

★ Facebook Needs the Right Kind of Friends

https://www.wsj.com/articles/facebook-needs-the-right-kind-of-friends-1509575088?st=n0uk9r320es9q8z&reflink=desktopwebshare_permalink

Nov. 1, 2017 at 6:24 pm ET

- “Protecting our community is more important than maximizing our profits.” He said the company is now investing so much in security that it will affect future profitability.
- The company said next year’s total expenses will grow between 45% and 60%. But Facebook can afford to take the hit and do the right thing. Operating income surged 64% year over year, to hit a record \$5.1 billion in the third quarter, while revenue jumped 47%, to \$10.3 billion. The user base continues to grow, too. About 66 million monthly active users were added in the third quarter, to bring the total to 2.07 billion. Growth in the company’s user metrics and financial results all exceeded Wall Street’s estimates for the quarter.
- California Sen. Dianne Feinstein told the executives: “you have to be the ones to do something about this. Or we will.”
- Such words, coming from tech’s senior hometown senator, shouldn’t be taken lightly, and Facebook may have the most to lose. The world’s largest social network offers a tempting target for those seeking to spread malicious content, yet Facebook’s financial performance still depends on maintaining the trust of its users. Google, by contrast, is much harder to avoid. More than 90% of the world’s internet searches now flow through its network.
- That risk hasn’t yet shown up in Facebook’s valuation, which currently sits around 32 times forward earnings. Investors may be justifiably impressed that users keep signing up, even as it becomes more clear that social networks aren’t always harmless fun. But, with a hyperpartisan Congress [united around the need to do something](#), Facebook is finding that even 2 billion friends aren’t enough.

New Facebook Data Shows Russians Targeted Users by Race, Religion, Politics

https://www.wsj.com/articles/russian-ads-targeted-facebook-users-by-profile-1509563354?st=4etpbf36rvlwiyik&reflink=desktopwebshare_permalink

Updated Nov. 1, 2017 at 7:09 pm ET

- Russian operatives targeted users on Facebook Inc. by race, religion and interests such as gun ownership, the Confederate flag and Ivanka Trump’s jewelry line, according to advertising data released by lawmakers Wednesday as part of congressional investigations into Russian manipulation on social media around the U.S. election.
- Lawmakers expressed frustration with the tech companies during the hearings. Sen. Dianne Feinstein (D., Calif.) criticized the companies for not having a handle on the misuse of their platforms, while Sen. Angus King (I., Maine) said he was disappointed the tech companies didn’t send their chief executives.
- “We’re serious about preventing abuse on our platforms,” Facebook Chief Executive [Mark Zuckerberg](#) said in a statement as part of Facebook’s quarterly earnings Wednesday afternoon. “Protecting our community is more important than maximizing our profits.”
- The Russian social-media campaign was successful because “they understood that the algorithms that you use tend to accentuate content that is either fear based or anger based,” said Rep. Adam Schiff of California. “That helps it pick up an audience and go viral and be amplified.”

Facebook Profit Jumps 79%, Revenue Up

https://www.wsj.com/articles/facebook-profit-jumps-79-revenue-up-1509568694?st=rbe6ogoo7s8lh93&reflink=desktopwebshare_permalink

Updated Nov. 1, 2017 at 7:52 pm ET

- Facebook plans to double the number of employees and contractors who handle safety and security issues to 20,000 by the end of 2018. It is also redoubling security-focused engineering efforts in some

areas and building new artificial-intelligence systems to detect what Chief Executive [Mark Zuckerberg](#) described as “bad content and bad actors.” Facebook’s 2018 expenses could rise as much as 60% compared with 2017.

- “I am dead serious about this,” Mr. Zuckerberg told investors. “I’ve directed our teams to invest so much in security on top of the other investments we’re making that it will significantly impact our profitability going forward.”
- The grilling raises the specter of regulation and added scrutiny, which could slow Facebook’s growth and ability to rapidly develop new products. The crisis also put Facebook in the awkward position of playing down the effectiveness of the Russian ads while touting the strength of its ad targeting and reach to legitimate advertisers.
- Advertisers, too, are wary of Facebook’s video ad products after a series of missteps in calculating advertising performance.
- “The underlying issue is whether Facebook can be sufficiently trusted by stakeholders,” said Pivotal Research analyst Brian Weiser. “There’s always been this concern that at the top of the company they’re not taking these matters seriously enough. Lack of trust creates friction, lack of trust creates rules and those rules come with costs.”
- The firestorm about Russia hasn’t hurt Facebook’s popularity. The company increased its monthly active user base to 2.07 billion.

● The Social Media Platform That Has Gen Z Obsessed

https://www.wsj.com/articles/the-social-media-platform-that-has-gen-z-obsessed-1509586335?st=17vbfedorai1t69b&reflink=desktopwebshare_permalink

Nov. 1, 2017 9:32 pm ET

- But every day on [Musical.ly](#), millions of teenagers post videos of themselves lip-syncing or dancing to popular music or generally goofing off. Videos are shared with friends or posted publicly, and users award their favorites with likes (or “hearts” as they’re known on the app). The most popular videos in a given 24-hour period rise to the top of the leaderboard.
- Alex Hofmann, Musical.ly’s North American president and its face in Southern California, where he is charged with brand extensions and industry outreach, helped put the Mantlers’ social-media reach into context. At the risk of offending the Beyhive, he says: “I remember this Beyoncé picture went live—with her being pregnant—and [quickly] got 6.4 million likes on Instagram. Lisa and Lena are getting 5.2 million likes on Musical.ly, which is significantly smaller than Instagram.”
- The company has been valued at \$500 million. The app has more than 200 million registered users and, according to Musical.ly co-founder and co-CEO Alex Zhu, 60 million active monthly users, which is impressive considering it didn’t exist four years ago.
- In teen parlance, Musical.ly’s great innovation was making the video *selfie* a thing. Content is easy to create and manipulate on the app; the suite’s editing tools and filters allow users to speed up a song, slow it down and—most important—share it with friends. (Last year, [Musical.ly launched another app, called Live.ly](#), which allows users to broadcast whatever it is they are doing in that moment; more than 500,000 live streams are started every day.) Now Musical.ly is considered a cultural phenomenon; Katy Perry and Bruno Mars joined earlier this year, and the Teen Choice Awards added a new category for Choice Muser. It’s also been embraced by the music industry, thanks to its ability to translate 15-second clips into revenue-producing streams and sales for artists as varied as Rihanna, Fetty Wap and the indie-pop band Echosmith.
- Though growth at Musical.ly has been sharp since the company’s inception, 2017 will be remembered as the year Musical.ly transitioned from an app primarily for posting music videos to a broader social-media and entertainment platform. In April, Musical.ly announced a deal that allows Apple Music subscribers to stream full songs on the app. This year MTV, NBCUniversal and Hearst all launched

original programming on Musical.ly, including MTV's animated series *Greatest Party Story Ever*. As Mark Cuban, the *Shark Tank* star and co-founder of Broadcast.com, explains via email: To reach these coveted young eyeballs, "you have to go where they are. And Musical.ly and Live.ly have definitely gotten a strong following."

- But what Musical.ly has done so well is "build an audience that was constantly looking for something to grab their attention." Cuban is the owner of the Dallas Mavericks, the first NBA team to join the platform, where they regularly stream behind-the-scenes videos from practice. "Once we turned it on," Cuban says, "we got tens of thousands of simultaneous viewers organically, which is no small feat."
- Musical.ly's origin story is unlikely and may be one of the most successful pivots in Silicon Valley history. In 2013, Zhu was living in the Bay Area (where he'd worked for the software giant [SAP](#)) when he had the idea for an app called Cicada, an educational tool that would allow users to stream short, instructional videos on their phones.
- In the summer of 2014, Zhu had an epiphany on a commuter train in Mountain View, California, seated near a bunch of teenagers. "I would say 50 percent of those students were listening to music," he says, "and the other 50 percent were taking selfies and putting [digital] stickers on top to create something hilarious and share it around." Why not create a social-media site where you could do both at once?
- Zhu and Yang (who is based in Shanghai) directed a skeleton crew of developers to put together a prototype for Musical.ly, which went live in July 2014. The launch was modest: Five hundred people were signing up every day, but it was unclear whether the founders should invest further or cut bait. Zhu described the company's financial situation as "desperate." In April 2015, Musical.ly pushed through a redesign in the hopes of moving the needle. A curated list of Musical.ly's best videos would now appear when a user opened the app, and the company's distinct red logo was repositioned so that if a user posted a Musical.ly video to Instagram or [Facebook](#), the logo would be front and center. "Three months later we were No. 1 in the app store," Zhu says. "We didn't spend money to do marketing or user acquisition. It was purely organic, word of mouth."
- Musical.ly topped the app store charts in 20 countries, including Germany, Japan and Brazil. Musical.ly's short videos proved to be the perfect entertainment for a demographic with notoriously twitchy fingers. There were other popular lip-sync apps in the market (notably Dubsplash) but none that made it as easy to share videos or find new friends. Zhu and Yang's innovation was in taking the modern-day equivalent of singing into a hairbrush in your bedroom and turning it into a social-media phenomenon.
- Hofmann had a hypothesis that, in industry terms, secondary consumption (or lip-syncing to a short clip) would lead to primary consumption (or iTunes sales and Spotify streams). And his gamble seems to have proven true.
- Musical.ly has now signed deals with major music labels, including Warner, Universal and [Sony](#), and samples from more than a million songs are available on the app.
- It's not just the size of the audience that matters but rather who is watching. Musical.ly's core demographic is aged 13 to 20 (the terms of service state that the app is for users over the age of 12), which is younger than Snapchat's (18 to 34). That's particularly appealing to brands that have struggled to connect with and retain younger viewers.
- But Musical.ly's real strength, it seems, appears to be as a promotional tool. The app has birthed social-media stars with massive followings who are being paid by brands to promote new artists and apps. For some creators, Musical.ly is now a full-time job, with popular users posting around 10 times a day.
- Musical.ly is still growing. According to the analytics firm Sensor Tower, an estimated 45 million people installed Musical.ly for the first time in the first half of 2017—about a 25 percent increase over that same period in 2016. What's more impressive is its user engagement. Though Musical.ly does not share its user engagement figures, Sensor Tower's data suggest that on average people spend more than three minutes in Musical.ly every time they open the app (compared with roughly two minutes on Instagram and 85 seconds on Snapchat) and that users are spending more than 15 minutes on Musical.ly each day (compared to more than 22 minutes on Facebook). That may be why, in a 2016 earnings call, [Mark Zuckerberg](#) noted Musical.ly's and Live.ly's grip on a young audience, fueling talk of a potential acquisition (though it appears to be just that).

