Facebook's Rebrand as Meta: A Case Study

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The Background

Facebook, Inc. has recently been absorbed into a new parent company and brand, Meta Platforms. The company was built on the shoulders of TheFacebook.com. The website was founded by CEO Mark Zuckerberg and three fellow Harvard students in 2004 (Hall, n.d.). Originally intended as a contact book and communication portal for university students, in 2006 the site was made available to anyone age thirteen or over with an email address (ibid.). In February 2012, the company went public: its initial public offering (IPO) raised a staggering US$16 billion, resulting in a market value of US$102.4 billion. This gave the company the most financially successful technology IPO in US history to date (ibid.), and a powerful market position the company maintains ten years later.

Despite inroads by the likes of Tik-Tok, the company still maintains a dominant hold on the social media industry. Meta owns four of the world's most widely-used social media apps (Facebook, Instagram, WhatsApp, and Messenger) and reports 3.6 billion users across the first three of these as of December 2021 (Statista, 2021). More recently, Meta added Oculus, a virtual reality platform and series of products – the basis of the company's new brand name and new key offering.

Priding itself on transparency and community, the company's flagship product – Facebook – morphed into an online environment of identity creation and promotion. Social interactions in the form of "Likes," "Friends," comments, follows, and photo-tagging were key features. In 2004, the app attracted advertising giant Mastercard. By 2006, the company's focus on user community-building had shifted to user-advertiser relationships in an unprecedented form of direct consumer engagement (Hall, n.d.). In 2020, almost 98% of Facebook's global revenue (US$86 billion) was generated through advertising (Statista, 2020). The company sells to advertisers the data of not only users, but anyone captured by the platform's online retargeting ability (St. John, 2018).

The Crisis

Since its shift toward advertising in 2006, the company has been the focus of a series of controversies centred on users' data. Specifically, what's been most controversial has been the nature and extent of the company's access to, collection, and use of that data and their actions or abuses in connection with it. The following is but a sample:

- In 2006, the company introduced a News Feed feature that included every change made to a user's account by their Friends; the resulting outcry prompted Facebook to introduce privacy controls that allowed users to control content that appeared in this feature (Hall, n.d.)
- In 2007, Facebook's Beacon feature allowed a user's Friends to see the products they had bought from companies advertising on the site; this resulted in yet another public outcry over privacy infringement, and criticism for the intricacy of and repeated changes made to the platform's privacy controls (Hall, n.d.)
- In 2012, Facebook conducted a surreptitious data experiment, whereby peoples' psychological reactions were tested by altering information on their News Feed (Meisenzahl & Canales, 2021)
- In 2016, a Buzzfeed report showed that misinformation on Facebook outperformed verified news during that year's US presidential election (Silverman, 2016)
- In 2018, personal data belonging to over 87 million users was dubiously obtained by a data firm called Cambridge Analytica, and used for political purposes; in the ensuing scandal, Facebook was fined a record US$5 billion by the Federal Trade Commission for mishandling data (Ma & Gilbert, 2019)

Not all has been "thumbs up" in Facebook's rocky history (photo via punchmagazine.com)

The Breaking Point

Needless to say, the company's brand image and reputation have taken heavy hits over the past several years. Although the episodes outlined above represent cumulative damage, the breaking point that instigated the company's rebrand took place in 2021. In mid-September, *The Wall Street Journal* published a series of articles titled "The Facebook Files: A *Wall Street Journal* Investigation." These articles exposed insider company documents anonymously brought to the newspaper and US Congress by a former Facebook employee (now known to be Frances Haugen) (various authors, 2021). The documents implicated a string of transgressions on the company's part, including:

- the collection and analysis of data about the negative impact of Instagram on the self-image of surveyed teenage girls, and the part played by the Facebook app in political violence in developing countries
- the company's allowance of its apps to be used as a conduit for false information, anger-inciting posts, human trafficking, and drug cartel activity
- special app allowances and interactivity for high-profile users

Haugen contended, moreover, that the company had failed to take any action on these findings (Horowitz, 2022). Once again, Facebook opted to turn a blind eye despite knowing the harm their platforms were causing.

The Strategy

The company's initial response to Haugen's revelations was defensive. They argued that the information published by *The Wall Street Journal* had been carefully chosen to emphasize the negative. Shortly thereafter, in October 2021 Zuckerberg announced the company was changing its name to Meta Platforms. This name was inspired by the firm's new focus on the concept of a "metaverse" in which users would interact primarily in virtual reality environments (Hall, n.d.). Ironically, "meta" is also reminiscent of the metadata on which the company continues to rely – the very source of its business problems.

