This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit https://www.djreprints.com.

https://www.wsj.com/articles/how-many-users-does-facebook-have-the-company-struggles-to-figure-it-out-11634846701

How Many Users Does Facebook Have? The Company Struggles to Figure It Out

Internal research finds that new users with multiple accounts are undercounted, 'very prevalent'; some are unintentional

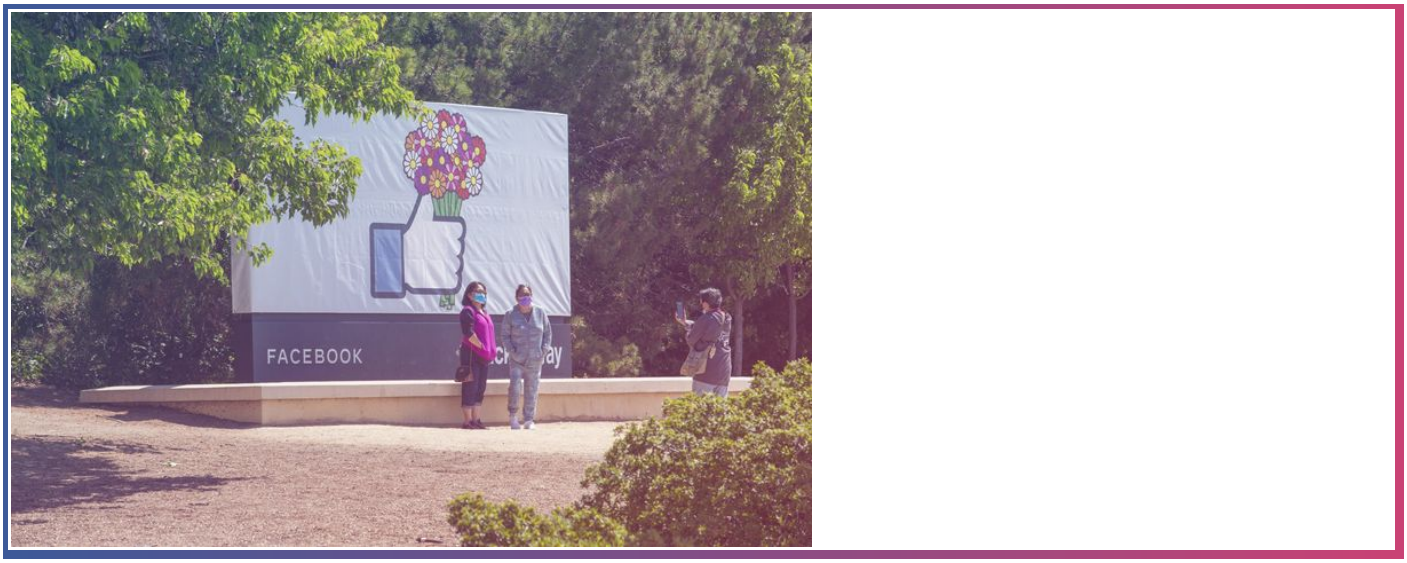
By Sam Schechner and Jeff Horwitz
Oct. 21, 2021 4:05 pm ET

Facebook Inc. is struggling to detect and deal with users' creating multiple accounts on its flagship platform, according to internal documents that raise new questions about how the social-media giant measures its audience.

An internal Facebook presentation this spring called the phenomenon of single users with multiple accounts "very prevalent" among new accounts. The finding came after an examination of roughly 5,000 recent sign-ups on the service indicated that at least 32% and as many as 56% were opened by existing users. The company's system for detecting such accounts also tends to undercount them, according to the presentation, which was viewed by The Wall Street Journal.

A separate memo from May said that the number of U.S. Facebook users who are in their 20s and active at least once a month often exceeds the total population of Americans their age. "This brings out an elephant in the room: SUMA," the memo's author wrote, using an internal abbreviation for "Single User Multiple Accounts." The author added that the issue could render Facebook's ratio of users active each day "less trustable."

At issue is the reliability of information that helps inform some big advertisers' spending decisions. While Facebook says it doesn't bill advertisers based on its estimates of an ad's target audience, some advertisers look at those estimates when planning where to allocate their budgets—especially big brands that have turned to Facebook to reach large audiences as broadcast and cable television viewership have declined.



Facebook has long called itself a 'real identity platform' and bars users from having multiple personal accounts, unlike Twitter and other platforms without such rules.

PHOTO: NINA RIGGIO/BLOOMBERG NEWS

Potential reach metrics are "a starting point of our strategic conversation with our clients," said Darren D'Altorio, head of social media at Wpromote, a U.S.-based digital-marketing agency. "If your goal as an advertiser is to reach the most amount of people at the lowest cost, then there would be a very real impact to that number being wrong."