- In tech, there is always the concern that other apps may try to copy Musical.ly's features. Facebook now has Stories, for example, which is basically the same as Instagram Stories, which is what Snapchat always did. Mark Cuban raised a similar point: Now that Facebook and Instagram have also added live streams, "it will be a battle for [Musical.ly], but I think they can perform with younger audiences."
- Musical.ly's innovation may be something more intangible—and it comes back to the excitement one feels watching twin girls from Germany giggle their way through a 15-second dance to Usher's "OMG." Says Hofmann: "There are people who say, 'You can copy features.' But you can't copy a community."

REFERENCE FOR LIVE.LY

● The Future of Music: Playing for \$30,000 in Tips

https://www.wsj.com/articles/live-streaming-music-to-fans-on-smartphones-is-a-pretty-good-gig-1490443203?reflink=desktopwebshare_permalink

March 25, 2017 at 8:00 am ET

- The burgeoning live-stream economy is a potentially lucrative gig for newcomers to the music industry—where now even established acts earn far more from performing live than from selling recordings.
- Young music fans today don't buy many CDs or downloads, but the rise of virtual tip jars is evidence some fans are still willing to spend money on novel kinds of interactions with their favorite acts.
- Zach Clayton, who is also 16 and a resident of Austin, Texas, said he earned more than \$100,000 last year performing on a live-streaming app called YouNow. He is one of a growing number of performers who live on tips and gifts from online fans.
- YouNow, a New York City-based app founded six years ago and now with nearly 34 million registered users, said it has dozens of personalities who earn six figures singing, cracking jokes and showcasing other talents. For many, their living rooms and bedrooms are their stages. YouNow uses human monitors and an automated system to detect and block users from broadcasting inappropriate, offensive or illegal activities.
- At Live.ly, a rival app launched in 2016, the top 20 content creators make an average of \$31,000 a month in fan tips, according to Musical.ly Inc., the owner of both Live.ly and an app for making music videos called Musical.ly.
- And in coming months, the makers of a popular Chinese live-streaming app are planning to launch a U.S. version with a tipping feature, according to people familiar with the matter.
- One-third of the tips generated using these apps goes to [Apple](#) Inc. or [Alphabet](#) Inc., which charge companies fees for purchases made on apps sold in their app stores. The lion's share of the remaining tip revenue goes to the content creators; the Live.ly app itself takes a small cut, according to Alex Hofmann, Musical.ly Inc.'s president for North America
- Facebook Inc. has [considered adding a tip jar](#) to its live videos, according to people familiar with the process. It surveyed some high-profile users about the idea but hasn't added it to date.
- Last month, YouTube unveiled a feature called Super Chat where fans watching a live stream "stand out from the crowd and get a creator's attention," by purchasing brightly colored messages that stay at the top of the chat window for up to five hours, driving extra revenue to the content creator. It's "like paying for that front-row seat in the digital age," YouTube's blog announcement said.
- Musical.ly Inc.'s Mr. Hofmann said the Musical.ly app plans to add virtual tips and gifts, as the Live.ly app has, and the company also plans to experiment with revenue models such as corporate sponsorship and media-company partnerships.

Tips for Taming Your Wild Facebook Feed

https://www.wsj.com/articles/how-to-live-with-facebook-and-still-live-with-yourself-1510160931?st=Izborbv6tfejbft&reflink=desktopwebshare_permalink

Updated Nov. 8, 2017 at 12:31 pm ET

- Facebook was always a little icky, but at some point leading up to the 2016 U.S. elections, things got disturbing. Seeing pictures of an ex suddenly pop up is one thing; being vulnerable to bad actors who want to threaten democracy is quite another.

- The problem is, it's hard to live without Facebook. It has become, for many, the default operating system/personal directory of the internet. There's no better way to track someone down, alert a network of people you know to big news and, yes, wish someone a happy birthday. Unless everyone departs the social network en masse (not likely given its [continued growth](#)), most of us are going to keep our Facebook accounts alive.

● Social-Media App Musical.ly Is Acquired for as Much as \$1 Billion

https://www.wsj.com/articles/lip-syncing-app-musical-ly-is-acquired-for-as-much-as-1-billion-1510278123?st=f5yzi5s3sltfguf&reflink=desktopwebshare_permalink

Nov. 9, 2017 at 8:46 pm ET

- Musical.ly Inc., the maker of a social-media app popular among teens and tweens, has agreed to be acquired by Chinese news and information site Beijing Bytedance Technology Co. for as much as \$1 billion
- The deal comes three years after Musical.ly's 30-something co-CEOs Alex Zhu and Luyu Yang launched the social-media app to capture the YouTube phenomenon of teenagers sharing videos of themselves singing or dancing to popular music.
- Users—or Musers as they are known on the app—[create video selfies with a musical soundtrack](#) and share them with friends. The most popular Musers have tens of millions of fans on the app and share revenue from brand partnerships with Musical.ly. The startup, which is based in Shanghai with an office in Santa Monica, Calif., has 60 million monthly active users, the company says.
- Bytedance, best known for its personalized news app Toutiao in China, made the acquisition to find ways to coordinate content between the two platforms, and help its effort to expand overseas, a person close to the deal said.
- Bytedance's attraction for investors is its access to a huge user base, and its ability to offer targeted advertising by breaking down user segments by age, location and interest. Its news app Toutiao—which means “headlines” in Chinese—pulls together [customized third-party content](#) for users based on their interests and viewing history, and its 120 million daily active users spend 74 minutes each day on the platform, the company says.
- The Musical.ly transaction, expected to close at the end of November, may give Bytedance access to original content from the video platform's media partners, which include MTV, NBCUniversal and Hearst. It also expands Bytedance's reach in developed markets such as North America and Europe.
- Bytedance, founded in 2012 by serial Chinese entrepreneur Zhang Yiming, has plans to expand overseas in those markets, and in others such as Japan, Korea and fast-growing countries such as India and Brazil, said Liu Zhen, its senior vice president. It recently acquired Los Angeles-based social video app Flipagram and has invested in news apps in India and Indonesia.

Tencent Still Has a Bit to Learn From Facebook

https://www.wsj.com/articles/tencent-still-has-a-bit-to-learn-from-facebook-1511260827?st=1xt2yqgxpdb694&reflink=desktopwebshare_permalink

Updated Nov. 21, 2017 at 5:44 am ET

- Tencent passed Facebook in value Tuesday, north of \$500 billion—the first Asian tech company in that territory. But to justify that valuation, the Chinese social-media giant [needs to earn money like its U.S. counterpart](#).
- Persuading users to download or play its games has been Tencent's biggest success, accounting for around half of revenue. The [near-doubling of smartphone-game revenue last quarter](#), driven by the [smash hit “Honor of Kings,”](#) has helped push its stock up 12% since results came out last Wednesday.
- The games also account for most of Tencent's gross profit. By contrast, [advertising, Facebook's bread and butter, contributed only 13%.](#) Thanks to WeChat, Tencent controls around two-

thirds of time spent on China's major apps, according to [Deutsche Bank](#)—but takes in only 12% of the country's online advertising revenue.

- One reason is that the e-commerce platforms of Alibaba—the go-to sites for Chinese shoppers—have attracted a big chunk of company ad dollars. But Tencent could still [take better advantage of its huge WeChat base](#). Last quarter, advertising revenue came to \$1.70 per user, compared with \$20.70 for Facebook in North America—a big upside for Tencent even after adjusting for differences in per capita GDP.
- The problem is, much of that potential has already been priced in: Tencent trades at 43 times expected earnings. Though its market cap is now ahead of Facebook's, its net profit over the past 12 months was 40% lower.
- Analysts are basing their [bullish stock forecasts](#) on expectations Tencent's revenue and profit will double by 2020, with advertising as a major driver, according to S&P Global Market Intelligence. [Goldman Sachs](#), for one, expects Tencent's online-ad revenue to grow at a 40% rate in the next two years, compared with 21% for games.

● Facebook's Training A.I. to Spot ISIS, al Qaeda Posts—Nazis Come Next

https://www.wsj.com/articles/facebook-training-a-i-to-spot-isis-al-qaeda-postsnazis-come-next-1511913600?st=emf9tjyfdgo32o&reflink=desktopwebshare_permalink

Nov. 28, 2017 at 7:00 pm ET

- The social media company said Tuesday that it has in recent months focused on training artificial intelligence software to identify extremist content specifically from those two terrorist groups to hone its automated technology. Facebook says that has boosted the speed with which it removes posts and accounts from the groups compared with when it [announced the initiative in June](#)—with 99% of the content it removes from the groups detected before being flagged by Facebook users.
- Now, Facebook executives acknowledge, comes the hard part: translating some of that narrow success to a broader deluge of extremist content, from white supremacist groups' pages to hate speech posts—or even Islamic State videos that sport a different look to avoid the automated dragnet.
- Facebook is stepping up its counterterrorism activity at a time when it and other tech firms are being buffeted on topics ranging from their treatment of smaller rivals to their role in spreading political misinformation.
- The deeper challenge for Facebook's push to use A.I. to counter online extremism is that A.I. tools are only as good as the data that are used to train them. Tech platforms like Facebook rely heavily on software to sift through the reams of content posted to their sites every day. But they need huge numbers of categorized terrorist videos and pictures they can use to train their algorithms what to look for—something that might not always be available.
- Another roadblock is that many postings and pages, particularly text postings, require judgments from content reviewers—leading the firm to increase their ranks. Facebook will employ 7,000 content reviewers by the end of 2017, up from 4,500 in May, Ms. Bickert said.
- Ms. Bickert said a subset of each content reviewer's decisions are audited by Facebook every week to ensure quality and accuracy. But she acknowledged that reviewers still make some mistakes.

