

Facebook booming even as time spent on it drops

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Facebook co-founder Mark Zuckerberg has outlined changes aimed at improving personal interactions on the social network, at the potential cost of the overall time people spend on the platform

Facebook on Wednesday reported a big jump in profits even though people are spending less time on the world's biggest social network.

The company said its priority is to encourage personal interaction among users, rather than simply boost the number of hours they spend on Facebook.

Co-founder Mark Zuckerberg said changes enacted by Facebook cut time spent on the site by some 50 million hours per day. But Facebook's chief operating officer argued that having users engage more with friends' posts could lead to further financial opportunities for the company.

"Helping people connect is more important than maximizing the time they spend on Facebook," Zuckerberg said during an earnings call.

"We can make sure the service is good for people's well-being and for society overall."

He said that in the last couple of years, content from viral videos or posts by businesses have grown to a point where it is "crowding out the connections people value most."

Facebook is giving posts from friends and family priority over content that is not as likely to engender genuine personal interactions, according to Zuckerberg.

"We made changes to show fewer viral videos to make sure people's time is well spent," Zuckerberg said.

"In total, we made changes that reduced time spent on Facebook by roughly 50 million hours every day."

Chief operating officer Sheryl Sandberg said that getting people to engage with more posts by friends actually ramped up opportunities for the social network to make money.

Facebook shares dropped more than four percent after the earnings figures were released, but regained lost ground and even rose slightly to \$189.30 in after-market trades that followed the earnings call.

Facebook said that profit in the final three months of last year climbed 20 percent to \$4.26 billion as both ad revenue and ranks of members grew.

Revenue in the quarter leapt 47 percent to nearly \$13 billion, but expenses also rose as its ranks of employees grew to finish the year at 25,105 workers.

Facebook said the number of monthly active users hit 2.13 billion in the past quarter, up 14 percent from a year ago.



An employee walks past a Facebook logo at its new London headquarters

Focusing on 'community'

Facebook said it set aside an additional \$2.27 billion for taxes on profits to be repatriated from overseas, taking advantage of a lower rate in a recently approved US fiscal overhaul.

Analysts have been cautious about Facebook as it revamps its News Feed as part of an effort to curb misinformation and focus on updates from friends and family, which are highlighted over advertisements, celebrity and media posts in a recently-introduced update.

The company cast the latter changes as part of a refocus on "community"—prioritizing social interactions and relationships.

"2017 was a strong year for Facebook, but it was also a hard one," Zuckerberg said.

"In 2018, we're focused on making sure Facebook isn't just fun to use, but also good for people's well-being and for society."

He cited research indicating that interacting meaningfully with friends or family improves happiness and health, which is not the case with passively viewing videos or news stories.

Facebook this week announced it will deliver more local news to US users, and announced earlier this month that it will ask its two billion users to rank their trust in news sources as part of an effort to combat the spread of misinformation.

The changes come as the online giant seeks to address charges that it has failed—along with Google and Twitter—to prevent the spread of fake news, especially ahead of the 2016 US presidential election.

Recent changes at Facebook include a new "trusted sources" ranking intended to "make sure the news you see is high quality" and to foster "a sense of common ground" rather than sow division, Zuckerberg previously said.

Known for annual personal goals ranging from killing his own food to learning Chinese, Zuckerberg's stated mission for this year is to "fix" the social network.

"I think his heart is in the right place; that he is trying to do the right thing," analyst Rob Enderle of Enderle Group said of Zuckerberg.

"But he is between a rock and a hard place."

Facebook has also been moving to expand from its core social network to grow the image-sharing service Instagram, while ramping up the capabilities of its Messenger and WhatsApp services. It is also stepping up its efforts in virtual reality with its Oculus hardware unit.

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