Facebook took a particular approach to its rebrand. Instead of a comprehensive, deep-dive company restructuring that incorporated customer feedback to help re-solidify brand trust, the company took a shortcut. That shortcut focused on messaging and distraction, and on getting that message out fast: a new name, logo, and advertising campaign. All of these were announced by Zuckerberg during the company's October 2021 virtual event.

The rebranding announcement was also coloured by the same attitude of inaction that underpinned the crises the company faced. Analysts have been critical of Zuckerberg's "absence of contrition, or apology" and lack of acknowledgement of fundamental business problems, expressing a broader current of public dismay (Star Editorial Board, 2021). Perhaps this should come as no surprise: this is the same person who at nineteen branded people who entrusted him with their data "dumb f***s" (Raphael, 2018).

The company's rebrand was both inadequately planned and premature. The new brand, Meta, is a nascent idea built around projected (rather than established) products. As brand consultant Denise Lee Yohn argues, "[b]y adopting a brand name that is based on future potential capabilities and a platform and products that [. . .] may not be established for nearly a decade, the company sets itself up to confuse people at best; at worst, it will disappoint people and further degrade their trust in the company" (Yohn, 2021).

Of course, these "surface-level" changes are much easier for companies to make than those requiring a comprehensive rebranding approach. To properly embark on a rebrand, a company needs to:

- establish a business rationale for the change
- research clients' perceptions and needs
- adopt positioning and messaging tactics
- build a new brand identity across all materials
- and construct a brand-building plan (Frederiksen, 2022).

Meta's rebranding approach is also insufficient in the context of today's highly aware consumer environment, a context the company helped build. Customers expect to see "something substantially different or see reliable evidence problems have been fixed before they will believe that the company has actually changed" (Yohn, 2021). Meta should have flipped its priorities: prior to rebranding, they should first have tackled the problems at the root of their brand crisis and then taken the time to publicly test and establish their new products.

There are also additional rebranding approaches to consider. Compare the example of another tech giant, Google, which rebranded as Alphabet in 2015. In this case, sensationalistic public messaging took a backseat in a larger process of company restructuring. Alphabet managed to maintain their core brand name (Google) in the public imagination, whilst restructuring itself under the market-based umbrella of a new parent company (DiMolfetta, 2021).

The division of one company into smaller subsidiaries is another strategy that might have served Meta well. This would have offered them the opportunity to compartmentalize existing products alongside a new one, and to give each its own distinct brand identity.

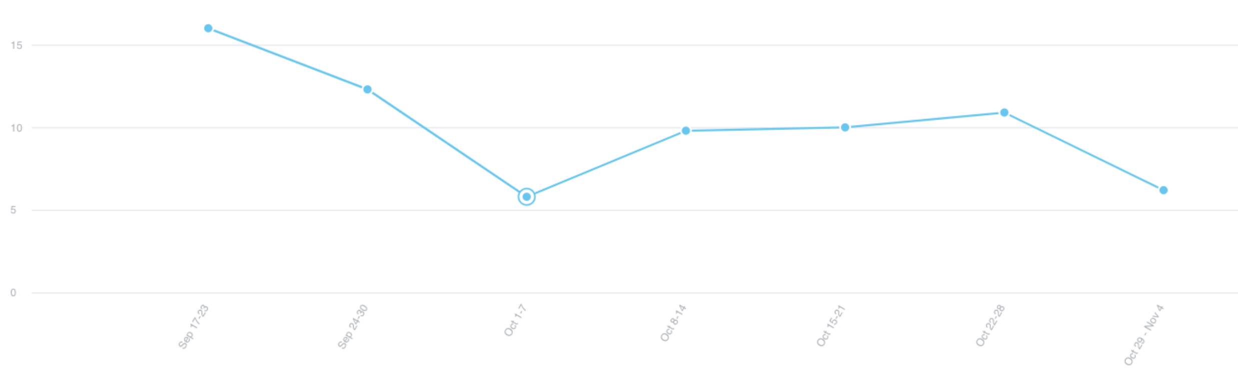
The Results

If Meta hoped not to raise suspicion about the timing of its rebrand, they failed spectacularly. CNN notes that Facebook shifted to its new Meta brand in the midst of the scandal involving Haugen's damning revelations (Duffy, 2022). The rebrand was clearly no accident of timing.

Immediately the rebrand went into full-throttle: Facebook's well-known News Feed was rebranded to "Feed," and employees were now being called "Metamates" (ibid.) (which was met with mockery).