Facebook Plans to Let Users Know If They Followed Russian Pages

https://www.wsj.com/articles/facebook-plans-to-let-users-know-if-they-followed-russian-pages-1511370767?st=vcg24faepmeyrua&reflink=desktopwebshare_permalink

Updated Nov. 22, 2017 at 2:43 pm ET

- Facebook Inc. on Wednesday said it plans to tell millions of users who liked or followed any of the 290 Facebook and Instagram pages created by Russian actors that they were ensnared in an alleged misinformation campaign around the U.S. presidential election last year.
- By the end of the year, users will have access to a tool to check if they followed any of the pages, which were designed to look like they were run by Americans but were actually created by a single pro-Kremlin firm called the Internet Research Agency. Sen. Richard Blumenthal (D., Conn.) this month following a congressional hearing asked Facebook, Twitter Inc. and Alphabet Inc.'s Google to tell users who saw posts by the Internet Research Agency, and asked for a reply by Wednesday.
- Facebook's disclosures, however, will only reach a fraction of the more than 120 million users who saw the posts, the company said. A Facebook spokesman said it is too difficult to reach all affected users, in part because it can't reliably identify who came across the content.
 - Can point to the lack of control FB has over its own platform and how bad actors can benefit from this.
- Facebook's disclosure to users is "really the bare minimum," said Elevation Partners co-founder Roger McNamee, an early Facebook investor and adviser who has become a critic of social media's effect on democracy. Facebook's "reluctance to both accept responsibility for what happened in 2016 and, more importantly, to take steps to prevent similar things happening in the future is just both horribly disappointing and really dangerous."
- One pillar of the Russians' strategy, which U.S. intelligence agencies say was directed by the Russian government, was to create [fake accounts](#) on popular U.S. tech sites, including Facebook, Instagram, Twitter and Google's YouTube. On Facebook and Instagram, the Russian accounts ran thousands of ads as a way to amass followers to their pages.
- "The polarization we have in the country today has made tens of millions of people resistant to facts and Facebook is in a unique position to break through that resistance," Mr. McNamee said. "It's really important that they reach out to every single person who was touched and say, 'We—meaning Facebook—were manipulated'."

Snapchat Simplifies Design to Spur Use

https://www.wsj.com/articles/snapchat-simplifies-design-to-spur-use-1511964000?st=qv5yj2jvfvoeh73&reflink=desktopwebshare_permalink

Nov. 29, 2017 at 9:00 am ET

- Snapchat on Wednesday introduced an overhaul of its app to make it simpler to use, a concession that its complicated design was holding the company back amid intense competition.
- The redesigned app separates messages produced by a user's friends from publisher and celebrity content instead of mixing them together, reflecting the belief at parent company [Snap Inc.](#) [SNAP 0.78%increase; green up pointing triangle](#) that conversations with friends are a different kind of interaction than consuming content. It consolidates the content across fewer pages than the previous version of the app that required users to swipe multiple times to see most publisher content. The camera remains the landing screen.
- The redesign also uses machine learning to prioritize the content users see, instead of [ordering it chronologically](#), a change that Twitter Inc. and Facebook Inc.'s Instagram have previously [made to their feeds](#).
- The update addresses one of the greatest challenges facing Snapchat: how to prove that it can continue to grow its cadre of daily users. Snapchat's [number of daily users inched up](#) just 2.9% in the third quarter to 178 million, its slowest increase since the company started reporting the figure.
- The stakes are high for Snap: Nearly nine months since Snap's shares listed in March and soared 44% on their first day of trading, Snap's shares are [trading nearly 20% below their offering price](#). Meanwhile, Instagram and Facebook's [messaging app WhatsApp](#) continue to gobble up users.
- Snap said it is betting that a simpler design and more-relevant content will entice existing members of Snapchat to log on more often. In the previous version of the app, users [stumbled over complex](#)

[commands](#), such as swiping multiple times to see different types of messages, or pinching to view a map.

- “Given the massive audience growth Instagram Stories and WhatsApp Status have seen over the past year, we believe it could be too little too late,” Susquehanna Financial Group analyst Shyam Patil said after the earnings release.

● Should 6-Year-Olds Be on Social Media? Facebook Launches Messenger Kids

https://www.wsj.com/articles/facebook-launches-chat-app-for-tykes-and-tweens-1512392403?st=n9coftz398mcx2p&reflink=desktopwebshare_permalink

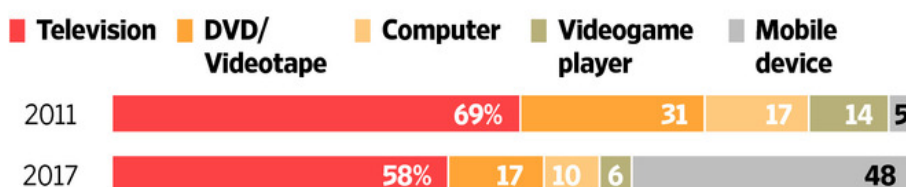
Updated Dec. 4, 2017 at 4:20 pm ET

- Facebook Inc. said it is rolling out a new messaging app for its youngest audience yet—children between the ages of 6 and 12—in response to growing safety concerns from parents. But experts are questioning whether such young children are ready for any social-media access.
- Messenger Kids, released Monday, is a stand-alone chat and messaging app that allows children to send texts, messages and videos to a list of contacts their parents have approved. Parents can download the app on a child’s tablet computer or smartphone and activate and control it from their own Facebook account, including who is on the child’s contact list.
- Facebook, which owns the Messenger messaging app, said it consulted child-development and online-safety experts, the parent-teacher organization National PTA and thousands of parents as it developed Messenger Kids. There will be [no advertising on the app](#) and Facebook said it won’t create separate Facebook accounts for the youngsters. The only data the company will collect on them will be their names.
- But the app also stands to help Facebook attract future users in a demographic group in which it has been vulnerable. Facebook hasn’t been as popular with teens and young adults as [Snap](#) Inc.’s Snapchat. Messenger Kids looks a lot like Snapchat, in that it offers silly masks and other Snap-like features—even one like the popular rainbow-vomit filter.
- But Facebook doesn’t allow children under 13 to have accounts without parental consent. Messenger said it won’t migrate the Kids users to the main app when they turn 13.
- Other tech platforms have created products for children, including YouTube, a part of Alphabet Inc.’s Google. The YouTube Kids service, launched almost three years ago, drew criticism as hosting videos inappropriate for children, but that garnered millions of views. The videos included animated characters in graphic cartoons that critics said were disturbing to children.
- Child-development experts are concerned by Facebook’s Messenger Kids launch, which could present dangers with the messages children see, and the way they could get hooked on social media.
- Facebook cited research from U.K. consulting firm Dubit showing that about two-thirds of 6- to 12-year-olds in the U.S. use tablets or smartphones every day.

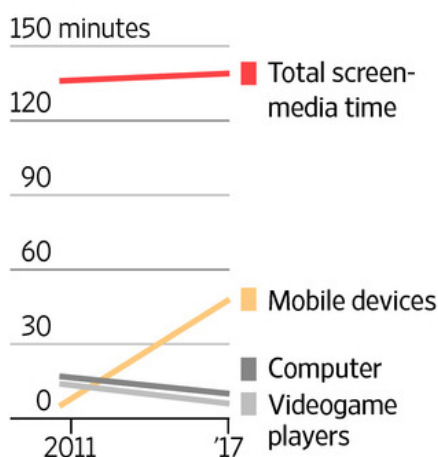
Screen Time

Children up to 8 years old are spending slightly more time in front of a screen, and that screen is more likely to be a mobile device.

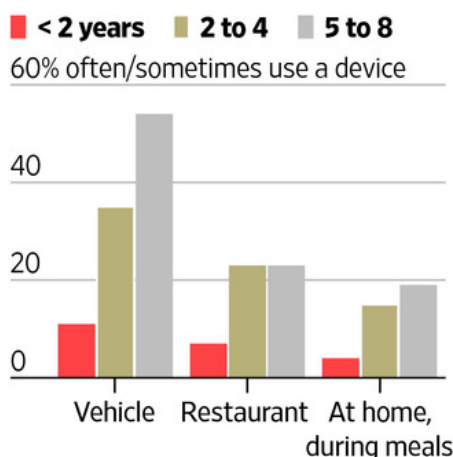
Share of screen time, children up to 8 years old



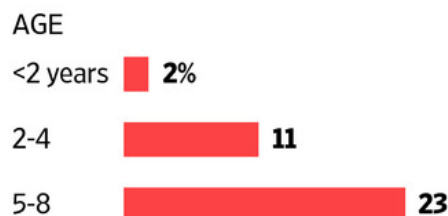
Daily time with screen media



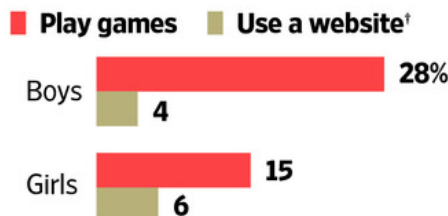
Where mobile media used, 2017



Percentage of children using virtual assistants*, 2017



Percentage of children using social media, 2017



*Voice-activated device like Amazon Echo or Apple's Siri

†Such as Club Penguin, Animal Jam or Minecraft, if played online

Source: Common Sense Media

THE WALL STREET JOURNAL.

- Parents won't be able to monitor their children's usage in real time. They don't have access to the content of those messages from their accounts, Facebook said, citing its research showing that parents are accustomed to scanning those messages directly from their child's devices from time to time.
- Messenger designed the app to be engaging. It includes GIFs, stickers and the ability to draw on photos.
- Messenger Kids also [allows for simultaneous group video chats](#), which look a lot like Houseparty, another new app popular with young users that lets groups of people hang out on live video.
- Such features are designed to hook users, raising concerns among child-development experts and advocates.

