

Facebook: the “social media” revolution
A study and analysis of the phenomenon

Paris, October 3rd 2007



This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported license. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc-sa/3.0/> or send a letter to Creative Commons, 171 2nd Street, Suite 300, San Francisco, California, 94105, USA.

Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion



Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion

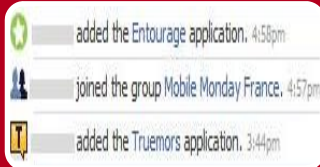


History

- In **February 2004**, Facebook was created by **Mark Zuckerberg** (with Dustin Moskovitz, Chris Hughes and 2 other Harvard students)
- Initially, the membership was restricted to students of **Harvard University**, and subsequently expanded to other US and Canadian colleges then to European and Asian colleges (email addresses with .edu)
- Since **September 11, 2006**, it has been available for any email address **globally**, but the interface is in English only
- On **May 24, 2007**, Facebook launched the **Facebook Platform** (f8) which provides a framework for developers (anyone) to create applications that interact with core Facebook features
- As of **Sept. 25th 2007**, with **42 million active users**, FaceBook is the second largest social networking site globally after MySpace

Source: Facebook

Things you can do on Facebook



Keep in touch with your old friends and meet new ones

- Private and public messaging options
- Keep tabs on what your friends do via their News feed
- Find former schoolmates using the search feature
- User groups let you discuss with others who share your interests



Keep them informed about what you do

- Update your status
- Share your pictures, blog messages and videos
- Promote events you are organizing or planning to attend



Access a wealth of applications made for all purposes

- Fun, interactive applications
- Applications that let you publish content (photos, videos, notes,...)
- Applications linked to other platforms (Flickr, Pownce, Twitter,...)

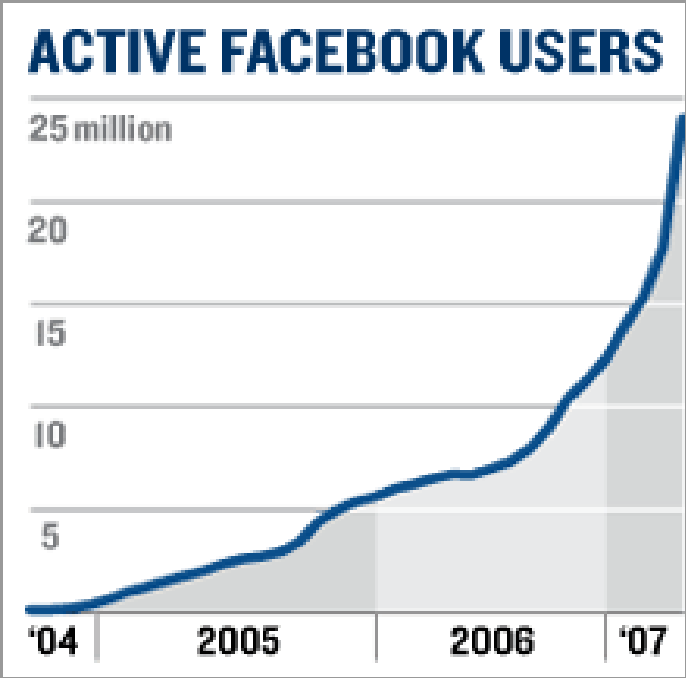


Retain your privacy

- Control what strangers and friends may see and read about you

Explosive growth that accelerated in 2006

- More than 42 million active users as of Sept. 25th 2007: the **second largest** networking site
- Growth: 270% between June 2006 and June 2007
- The number of active users has **doubled** since Facebook expanded registration to include users outside US campuses in Sept. 2006
- Facebook is the sixth-most trafficked site in the US



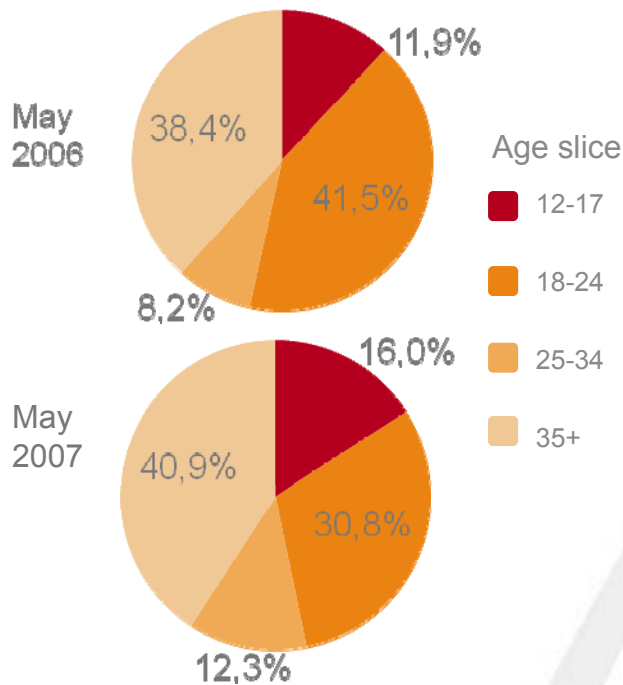
Worldwide Growth of Selected Social Networking Sites Age : 15+			
Social Networking Site	Total Unique Visitors (000)		
	Jun-06	Jun-07	% Change
Myspace	66,401	114,147	72%
Facebook	14,083	52,167	270%
Hi5	18,098	28,174	56%
Friendster	14,917	24,675	65%
Orkut	13,588	24,120	78%
Bebo	6,694	18,200	172%
Tagged	1,506	13,167	774%

Sources: Facebook, ComScore Media Metrix, faberNovel analyses

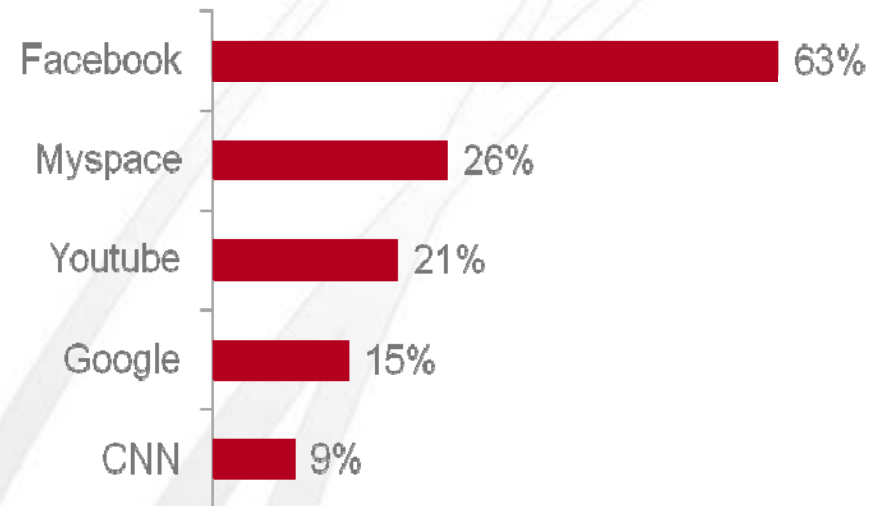
The evolution of the user base has been synonymous with an expanded range of uses

