



Stolen Goods

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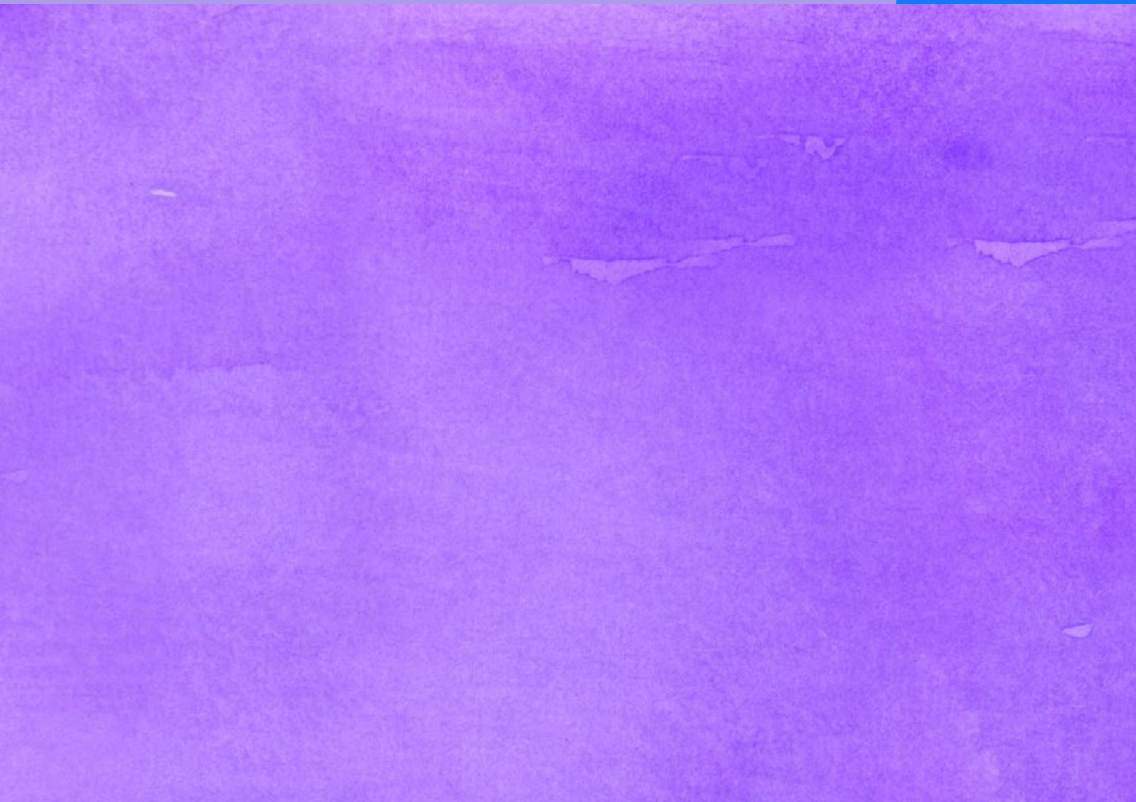
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What's up with Zucks?

After years of headlines, news stories, and an Academy Award-winning movie centered around his questionable behavior, nothing is all that shocking when talking about the polarizing founder of Facebook, Mark Zuckerberg. Whether he's making waves as meme fodder or explaining the Internet to Congress, much of what Zuck does is newsworthy in one way or another. And, in 2021, his company was back in the spotlight for all the wrong reasons. But, honestly, are we really that surprised? First off, Frances Haugen, a former data scientist at Facebook, called out the social platform in early October 2021 for its harmful influence on everything from American democracy to children's body image. **She testified to Congress that top officials at the company consistently chose record profit over taking steps to make the platform a safer environment and hid vital information on how its algorithm plays a role in marketing misinformation.** Soon after, in late October, Mark Zuckerberg announced that the parent company of Facebook, Instagram, WhatsApp, Portal, and Oculus would no longer share the name of its largest service and would now be referred to as "Meta." The Meta announcement provided sufficient distraction from the whistleblower PR crisis, but Facebook, or Meta, is no stranger to scandal. Not only has the company consistently been lax in handling user data and Russia's meddling in American affairs, but Zuckerberg's company has also been entangled in multiple lawsuits to keep them from monopolizing the social space. Why's that? Zuck's got a bad habit of buying up or copying other social media offerings he believes could be a threat.

Facebook's history of copycat behavior is long, stemming back to soon after it was founded. Exploring Zuckerberg's purchasing or copying of other successful social sites is key in understanding not only the current social landscape but the future of social media as well. →



**MONEY CAN'T
BUY HAPPINESS\$,**

MONEY CAN'T
BUY HAPPINESS\$,

but it can buy everything else.



MONEY CAN'T BUY
HAPPINE\$\$,

BUT IT CAN BUY
EVERYTHING EL\$E.