Facebook no doubt hoped that their rebrand as Meta would mean a clean sweep. A new page in its history where the scandals of the past were left behind, and the negative impressions people had of Facebook were forgotten. Unfortunately for Zuckerberg and co., that has not been the case.

For brands, it's all about trust. According to research done by the Harris Brand Platform (conducted by [The Harris Poll](#)), trust in the Facebook-now-Meta brand actually decreased after the rebranding (Beer, 2021). And let's be clear: Facebook's trust rating was already at an abysmal 16% before Haugen's information came to light. In early October 2021, when Haugen was testifying before Congress, that trust rating plummeted to an even more disastrous 5.8% (ibid.). After "recovering" to 11%, the Meta rebrand saw its trust level drop again, to 6.2% (ibid.).



Facebook's trust rating from September-October of 2021 (ibid.)

Public perception in the face of the rebrand in general has been equally unenthused. *Forbes* reports that results from a poll conducted by market research firm [SightX](), showed that 47% of respondents said the rebrand was not a good idea (Segal, 2021). Further bad news came to Meta from that same poll:

- Almost 50% reported no excitement in finding out what Meta meant/was about
- About 38% said the rebrand would bring no real changes to Meta/Facebook; 31% were simply unsure what the rebrand would mean
- But why the rebrand? 39% believed it was due to the company's bad public perception, 37% because of the damaging scandals and Haugen's whistleblowing testimony (ibid).

And what do many firms do in the face of bad news? They try to change the story; and it didn't take long for Meta to produce new ads meant to entice and capture peoples' imaginations. The metaverse is the future of the internet – so Meta believes – and the company wanted to plant that idea squarely in peoples' minds. One of their ads garnered this retort online, from Jeff Beer of *Fast Company*, an American business magazine: "[. . .] this ad is a stylish but empty distraction that says absolutely nothing about the brand, the metaverse, or the vision of the company formerly known as Facebook" (Beer, 2021).

Apparently an ad featuring people wandering about a live painting - symbolizing the Metaverse - isn't enticing to *Fast Company's* Jeff Beer

The BBC's North America technology reporter, James Clayton, was scathing in his remarks about Meta and its rebrand (along the lines of Yohn's comments above): "[. . .]

the company's name has been changed to mark a concept – the Metaverse – a thing that doesn't exist yet and won't do for years" (BBC, 2022). Even the entire concept of the Metaverse project is called into question by Clayton: "Mark Zuckerberg is committed to spending tens of billions of dollars on the project, even though evidence that people actually want to live their lives in virtual reality is scant" (ibid).

Clearly what Meta was trying to sell through their rebrand the public was not buying.

The Future

Less than four months into their rebrand and new life as Meta, Zuckerberg's brainchild suffered one of the largest losses of value in stock market history. On February 3, 2022, Meta saw a market value loss of US$230 billion, or 26.4% of its entire value (BBC, 2022). Why the panic and sell-off? One of the primary reasons is that, for the first time in its eighteen-year history, Meta's Facebook platform reported a drop in daily average users (ibid.). Sadly – for Zuckerberg personally – in that one day the CEO's own personal net worth plunged US$31 billion (ibid.).

Meta's share price has lost almost half its value in six months (via Google)

The future for Meta Platforms is ultimately uncertain, but Meta's ownership (and shareholders) still have reason for some confidence. As of the quarter ending December 31, 2021, Meta boasted cash holdings in excess of US$47 billion (Macrotrends, n.d.). To reiterate, Meta owns WhatsApp and Facebook Messenger, which have a combined 3.3 billion active monthly users worldwide (Most popular…, Statista, 2022). And despite all the scandals and controversy, businesses still see value in spending their advertising dollars and putting their marketing efforts into social media. And why so? Because that's where people still gather online (Montenegro, 2021).

As shown above, the proverbial elephant in the room is that Meta still suffers from an acute lack of public trust. In a recent poll conducted by *The Washington Post*, 72% of respondents reported having not much, or no trust in Facebook/Meta's handling of their personal data (Kelly & Guskin, 2021). In a July 2021 poll, Pew Research found 56% of Americans want increased oversight over big tech companies (like Meta), and 68% say they wield too much power and influence in the economy (Vogels, 2021).

Although Meta is still in its relative infancy, we at Strategies 360 can say that the company's rebranding has been nothing short of a flop. We echo the sentiments of a 2021 *Forbes* article on Meta's rebrand: changing brands in the middle of terrible press is ineffective, and at worst, damaging (Segal, 2021).

Let this case study serve as an example to others in marketing and branding: trust matters. And when consumer trust is lost, one has to move mountains to get it back. And slapping a new name on your brand will not achieve that goal.

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