- A favorite among **students** (85% market share of 4-year US universities), but half of Facebook users are now outside of college
- Fastest growing demographic: **25-34 years old** (+181% between May 2006 and May 2007)
- Since the launch of the Facebook platform in May, almost **4000 applications** have been created by third-party developers

Facebook demographic profile



Popular websites among the US youth (17-25)



A feature of its users' daily life

- More than half of active users **return daily**

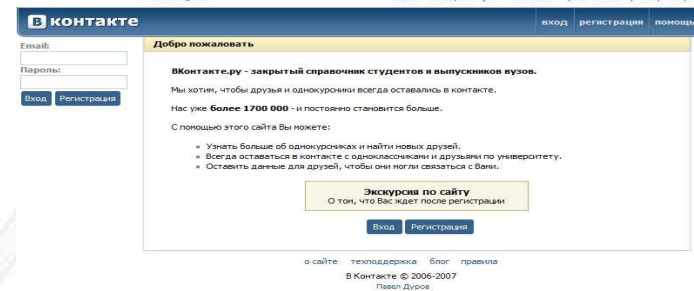
- People spend an average of **20 minutes** on the site daily

- More than **6 million** active user groups on the site
- Over 55,000 regional, work-related, collegiate and high school networks

Activity and loyalty are two key characteristics of the Facebook community

International growth at a frantic pace

- Facebook has developed a strong following in English-speaking countries
 - A third of the **Canadian** population has joined Facebook as of June 2007, a growth of more than 3,000% in a year
 - The United Kingdom is the third largest country with more than 5 million active users, **London** being the largest network on Facebook (1,105,515 members as of Sept. 11 2007)
- There is far less growth in Europe and Asia as the website is only available in English
- To act against knock-offs who took advantage of Facebook's lack of international compatibility, a major **localization** initiative will be launched soon: the website will be translated and therefore accessible to users from other countries



Sources: Facebook, comScore Media Metrix, faberNovel analyses

03.10.2007 – Facebook study

Top to bottom : Facebook, Vkontakt (RU), Xiaonei (CHN)

A closer look at the European situation

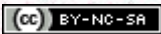
- Facebook’s growth in Europe mainly stems from the UK’s dynamism
- Facebook has not had much success in Germany to date
- Facebook has only secured a foothold in France recently but the results are showing

- 42,000 members in the France network in June 2007, and more than 127,000 now (Sept. 20th): a 300% growth!
- This figure does not take into account the people that do not join networks, or only join school or business ones: the site had almost 260,000 unique visitors in August 2007
- Observations by media agency KR Media France show that the number of visitors kept increasing in the slow-traffic summer months, hinting at an explosive growth with the start of the school year

Leading Social Networking sites ranked by European unique visitors

Property	Total unique visitors (000)			
	Jan 2007	July 2007	% Change	Origin
Total Internet audience	218,063	224,759	3%	EU
MYSFACE.COM	20,341	25,176	24%	US
Skyrock Network	11,327	13,785	22%	FR
BEBO.COM	7,461	12,101	62%	UK
FACEBOOK.COM	2,066	10,795	422%	US
HI5.COM	6,979	9,554	37%	US
PICZO.COM	7,557	8,035	6%	US
NETLOG.COM	8,140	7,450	-8%	BEL

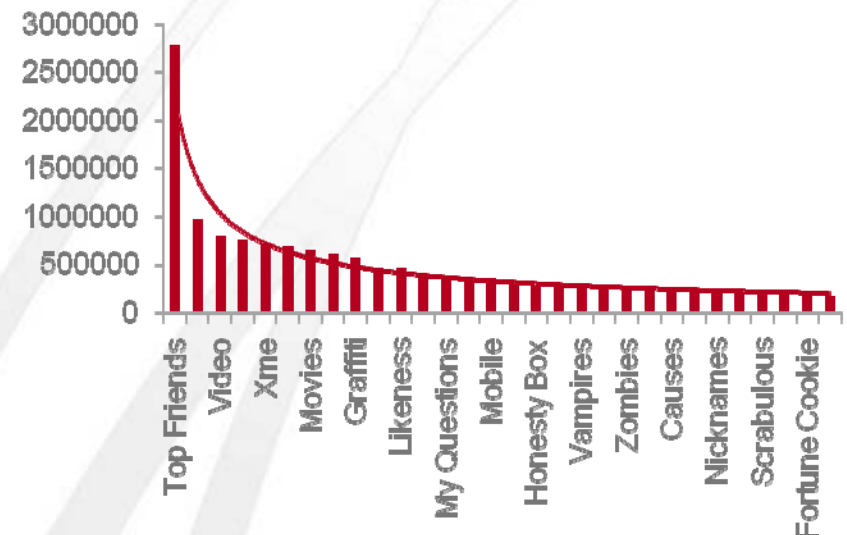
Sources: Facebook, comScore Media Metrix, faberNovel analyses, KR Media France



A winning strategy : opening the platform to third-party developers

- Less than a month after its launch, the Facebook Platform had already attracted more than **40,000 developers**, and produced more than 1,500 new applications
- On Sept. 25th 2007, the **top 44 applications** represented almost 200 million installations and had a total of more than **16 million daily active users**
- 3,900 applications exist as of Sept. 11, 2007, while Facebook itself only offers 13
- A 'long tail effect applies to applications: the top ones attract millions of users but the numbers quickly drop for others down the list
- A strategy which competitors will have a hard time imitating because of **structural differences**: after the f8 launch, LinkedIn announced it would open itself to outside developers but the necessary adjustments would take nine months

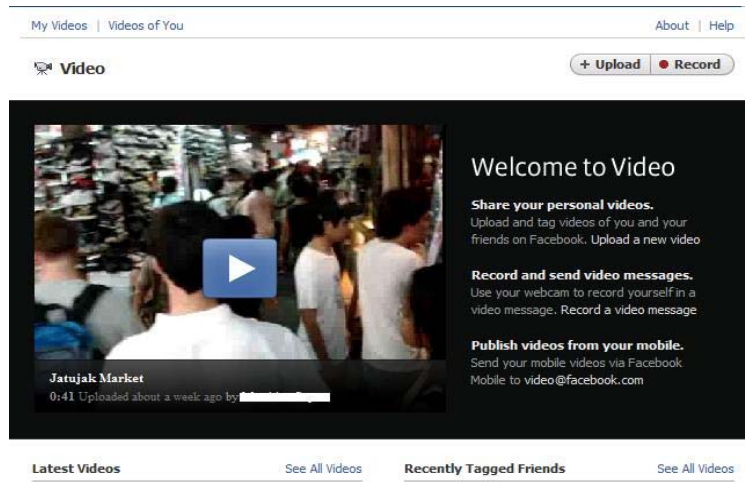
Top Applications (daily active users, 14/09/2007)



Sources: Facebook, comscore Media Metrix, Adonomics, InsideFacebook, faberNovel analyses

Facebook applications are quickly replacing specialized websites

- Facebook is the n° 1 **photo** sharing application on the Web (more than 2.7 billion photos on the site and more than 14 million uploaded daily). The Photo application draws more than twice as much traffic as the next three sites combined (Photobucket, Yahoo! Photos, Webshots Community...)
- There are three times more people invited through the **Events** application than through a leading focused website such as Evite.com
- The **video** application allows users to upload and record their own videos, display them on their profile and send video messages



