



MAGNIFICENT SEVEN

Summary

Implications

Twitter shares fall after growth fears

Twitter's share price fell by almost one-fifth after the social network released its first earnings announcement. Although they posted quarterly revenue of \$243m, significantly above expectations, investors were concerned with underwhelming growth in users. Twitter averaged 241 million monthly users in Q4 2013, up just 3.8% on the previous quarter.

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Twitter still has room to grow globally. Growth has slowed in the US and LATAM but is buoyant in Europe. However the social network still needs to find an optimal way to monetise its service although its revenue figures are impressive, it reported a Q4 net loss of \$511m.

From humble beginnings to over a billion users

On February 4th this year, Facebook celebrated its tenth birthday. By the end of 2004 the social network averaged just a million monthly users, fast forward ten years and it averages 1.19 billion monthly users. The omnipresent service is the world's top global social network by a long way. It has transformed the way people interact and share information.

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Facebook's own status seems to be continually shifting. Brands' successes on the platform have been mixed. The hoped for brand interactions and conversations have worked for only some brands, the value of a like is hotly disputed and advertising appears to be shifting towards the more classic disruption model. Facebook faces a real challenge to keep both brands and its users engaged.

UK lenders to offer Zapp payments

Five UK banks; HSBC, First Direct, Nationwide and Metro Bank are the first lenders to announce that they will adopt Zapp payments ahead of the mobile payment app's launch, planned in Q3 of this year. Zapp puts real time payments on mobile devices through the users existing banking application, enabling customers to effectively pay for items at the touch of a button or at a scan of a code.

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Although initially restricted to online items, Zapp plans to be functional in 1 in 5 stores by the end of 2015. As wallets become increasingly digital, with similar technology offered by Barclays' Pingit, PayPal and Orange, the in-store experience will dramatically change. Given that Zapp's partners hold 35% of all current accounts in the UK, the Zapp app is in a strong position.

No poor countries by 2035

Bill and Melinda Gates annual letter declares that by 2035 there will be almost no poor countries left in the world. By almost any measure, the world is better than it's ever been. The letter debunks three big myths; poor countries are doomed to stay poor; foreign aid is a big waste; and saving lives leads to overpopulation.

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The recent rise of the BRIC market has shown how quickly countries' fortunes can change. The global middle class is expanding and new markets are opening up to brands. Brand growth will come from these emerging economies; brands need to have strategies in place to make the most of these new opportunities.

FB's news reader app

Facebook's new "Paper" mobile app provides an intuitive news reader experience pulling content from 19 different categories. All content displayed will be curated through a process that includes both an algorithm and human selection to ensure the best content.

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Currently the app does not accommodate adverts, but this should change by Q3 2014, giving advertisers yet another way to advertise through Facebook. However, it remains to be seen whether the app will become popular amongst users, or meet a similar fate to that of 'poke'.

Google's latest hardware move

Google have acquired Nest Labs for \$3.2B, and sold off Motorola (whilst keeping their patents). Nest, founded by Apple's Tony Fadell, first became popular with its internet-connected household devices such as thermostats and smoke alarms. The Nest team are set to become Google's core hardware group.

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Fadell, a founding member of the iPhone development team, brings with him a workforce that will give Google the best chance yet of expanding beyond computers and phones into people's living rooms, cars and perhaps even bodies.

FB to share data with Yandex

Facebook has agreed a deal to share public data from its users with Yandex, Russia's largest search engine. The deal will give Yandex full access to public data from users in Russia, Turkey and CIS countries including Ukraine, Belarus and Kazakhstan. The data includes users' public posts and comments.

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The move is expected to help Yandex improve search results. For Facebook, it forms part of its push to gain share in emerging markets. It should help improve its standing in Russia where it trails domestic offerings such as VK and Odnoklassniki.

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