Facebook said in its most recent quarterly securities filings that it estimates 11% of its monthly active users world-wide—which totaled 2.9 billion for its flagship platform in the second quarter—are duplicate accounts, with developing markets accounting for a higher proportion of them than developed ones. On its website for advertisers, Facebook says its estimate for an ad's audience size depends in part on the number of accounts users have, but it doesn't quantify the impact.

THE FACEBOOK FILES »

Facebook Files Sign up here

The internal Facebook research documents on users with multiple accounts—spanning from 2017 through earlier this year—offer a more expansive view into how the company has handled the phenomenon.

Facebook has long called itself a "real identity platform" and bars users from having multiple personal accounts. Unlike Twitter Inc. and other platforms without such rules,

the company requires users to have just one master account under a real name. Facebook says the policy helps prevent impersonation and scams.

The memos viewed by the Journal suggest that most instances of multiple accounts stem from users being locked out of their main accounts or making mistakes when signing in, and Facebook says it tries to redirect these users back into their primary accounts. But data cited in the documents show that a quarter to a third of duplicates have been what Facebook calls "persistent SUMA," where a user continues to operate multiple accounts.

"It's not a revelation that we study duplicate accounts, and this snapshot of information doesn't tell the full story," Facebook spokesman Joe Osborne said, adding that duplicate accounts pose a challenge for many large digital platforms, and that advertisers use Facebook because it gives them desired results.

"Nothing in this story changes the estimate of duplicate accounts we disclose in our public filings, which includes new users, or that we provide context on in our ad products, ad interfaces, in our help centers, and in other places," he said.

The documents are part of a collection of internal Facebook communications that have formed the basis of a series of Journal articles called the Facebook Files.

Facebook researchers in the documents quantified the potential impact for advertisers if duplicate users were removed from the audiences it estimated would be reached in a certain kind of ad campaign called "reach and frequency." In such a campaign, favored by big brands to help raise awareness of their offerings, an advertiser selects an audience based on certain attributes. Facebook's system gives an estimate of how many such people the campaign could reach.

Reach-and-frequency campaigns aimed at bigger audiences of 10 million or more people a week could take a hit if they were corrected to remove duplication, according to a comment on a 2018 document. The median reduction in weekly reach for such campaigns would be about 2.2%, and in some cases 5% to 10%, the comment said.

Some Facebook staffers recommended accounting for multiple users in the numbers it reports to advertisers. Another staffer replied, "There are tough pros & cons of integrating SUMAs into reporting," adding that there should be "leadership review before locking in on a course of action."

Facebook says reach-and-frequency campaigns are a small share of its revenue. For smaller advertisers that buy based on performance, such as the number of sales an ad generates, changes to a campaign's potential reach are less important, industry executives said.

Facebook has struggled with the accuracy of some of its metrics in the past. In 2016, the company said it had overestimated viewing time for video ads, leading advertisers to sue. Facebook later settled that lawsuit.

Since it went public, the company has acknowledged the multiple-account issue in its quarterly filings. In the fall of 2017, Facebook said it changed its methodology to better detect such users and increased its estimate of the number of duplicates on its platform by two thirds to 10%.

Executives debated internally how to break the news to advertisers and investors, according to an internal email thread disclosed in a lawsuit over whether Facebook knowingly inflated audience estimates.

"SUMA is going to go down horribly in my view," Facebook's then-advertising chief warned in the thread. "If we overstated how many actual real people we have in certain demos, there is no question that impacted budget allocations."

In the lawsuit, two small-business owners seeking to represent a class of advertisers argue that Facebook's inclusion of duplicate, fake and other allegedly ineligible accounts in its metrics led advertisers to spend more on Facebook ads. The plaintiffs claim executives shot down potential fixes to the alleged inflation.

Facebook has described the suit's allegations as meritless and said it would vigorously defend itself. The case is currently set for trial in U.S. District Court in San Francisco next fall.

Facebook recently began changing how it discloses the potential reach of ads to advertisers, showing potential audience sizes as a range rather than as a specific reach figure. Facebook's website says it is continuing to implement that change.

A Wall Street Journal investigation

A series offering an unparalleled look inside the social-media giant's failings—and its unwillingness or inability to address them.

VIEW THE FULL SERIES →

—Design by Andrew Levinson. A color filter has been used on some photos.

dWrite to Sam Schechner at sam.schechner@wsj.com and Jeff Horwitz at Jeff.Horwitz@wsj.com

Appeared in the October 22, 2021, print edition as 'Duplicate User Accounts Cloud Facebook's Audience Numbers.'

Copyright © 2021 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit https://www.djreprints.com.