➔ Facebook effectively provides a one-stop shop solution to its users

Sources: Facebook, comscore Media Metrix, faberNovel analyses

03.10.2007 – Facebook study

Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion



Key financials

● Funding:

- Fall 2004: \$500,000 from Peter Thiel (a co-founder of Paypal)
- May 2005: \$13 million from Accel Partners
- April 2006: \$25 million from Greylock Partners, Accel Partners, Meritech Capital Partners and Peter Thiel

● According to the WSJ (Aug. 23rd 2007), Facebook is on track for \$30 million in profit this year on \$150 million in revenue

● Revenue model:

- Display ads: accounts for most of its current revenue through an advertising outsourcing deal with Microsoft (CPM 0,30 €)
- Sponsorship: the sponsorship of groups seems to be the major potential source of future revenue (\$300,000 for a 3 month presence, up 200% in June 2007 vs. February 2007), more than 150 companies are already present such as Nike, Victoria's Secret, ...
- Gifts: limited edition gifts for sale at a low price (\$1)

● Valuation:

- Facebook turned down a \$1 billion purchase offer from Yahoo! In 2006
- Microsoft is in talks to buy a stake of up to 5% in Facebook for \$300 million to \$500 million: the company could then be valued at more than \$10 billion (Sept. 25th 2007)

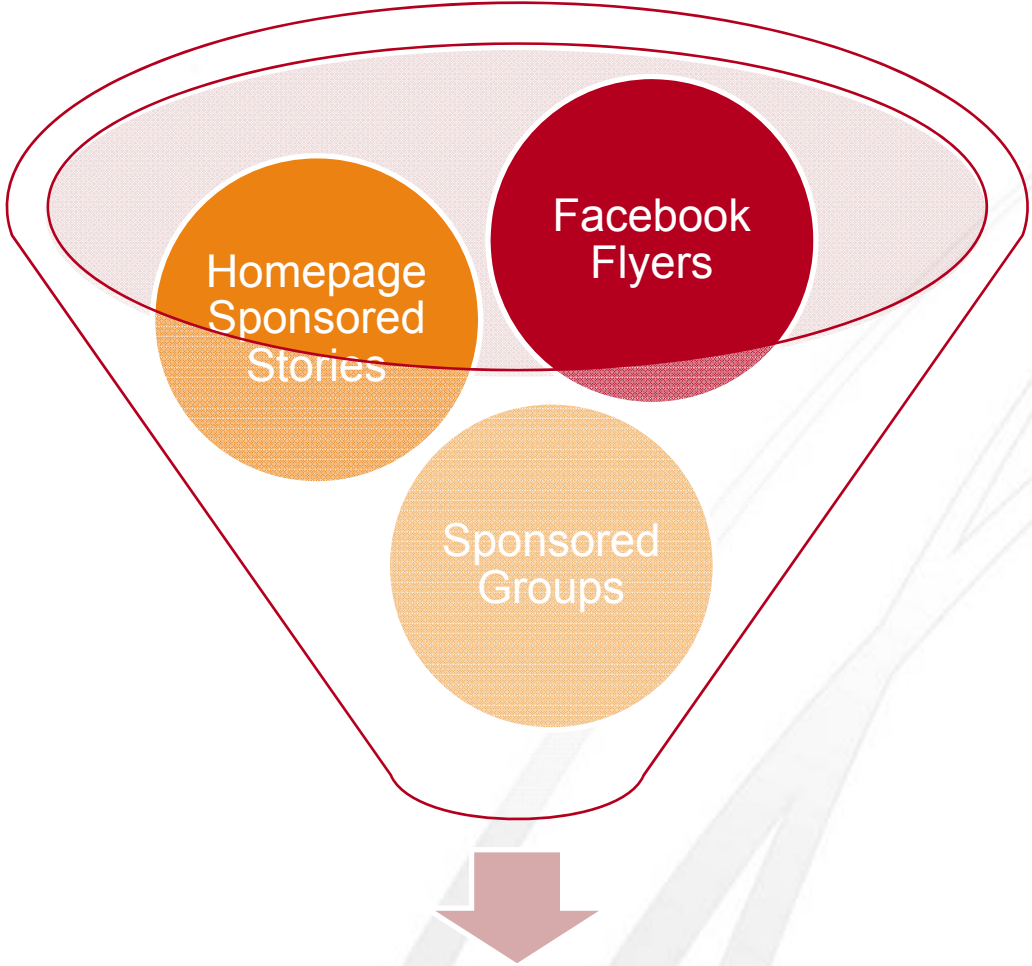
Advertising deal with Microsoft offers Facebook guaranteed revenues

- The deal was signed in Aug. 2006 for a duration of three years (just before Facebook became available to all users)
- It aims at creating an attractive combination for advertisers
- Facebook lets Microsoft provide search and advertising listings to its users
 - Microsoft is able to post advertising banners and sponsored links that appear on the left or the bottom of Facebook pages
 - Facebook can benefit from the Microsoft adCenter system, which allows advertisers to filter their targets so that their ads are relevant
- Clickthrough rates are low: 0.04% on average (while Myspace rates are 0.10%)
- A potential problem is the lack of relevance: conflicts of image arose when ads from prominent British companies appeared on the pages of the British National Party
- A localized sales house would make it far easier for French and European brands to tune in to Facebook advertising

Sources: Microsoft, Reachstudents, BBC, KR Media France, faberNovel analyses

The screenshot displays the Facebook interface for the 'faberNovel' group. At the top, the Facebook logo and navigation links are visible. The group's name 'faberNovel' is prominently displayed. The 'Information' section includes the group name, type (Business - General), and description (faberNovel's Group). Contact information such as email, website, and office address is provided. Below this, there are sections for Photos, Videos, and Posted Items, all of which currently show 'No one has uploaded any photos/videos/items'. A 'Discussion Board' section indicates that 2 discussion topics are displayed. The 'Members' section shows that the group has 20 members and lists several names with their profile pictures. A vertical advertisement for 'Kickers' shoes is positioned on the left side of the page, featuring the text 'PLUS DE 50 MODELES' and 'Kickers'. At the bottom of the page, there is a 'The Wall' section with a post from Amaud Joubay.