Timeline

2005

- Facebook is launched to the public

2008

- Facebook launches its iOS mobile app

2010

- Facebook boasts over 500 million active users
- In August, Facebook Places is released with features similar to popular check-in app Foursquare
- In October, Facebook Groups are introduced as a way to foster communities around specific topics—much like Reddit

2011

- Facebook Messenger is established as an answer to WhatsApp

2012

- After determining the photo-sharing app could pose a threat to users' time spent on social, Facebook acquires Instagram

2014

- Instead of trying to compete, Facebook acquires WhatsApp
- The success of virtual and augmented reality on Snapchat prompts Facebook to obtain Oculus VR

2016

- Instagram Stories launches, mimicking Snapchat's most popular feature
- Facebook gets into the buying and selling business with the relaunch of Facebook Marketplace, taking on resale favorites Craigslist and eBay
- Instagram Live is released to compete with Twitter's purchase of Periscope

2017

- Facebook, Messenger, and WhatsApp get their own version of Stories

2019

- Facebook launches Facebook Dating to compete with other dating apps like Tinder, Bumble and Hinge

2020

- Facebook Gaming is greenlit as a potential competitor with popular streaming service Twitch
- Instagram Reels—a take on TikTok—was released after app download data showed that TikTok continued to trend upward during the pandemic

2021

- Head of Instagram, Adam Mosseri, stated that Instagram was no longer a photo-sharing app and would now transition to focus more on video - primarily vertical video - after seeing the success of TikTok and YouTube.
- Live Audio Rooms - Facebook's Clubhouse copycat - was made available to a limited number of partners as interest in audio-only social channels increased.

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HAPPINE\$\$,

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We've all heard the story (thanks again to that Academy Award-winning film) of how Facebook was founded in a Harvard dorm room by an entrepreneurial grad student looking for a way to make a more user-friendly college contact list (with a few legal complications along the way).

Once Facebook was released to the public, it was a cultural phenomena—the digital version of a Rolodex, a message board, and an instant messenger combined, with a world of potential friends right at your fingertips. Innovative, interesting, and inclusive, Facebook was a one-of-a-kind platform that capitalized on people's ever-present drive to connect. Over time, other social media sites cropped up with new and niche offerings, and Facebook found itself falling behind. In order to stay relevant, Facebook took two (of the three) approaches to so-called “threats” to their share of the marketplace—borrowing or buying (no begging required). Hey, throw a few million dollars at anyone, and they'll blink first—especially if you have a reputation of potentially stealing their best product features if they refuse.



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Instagram



One of the first big-boy purchases Zuckerberg made to expand his company's capabilities was the \$715 million dollar anticompetitive acquisition of Instagram in 2012.

Created in 2010 by Kevin Systrom and Mike Krieger, Instagram rose to popularity as a photo-sharing app with an image-heavy feed and a focus on filters, designed to encourage engagement among friends through photography. Before Zuckerberg bought Instagram, he proposed the idea to Systrom. Systrom wasn't initially interested in the idea of selling his app, but became worried that Zuckerberg would "go into destroy mode" should he refuse. Zuckerberg has never denied that his acquisition of Instagram was anything less than a way to keep it from stealing Facebook's market share, and it foreshadowed future actions he would take to keep people on his platform.

MONEY CAN'T BUY
HAPPINE\$\$,

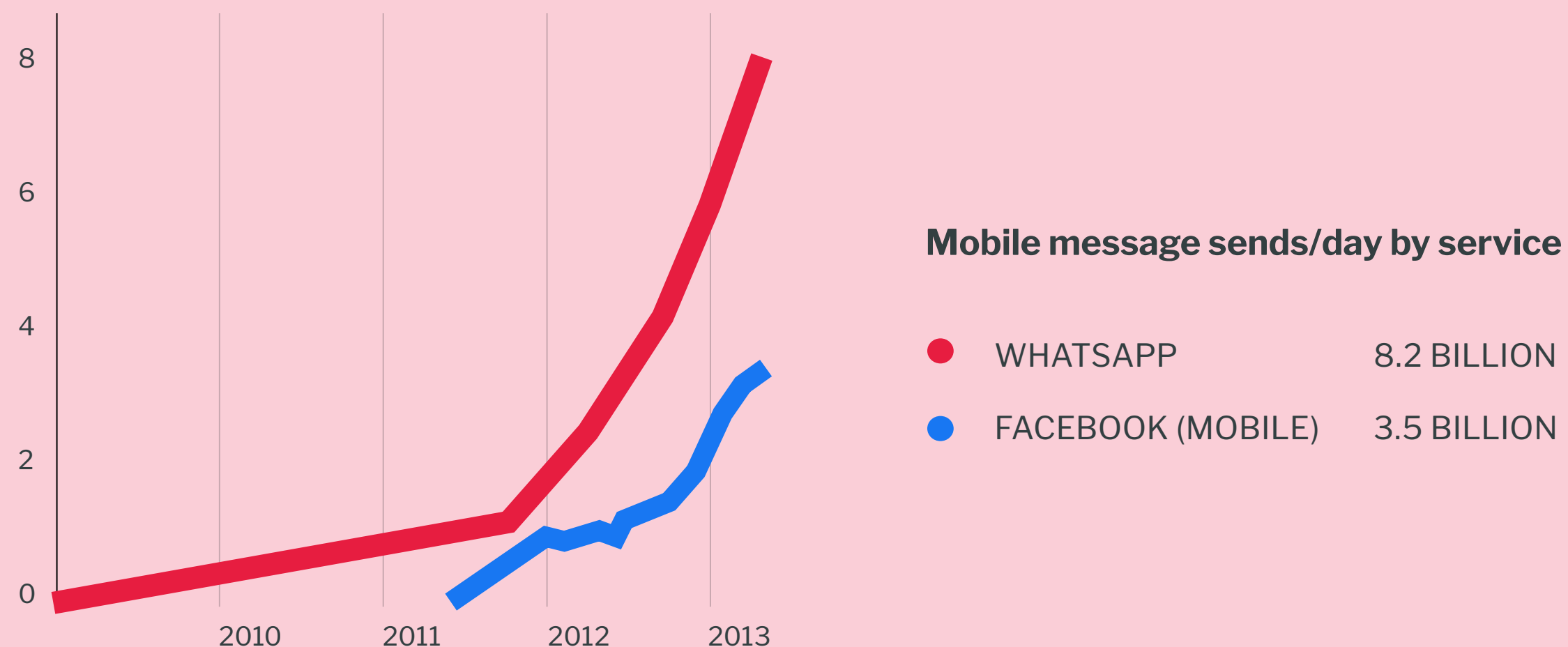
BUT IT CAN BUY
EVERYTHING EL\$E.