Facebook's Messenger Platform Stopped Briefly For Some Users

https://www.wsj.com/articles/facebook-reports-outage-on-messenger-platform-for-some-users-1512482100?st=i18mtqxe4bacd42&reflink=desktopwebshare_permalink

Updated Dec. 5, 2017 at 10:19 am ET

- Facebook Inc.'s Messenger chat platform stopped working for several hours for some users Tuesday morning, a technical hiccup as the company ramps up its focus on person-to-person communication.
- On Monday, [Facebook rolled out](#) a new messaging app for its youngest audience yet—children between the ages of 6 and 12—in response to growing safety concerns from parents. Messenger Kids is a stand-alone chat and messaging app that allows children to send texts, messages and videos to a list of contacts their parents have approved.
- In April, the company said 1.2 billion people around the world use Messenger each month.

What Businesses Can Learn From Facebook's Pitch to Kids

https://www.wsj.com/articles/what-businesses-can-learn-from-facebooks-pitch-to-kids-1512995563?st=2f91b82pghqwdn7&reflink=desktopwebshare_permalink

Dec. 11, 2017 at 7:32 am ET

- Facebook Inc., facing increasing scrutiny over privacy issues--particularly in Europe--as well as security concerns in the U.S., made a move last week that surprised some experts, to launch a new Facebook Messenger application meant for children ages 12 and under.
- Presently, children who fall under that age--and are therefore governed by the Federal Trade Commission's Children's Online Privacy Protection Act, known as COPPA--are prohibited from using Facebook. The company has said that its new application, which will offer text and video chat capabilities, won't carry ads and won't store the data of its users except for "infrastructure purposes."
- if Facebook can demonstrate that they can create a product that [consumers] perceive as safe and fair, essentially you will see a lot of fast followers [in terms of competitors]." If the move creates a big enough regulatory or consumer backlash, however, that could change the calculation for potential competitors, he said.
- So far, Facebook has faced some media scrutiny as well as early signs of concern from legislators. Senators Richard Blumenthal (D-Conn.) and Ed Markey (D-Mass.) sent a letter Dec. 7 to Facebook Chief Executive [Mark Zuckerberg](#), asking the company to answer a number of questions related to COPPA and security practices. These included: "What information is shared with Facebook's family of companies or its vendors and service providers?" and "What cybersecurity is built into Messenger Kids?"
- "I do think that Facebook was trying to get out in front of it. There's no good way to start the conversation about kids and social media," she said. But if there is a demand, rather than ignore the issue, she said companies like Facebook will need to provide consumers and regulators with clear answers on how data is used, whether it can be disposed of--and thus not follow children into adulthood--and whether parents can keep strict tabs on what their children are doing.

Facebook to Give Countries a Chance to Tax Its Profits From Local Ads

https://www.wsj.com/articles/facebook-to-give-countries-a-chance-to-tax-its-profits-from-local-ads-1513106868?st=j7s5cobbtsfiud&reflink=desktopwebshare_permalink

Updated Dec. 12, 2017 at 4:41 pm ET

- Facebook Inc. plans to book more revenue in the countries where it sells ads, becoming the latest U.S. tech giant to bow to pressure from foreign governments to simplify its tax structure and potentially pay more income tax overseas.
- The social-networking company Tuesday said it plans over the next year to start recording advertising sales made through local representatives in the countries where they are located, rather than funneling that money directly to Ireland, which has a lower corporate income-tax rate than many other countries.

- In the third quarter, Facebook earned 57%, or \$5.85 billion, of its revenue overseas. Moreover, the bulk of the company's revenue comes from mature markets that have advertising offices of the type that will be included in the shift announced Tuesday.
- There is a big caveat that could reduce the impact: The change won't affect Facebook's self-service ads, bought directly on its website by millions of advertisers. A Facebook spokesman declined to break out what portion of its revenue would be redirected under the plan.
- Facebook's announcement is the latest example of multinational companies, particularly U.S. tech giants, changing tax practices to cope with tighter rules and pressure from governments, particularly in Europe.
- More recently, France, Germany and other big European countries have [proposed a tax](#) on big internet companies to make up for the income tax they would pay if they reported their profit in the countries where they do business.
- In the U.K., where Facebook made the change partway through 2016, the company has seen its tax payments increase. The company's 2016 revenue in the U.K. jumped nearly fourfold to £842 million (\$1.12 billion). Its tax bill there rose 22% to £5.1 million.

● Facebook Overhauls Video-Ad Strategy Again

https://www.wsj.com/articles/facebook-revamps-video-ads-amid-publisher-concerns-1513269992?st=tlnozc91a8a87vg&reflink=desktopwebshare_permalink

Updated Dec. 14, 2017 at 12:09 pm ET

- Facebook Inc. is changing its video-ad strategy again, potentially amplifying tensions with many publishers who were already frustrated with their inability to earn significant money from videos posted on the platform.
- The social-media company is pushing publishers to create longer videos for the website, by raising the requirements that need to be met before ads can be inserted in those videos. Facebook also is tweaking its news-feed algorithm to reward pages with video programs that draw regular viewers. Both formats require more resources to produce than the short videos that do well in the news feed today.
- The social-media company is pushing publishers to create longer videos for the website, by raising the requirements that need to be met before ads can be inserted in those videos. Facebook also is tweaking its news-feed algorithm to reward pages with video programs that draw regular viewers. Both formats require more resources to produce than the short videos that do well in the news feed today.
- But the revisions could elevate frustrations among many creators, especially news publishers, who have spent considerable resources keeping up with Facebook's fluctuating product strategy. The social-media company is one of the most powerful competitors in digital advertising and any changes to its video-ad products have ripple effects throughout digital media.
- Facebook is taking one step that might mollify publishers: Next year, the company will for the first time start testing six-second ads that appear before certain videos begin playing—something publishers have requested because the format is a more reliable way to generate revenue from video. These preroll ads won't appear in the news feed, where Facebook's users spend most of their time. They will be available in Watch.
- The company wants professional creators to post more videos to the site and make the platform a content hub on par with YouTube, a unit of Alphabet Inc.'s Google. Video ads will also help offset what Facebook expects will be slowing growth in news-feed ads, its primary source of revenue, and rising costs.
- Last month, Facebook said 2018 expenses could rise as much as 60% compared with 2017 as it hired more content moderators and [beefed up its safety and security operations](#).
- Facebook still plans to pay for content that appears in Watch, its video-centric tab. The publication Digiday earlier reported that Facebook plans to end payments for live and on-demand video.
- Starting in January, Facebook videos must now last at least three minutes to be eligible for an "ad break," up from the previous threshold of 90 seconds. Facebook shares revenue from those so-called midroll ads with publishers. The ads last as long as 15 seconds.

- Facebook said its research showed users were more likely to watch 15-second ads if the users were prepared to watch a longer video. Facebook also found that showing a 5- to 10-second ad would be more appropriate for a 90-second video, but few advertisers make commercials that short, a person familiar with the internal research said.
- Facebook's willingness to experiment with so-called preroll ads is a shift in strategy. Mr. Zuckerberg has long resisted such ads, used heavily on YouTube, saying they would disrupt the experience of browsing the news feed.

Social-Media Stars Are Turning Heads—of Regulators

https://www.wsj.com/articles/social-media-influencers-get-noticed-by-regulators-1513342801?st=u33bnh4zudrxlidd&reflink=desktopwebshare_permalink

Dec. 15, 2017 at 8:00 am ET

- These stars offer their fans on Instagram, Facebook and other platforms what might seem like unscripted glimpses into their daily lives, complete with products and brand mentions—but sometimes without disclosing that companies have paid them in cash, goods or services.
- FTC officials say that merely tagging a brand or business on social media is a form of endorsement that falls under its purview. Disclosure should happen, the agency says, if an audience would view an endorsement differently knowing that an influencer had financially benefited from the brand.
- To make disclosure easier, Instagram this summer rolled out a template for influencers that places the label “paid partnership” on top of a post.

● The Google-Facebook Duopoly Threatens Diversity of Thought

https://www.wsj.com/articles/the-google-facebook-duopoly-threatens-diversity-of-thought-1513642519?st=id89gy90fe32n93&reflink=desktopwebshare_permalink

Dec. 18, 2017 at 7:15 pm ET

- In 2017 Google and Facebook have accounted for 84% of all digital advertising outside China, including 96% of its growth, according to an industry forecast this month from Zenith, Magna and GroupM.
- Specifically, the tech duopoly's dominance threatens the marketplace of ideas. Beyond advertising, Google and Facebook control how millions of people find their news. Americans are far likelier, collectively, to encounter articles via search engines and social media than on a news site's home page.
- Google is used for nearly 90% of online searches in the U.S. A Pew survey this summer [found](#) that the four most popular social-media sites for getting news are Facebook, YouTube (owned by Google), Twitter (which has [a Google partnership](#)), and Instagram (owned by Facebook). No more than 5% of Americans use another social-media platform to get news.
- Google, Facebook and Twitter place stricter content policies on advertisers than general users. There are legitimate reasons for this. The tech companies are sensitive to accusations that they not only profit from controversial content but also fund it by giving its creator a slice of the ad revenue.
- When virtually all online advertising goes through two companies, however, they have the power to harm websites arbitrarily.
- Google and Facebook's advertising duopoly bleeds traditional publishers of the revenue needed to produce high-quality news. At the same time, Google's search engine is biased against subscription content, depleting another source of funding.
- The bottom line is that Google's and Facebook's advertising policies and algorithms make it less profitable to produce high-quality journalism from any perspective. Their duopoly also gives tech executives the power to defund and block content they personally object to without taking a major hit to the bottom line.