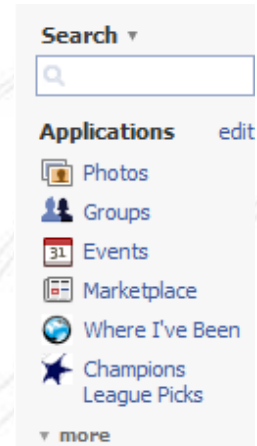
Facebook is offering new advertising products



Advertising solutions tailored for all kinds of situations

A low-cost and direct advertising solution for users: Facebook flyers

- Flyers let users make their own ads on Facebook at low prices
- The price is based on how many times the Flyer is viewed
- Flyers are displayed on the left side of Facebook pages, with the possibility to:
 - Choose targets by both gender and age
 - Target specific colleges, and go further by specifying the education status desired (undergrad, grad student, alumni)
 - Select regional networks you want your ad to be displayed on
- Flyers Pro, launched in Sept. 2007, offer more more options:
 - Selection more precise (by location, sex, age, keywords, political views, relationship status and workplace)
 - Specify how much you are willing to spend to advertise, by setting a maximum price per click : the higher the price, the higher the chances your ad will be shown
 - Pricing is now CPC as opposed to CPM
- Facebook's lack of control has given rise to deceptive Flyers, launching fake security warnings and prompting users to download various softwares



Sources: Facebook, The Register, faberNovel analyses

03.10.2007 – Facebook study

New advertising solutions: homepage sponsored stories

- Firms can target what everyone is paying attention to on Facebook: the users' News Feed, where a story about your product will be displayed
- Only one sponsored story is displayed at a time, meaning advertisers will not be vying for attention against other ads
- A creative way of advertising: Clickthrough Rates 10 to 20 times higher than simple banner ads
- Companies have the possibility to choose a level of filtering:
 - Untargeted (Standard offer)
 - By gender or location (\$2 premium)
 - By their favorite interests, activities or movies (\$5 premium)



Sources: Valleywag.com, faberNovel analyses

03.10.2007 – Facebook study

A recent source of revenue: sponsored groups

- As of Sept. 2007, 186 sponsored groups exist on Facebook: the cost for a sponsored group is \$300,000 for 3 months (after a 200% price increase!)
- The group creates a branded, personal environment where users can gather and interact
- From an advertising perspective, the brand becomes a participant
- Offers include packages and promotions to help spread the word on the group
- Most popular groups (10/09/07):
 - Apple Students: 424,135 members
 - PINK Victoria's Secret: 345,728 members
 - NBA Finals Bracket-ball & Trivia Challenge: 122,854 members

The screenshot shows the Facebook interface for the 'Apple Students' group. The top navigation bar includes 'Profile', 'Friends', 'Networks', and 'Inbox'. The main content area is titled 'Apple Students' and features a 'What's New' section with a promotion for buying a Mac and getting a free iPod nano. Below this is a 'Made on a Mac' section featuring a video of a student and a 'The Tell-Tale Heart' story. The 'What's on iTunes' section displays the '50 Cent' album and a list of top 10 tracks. On the right side, there is a 'Sponsored' sidebar with a 'Student Store' and various product listings like MacBook, MacBook Pro, iMac, Mac Pro, iPod shuffle, and iPod nano, each with a 'Select' button. The footer contains a disclaimer and terms and conditions link.

Sources: Facebook, Valleywag.com, faberNovel analyses

03.10.2007 – Facebook study

Towards a Facebook economy: Facebook applications development

- With the launch of the Facebook platform, Facebook has been touted as an online Social Operating System
 - Facebook's first acquisition in July 2007, Parakey, was a web OS company
- Facebook allows developers to build their own applications, and lets them keep all the revenues generated from its exploitation
- The success of an application is highly dependent on the application's virality and its user base
- Different ways of making money with an application:
 - Promoting third-party applications
 - Selling advertising space
 - Attracting sponsors
 - Selling online services
 - Selling products
- Development of a real Facebook eco-system
- Facebook app factories: Rockyou (superstar with the apps Horoscopes, X-Me and SuperWall), Slide, AppFactory programme launched by VC Bay Partners, Social Media, 30boxes, AF83, ...
- Internal (in third party applications) ad networks have sprouted: Lookery, FBExchange, RockYou, EggNetwork, Cubics, Appsaholic, ...
- In Sept. 2007, the \$10 million fbFund was created by Facebook, offering grants ranging from \$50,000 to \$250,000 to aspiring applications developers



Applications obey to certain rules specific to Facebook

- More and more renowned companies are developing their own Facebook application, in order to reach a new audience
- Designing and spreading an application on Facebook requires a particular expertise that media companies seem to lack,
 - Their applications fail to draw massive amount of daily active users (26/09/07)

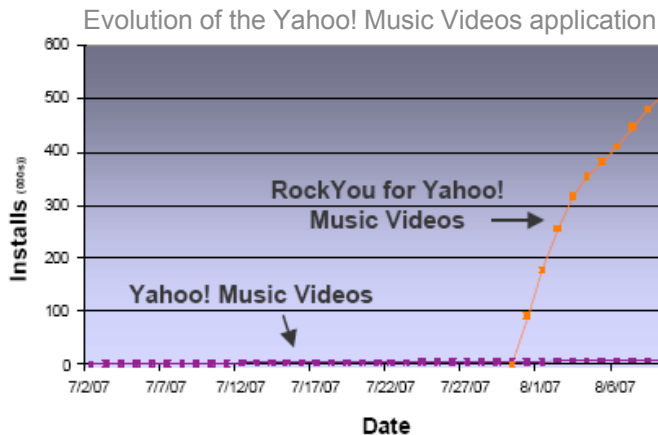


Application: [CBS Breaking News Headlines](#)
By: CBSNews.com
Description: Get the latest breaking news headlines from CBSNews.com updating around the clock on your Facebook profile!
Users: 30 daily active users (6%)



Application: [The New York Times News Quiz](#)
By: The New York Times
Description: What's your Times IQ? Test your knowledge of what's happening in the world, and compete with your friends and the Facebook community to see who's most plugged in. Five quick questions each weekday on the latest news.
Users: 991 daily active users (27%)

- Even Yahoo!, a company that knows how to distribute media on the Web, had to turn to application giant RockYou to redesign its application and attract users



Application: [Yahoo! Music Videos](#)
By: Yahoo! Music
Description: The largest collection of music videos anywhere on the web! Post your favorite video on your profile; watch videos by your favorite artists; discover and share favorite videos with your friends; send and receive video dedications; and more.
Users: 738 daily active users (3%)



Application: [Music Videos](#)
By: Jia Shen
Description: Music Videos for your profile. Get all the latest videos from all your favorite artists. Everybody from Ciara and Justin Timberlake to Shakira and Carrie Underwood.
Users: 26,191 daily active users (2%)

Whether the problem comes from design issues, the application's content or a lack of understanding on how to drive traffic to an application (viral spreading, advertising), it seems that companies do not understand the Facebook platform yet

Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion



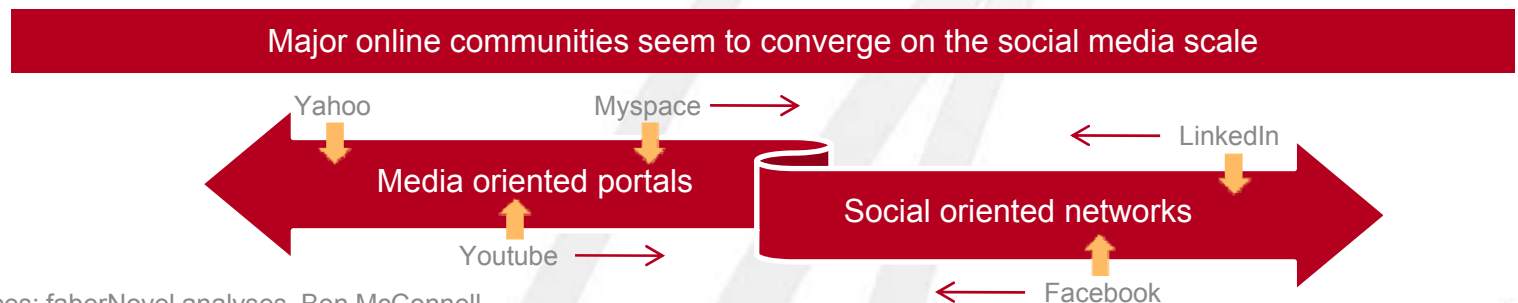
Online communities navigate between media and social sites

