

MARK ZUCKERBERG

- Experienced headwinds this quarter, including Apple's changes.
- Recent debate around the company
 - ↳ Coordinated effort to selectively use leaked documents to paint a false picture.
 - **Validate what was the topic at this time.**
- ↳ Has an open culture where they encourage discussion & research about their work.
- ↳ Have industry-leading programs to study the effects of their products & provide transparency on their progress.

① CREATORS:

- ↳ Focus on Reels → primary driver of engagement growth lines.
- ↳ Expect continue to grow & be more important than Stories.
- Expect to make significant changes to IG & FB in the next year to further lean on video & make Reels a more central part of the experience.
- Want to drive their focus more towards young adults b/c they are the future.
 - ↳ competition has gotten more intense → Apple's iMessage growing in popularity & use of Tiktok, one of the most effective competitors FB has faced.

② COMMERCE:

- Built solutions like ads that dynamically point to either a business's website or their shop on FB platform, depending on what will perform better for them.

③ NEXT COMPUTING PLATFORM

- Goal: help the metaverse reach 1B ppl & 100s of billions of dollars of digital commerce a day.
- ↳ Helping to shape the next platform should also reduce our dependence on delivering their services for competitors.
- Just released the 128GB Quest 2, replacing the 64GB model for \$299.
- Released first smartglasses & are off to a strong start.
- Starting next Q, will begin disclosing financial metrics for FFB separately from their Family of Apps.
- Expect in 2021 that these investments will reduce overall operating profit by approximately \$10B.
 - ↳ Expect investments to grow even further for each of the next several years.
- Tune into connect (**validate if it can still be found**) to hear more about vision & work in more detail.

SHERYL SANDBERG

- Biggest headwind has been the impact of Apple iOS 14 changes.
 - ↳ Created challenge for the industry & advantaged Apple's own advertising business.
- 2 challenges as a result:
 - ① Accuracy of ads targeting decreased → increased costs of driving outcomes for advertisers.
 - ② Measuring those outcomes became more difficult.
- On targeting:
 - ↳ Focused on improving campaign performance even with increased limitations
 - ↳ Building commerce tools to help businesses reach more new customers & get more incremental sales.
 - ↳ Long-term: developing privacy-enhancing tech in collab with others across the industry to help minimize the amount of personal information they process while still allowing them to show relevant ads.
 - ↳ Will take time & will be a focus throughout 2022.
- Measurement:
 - ↳ Believe to be underreporting iOS web conversions.
 - ↳ Will also continue on fixing this through 2022.
- Slowing e-commerce growth also affecting FB sales.
- Global supply chain issues & labor shortages → lost consumer businesses with less inventory.
 - ↳ Reduced appetite to generate demand → impacts advertising spending.
- Video is a growing area & they are getting better at monetizing it.
- Seeing good progress in lead generation.
 - ↳ Started rolling out a new conversion leads optimization goal for higher quality leads.
 - ↳ Advertisers can also integrate their CRM with FB via conversion API.
- Rolling out holiday shopping experiences:
 - ↳ Exclusive gifts to shops when ppl check out on FB/IG.
 - ↳ Hosting daily live shopping experiences
 - ↳ Exclusive FB/Black Friday products to support black-owned businesses

DAVID WEHNER

- Impressions (+9%): developing markets like APAC.
- Avg Price (+22%): advertiser demand & lapping COVID-related pricing weakness during 3rd Q offset by 3 primary headwinds.
 - ↳ Advertising spend negatively impacted by performance & measurement related to Apple.
 - ↳ Macro headwinds as growth in online commerce has moderated from elevated levels earlier in the pandemic.
 - ↳ Businesses faced supply chain disruptions.
 - ↳ COVID resurgence in Southeast Asia → additional lockdowns.
- Other rev (+195%): Quest 2 sales.
- Outlook:
 - ↳ Reporting for 2 segments: Family of Apps & FBL
 - ↳ Large factor driving CapEx spend is investments in AI & ML
 - Benefit efforts in ranking & recommendations

QUESTIONS

① Metaverse focus. Recap a 1,3,5 year aspirations from a product perspective.

- In the next 1-3 years, will be putting foundational pieces into place.
 - ↳ Not an investment that is going to be profitable for us anytime in the near future.
- Social platform work with Horizon effort (**Investigate**)

② Update on Horizon (social media app where people can create games & experiences - sharing together)

- ↳ When will it be out of closed beta?
- Have been steadily working on this & onboarding more creators & more ppl to it & adding more world all the time.
- Released Workrooms recently.
- Important to have an experience that goes across all platforms
 - ↳ As an immersive experience, will be best if you're in VR or AR, but it still needs to work everywhere.
 - Work across whole Family of Apps & needs to work on the web & on phones & on computers.