

FACEBOOK MORE LUCRATIVE ON MOBILES: ZUCKERBERG OPTIMISTIC ABOUT FUTURE



Facebook generated \$1.18 billion in its second-quarter revenue, a 32 percent increase from last year and just managing to surpass figures that Wall Street had estimated. What was heartening for the company was that a major share of the revenue came from Advertising, which contributed 84 percent, whilst growing 28 percent year-over-year to \$992 million. The rest of the revenue purse was filled by payments and other fees that generated the remaining \$192 million. This section too, saw an increase of 61 percent. Mark Zuckerberg said in a press release, "Our goal is to help every person stay connected and every product they use be a great social experience. That's why we're so focused on investing in our priorities of mobile, platform and social ads to help people have these experiences with their friends." Facebook's advertising business has reached a point that its Sponsored Stories running in the News Feed, puts almost a \$ million each day in its revenue kitty. Zuckerberg said that nearly half of the ad revenue came from mobile and that it was only likely to increase considering that Facebook has just recently commenced placing Sponsored Stories in the desktop News Feed in January and in the mobile feed in April. He said that he expected over the next four or five years there would be more than five billion people owning smartphones. "Having a device wherever you are creates more opportunities for sharing and connecting. It's an encouraging start. I think we're much closer to the beginning than the end in terms of what we can do." Zuckerberg said that the company was restrictive in the number of in-feed Sponsored Stories to provide the users an uncluttered less-intrusive user experience. In spite of the daily run rate and the increased Facebook is serving fewer ads. Facebook's CFO David Ebersman confirmed that the company's ad servings were less by two percent from its second quarter last year. It's COO Sheryl Sandberg, said that of the ads Facebook does serve, less than 50 percent are social ads. Zuckerberg had said that social ads perform "much better" than non-social offerings. Marketers have long begun to doubt the efficacy of advertising on Facebook and were skeptical of the returns matching the investments. Facebook is presenting its Advertising outcomes as a retort to the cynics and even though the results are not so encouraging to convince the marketers convincingly. Facebook in looking at ROI data from more than 60 ad campaigns said that almost three fourths of the campaigns returned thrice of what the brands invested in them and for about half of the advertisers the return was fivefold. Facebook has grown to 955 million monthly active users, up 29 percent year-over-year. The frequency of the users is very high and 58 percent or 552 million check out the site every day, for undefined periods. "People who use our mobile services are more active Facebook users than those on desktop," said Zuckerberg. He went on to add that mobile users are 20 percent and more, will possibly be using Facebook on any given day, than non-mobile users. Zuckerberg said that it was of paramount importance that Facebook was built as a platform that would bind and bring together whatever the people do, such as playing games or reading articles. He said that what he envisioned for Facebook was far larger than what other people identify it with. He stated that Facebook users are sharing nearly 1 billion pieces of content each day through Open Graph. This sends to News Feed, without the user having to do anything, actions that are even outside of Facebook such as listening to music on Spotify. "Imagine a day when you buy a new car and log in to the car's computer with Facebook and it lights up with [music, friends' addresses and retail locations] targeted to you based on your friends and interests," he said. "Our vision for the platform is bigger than most people perceive," he concluded. Facebook had comforting and assuaging news for its investors saying that investors need not be disappointed at its low stock price. "We are disappointed in how the stock is trading," Chief Financial Officer David Ebersman said toward the end of the conference call. "We are the same company now as we were before, and we have the same opportunity in front of us to build something important and valuable." Half of what Facebook earns comes from the U.S. and Canada but it is fast gaining popularity in countries of Asia and Europe.

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