■ Media sites, where users mostly **produce content**

- The objective for users is to increase their **visibility** as a brand, individual or company
- The actors are specialized according to their role on the site: producers, consumers,...
- A “portal” history with a common homepage for users, with little customization
- Even when the sites are collaborative, the **1% rule** applies (stating that only around 1% of users actively contribute vs 9% comment and 90% only consume content : Flickr, Youtube, Wikipedia)

■ Social sites allow a better-balanced communication, where users **produce and receive content**

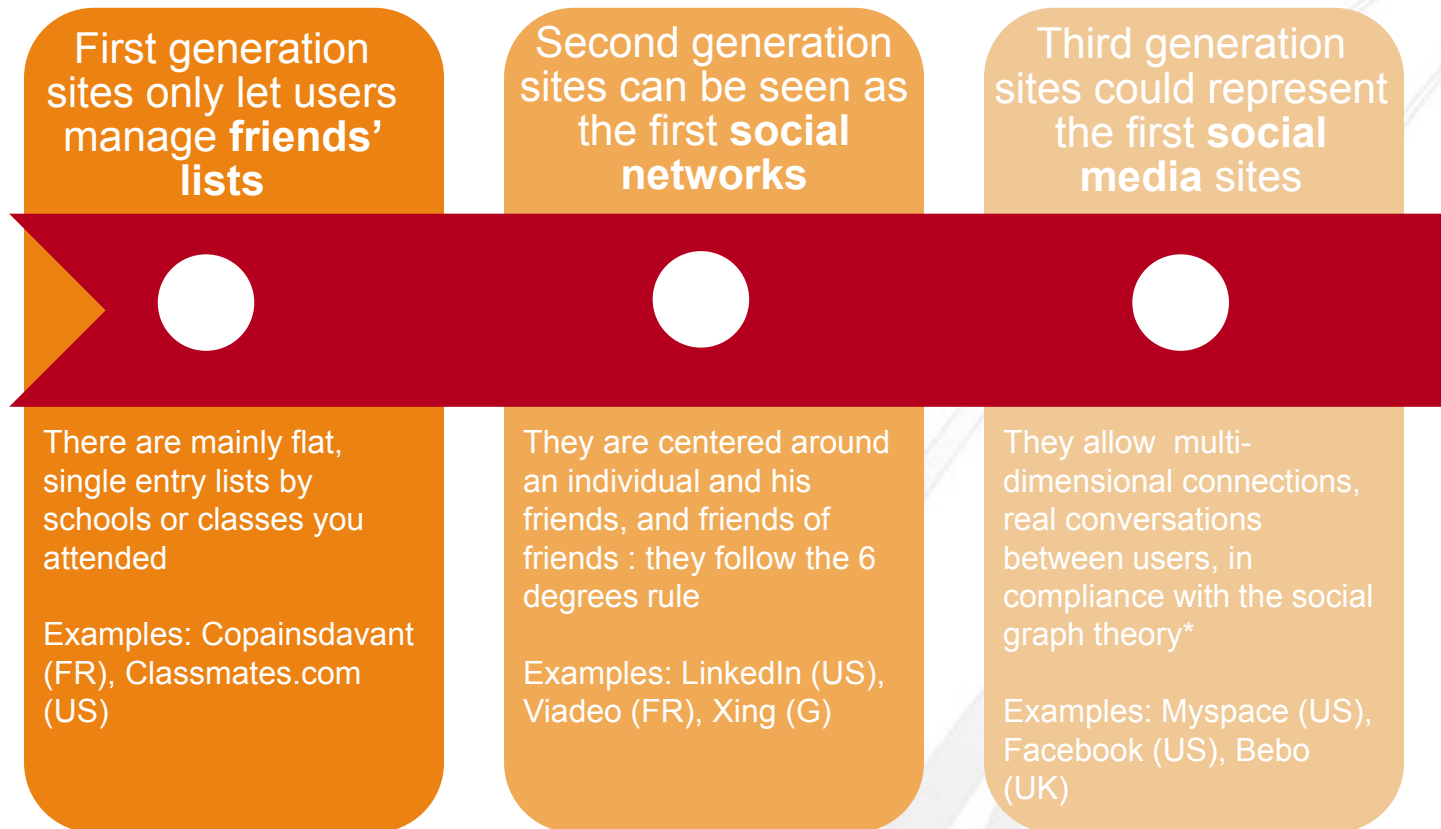
- Users seek to **keep in touch** with people they care about
- All actors publish content to an extent, but different types of influential people can be identified
 - “Connectors” who have wide social networks and act as hubs, “mavens” who are knowledgeable people, and “salesmen” with high negotiation skills
 - “Hubs”, “gatekeepers” and “pulse takers”
- Social sites offer a customizable homepage and a way to keep track of your friends (feed, pulse,...)
- One has access to a variety of media and platforms



Sources: faberNovel analyses, Ben McConnell (2006), Hitwise, Malcolm Gladwell, Dr Karen Stephenson

03.10.2007 – Facebook study

The evolution of social networking sites show they develop new functionalities



*as exposed by Mark Zuckerberg

Sources: faberNovel analyses, Stanley Milgram (1967), Facebook

03.10.2007 – Facebook study

The nature of the conversation on Facebook shows why it is the perfect example of the latest generation of social networking sites

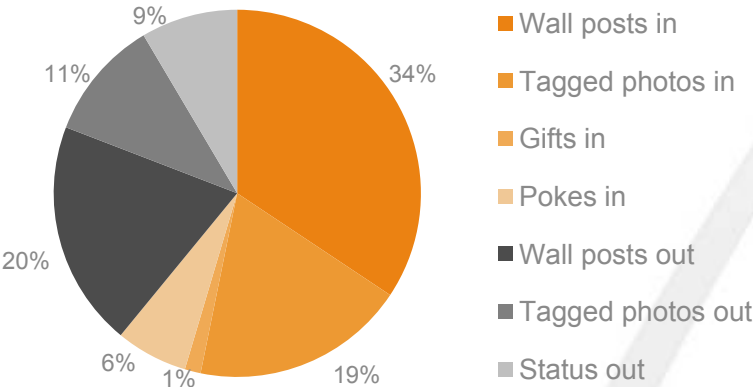
The nature of conversations on Facebook can be broken down:

In two types of messages: those going in (received by the user) or going out (emitted)*