Zuckerberg continued to grow his empire with the purchase of WhatsApp in 2014.

Initially developed in 2009, WhatsApp allowed users to communicate with friends through text, phone calls, and video calls for free. Given its focus on connection, Facebook viewed WhatsApp as a potential challenger to its user base—especially in countries outside the U.S. Initially, the \$19 billion dollar price tag for WhatsApp didn't make sense, since the service made very little money and hadn't reached a high level of adoption in America. However, documentation obtained by the DCMS Committee from Facebook in 2018 showed that WhatsApp was gaining significant traction as a messenger app, beating out Facebook Messenger downloads on mobile devices and in time spent on the app.

<https://www.bloombergquint.com/technology/documents-show-facebook-bought-instagram-to-quash-competitor>



This level of time spent away from Facebook was unacceptable to Zuckerberg, since fewer users meant ad revenue would likely diminish. Just in case he couldn't make a deal with WhatsApp, he ideated on ways to make sure advertisers would continue to keep Facebook flush with cash. Facebook is well known for the level of data it collects and allows brands to use for advertising; though the practice was never implemented, Mark thought one way to differentiate Facebook and continue to capitalize on what was already readily available would be to “charge developers for access to users’ data.”

After trying for a while to build out Messenger as a worthy competitor to WhatsApp, Zuckerberg determined that it wouldn't be enough to bring people back to Facebook. So, he showed up with the same kind of cash he threw at his earlier competitors, buying WhatsApp for a whopping \$19 billion dollars. There have been very few updates made to the WhatsApp platform since its acquisition, though a mandatory update in 2021—designed as a way to bring WhatsApp tighter underneath the Facebook umbrella of apps and increase the data shared across platforms—could result in a loss of accounts if users don't comply. This move shows just how data-reliant the company has become, and just how much they want to be the end-all, be-all for social media consumption.

<https://www.buzzfeednews.com/article/charliewarzel/why-facebook-bought-whatsapp>

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In 2014, Facebook branched out into the alternate and virtual reality space with the surprising purchase of Oculus VR—a virtual reality headset company.

Taking note of the increased engagement rates on AR and VR filters on Snapchat and the increasing interest in virtual reality as a gaming medium, Facebook took a calculated risk. When asked why he purchased the VR company, Zuckerberg noted that it was “a new communication platform.” The increasingly quick evolution of media consumption from traditional means to almost completely digital indicates that innovations like AR and VR are the natural next step, and Zuckerberg ensured that Facebook would be on the forefront. In a world more wary of in-person interaction, virtual reality as a means of communication and connection could be on the horizon, given that it allows users to fully immerse themselves in digital environments while remaining socially distant.



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These purchases equal more than the sum of their parts, having real implications on the social sphere as a whole.

Zuckerberg's purchases represent three phases and three crucial functions of social media—giving him control over all types of interpersonal connection. If they're likely to be bought out anyway, up-and-coming social media platforms might have fewer incentives to branch out with new features, and as Facebook continues to snatch up any services it thinks it can handle, there is likely to be little innovation moving forward. Along that same vein, Facebook's monopolizing behavior also limits users' choices. With so much under the control of Facebook, users could encounter less diversification among their platforms, keeping their time and data tethered to Facebook.



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The copycat strikes again... and again.