Germany Says Facebook Abuses Market Dominance to Collect Data

https://www.wsj.com/articles/facebook-abuses-its-dominance-to-harvest-your-data-says-german-antitrust-enforcer-1513680355?st=6kfomhiz46yd1hq&reflink=desktopwebshare_permalink

Updated Dec. 20, 2017 at 9:49 am ET

- Germany's top antitrust enforcer opened a new front against big tech firms on Tuesday, saying the way Facebook Inc. harvests user data constitutes an abuse of market dominance.
- Germany's Federal Cartel Office published preliminary findings that accuse Facebook of using its power as the dominant social network in Germany to strong-arm users into allowing it to collect data about them from third-party sources, such as websites with "like" buttons.
- The office argues that Facebook is the only major social network in Germany, with more than 90% market share, leaving users no choice but to accept its terms of service—which include consent for the collection of third-party data.
- Facebook said it complies with European privacy laws and that the cartel office's report "paints an inaccurate picture" because the company faces ample competition from services the office didn't include in its definition of the social-network market, including YouTube, Twitter and Snapchat.
- The German cartel office's case against Facebook is the one of biggest efforts by a regulator to expand traditional antitrust law to cover controversial business practices associated with the digital era. The way companies like Facebook or Alphabet Inc.'s Google collect and use of personal data, in particular, has been a thorny topic in academic and policy circles.
- In prior cases where data has been an issue, antitrust officials have generally not found any reason to object to a deal or allege anticompetitive behavior.
- Tuesday's investigative findings are the latest way that European regulators have used antitrust law go after big tech firms. Earlier this year, the European Commission—the EU's top competition enforcer—fined Google €2.4 billion for [abusing the dominance of its search engine](#) to favor of its own shopping-ad service and the expense of rivals. Last year, the commission used competition rules governing state aid to order Apple to pay [€13 billion in unpaid taxes to Ireland](#).

● Facebook Licenses Music for User-Generated Videos

https://www.wsj.com/articles/facebook-licenses-music-for-user-generated-videos-1513893195?st=0gm9m10fhwnyn8&reflink=desktopwebshare_permalink

Dec. 21, 2017 at 4:53 pm ET

- The world's largest record company licensed its music to Facebook Inc. in a deal that paves the way for a new revenue stream for an industry in the early stages of recovery from years of online piracy and other woes.
- The deal centers on music featured in user-generated videos, which previously didn't generate income for the music industry and has been the target of extensive legal efforts to have it removed—a strain on both users of the platform and music companies. For Facebook, the deal could ease the way for its users to post more video, [a format the company is investing heavily in](#) to drive growth.
- The agreement also comes a day after Universal reached a deal with YouTube, with which the music industry has a contentious relationship over intellectual property and artist compensation.
- A person familiar with Universal's thinking said the company hopes the deal with Facebook will pressure YouTube into "cleaning up its act" on its free video-sharing service, where the bulk of its listening happens and where royalties paid to creators skew comparatively lower from other streaming platforms.
- Facebook is working to secure deals with the other two major recording companies and major music publishers, according to people familiar with the matter, and is willing to pay hundreds of millions of dollars to do so.
- The deal announced Thursday wouldn't enable Facebook to start a music-streaming service, which would require a different licensing agreement.

● The Worst Job in Technology: Staring at Human Depravity to Keep It Off Facebook

https://www.wsj.com/articles/the-worst-job-in-technology-staring-at-human-depravity-to-keep-it-off-facebook-1514398398?mod=Searchresults_pos16&page=2

Updated Dec. 27, 2017 at 10:42 pm ET

- Ms. Katz, 27 years old, says she reviewed as many as 8,000 posts a day, with little training on how to handle the distress, though she had to sign a waiver warning her about what she would encounter. Coping mechanisms among content moderators included a dark sense of humor and swiveling around in their chairs to commiserate after a particularly disturbing post.
- She worked at Facebook's headquarters campus in Menlo Park, Calif., and ate for free in company cafeterias. But she wasn't a Facebook employee. Ms. Katz was hired by a staffing company that works for another company that in turn provides thousands of outside workers to the social network.
- The equivalent of [65 years of video](#) are uploaded to YouTube each day. Facebook receives more than a million user reports of potentially objectionable content a day.
- Humans, still, are the first line of defense. Facebook, YouTube and other companies are racing to develop algorithms and artificial-intelligence tools, but much of that technology is years away from replacing people, says Eric Gilbert, a computer scientist at the University of Michigan.
- Susan Wojcicki, YouTube's chief executive, said this month that parent Google, part of Alphabet Inc., will expand its content-review team to [more than 10,000](#) in a response to anger about videos on the site, including some that [seemed to endanger children](#).
- The arrangement helps technology giants keep their full-time, in-house staffing lean and flexible enough to adapt to new ideas or changes in demand. Outsourcing firms also are considered highly adept at providing large numbers of contractors on short notice.
- Pay rates for content moderators in the Bay Area range from \$13 to \$28 an hour, say people who have held jobs there recently. Benefits vary widely from firm to firm. Turnover is high, with most content moderators working anywhere from a few months to about a year before they quit or their assignments ended, according to interviews with nearly two dozen people who have worked such jobs.
- Facebook requires that its content moderators be offered counseling through PRO Unlimited, which actually employs many of those workers. They can have as many as three face-to-face counseling sessions a year arranged by an employee-assistance program,
- Two [Microsoft](#) Corp. employees who reviewed content allege the company failed to provide a safe workplace and support after it became clear that viewing sexual abuse and other material was traumatizing them. They say they regularly reviewed material involving the sexual exploitation of children and adults.
- Contractors are especially at risk because they have little job security and are less likely to seek help
- While Facebook and other tech companies are spending more money than ever to police their sites, few seem inclined to convert outside contractors into employees. Some content moderators say they have been told by managers that data based on their decisions would help train algorithms that might eventually make the humans expendable.
- An Apple spokesman says most of its content moderators are full-time employees, and contractors are told clearly that their assignments are temporary.

EU Asks: Does Control of 'Big Data' Kill Competition?

https://www.wsj.com/articles/eu-competition-chief-tracks-how-companies-use-big-data-1514889000?st=pk4jq6vcgz8kenj&reflink=desktopwebshare_permalink

Updated Jan. 2, 2018 at 9:34 am ET

- At issue for European antitrust regulators is whether companies holding big data—ranging from [Alphabet](#) Inc.'s Google and Facebook Inc. to German car maker [BMW](#) AG—can exclude new

competitors from markets if they control exclusive information that can serve to win customers or cut costs.

- The regulators say big data isn't bad in itself, but when reviewing mergers or monopolies they want to ensure that business rivals aren't prevented from competing because they lack access to that information.
- Data-dominant companies might hold such sophisticated profiles of consumers that by precisely targeting advertising or products they put newer rivals at a competitive disadvantage.
- Ms. Vestager has previously referred to data as a new form of currency that consumers use to pay for otherwise free services. She said her office is alert to any data issues in antitrust cases they oversee and that she has "an open mind" about potential problems that may need addressing by regulators.
- Ms. Vestager said the EU hasn't found serious data-related concerns so far. The EU previously cleared [Facebook's 2014 purchase of chat service WhatsApp](#), and, in 2008, [Google's acquisition of advertising-services company DoubleClick](#), because other companies would still have access to many sources of data after the mergers. However, the EU subsequently [fined Facebook](#) for giving misleading information during the review of the WhatsApp purchase, but didn't challenge the deal itself.
- The EU is now considering overhauling its merger rules to review deals where valuable data is involved even if the data owner [doesn't have large revenue](#).
- But regulators face difficulty applying antitrust standards to data largely because determining the worth of certain information can be a challenge. Much data isn't exclusive, though its analysis can be. Many companies tap the same resources, such as consumer credit information. Some data also have a short shelf life if not constantly updated.
- In cases where data is found to be unique or essential, European regulators have considered requiring dominant companies to share information with rivals—an approach that U.S. regulators have rejected.
- U.S. regulators have played down potential negatives of data use by companies, instead stressing the benefits for consumers and arguing that businesses should be able to reap rewards from their investments.
- Mr. Nigro said forced sharing of such assets would lower incentives for companies to invest in innovation and would encourage rivals to free-ride on competitors' investments.

Zuckerberg's Dilemma: When Facebook's Success Is Bad for Society

https://www.wsj.com/articles/will-facebook-sacrifice-billions-in-revenue-to-save-its-users-1515326401?st=xel4fogy09or3n&reflink=desktopwebshare_permalink

Jan. 7, 2018 at 7:00 am ET

- In the face of pressure brought by a growing roster of Facebook investors and former executives, many of whom have publicly stated that Facebook is both [psychologically addictive](#) and [harmful to democracy](#), the Facebook founder and chief executive has pledged to ["fix" Facebook](#) by doing several things, including "making sure that time spent on Facebook is time well spent."
- Mr. Zuckerberg has also recently told investors he wants his company "to encourage meaningful social interactions," adding that "time spent is not a goal by itself."
- Mr. Zuckerberg has already said [the company will hire so many content moderators](#) to deal with fake news and Russian interference that it will hurt profit, but whether he will go further and change the basic fabric of Facebook's algorithms in the name of users' mental health, he has yet to say.
- In June, he changed the company's mission from "connecting" the world to [bringing the world closer together](#). He said he used to think giving people a voice would make the world better on its own, "but our society is still divided. Now I believe we have a responsibility to do even more."
- In December, Facebook researchers surveyed [the scientific literature](#) and [their own work](#) and [publicly acknowledged](#) that while direct communication and sharing between

individuals and small groups on Facebook can have positive effects, merely lurking and scrolling through others' status updates [makes people unhappy](#).