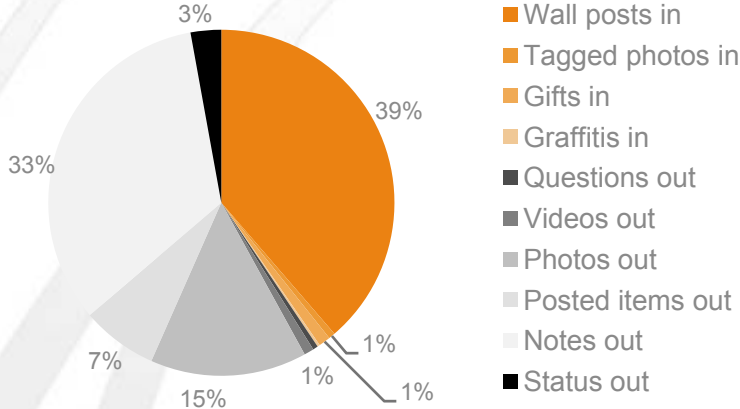
By the format, media or application type used to send the message

*the ratio between the two forming the **conversation index**

Analysis of a selection of students' conversation*



Analysis of a selection of 30+ years old bloggers' conversation*

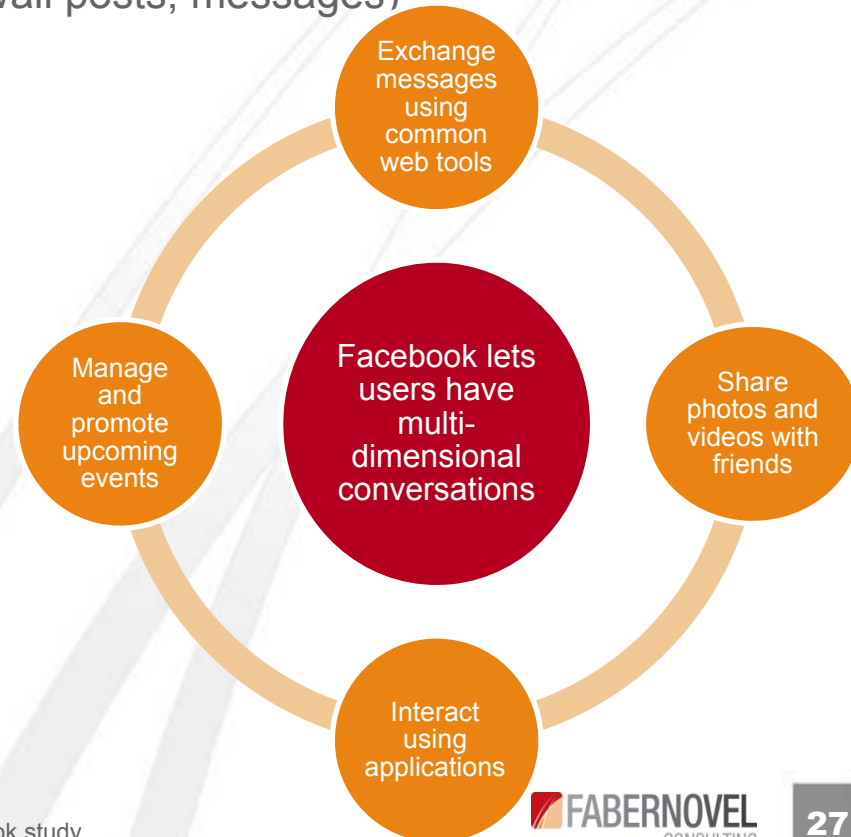


* Figures used for these charts are for illustrative purposes. They are real, but are not statistically representative.

Sources: faberNovel analyses, panel of students and bloggers, data collected during 4 weeks, Aug/Sept 2007

Facebook provides the means for a real conversation

- The conversation is **multi-media**, with the use of words, drawings, pictures, videos,...
- The conversation is both **verbal** and **non-verbal**, through dedications (songs), gestures (pokes), and emotions (gifts, feelings)
- It can be either **instantaneous** (with chat applications and presence indicators) or **asynchronous** (with wall posts, messages)
- The conversation takes place between **real personas** (few hidden identities with avatars or nicknames) and **without outside intervention** (no moderation or censorship)
- It respects the users' **privacy** if they so desire: only 1 in 10 users changes his/her privacy settings



Source: faberNovel analyses

Measuring social media

The emergence of social media highlights the need for new metrics

Traditional metrics are limited

- **Activity** metrics still apply in some way:
 - # unique users
 - Visit frequency
 - Average time spent
 - # registered / active users
 - % of returning users
 - Bounce rate
- As well as **geo-socio-demographic** metrics:
 - Gender
 - Age
 - Household revenue
 - Geographical data
- And of course **content** metrics:
 - # photos / videos uploaded
 - # posted articles / comments
- But they do not measure the real value of web2.0 platforms: the **conversation** that takes place between individuals

New metrics could be











- **Activation**: # applications installed (FB), # votes (Digg like), ...
- **Engagement**: this is the 1% rule, or the ratio # visits / # content pieces posted, % of active users / total
- « **Conversation index** »: the ratio between push / pull actions, information emission / reception
- **Virality**: % growth of groups or applications, time elapsed to reach maximum diffusion (in a typical Gauss diffusion curve)
- **Influence**: # incoming links to a profile, ratio (# links + comments) / # friends, ratio # connection invites sent / received
- **Loyalty**: % of surfing time, % posted content of a certain type (eg. Photo)
- **Connections**: average # friends, average # groups, # broken (unfriended) or loose connections (non active)
- **Relevance**: % voice of a particular 'advertiser' in the daily feed / pulse
- And more ...

➔ **Typical media approaches (based on ad impressions) are less and less pertinent**
CRM approaches (eg. measuring LifeTimeValue) become more adapted

FaceBook users can be segmented by the usage they do





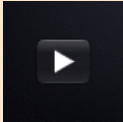





Core users have a personal use

Socialization and entertainment applications

- #1 : iLike  #6 : Flickr Photos 
- #2 : Graffiti  #7 : Honesty Box 
- #3 : Where I've been  #8 : Box.net Files 
- #4 : Zoho Online Office  #9 : SuperPoke! 
- #5 : Fantasy Stock Exchange  #10 : The Friend Match 

More recently professional uses appeared

Multi-media publication and feedback applications

- #1 : Google Reader Shared Items  #6 : Upcoming Calendar 
- #2 : Twitter  #7 : Blog Friends 
- #3 : Video  #8 : Wordpress 
- #4 : Kyte.tv  #9 : Ustream.tv 
- #5 : BlogTips  #10 : Skypeme 

Sources: faberNovel analyses, Techcrunch, Robert Scoble

Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion



Analysis of French students' behavior on Facebook

French students can be seen as **early adopters** (in comparison to the rest of the French population) of Facebook, as more than 50% of them have been on the site for more than 3 months

They mainly use the site to **socialize**, keep in touch with real life friends or renew old connections. Only 13% believe they are more active than their friends.

A few key facts about French students

They are **not really involved** in user groups, as 91% visit less than 5 groups on a regular basis, and 81% do not post messages, photos or videos

They do not display any real interest in applications: 78% add them on invitation, but they do not browse for them. They use applications **mostly for fun**.