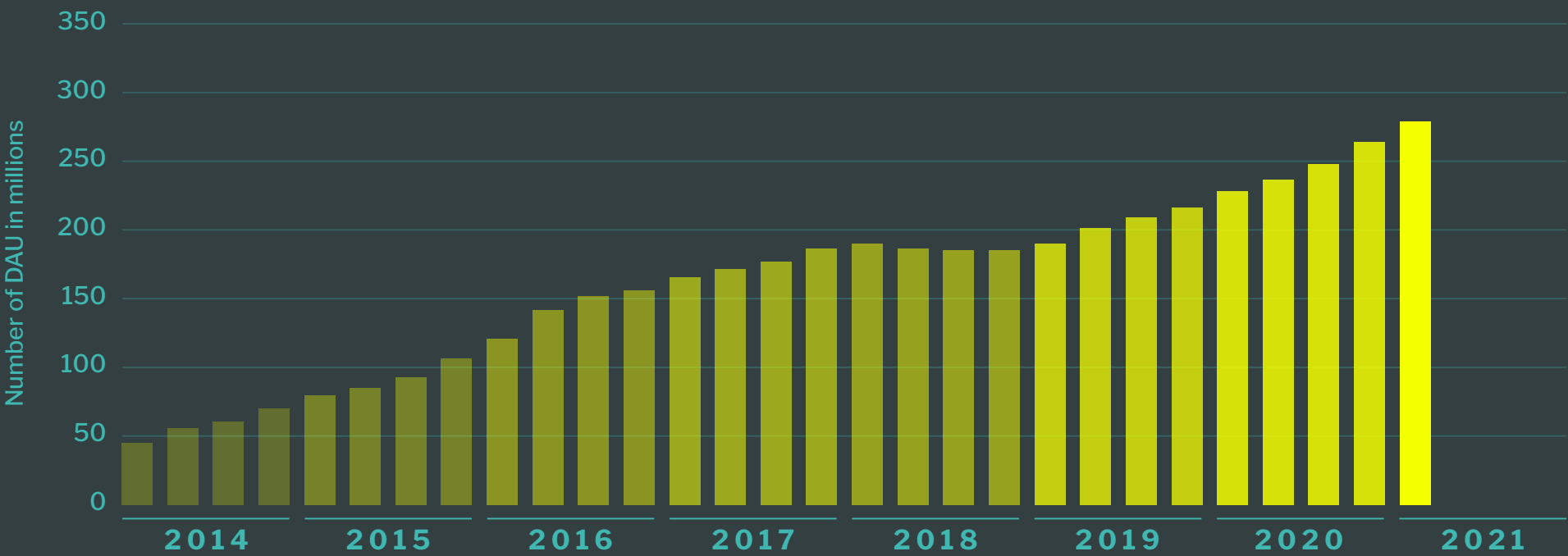
It isn't a secret that Zuckerberg is often "inspired" by other social media platforms. While it seems like there is a social site for everything these days (news on Twitter, video on TikTok, photos on Instagram, neighborhood watch on NextDoor ... need we go on?) Facebook wants to single-handedly take care of all of your social media needs. After all, how many ways can you really connect with others online? This question seems to be one of the driving forces behind Zuckerberg's strategy of copying successful social features, tweaking a few elements, slapping on a new name, and then releasing it on one of the properties he already owns.





Following the purchase of Instagram and WhatsApp, one of the next platforms that piqued Zuckerberg’s interest was Snapchat.

