitter’s systems.
- Musk said in a [tweet](#) earlier this month that the previous three months had been “extremely tough, as had to save Twitter from bankruptcy,” but that the company “is now trending to breakeven if we keep at it.”

[https://twitter.com/SashaKaletsky/status/1623400269232091137?utm\\_campaign=mb&utm\\_medium=newsletter&utm\\_source=morning\\_brew](https://twitter.com/SashaKaletsky/status/1623400269232091137?utm_campaign=mb&utm_medium=newsletter&utm_source=morning_brew)

BeReal’s weekly US downloads (down ~95% from their 2022 peak) show how difficult it is to keep up a consumer app’s growth once you have crossed the chasm

# Tech investors think they know what will turn around Meta after a 72% implosion this year: Less Mark Zuckerberg

<https://fortune.com/2022/10/31/mark-zuckerberg-meta-72-percent-stock-decline-management-change-investors-markets/>

- Mark Zuckerberg built [Meta Platforms](#) Inc. into one of the biggest companies in the world, but some investors now see him as an obstacle to the stock recovering from a [historic selloff](#).
- The Facebook parent has tumbled 72% this year, with last week’s [earnings](#) pushing the shares to a multi-year low. The biggest weight on the stock: Meta is spending billions of dollars to develop the metaverse, an immersive virtual world that the chief executive officer has [long believed](#) represents the future of computing.
- The strategy is curbing earnings even as the company acknowledges it’s unlikely to deliver significant revenue for years. While investors may long for Meta to renew its focus on selling ads to its billions of social-media users, the company’s structure gives Zuckerberg total control, so there’s little they can do but what they’ve already been doing: sell.
- Zuckerberg owns or controls about 90% of the company’s unlisted Class B shares, which have 10 votes each versus one vote each for the Class A shares that are publicly traded.
- Under Zuckerberg, the statement adds, “we have established a track record of creating value for our shareholders and navigating important opportunities and challenges.” The company’s investments to improve



privacy and safety “may not have been possible if our board of directors and CEO were focused on short-term success over the long-term interests of our community and our company.”

- Zuckerberg’s stake means he has been hit especially hard by the stock’s collapse. Over the past 13 months, his [total wealth loss](#) has exceeded \$100 billion. His apparent willingness to stomach such losses is a sign of his faith in the metaverse, and if the bet does play out, investors may one day look back with relief that Zuckerberg wasn’t forced to change course.
- “He took Facebook public when it had huge margins, so he clearly cares about making money. He waited years to monetize WhatsApp, so he’s clearly patient. And he bought Instagram early, so he’s clearly smart,” he said. “I think he’s earned the right to pursue this long-term strategy.”