- In a [survey conducted in early 2017](#), the U.K.-based Royal Society for Public Health asked 1,500 young people to evaluate the five biggest social networks, to measure whether they are good or bad for mental health. The results showed all but one service had a negative effect on mental health. Facebook, Twitter, Snapchat and the Facebook-owned Instagram all pushed survey participants to contrast their lives with others, a phenomenon known as social comparison. The exception was YouTube, in part because the dynamic is usually one-to-many communication, with person-to-person socializing happening in comments.
- Another [study](#), conducted by researchers at Tel Aviv University, also established that Facebook can cause people to feel their own lives don't measure up to those of others. Interestingly, the effect is especially pronounced in young people, but diminishes with age: It was virtually nonexistent in those over age 30, says Ohad Barzilay, one of the researchers.
- Social networks can also make us miserable by convincing us that whenever we're away from our friends, we're missing out on social bonding occurring among them, says Jacqueline Rifkin, a Ph.D. candidate at Duke University who collaborated on a [study of the fear of missing out](#), or FOMO. The misery can kick in even if what we are experiencing—an awesome vacation, perhaps—is objectively better than what our friends are up to.
- We might soon find out. Facebook likely has the power to push us away from harmful ways of using the service—if it wants to. Facebook already uses some of the [most sophisticated artificial intelligence known to humanity](#) to stimulate us to “engage” with its product and advertisements. Facebook's public statements indicate it thinks it can use those same tools to keep users from overindulging.
- Conveniently, Facebook is now pushing the aspects of its services that it and others argue are better for our mental health. As users continue to [share less of their own lives on Facebook](#), the social network is pushing them to [join and use its Groups function](#). The company is also showing [more ads](#) in its Messenger app, one of the places where the person-to-person communication it suddenly favors takes place.
- Facebook is built on the idea of bringing the world closer together, as its mission statement so boldly pronounces. The irony that Mr. Zuckerberg must confront is that the very means of that connection—what the company euphemistically calls engagement, but which experts say is more accurately described as addiction—appears to be detrimental to the humans whose thriving he seems earnestly to want to promote. Unlike CEOs who in the past were confronted with the harms of their products, Mr. Zuckerberg seems more ready to acknowledge them.
- Facebook might well live up to Mr. Zuckerberg's stated goals. Or, it could bow to economic logic: In the first nine months of 2017 alone, the company's “engaging” News Feed algorithm helped [drive revenue up 47%](#).

Facebook and Xiaomi to Launch Virtual-Reality Headset in China

https://www.wsj.com/articles/facebook-and-xiaomi-to-launch-virtual-reality-headset-in-china-1515455217?st=apzszxwzlc3pb6&reflink=desktopwebshare_permalink

Updated Jan. 8, 2018 at 8:37 pm ET

- Facebook Inc. and Chinese smartphone company Xiaomi Corp. are teaming up to launch a virtual-reality headset in China that would give the American tech giant a toehold in a growing market where its main business has long been blocked.
- The two tech companies are working together to develop a VR headset sold only in China called Mi VR Standalone, Facebook said Monday. The new device is modeled after Facebook's Oculus Go, a [previously announced \\$199 headset](#) that the company plans to launch outside of China in early 2018.

- The Mi headsets will be stamped with the Oculus logo, giving Facebook's products exposure in China, where the company's services have been blocked since 2009. [Facebook needs to crack the large and growing China market](#) to meet its previously stated goal of "connecting the world," but Chinese officials show few signs of changing their policy.
- Facebook executives spent years publicly courting Chinese officials, making Chief Executive [Mark Zuckerberg](#) more visible and internally developing a tool that people familiar with the matter say would have allowed third parties—including governments like China—to block content before it could be posted on Facebook.
- More recently, however, Facebook has adopted a quieter approach. Last May, the company [covertly launched a photo-sharing app in China](#) called Colorful Balloons under the name of a different company.
- The latest Xiaomi deal is partly the handiwork of Hugo Barra, the [former Xiaomi executive](#) who [joined Facebook a year ago](#) to oversee the social-media company's virtual-reality efforts. Mr. Barra's portfolio includes Oculus VR, which Facebook bought for more than \$2 billion in 2014.
- Users of the Xiaomi headset won't be able to access the main Facebook service, used by more than two billion people a month world-wide, but developers working with the Oculus platform will be able to share their content to the Mi platform in China.
- Both Oculus Go and Xiaomi Mi are standalone headsets that don't require a personal computer or mobile phone to work.

Facebook Is Making a (Virtual) Comeback in China

https://www.wsj.com/articles/facebook-is-making-a-virtual-comeback-in-china-1515503261?st=zhxdpgqwud62yno&reflink=desktopwebshare_permalink

Jan. 9, 2018 at 8:07 am ET

- "Younger consumers are quite tired of the more traditional ways of entertainment," the 20-year-old said after taking off her VR headset. "This is something new and interesting."
- Facebook Inc. announced that it will join with Beijing-based smartphone company Xiaomi Corp. to [launch a new virtual-reality headset](#) called Mi VR Standalone, modeled after Facebook's Oculus Go.
- The move is seen by some analysts as a means for the Silicon Valley tech giant to secure a perch in a country where its main social-networking business has long been blocked. But it also reflects a solid business opportunity in its own right, said Neo Zheng, research manager at International Data Corp.'s China unit.
- With help from its fast-growing young consumer market, shipments of virtual-reality headsets in China likely grew 87% to 1.1 million units last year, outstripping the 11% growth in the U.S., according to IDC figures. By 2021, shipments of such headsets in China are expected to reach 12.2 million, the industry researcher said.
- Teaming up with Xiaomi on a consumer-hardware device is unlikely to raise the same concerns with Chinese government officials over content, said Duncan Clark, founder of Beijing-based investment consultancy BDA China, while also giving Facebook a chance to tap both Chinese consumers and the country's manufacturing prowess.
- Baidu Inc.'s online-streaming unit iQiyi and Lenovo Group Ltd. are among the Chinese companies that have rolled out VR headsets for consumers recently, and VR arcades similar to the one Ms. Wang visited have mushroomed in bigger cities, offering consumers access to virtual-reality games for as little as \$15 an hour.
- Xiaomi, a Chinese hardware firm that expanded into producing consumer electronics, already makes its own VR headset, albeit of a different kind than the new stand-alone device the company and Facebook are working on.
- And even though China's hardware makers have brought down prices of such gear, the headsets still need technical improvements, said Toby Dai, marketing manager at MacHouse, a VR gaming center in

Shanghai that has offered individual and group games since October 2016. The cheaper headsets might not have advanced features, hurting the consumer experience and limiting adoption, he said.

- The content is also generally still weak despite recent improvements and needs to be updated to fuel continued growth, Mr. Zheng of IDC said.

Facebook to Overhaul How It Presents News in Feed

https://www.wsj.com/articles/facebook-considers-prioritizing-trustworthy-news-sources-in-feed-1515714244?st=k7j7a16xosekg2b&reflink=desktopwebshare_permalink

Updated Jan. 11, 2018 at 11:39 pm ET

- Under planned changes announced Thursday, Facebook will favor posts, photos and videos in the news feed that are shared and discussed among users and their friends over those posted by businesses and news organizations—a likely blow to companies that rely on Facebook to reach customers. The company also is weighing another major change that could eventually elevate media outlets deemed more trustworthy compared with publishers considered less credible, people familiar with the matter said.
- The other potential change would involve ranking news outlets based on some measures of credibility, such as public polling about news outlets, and whether readers are willing to pay for news from particular publishers, the people familiar with the matter said. Such variables would inform the Facebook algorithms that determine which publishers' posts are pushed higher in the feed, one of the people said.
- Such a move would thrust Facebook into an even more active role in deciding what content is acceptable on its site—a role that makes some publishers uneasy. The company hasn't decided whether to proceed with that shift, and it may choose not to do so.
- This potential change, as well as the steps outlined Thursday, illustrate Mr. Zuckerberg's [willingness to make big changes](#) and consider ideas he previously resisted to address the growing risks looming over the company that he co-founded 14 years ago and that is now used by more than two billion people.
- Thursday's announcement follows criticism, including from some former Facebook executives and employees, that Facebook is designed to foster dependence on its platform. Facebook [addressed those concerns in a blog post](#) last month that said "passive" social-media use could be harmful to users' mental health.
- The company's product teams will now focus on driving "meaningful social interactions" rather showing relevant content. Facebook's internal analysis found that this kind of engagement was more likely to happen among friends than among strangers commenting on public content including news articles shared by publications.
- The changes also could hurt many companies that rely on Facebook to reach an audience and drum up traffic. Mr. Zuckerberg said users will see less content from businesses including news publishers.
- Facebook previously has been reluctant to make editorial decisions about the quality or veracity of what is posted on its platform. Mr. Zuckerberg has sought to keep Facebook from taking on editorial responsibilities, saying repeatedly that Facebook wants to minimize the spread of false information on its platform without becoming the "arbiters of truth."
- But some critics have said the company, as the most powerful distributor of media content on the web, has a duty to police its feed and work hard to weed out misinformation.
- "Facebook has an enormous amount of power and agency when it comes to deciding if publishers will thrive or not thrive," said Emily Bell, director of the Tow-Knight Center for Digital Journalism at Columbia University.

Marketers Say Facebook's News Feed Update Will Be 'Nail in the Coffin' for Organic Posts

https://www.wsj.com/articles/marketers-say-facebooks-news-feed-update-will-be-nail-in-the-coffin-for-organic-posts-1515785725?st=wyi5qa9meij32ij&reflink=desktopwebshare_permalink

Jan. 12, 2018 at 2:35 pm ET

- On Thursday, Facebook said it would begin prioritizing posts shared and discussed among users and their friends over posts from publishers and brands as it looks to amp up “meaningful interaction” on the social-media platform.
- While media outlets may be worried about significant traffic declines from the adjustment, advertisers are all too familiar with Facebook’s routine algorithm changes. Over the years, constant tweaks have diminished the reach of brands’ content, forcing them to put more ad dollars behind their posts to make sure people see them.
- Marketers expect the latest overhaul will go even further, making it virtually impossible for Facebook users to see companies’ organic posts—those distributed by brands without paying to promote them. That will likely drive up ad prices and push companies to consider other advertising vehicles on Facebook beyond the news feed, some ad buyers say.
- One immediate effect of the news feed change, [Facebook Chief Executive Mark Zuckerberg predicts](#), is that the time users spend on the platform will go down.
- But advertising industry insiders expect ad prices will go up as fewer scrolls through the Facebook feed will offer fewer opportunities to serve ads.
- The new changes are “practically the nail in the coffin for completely organic posts,” said Sarah Hofstetter, CEO of digital agency 360i. She said brands should now focus on making their paid posts more engaging.
- Brands that have managed to buck the trend got ahead of Facebook’s algorithm change by focusing on driving conversations, rather than being overly promotional.
- The shift toward “meaningful interactions” on surfacing organic content in the news feed could have a slight impact within the ads auction when page owners pay to boost their posts to a wider audience, according to MediaCom U.K. Chief Executive Josh Kricheski. It might mean, for example, that pages deemed to have less value by the algorithm may not rank as high in the auction when bidding against a page that drives lots of conversations.
- The news feed isn’t the only destination for marketers to advertise on Facebook. Last year, Facebook launched a dedicated “Watch” video section, which features programming from TV production studios and publishers. Advertisers can sponsor shows or buy video ads within the commercial breaks, known as mid-roll ads. Facebook is also testing a pre-roll ad format that will appear before the show begins.
- Brands and publishers have a “love-hate relationship” with Facebook, but no matter how many changes the company makes to its algorithm, everyone has to play ball, said Reprise’s Mr. Douglas. Facebook “sits on so much traffic, you have to play by their rules.”