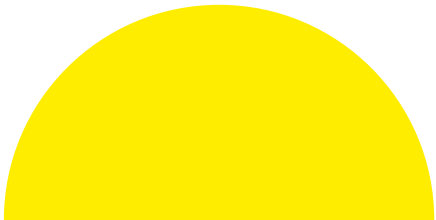
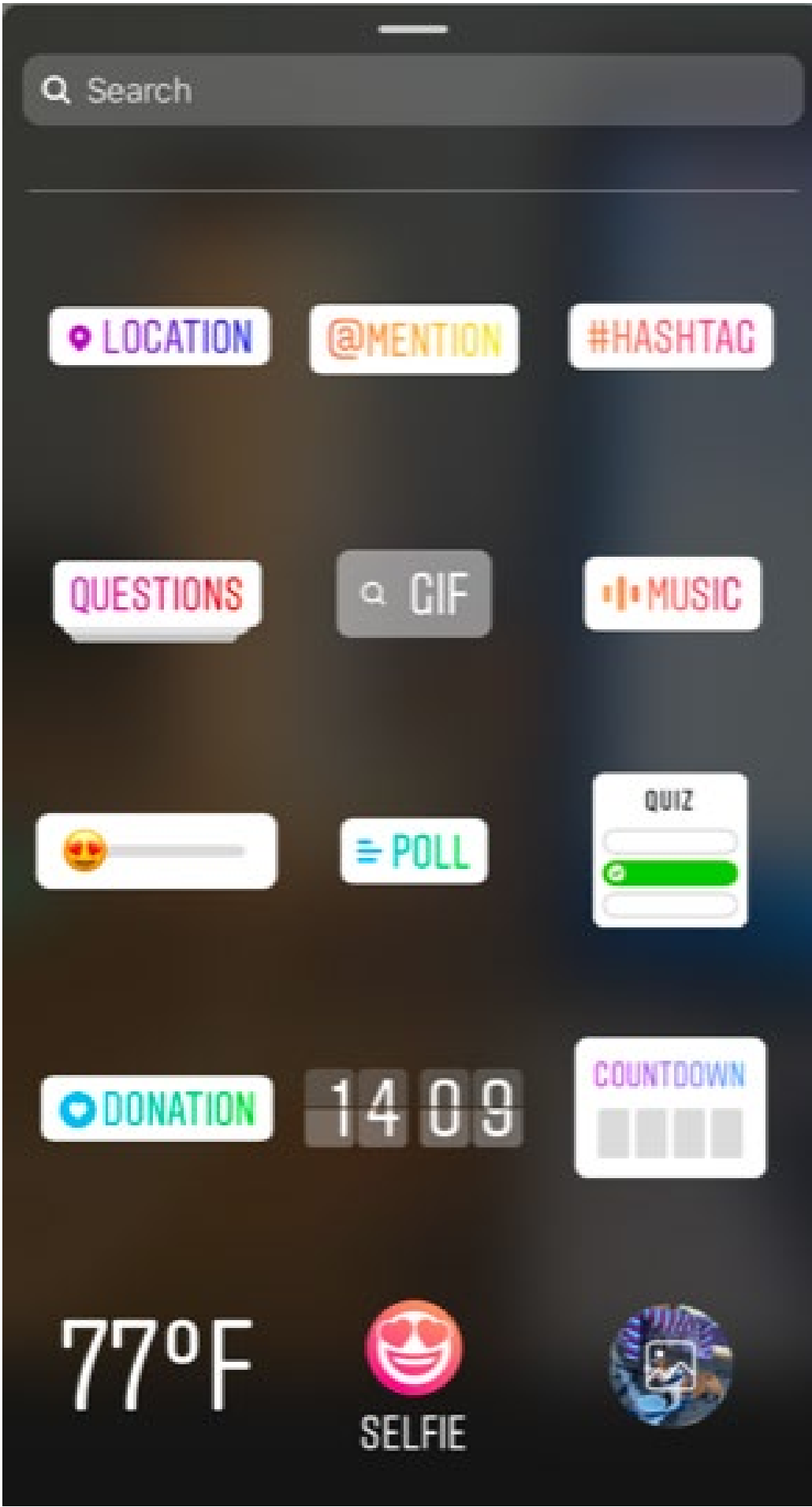
In 2013, Snapchat went through a significant update and started to gain traction as a camera-first app. Focusing on features like ephemeral photo sharing and a unique Stories feature, Snapchat allowed users to compile short video snippets that could be shared amongst friends throughout the day. It looked to be a perfect addition to Instagram, where content was highly visual in the first place. As such, Facebook attempted to buy Snapchat in 2013 to increase its appeal with younger users, but was unsuccessful. So, it switched tracks and started integrating features similar to or exactly the same as what Snapchat offered. In 2016, Instagram formally adopted the Stories feature for itself. A year after its introduction, Stories accumulated 150 million users, and as of 2021, that number has risen to “500 million users uploading Stories daily.”



<https://99firms.com/blog/instagram-stories-statistics/#gref>

Unlike Snapchat, whose main Story content centered around casual uploads shared with a select group of friends, Instagram has adapted to appeal to a wider audience.

The expanded functionality of Instagram Stories over the years has moved it from simply photo-sharing between friends to an online space where promotion—both personal and professional—is supported. When uploading Stories, users can choose from a variety of additions, allowing people to add polls, make donations, and answer questions. Such features have allowed small business owners to sell their goods on the site, and aided influencers in promoting their partnerships. While Stories work incredibly well for Instagram, the move to include a Stories feature on all Facebook properties has not panned out as well. Additionally, almost all other social platforms now have a Stories derivative, with little success across the board. Because of Zuckerberg’s consistent cannibalisation of other social media sites’ success, it results in a semi-incestuous sharing of features across all social platforms—owned by Facebook or not—which depreciates the value of the product and negates the novelty of the original innovation.



THE COPYCAT
STRIKES AGAIN...

AND AGAIN.