Students see Facebook as a walled garden

Students are apparently outspoken and carefree on Facebook

They often use the Wall for short messages than can be likened to pokes

- Greetings
- Enquiring about what has happened lately
- Wishes on special occasions

60% have not changed their privacy settings to restrict access to their profile

Early signs show that they are becoming cautious about possible privacy issues

They keep personal conversations private: 61% use their personal message box more Wall messages

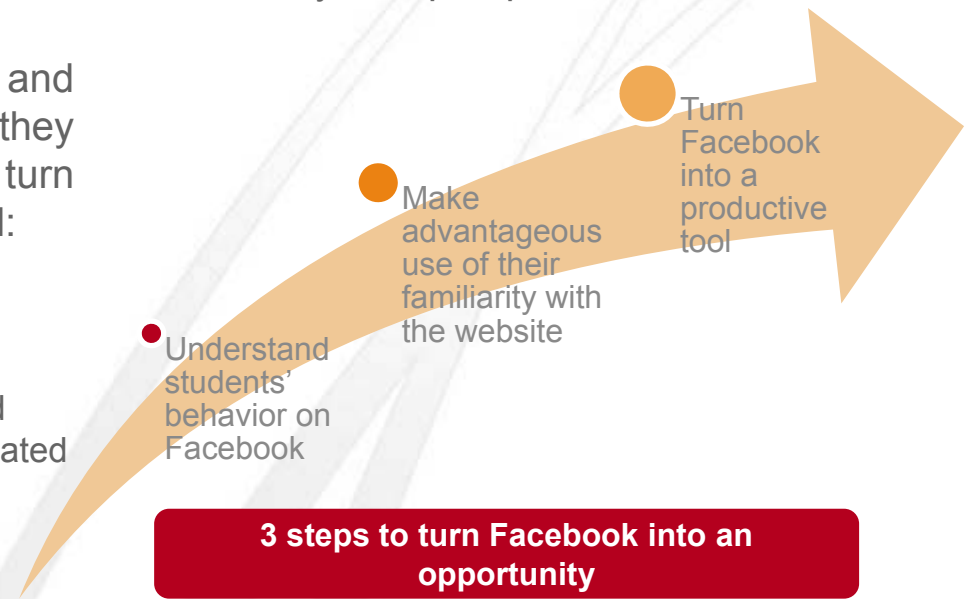
58% are concerned about what others may see on Facebook

They keep to their real life connections

- More than 75% have not added strangers and do not plan on doing so
- They trim their contact list to make sure only people they know well are inside

Facebook in a work environment: threat or opportunity?

- Some companies have taken steps towards restricting their employees' access to Facebook
- Students are “digital natives”, used to modern technologies and new means of communication, and as such they would adapt quickly to the use of Facebook as a working tool
- Though students do not see Facebook as an useful work tool yet (54% of the respondents), it should not be overlooked, as they lack perspective
- Given the right incentive and evolution of the platform, they could adapt quickly and turn Facebook into a productive tool:
 - Nurturing connections that could be useful to their company
 - Organizing themselves and creating work groups dedicated to a specific project



Sources: faberNovel analyses, faberNovel survey conducted on a restricted sample of French students aged 20-25, Sept. 2007

Advertising and targeting students on Facebook

- The basic ads do not have much success
 - Low ClickThrough Rates (0.04% on average, one of the worst performing sites)
 - Students may be too busy interacting and neglect the ads displayed
- A way to attract their attention could be to have them interact about the brand
 - 71% have stated that they would not mind joining a sponsored group should the content interest them
- Classical web 2.0 relational approaches work on Facebook sponsored groups
 - Creating a group centered around users and their interests seems a good approach
 - Target lets students talk about their dorm room
 - The most popular group, « Apple students », offers them discounts on Apple products
 - Having them communicate on the brand
 - Launch several discussion threads and topics to let users react
 - If need be, use an evangelist that will address core issues, help build the community and provide a human face for the brand
 - Develop a real interaction that will help the company grow and evolve

Sources: faberNovel analyses, faberNovel survey conducted on a restricted sample of French students aged 20-25, Sept. 2007, Reachstudents

Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion



Bloggers and Facebook : a love affair?

Most of the Top 100 most influential bloggers are already on Facebook

They are migrating their core audience to Facebook

Their profile pages and feeds offer a centralized view of all the content they produce: blog posts, podcasts, Twitter "tweets", Magnolia/del.icio.us tags,...

Some use it extensively, providing exclusive content on Facebook (R. Scoble) or engaging users in the creation of an event (L. Le Meur's Web3)

They are faced with an internal limit of 5,000 "friends" (not an issue yet in France as the phenomenon started only in June 2007)

They must learn how to navigate the Facebook graph

Different rules apply:

- The conversation is not limited to comments made on a blog post
- Attracting attention is more of an issue: their feed is merged with others in their audience
- Their visibility diminishes when their audience does not interact with them (social graph algorithm)

Their favorite tools are not all available yet on Facebook:

- They rely on the key ones such as: RSS blog feeds, Twitter, videos and photos
- New ones have appeared that require learning and finetuning: BlogFriend, Posted items, ...

Analysis of 2 « heavy users » in France and in the US provides some interesting user profiles to analyze

Robert Scoble (US)

- The former Microsoft blogging evangelist (Channel 9,...)
- Currently VP of media development at PodTech.net, chief editor at Kyte.tv, author of the Scobleizer.com blog and ScobleShow video blog
- 5,000 friends (the maximum limit), an average of 70 blog posts a month and 7 tweets a week, more than 325 video podcasts recorded in 2007 to date (Sept. 20th)
- Main social applications used (outside of Facebook): Powncr, Jaiku, Twitter, Upcoming, Google Reader Shared Items

Natacha Quester-Séméon (FR)

- Former journalist for newspapers
- Currently chief editor of the MemoireVive.org blog, web content producer (i-Marginal), personal blog : lesimpertinents.com
- 291 friends on Facebook, an average of 34 blog posts a month (perso and pro) and 20 tweets a week, more than 120 video podcasts recorded
- Main social applications used (outside of Facebook): Twitter, Scoopeo, Fuzz, Ma.gnolia, Humanews, Flickr



Beyond a certain reach, the audience/traffic of a typical blog is often linked to the number of posts so it is crucial that bloggers find a more engaging way to interact with their audience to create value and escape their natural production limit

These examples show two different approaches for bloggers to monetize their audience

Two models

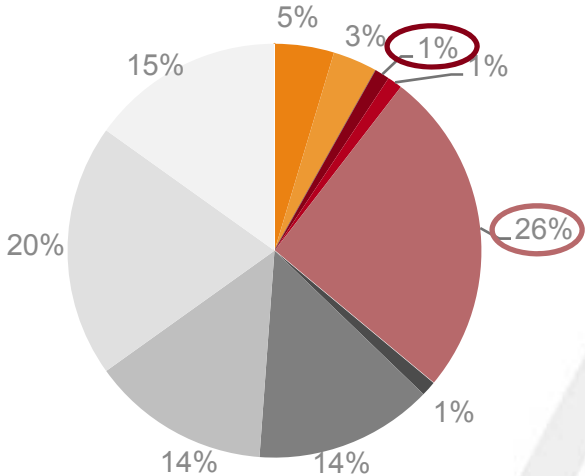
Communicator: Robert Scoble makes very strong use of video, clogs users' feeds with content and only interacts in a "traditional" way with audience (responding to comments)