One Website’s Facebook Apocalypse Is Another’s Opportunity to Shine

https://www.wsj.com/articles/one-websites-facebook-apocalypse-is-anothers-opportunity-to-shine-1515796059?st=6wlg4t4d7eurzys&reflink=desktopwebshare_permalink

Jan. 12, 2018 at 5:27 pm ET

- The latest change could have an even more pronounced effect over time, some media executives say. Some are viewing Facebook’s move as a wake-up call for publishers to wean themselves off their dependence on Facebook and build businesses—even if smaller ones—that can thrive and grow in other ways.
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- Facebook’s changes also have [major implications for advertisers](#), who may have to spend more money to get their messages in front of Facebook users as the media content available in the news feed shrinks and content published directly by brands for free is pushed down in the pecking order.

- Despite the public expressions of confidence by some media executives, others privately expressed frustration at Facebook's decision after having spent considerable time and money to gear their businesses toward attracting its users.
- No publishing executives can say for sure what the impact will be on their traffic. Sites specializing on hard global and business news may have a tougher time than those with lifestyle content under the new algorithm, depending on what users engage with.

Facebook Widens Probe Into Alleged Russian Interference in Brexit

https://www.wsj.com/articles/facebook-widens-probe-into-alleged-russian-interference-in-brexit-1516222974?st=3bhv22jwwa4xejk&reflink=desktopwebshare_permalink

Jan. 17, 2018 at 4:02 pm ET

- Facebook Inc. said Wednesday that it was broadening its investigation into whether Russia attempted to meddle in the 2016 referendum on Britain's membership in the European Union, after its earlier probe found only a minimal amount of activity.
- "We are committed to making all reasonable efforts to establish whether or not there was coordinated activity similar to which was found in the U.S. and will report back to you as soon as the work has been completed," Simon Milner, Facebook's U.K. policy director, wrote in a letter to U.K. lawmaker Damian Collins. He asked Britain to provide any relevant intelligence assessment to Facebook.
- Mr. Collins, a Conservative lawmaker who chairs a parliamentary committee on media and culture, said he welcomed Facebook's response after the company had previously resisted the committee's calls to deepen its investigation. "Facebook has a responsibility. They recognize the seriousness of the problem and that lots of people, Parliaments and governments are really concerned about it," he said.
- The U.K. government has said it has found no evidence that Russia successfully interfered in its democratic processes, including the Brexit vote, and Russia denies any allegations. But British lawmakers in recent months have called for the government to report on the extent to which Moscow may have sought to influence the Brexit referendum.

Can Mark Zuckerberg Bend Facebook Without Breaking It?

https://www.wsj.com/articles/bending-facebook-without-breaking-it-1516185181?st=oa95e7540sm48pz&reflink=desktopwebshare_permalink

Updated Jan. 18, 2018 at 12:56 am ET

- All that has made Facebook the fifth most valuable company on the U.S. market. But its success and now massive scale also exposes the company to lawmakers, regulators and [practically anyone else concerned](#) about the role technology now plays in both global politics as well as users' personal lives. Facebook in particular has been getting flogged for more than a year over its role in the contentious 2016 U.S. presidential election and the spread of fake news and other unsavory content on its site.
- Mr. Zuckerberg rightfully wants to change that story, hence, [his New Year's resolution](#). But, unlike his [earlier promise to boost spending on security](#) to keep objectionable content off the network, Mr. Zuckerberg's proposition to "make time spent on Facebook well spent" runs the risk of hurting user growth in the long term if enough users don't appreciate the company's paternalistic approach. Wall Street has been counting on Facebook's user base to keep growing at double-digit rates through 2020.
- That is why investors who largely shrugged off last year's growing raft of negative headlines [are officially worried now](#). Facebook's share price has slipped 5% since Mr. Zuckerberg announced his latest plans last week. That is after doubling the Nasdaq Composite Index's impressive gains for 2017. Hosting more than 2 billion users is a very different thing from knowing what is best for them.

Facebook Loses Its Field Commander in China

https://www.wsj.com/articles/facebook-loses-its-field-commander-in-china-1516368526?st=9xxbk50ffsrcxj&reflink=desktopwebshare_permalink

Jan. 19, 2018 at 8:28 am ET

- Facebook Inc.'s [campaign to re-enter China](#) has hit another setback with the departure of a veteran executive who had been leading efforts to improve relations with Chinese government leaders.
- Wang-Li Moser resigned late last year, people with knowledge of the situation said Friday. Ms. Moser wanted to return to the U.S. for personal reasons, one of these people said.
- Analysts say the loss of Ms. Moser only adds to Facebook's challenges in re-entering China, where it has been blocked since 2009, reflecting the government's concern over the ability of large social networks to stir unrest.
- Even if it could regain entry—and most analysts say that is unlikely—Facebook also faces a challenge in taking on [WeChat](#), the dominant social media app, run by Tencent Holdings Ltd.
- “Looking at the environment now, it will be very difficult for foreign firms in the social media space to make headway into China,” said Ben Cavender, principal at China Market Research Group. “The government has firm censorship rules and they have strong local players—there's no need for them to open the door so wide anymore.”
- Facebook chief executive [Mark Zuckerberg](#) has made China a priority. Last week, in a move widely seen as a possible back door into China for the Silicon Valley company, Facebook joined with Beijing-based smartphone company Xiaomi Corp. to launch a new [virtual-reality headset called Mi VR Standalone](#), modeled after Facebook's Oculus Go.
- Ms. Moser, a U.S. citizen born in China, was hired to help build face-to-face relations with government officials. Before joining Facebook, Ms. Moser spent more than a decade at [Intel](#) Corp. in China, where former colleagues said she helped Intel build a \$2.5 billion factory.
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Facebook to Rank News Sources by Quality to Battle Misinformation

https://www.wsj.com/articles/facebook-to-rank-news-sources-by-quality-to-battle-misinformation-1516394184?st=1af8gi5hbf9zq1&reflink=desktopwebshare_permalink

Updated Jan. 19, 2018 at 5:07 pm ET

- Facebook Inc. plans to start ranking news sources in its feed based on user evaluations of credibility, a major step in its effort to fight false and sensationalist information that will also push the company further into a role it has long sought to avoid—content referee.
- The social-media giant will begin testing the effort next week by prioritizing news reports in its news feed from publications that users have rated in Facebook surveys as trustworthy, executives said Friday. The most “broadly trusted” publications—those trusted and recognized by a large cross-section of Facebook users—would get a boost in the news feed, while those that users rate low on trust would be penalized. The change only applies to U.S. users., though Facebook plans to roll it out later internationally.
- This shift will result in news accounting for about 4% of the posts that appears in users' feeds world-wide, down from the current 5%, Facebook Chief Executive [Mark Zuckerberg](#) said in a post Friday.
- About 45% of U.S. adults get news from Facebook, according to a Pew Research Center survey conducted last summer.
- “This is an interesting and tricky thing for us to pursue because I don't think we can decide what sources of news are trusted and what are not trusted, the same way I don't think we can't decide what is true and what is not,” Mr. Mosseri said in an interview.

- On Friday, some publishers and media observers expressed concern about the ranking change, which, like other Facebook news-feed changes may have a significant and unpredictable impact on news publishers that rely on the site for traffic, including the Journal.
- while Facebook isn't taking sides, relying on users' judgement may not improve the quality of news on the platform. "You may end up with reality television," Mr. Mele said.
- Facebook doesn't plan to share the scores with publishers, saying the metric gives an incomplete picture of how specific posts get distribution. Facebook runs tens of thousands of users surveys a day and the results help shape what its more than two billion monthly users see in their news feeds.
- Mr. Mosseri acknowledged the shortcomings of relying on surveys, and said Facebook plans to fine-tune its rankings using other factors such as how informative and locally relevant news sources are. "No one signal that we use is perfect," he said. "There's always examples of when [the results] aren't lining up with what we're intending."
- Publishers' got 24% of their online traffic from Facebook as of last month, on average, down from 40% at the end of 2016, according to analytics firm Parse.ly.
- Mr. Mosseri said Facebook tried to take steps to avoid hurting small, lesser-known publishers, although those outlets still could be outranked by more prominent publications. He said publishers won't be punished if they aren't well-recognized in user surveys.
- Many publishers are likely to be concerned about allowing users to decide how news outlets are ranked. Media executives have long been wary of Facebook's increasing dominance in both the ad market and as a vital distribution network for news with the power to massively magnify or dial down the amount of traffic to a site with a simple algorithm tweak.
- In his post, Mr. Zuckerberg noted that he wasn't comfortable with Facebook making its own decision about what is and isn't trustworthy and that relying on outside experts "would likely not solve the objectivity problem."

The Internet Is Filling Up Because Indians Are Sending Millions of 'Good Morning!' Texts

https://www.wsj.com/articles/the-internet-is-filling-up-because-indians-are-sending-millions-of-good-morning-texts-1516640068?reflink=desktopwebshare_permalink

Jan. 22, 2018 at 11:54 am ET

- [Millions of Indians are getting online](#) for the first time—and they are filling up the internet. Many like nothing better than to begin the day by sending greetings from their phones. Starting before sunrise and reaching a crescendo before 8 a.m., internet newbies post millions of good-morning images to friends, family and strangers.
- All that good cheer is driving a 10-fold increase in the number of Google searches for "Good Morning images" over the past five years. Pinterest, the San Francisco visual-search platform, added a new section to display images with quotes. It saw a ninefold increase over the past year in the number of people in India downloading such pictures.
- Facebook Inc.'s WhatsApp messaging service—which has 200 million monthly active users in India, making the country its biggest market—added a status message last year so users could say good morning to all of their contacts at once.
- Bonding with large groups through work, school, family and friend circles is important for Indians. This is one reason wedding celebrations often involve hundreds if not thousands of guests. That tendency has been given new fuel in the form of affordable smartphones and wireless broadband.
- Some complain all these greetings come too early, are too cheery and too likely to freeze their low-cost, low-memory phones. To deal with the annoying morning cheer, some leave message groups or refuse to download the images.
- When Google researchers peeked into Indian consumers' phones, they found thousands of "good morning" images gumming up their storage. One in three smartphone users in India run out of space daily, according to a survey by data-storage firm [Western Digital](#) Corp., compared with one in 10 in the U.S.