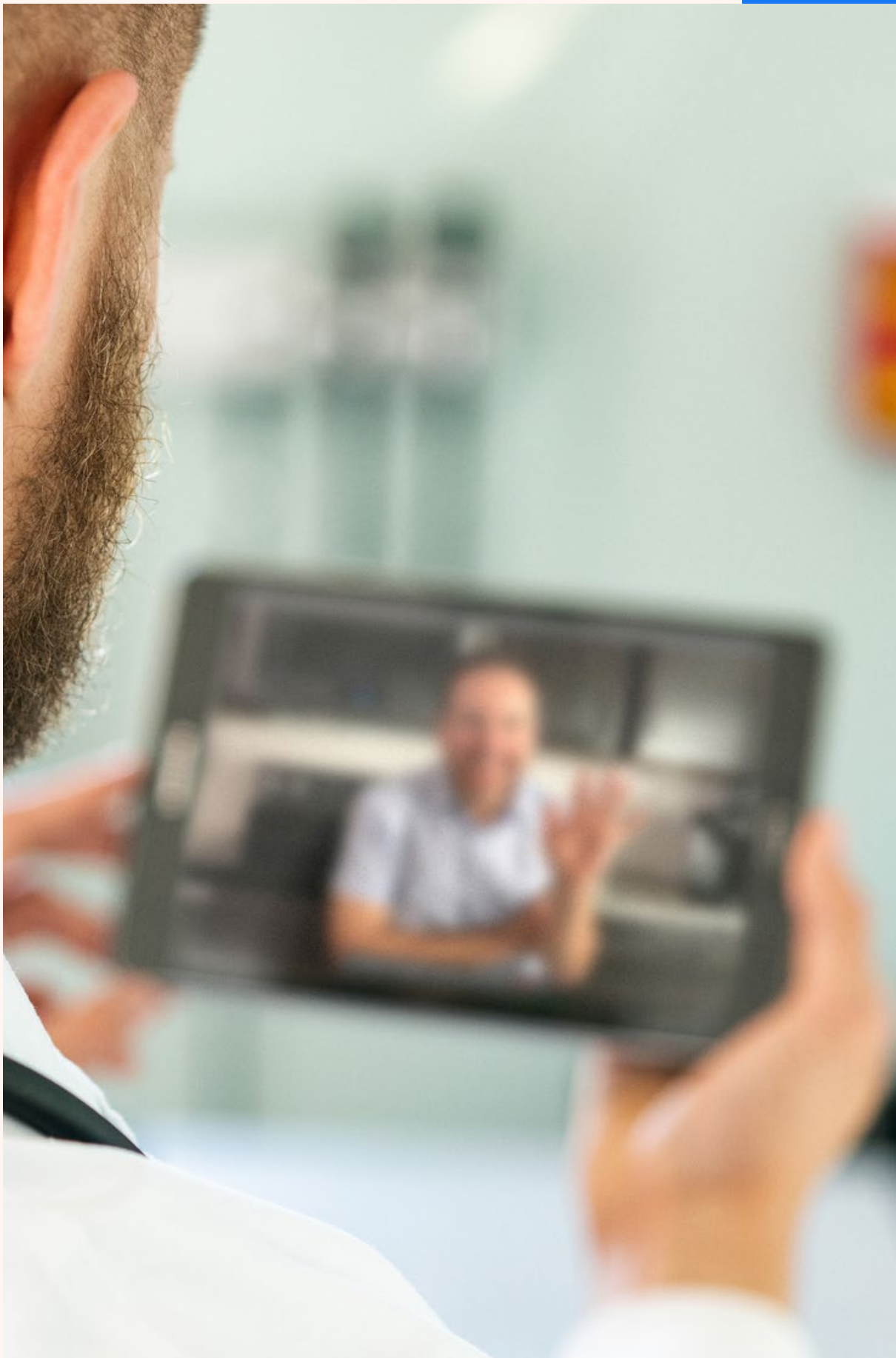
Because of its recent, overwhelming success—generating approximately 315 million app downloads during the pandemic alone—Facebook set its sights on TikTok as potential copycat material to add to Instagram’s long list of features.

A short-form video-sharing app that allows creators to reach a wide audience by tapping into trends and creating variations on a theme, TikTok is now the “seventh most used social network in the world.” Its “For You” page aggregates a collection of videos that the user wants to watch, the algorithm determining the likelihood of a full-length view based on content they’ve interacted with previously. Popularity on TikTok has spilled over into the real world, with names like Charli D’Amelio and Doja Cat sitting alongside the Kardashian sisters. Songs on TikTok that gain acclaim on the app are soon often heard on the radio—similar to how YouTube streamers became big-name celebrities. With an increasing amount of time spent on the app—data putting it at approximately 24.5 hours spent in-platform per month, adding up to 2 weeks total per year—it’s no surprise that Zuckerberg wants to steal it.

Since Instagram is the visual arm of Facebook's umbrella, it makes sense that any camera or video-first features would be added there. Cut to Reels, Facebook's answer to TikTok's "For You" page. Reels' release perfectly coincided with a potential ban on TikTok, with former president Trump labeling the app as a "security threat," as it is owned by Chinese company, ByteDance. Despite previously attempting to garner favor with the Chinese government and buying TikTok's predecessor Musical.ly as a way to enter into the notoriously censored Chinese media sphere, Facebook opted to position itself as an alternative "made in America" creator's hub should TikTok be banned. Reels operates in a similar manner to TikTok, allowing creators to make short-form videos overlaid with music. It shows both a "Following" page, for videos that come from creators that you already follow, and a "Reels" page, which feeds users videos based on other content they've engaged with. Sounds a tad familiar, don't you think? Digging further into its features, the many things that make TikTok so successful simply aren't available on Reels. Reels doesn't allow users to stitch videos together, and its editing tools are complicated. With TikTok, for example, a user can upload a montage of six different videos together and the app will cut highlights from the videos, stitch them together, and play them to the beat of whatever song a user picks. The editing process on Instagram is much more primitive, showcasing why the copycat is never as effective as the original version. Despite failing to create a seamless copy, Reels is still a direct imitation of TikTok, produced during a time of business and political turmoil with little to no ramifications. It marks a worrying trend of Zuckerberg blatantly ripping off competitors without oversight or consequence.

