

MARK ZUCKERBERG

- 2.6B DAU overall
- +200M businesses
- 4 themes for the year ahead:
 - Communities
 - Private Messaging
 - Commerce tools for small business
 - Building the next computing platform

1. COMMUNITIES:

- +600M people are part of a group in FB that they consider meaningful to their lives.
- Are building tools to help groups get things done together and provide support for people that span messaging, video chat and community websites.
 - Are exploring different ways to raise funds, including donations, merchandise and membership fees to help group leaders support their communities' operations and hire people for different roles that are needed to build sustainable communities for the long term.
- Take down groups that break rules against things like violence or hate speech.
 - Removed more than 1M groups this year alone.
- Also a lot of groups FB does not encourage people to join, even if they do not violate policies (ex. Stop recommending political groups ahead of the election)
 - Considering also steps they can take in order to reduce political content in the News Feed.

2. PRIVATE MESSAGING:

- Should be end-to-end encrypted and disappear once you finish with them.
- Safety and reducing spam - FB should maintain a minimum amount of metadata to build sophisticated tools to stop bad actors from using these services.
- Make messaging interoperable across all apps.
- Only store people's data in countries where they are sure they can keep it secure.
- Apple released "Nutrition Labels" focused on metadata that apps collect rather than the privacy and security of other people's messages. (Look this news up)
 - iMessage stores "non end-to-end encrypted" backups of your messages by default, unless you disable iCloud.
 - When it comes to protecting messages WhatsApp is superior.
- See Apple as one of their biggest competitors:
 - Apple's business is more dependent on gaining shares in apps and services against FB and other developers.
 - Apple has the incentive to interfere with how FB apps and other apps work, which they regularly do in preference of their own.

3. COMMERCE:

- Businesses can set a shop once, and it will automatically be available in both Instagram and Facebook.
 - Eventually will also be available in WhatsApp and Messenger.
- Recently expanded Checkout to all US businesses.
- WhatsApp is important part of strategy:
 - Are building new features to make it easier to transact with businesses in the app.
 - Introduced carts - people can browse catalogs, select multiple products and send the order as a message to the business.
 - Building tools to let businesses store and manage chats using secure hosting infrastructure if they like.
 - Personal messages still remain end-to-end encrypted. This will be an optional feature for businesses.

4. NEXT COMPUTING PLATFORM:

- Launched Quest 2 in October.
- +60 Oculus developers are generating revenue over the millions - nearly twice as many as a few months ago.
- Excited to deliver first glimpse of AR glasses when they launch first pair of smart glasses from Ray-Ban
- Portal has proven to be a great way for people to remain connected.
 - Will be expanding the role of Portal and VR presence into the workplace by bringing more features that can improve remote presence, collaboration and productivity.

SHERYL SANDBERG

- Q4 was stronger than expected for retail.
 - ↳ In the US, the National Retail Federation reported that sales in Nov & Dec went up by 8% YoY & online sales were up 24%.
 - ↳ Holiday period was longer:
 - Advertisers started spending earlier & sustained well Beyond Black Friday & Cyber Monday.
 - ↳ Robust performance across regions as well as improvement in brand advertising.
- Sheryl summarizes products/services/initiatives done throughout the year which have aided SMBs through the pandemic.

DAVID WEHNER

- 3.3 MAUs overall.
- US & Canada DAUs declined sequentially as usage normalizes from peak COVID level.
- Growth in advertising revenue was largely driven by a strong holiday shopping season for retail, which benefited from the ongoing shift to online commerce.
- Impression growth (+25%): driven by both Facebook & Instagram.
- Price per ad (+5%): driven primarily by FB mobile feed as well as pricing improvement in Instagram Stories.
- Other revenue (+150%): strong Q4 & 2 holiday sales.
- Cost of revenue (+44%) primarily Q4 sales, infrastructure investments & payments to partners.
- Outlook:
 - ↳ Business is benefited from 2 broad economic trends playing out during the pandemic:
 - ① Shift to online.
 - ② Shift to consumer demand towards products & away from services.
 - Shifts provided tailwind in the second half of 2020 given strength in product verticals sold via online commerce & lower exposure to services verticals like travel.
 - ↳ First half of 2021 will be lapping a period of growth that was negatively impacted by reduced advertising demand during early stages of the pandemic.
 - ↳ Second half will lap periods of increasingly strong growth → pressure YoY growth rates.
 - ↳ Ad targeting headwinds for 2021:
 - Platform changes → iOS14
 - Evolving regulatory landscape.
 - ↳ Continued uncertainty around viability of transatlantic data transfers in light of recent European regulatory developments.

QUESTIONS

- ① Learnings so far with IG Shopping.
 - Launched a new shop tab in Q4.
- ② Impact of IDFA to FAN & core products.
 - More than IDFA, the impact will come from iOS14
 - ↳ FB will have to provide a prompt asking ppl for permission to use 3rd party data to deliver personalized ads.
 - Expect a higher opt-out rates.
- ③ Key investments to unlock opportunity based on the recent success with Oculus.
 - Last year shipped the ability to do hand-tracking (no one expected to be possible yet).
- ④ Difference between WhatsApp & Messenger other than branding? Inevitable consolidation?
 - Biggest difference is the connection to Facebook app/graph.
 - Aesthetic & focus on functionality vary.
 - ↳ WhatsApp: utilitarian, simple → keep adding functionality but more focused on keeping it minimal.
 - ↳ Messenger: more tools & features for expression.
- ⑤ Reels. Performance/uptake/monetization.
 - Rolled out in ~50 countries.
 - Launched Branded content tag in Reels
 - ↳ Help creators share content & monetize.
 - Launched shopping
 - Will launch ads → timing TBD.
 - Following same path as with other products
 - ↳ Launch product
 - ↳ Make sure there's market fit
 - ↳ Launch ad product
 - ↳ Make sure it's beneficial to consumers.