News Corp's Murdoch Urges Facebook to Pay Publishers for Content

https://www.wsj.com/articles/news-corps-murdoch-urges-facebook-to-pay-publishers-for-content-1516654801?st=hxgh21cfjfp7mxf&reflink=desktopwebshare_permalink


Jan. 22, 2018 at 4:00 pm ET

- [News Corp](#) Executive Chairman Rupert Murdoch said if Facebook Inc. is serious about promoting “trusted content” and filtering fake news out of its news feed, it should pay publishers fees similar to those cable distributors pay to television channels.
- “Publishers are obviously enhancing the value and integrity of Facebook through their news and content but are not being adequately rewarded for those services,” Mr. Murdoch said in a statement.
- Mr. Murdoch and other publishing executives have spoken in the past about Facebook’s dominant position in publishing and advertising, and argued it has a responsibility to support genuine news sources.
- Mr. Murdoch is pushing Facebook to adopt the system of “carriage fees” that cable- and satellite-TV providers pay to carry cable-television channels and offer them to customers. The distributors pay a specified amount per month for each subscriber. It is a major source of revenue and growth for TV-channel owners.
- His proposal indicates how the changes to Facebook’s news feed are raising the stakes for media companies. Facebook’s new policies, including the trustworthiness ranking and an earlier shift aimed at promoting content that triggers more user interactions, have created anxiety and uncertainty for publishers. [Some are worried](#) their content might wind up having less reach on Facebook.
- Facebook has worked with publishers to create a structure allowing users to subscribe to publications through the social-media company’s platforms, but Mr. Murdoch said the efforts so far haven’t been enough.
- Mr. Murdoch said that it was a positive step that both companies had recognized that their role in spreading unreliable news was a problem, but that “the remedial measures that both companies have so far proposed are inadequate, commercially, socially and journalistically.”

Facebook Acquires Digital-Identity Startup Confirm.io

https://www.wsj.com/articles/facebook-acquires-digital-identity-startup-confirm-io-1516744871?st=bo78jy14fwy7e8&reflink=desktopwebshare_permalink

Jan. 23, 2018 at 5:01 pm ET

- Confirm.io Inc., a developer of digital identity verification software, said it has been acquired by Facebook Inc.
- A spokesperson for Facebook said, “We are excited to welcome the Confirm team to Facebook. Their technology and expertise will support our ongoing efforts to keep our community safe.”
-  MORE INFORMATION ON CONFIRM.IO
 - <https://techcrunch.com/2018/01/23/facebook-confirm-io/>
 - The startup offered an API that let other companies quickly verify someone’s government-issued identification card, like a driver’s license, was authentic. The Boston-based startup will shut down as both its team and technology are rolled into Facebook, where it could help users who are locked out of their accounts.
 - The 2015 seed round funded advanced forensics used to pull information from an ID card, as well as mobile biometrics and facial recognition to confirm a person’s identity before the startup deleted the personal data.
 - Facebook could potentially use the technology to have people confirm their identities if they’re locked out of their accounts after being hacked or losing their password.
 - Face ID on the iPhone X could eventually be opened to third parties to power more biometric security across apps.

What About Social-Media Neutrality?

https://www.wsj.com/articles/what-about-social-media-neutrality-1517175805?st=8al5d7tbwxcxqixz&reflink=desktopwebshare_permalink

Jan. 28, 2018 at 4:43 pm ET

- Most arguments about “net neutrality” neglect an important reality: The internet most of us use is already far from neutral, thanks to the profit-focused algorithms and opaque content guidelines by which social-media companies such as Facebook, Twitter and Instagram govern their sites.
- Through these personalized online portals, we read news stories, share videos, learn about our friends’ lives, and discuss social trends. But these platforms don’t treat all content equally or distribute it fairly. Facebook and Instagram manage content in a decidedly nonneutral manner, using pay-to-play tactics that favor deep-pocketed advertisers and marketers versed in content targeting.
- Whereas some paid promotions reach millions of Facebook and Instagram users, these platforms’ policies ensure that most unpaid content reaches few. Many Facebook users have seen the audience response for their nonpromoted posts shrink recently.
- the platform you use might have changed its algorithms to compel you—and the entities vying for your attention—to spend more on posts.
- Even experienced online marketers can be stymied when Facebook and Instagram tweak their algorithms to favor one type of content over another, to reduce the impact of posts from certain groups, or to prioritize paid material in a new way.
- If you post a Facebook update without “boosting” —paying for it—the post may reach between 1% and 5% of the people who like your page. It probably won’t be seen by anyone who doesn’t already follow you on social media, unless a bunch of your fans or friends repost it. But if you boost that same post for \$10, Facebook will show it to hundreds or thousands more customers. Even then, your post could languish in obscurity, if it fails to meet Facebook’s opaque content guidelines, which have been known to filter out innocuous material (Christmas cards, the names of certain cities) while allowing fact-challenged content from extremists to flourish.
- The visibility of posts varies tremendously, depending on how desirable the target audience is to various advertisers. Five dollars might allow you to reach 50 big-spending New England Patriots fans or 2,000 unemployed students. The cost to reach a particular audience shifts constantly and is not disclosed until after your ad has run.
- Facebook’s nonneutral landscape is inscrutable and forbidding. Trial-and-error experiments help businesses and nonprofits improve their return on social-media investment, but many small entities can’t afford to do market research. Some companies give up on social media advertising entirely if their first campaign fails. It’s frustrating to learn that your value as a customer and your expenses as a marketer fluctuate at an algorithm’s whim.
- But considering their huge impact on the finances of companies large and small, on the political system, and on every aspect of our interpersonal relationships, social-media platforms shouldn’t be left to corporate self-policing. They should be regulated, ideally by a committee of representatives from the corporate, nonprofit and government sectors.
- Regardless of whether net neutrality protections continue, regulation of social-media platforms could help even the online playing field and foster innovation, creativity and free speech while guarding against malicious manipulation of content. Without regulation, the internet’s most sprawling content marketplaces will continue to favor deep pockets and endanger free expression.

● Instagram Is Turning Into Facebook, and That’s Bad

https://www.wsj.com/articles/instagram-is-turning-into-facebook-and-thats-bad-1517422670?st=t7tgq8y8gbms3fs&reflink=desktopwebshare_permalink

Updated Jan. 31, 2018 at 2:24 pm ET

- Facebook Inc. has owned Instagram since 2012 but until recently the social network and the photo-sharing app have felt like distinct experiences. For years, Instagram was a haven from Facebook’s

annoying ads, creepy friend suggestions and viral clickbait. Meanwhile, Facebook has begun to [draw fire](#) as a [potential menace](#) to [mental health](#) and [stable democracies](#) alike.

- So it's a little surprising that recent Instagram updates make it feel much more like its big brother. Sure, when Instagram has taken a page from Facebook's playbook in the past, it has paid off: Switching from a chronological feed to an algorithm increased engagement.
- And Instagram's user base continues to grow. Monthly active users doubled to 800 million from February to September last year; the app had 500 million daily active users as of September.
- Starting in December, Instagram has been putting posts from people you don't follow right into your feed, under a "Recommended for you" banner.
- Instagram's spokeswoman confirmed ad load is up: "We've been able to do this by improving the quality and the relevance of the ads."
- But the ad load feels *way* up. According to the social advertising firm Brand Networks, clients delivered 17 times as many ad impressions on Instagram in 2017 as in 2016. The company, which works with brands including [American Express](#) Co. and Unilever PLC, expects Instagram impressions to grow by 25% in the first quarter of 2018, compared with the previous quarter.
- Earlier this month, Instagram's direct messages started showing when users were last active.
- Facebook's "People you may know" feature, which suggests who you might want to friend, is known for being creepy. [Facebook says](#) suggestions are drawn from mutual friends, your networks and contacts you've uploaded, among other criteria.
 - Instagram [shares information](#) with Facebook, and it turns out its follow suggestions are just as creepy.
 - Even when you don't upload your contacts directly to Instagram, the network uses information—or "signals," as Instagram calls them—from Facebook, which might include contacts or other tangential information.
- On top of that, Facebook, Instagram and Messenger have been testing a cross-platform notification feature, which lets users see all alerts and hop between the apps.
- I understand why Instagram is adopting Facebook features: They work. But for years I logged into Instagram and enjoyed it more than Facebook. I fear a day when I wake up, open my phone and can no longer tell the difference between the two.

No Bill Yet for Facebook's Fixes

https://www.wsj.com/articles/no-bill-yet-for-facebooks-fixes-1517440332?st=7ahrb3l80o94khr&reflink=desktopwebshare_permalink

Jan. 31, 2018 at 6:12 pm ET

- [CEO Mark Zuckerberg has made "fixing" the social network his top goal](#) for the new year. He has previously outlined several efforts in this direction—including [an overhaul to the company's key News Feed tool](#) and video efforts. He also has warned that the changes could affect the site's usage, but added that "protecting our community is more important than maximizing our profit."
- But Facebook's fixes are still invisible in its financial statements. In fact, the fourth quarter was the company's strongest on record in many respects. Revenue jumped 47% year over year to just under \$13 billion, fueled by a strong mobile-advertising business. Operating income surged 61% to \$7.4 billion. And Facebook isn't exactly pinching pennies to goose the bottom line: Capital expenditures soared to \$6.7 billion in 2017—a 49% jump from the previous year.
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