<https://blog.hootsuite.com/tiktok-stats/#:~:text=With%20689%20million%20global%20active,some%20context%20for%20that%20stat.>
<https://thehustle.co/%e2%9d%8c-how-to-break-big-tech/>
<https://www.nytimes.com/2020/08/12/technology/personaltech/tested-facebook-reels-tiktok-clone-dud.html>





Zuckerberg hasn't stopped at just copying social sites either. Location services, e-commerce shopping, online dating or even work-from-home video calls are all services that Zuckerberg sees as fair game for Facebook to handle. If 2020 taught us anything, it's that a lot of our daily interactions can be handled virtually; board meetings, baby showers, and birthday parties can all take place through a 13" screen. During the pandemic, Zoom (and its cousins like WebEx, Microsoft Teams, and Google Meet) became our main source of connection. In 2020, Zuckerberg aimed to capitalize on companies working remotely and released Rooms, a group video chatting service that did exactly what any other video chat service does. Just when we thought the world had endured enough Zoom fatigue, Zuckerberg popped in to sell his version of the service.

- In a world where time spent online equals increased revenue, you can bet that Zuckerberg will do almost anything to ensure that people continue to come to Facebook. Whether he's attempting to buy out a competitor or taking their best feature and integrating it into his owned channels, Zucks will do all he can to ensure that any and all data available is funneled to Facebook. That's why it's no secret that as a new wave of interest washes into the social sphere with audio-only option Clubhouse, Facebook is already developing its own version to try and drop in.

Join the Clubhouse

During the early days of the 2020 pandemic, people were continuously searching for new ways to connect with one another, resulting in Clubhouse's early acclaim spreading worldwide. Clubhouse is an invite-only service that allows users to listen in on conversations that appeal to them, similar to a podcast or Ted Talk in real time.



Effectively an educational party line, Clubhouse offered a unique kind of connection—something new and different from the existing slate of social services. The app once sat at the top of the Apple App Store charts in countries like Germany, Italy, and Japan alongside the United States. At the height of its popularity, Facebook admitted to working on its own version of Clubhouse, but employees were “not authorized to speak publicly” on the matter. Facebook wasn’t the only company attempting to reproduce Clubhouse’s success either; other social sites were cropping up as well, similar to the slippery slope that was Stories spin-offs. Attempting to capitalize all things audio, Spotify responded to Clubhouse’s popularity with their own feature, Greenroom. Launched in June of 2021, Greenroom advertised itself as a place where users could “talk about the music [they] love. Debate fantasy sports picks. Create rooms for [their] friends. Be heard on [their] favorite topics.” Spotify’s Greenroom is a perfect example of the larger pattern that continues within the digital space—copies of copies across social channels.

<https://www.nytimes.com/2021/02/10/technology/facebook-building-product-clubhouse.html>
<https://www.spotify.com/us/greenroom/>