Activist: Natacha Quester-Séméon engages in discussions in the group she created, as well as on other people's walls

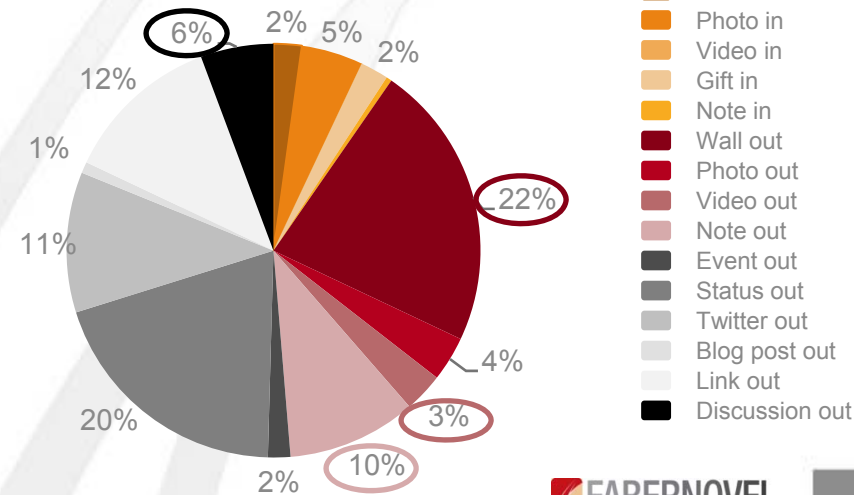
The objective is to drive traffic to **advertising** supported areas (KyteTV, Scoble Show, ...)

The objective is to develop a community and have some **influence** on the socio-political debate

Analysis of Robert Scoble's conversation



Analysis of Natacha Quester-Séméon's conversation



- Wall in
- Photo in
- Video in
- Gift in
- Note in
- Wall out
- Photo out
- Video out
- Note out
- Event out
- Status out
- Twitter out
- Blog post out
- Link out
- Discussion out

Sources: faberNovel analyses, data collected during 4 weeks, Aug./Sept. 2007

Summary

- Facebook: key facts and figures
- Facebook revenue model
- Measuring social media: 2 business cases
 - University students: exchange and collaborate
 - Bloggers: communicate and get feedback
- Conclusion



A few points as a conclusion

- The phenomenon is only starting and will be strongly influenced by the new applications available
- **Privacy** is an issue:
 - The concentration of information freely available through the platform and the free-for-all mentality that enabled the creation of so many applications can be a threat to FaceBook's success
 - FaceBook provides the best privacy management tools available in the social media universe
 - But it has yet to be properly understood and used by new users, especially as business and personal lives “collide” on FaceBook more than on other social networking sites
- **Brands and companies** should learn how FaceBook:
 - Enables a new communication with their consumers:
 - Via sponsored groups for a real conversation ‘a la’ web2.0
 - Via clever advertising (feed, flyers ‘a la’ AdWords ...)
 - Offers new collaboration and knowledge sharing opportunities:
 - Quickly spread successful ideas and recruit for projects or causes
 - Let users manage what they do not want to share instead of asking them to make an effort to share

Source: faberNovel analyses

Special thanks to ...

- **Bruno Kaufmann**, Manager, new media and strategic planning KR Media France (a media-planning and -buying agency part of WPP's GroupM), for his insights and data
- **Natacha Quester-Séméon** (from MemoireVive.org) and **Robert Scoble** (from Scobleizer) for their insights and authorization to « expose » their public conversation on Facebook
- **Renaud Therry** (junior consultant at faberNovel Consulting) for his extensive mastery of online worlds and network of student friends
- And to all Facebook experts worldwide who maintain blogs and websites, sharing information and insights on FaceBook and social media:
 - Michael Arrington at TechCrunch US and Ouriel Ohayon at TechCrunch FR
 - Richard MacManus and the team at Read/Write Web
 - Jeremiah Owyang at Web-Strategist.com
 - Owen Thomas and the team at ValleyWag.com
 - Jesse Farmer and the team at Adonomics.com
 - Justin Smith and the team at InsideFacebook.com
 - Nick O'Neill and the team at AllFacebook.com
 - Patrick Amiel at Patamiel.com
 - Aziz Haddad at Mashable FR



Allow us now to introduce ourselves...

faberNovel's activities are split into 3 units



Consulting

Strategy and organization for growth and innovation

- Assisting large groups on methodology, analysis and decision making
- Innovation consulting:
 - Innovation Strategy
 - Organization and innovation
 - Change Management
 - Knowledge Management
 - R&D portfolio management

Galvanize innovative genes



XP

Experimentation and project management

- Strategic experimentation
 - Reduction of innovation risks
 - Fast acquisition of key know-how and skills
- Conception and development of innovative products and services
 - Functional specification
 - Outsourced project management
 - Conception and business validation
 - Evaluation and identification of partners
 - Piloting and feedback

Carry out quickly



Venturi

Internal project development and investment

- Venture capital, « excubation »
 - Investment and development of internal projects
 - Company creation assistance
 - Capital shares offering additional action leverage
-

Remain entrepreneur

faberNovel oversees innovation projects from their positioning to their realization



faberNovel Consulting heads all of faberNovel's consulting activities

faberNovel Consulting's mission: galvanize firms' innovative genes

■ Prospective intelligence

- Technologies
- Markets
- Uses

■ Strategy

- Growth strategy
- Innovation platform
- Project portfolio management
- Innovation management

■ Implementation

- Competitive benchmark
- Functional specifications
- Partnerships / Monetization



■ Organization

- Participative innovation (Idea Management System)
- Collaborative innovation (Customer Relationship Innovation ®)
- Intrapreneurship development

■ Change management

- Sharing best practices
- Communities animation
- Knowledge design
- Technology transfer

If you want to know more on this subject,
do not hesitate to contact us...



42, boulevard de Sébastopol | 75003 Paris | France

Tel.: +33 1 42 72 2004 | Fax: + 33 1 42 72 2003

Web: www.fabernovel.com

E-mail: amaury.de.buchet@fabernovel.com

stephane.distinguin@fabernovel.com

pierre-yves.platini@fabernovel.com

FABER NOVEL [fabɛrn>vɛl] cabinet de conseil - 2003 :
lat. *faber*, qui fabrique et *novel*, dimin. de novus, nouveau.

- 1♦ STRATEGIE Politique d'entreprise dans les secteurs impliquant des technologies de pointe ; innovation de rupture.
- 2♦ ORGANISATION Services d'optimisation pour la performance de l'innovation
- 3♦ MISE EN ŒUVRE Déploiement de dispositifs d'impulsion et de gestion de l'innovation, conduite du changement et formation pour l'innovation.
- 4♦ ASSISTANCE A MAITRISE D'OUVRAGE Etude de faisabilité, pilotage et accompagnement de projets innovants.
- 5♦ PROSPECTIVE Anticipation de tendances et d'usages technologiques, études veille et méthodologies pour l'innovation.