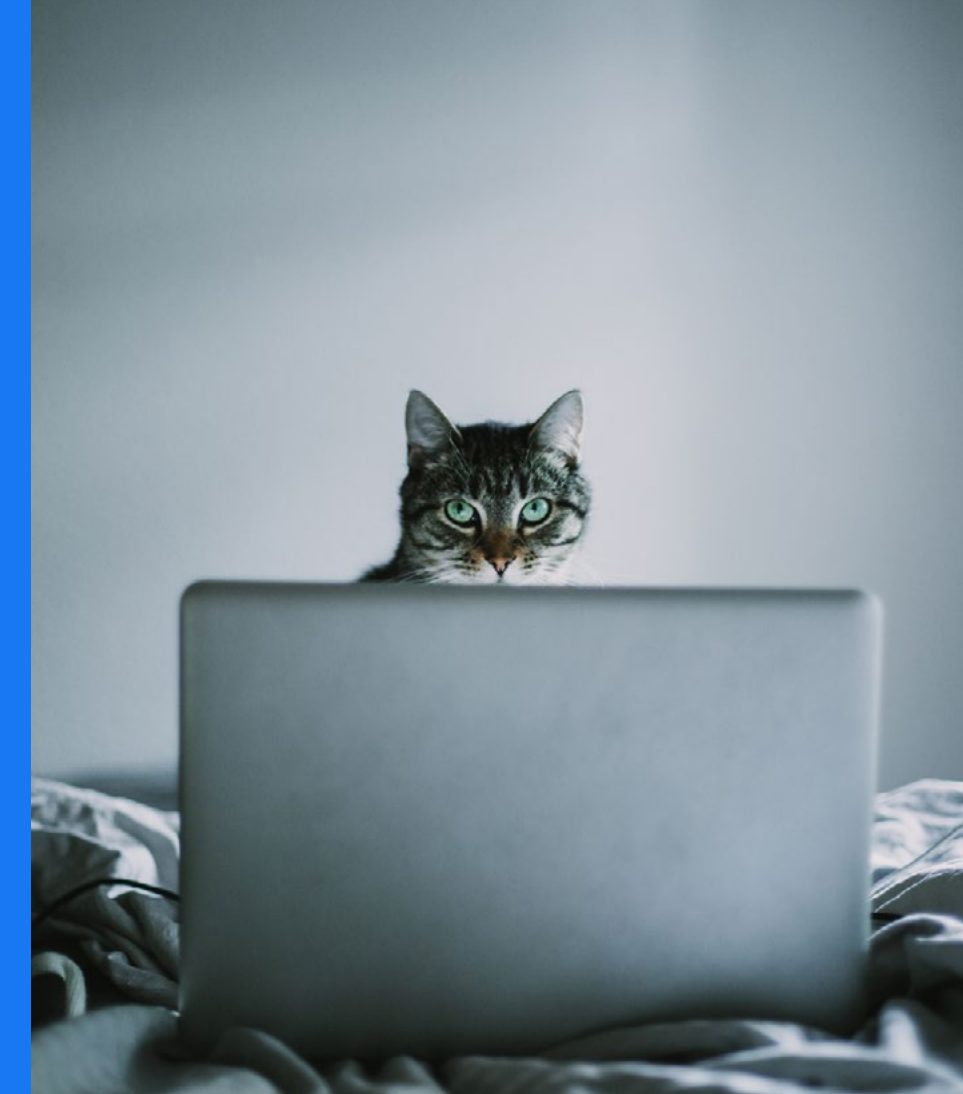
Implications

While there have been few ramifications for Zuckerberg's behavior, attention has been paid to his propensity for scoping out the competition. In 2020, the Federal Trade Commission sued Facebook for illegal monopolization, stating that Facebook's acquisition of Instagram both "neutralized the direct threat posed by Instagram and made it more difficult for another personal social networking competitor to gain scale." A similar thing was said of Facebook's acquisition of WhatsApp, as the buying of the app "neutralized the prospect that WhatsApp itself might threaten Facebook's personal social networking monopoly and ensured that any future threat will have a more difficult time gaining scale in mobile messaging." While a district court judge dismissed the FTC lawsuit in late June of 2021—citing there was insufficient evidence to support the claim that Facebook was engaging in monopolistic practices, despite the clear pattern of buy or

steal exercised since Facebook's inception—a new version of the suit was filed in August 2021. Post-June dismissal, Facebook was valued at \$1 trillion dollars. However, the amendment, coupled with emerging details of a "pay-to-play" atmosphere and continued issues with ad tracking thanks to Apple's implementation of App Tracking Transparency, could temper stock performance. However, since Zuckerberg's anti-competition lawsuits have done little to curb his imitation game and it continues to drive significant user metrics, other social sites will continue to follow suit, resulting in bland duplicates on every channel.



What this means for brands



Though interesting to note, the question becomes what implications do Zuckerberg's behavior have on brands advertising online? Facebook/Instagram still remains the platform of choice for most social advertisers, given the size of its user base, its automatic cross-platform execution, as well as its targeting capabilities. The decision to branch out to new platforms without the breadth of Facebook's audience information is difficult—especially on emerging, untested platforms. However, one can assume that if Zuckerberg is trying to create a copycat, your brand should attempt to enter the space. Whether activating organically or executing advertising, testing new platforms, especially ones with clear growth potential, allows brands the opportunity to learn and shape their strategies in tandem with the evolution of the media landscape.

Additionally, a lot of Zuckerberg's most recent copycat behavior is being done as a way to keep people in-platform as Facebook begins to lose the ability to track activity outside of its app. Thanks to Apple's iOS 14 update that requires

mandatory disclosure of cross-site tracking, Facebook has lost the ability to map a consumer's entire journey outside of its platforms. As a result, advertising across Facebook's family of apps is going to be increasingly difficult, with limited ability to target niche groups resulting in higher costs overall. Maintaining a presence on Facebook is a necessary reality when it comes to doing business in the digital age, but as the impact of iOS 14 emerges, expanding onto some of the platforms that Zuckerberg has attempted to steal from would generate incremental awareness and likely drive down your average advertising cost. Who knows—taking advantage of some of the features Facebook couldn't easily copy might be the reason your brand goes viral.



<https://www.ftc.gov/news-events/press-releases/2020/12/ftc-sues-facebook-illegal-monopolization>

Wrapping it up

We're probably not going to get a sequel to *The Social Network* that outlines Mark Zuckerberg's successes and pitfalls post-Harvard, but it is clear that some of the activities he engaged in when founding Facebook have stayed with him after his ousting of Eduardo Saverin. Buying out or building his own versions of burgeoning social darlings has and will likely continue to be standard practice, despite warnings from the FTC. While the future of social media remains unclear because of how quickly technology is developed, adopted, and discarded nowadays, keeping an eye on the news cycle and paying particular attention to Mark Zuckerberg's pet projects provides an unclouded view of consumer consumption trends. Innovative offerings are becoming fewer and farther between as copycat practices begin to be standard and social media becomes a sea of sameness, but **through careful consideration of interesting channels, brands have an opportunity to tap into the fastest-growing mediums to reach a wider variety of potential customers.**





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**You're curious about
us. We're curious about you.
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lot in common. Why not start
the conversation?**



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