Facebook rolls out friends-based search product

Reuters

Facebook Inc took the wraps off a new search tool on Tuesday that lets people trawl their network of friends to find everything from restaurants to movie recommendations, an improvement that's likely to increase competition with review websites like Yelp and potentially even Google Inc.

The so-called graph search marks the company's biggest foray into online search to date, though it displays only information within the walls of the social network rather than links to sites available across the Internet.

Mark Zuckerberg, Facebook's 28-year-old founder and chief executive, introduced the new product at the company's first major product launch since a rocky initial public offering in May.

"Graph search is designed to take a precise query and return to you the answer, not links to other places where you might get the answer," Zuckerberg told reporters at its Menlo Park, California, headquarters. "What you've seen today is a really different product from anything else that's out there."

Facebook shares, which have climbed 15 percent since the start of the year, slid 3 percent Tuesday to just above $30. The product news fell short of some of the most optimistic predictions, which included speculation that the social network would introduce its own smartphone or an Internet search engine.

Dubbed "graph search" because Facebook refers to its growing content, data and membership as the "social graph," the function will be available at first only as a "beta," or trial, for just hundreds of thousands of its billion-plus users.

It will let users browse mainly photographs, people, places and members' interests. Zuckerberg stressed that people can sort through only content that has been shared with them, addressing potential privacy concerns.

Shares in Yelp dived more than 6 percent on fears that Facebook's new friends-based search concept will begin to draw users away from the popular reviews site, which also lets people maintain a circle of trusted friends. Google stock held steady.

Some analysts said Facebook may be taking a tiny step toward eventually challenging Google on its home turf, but said that was a much more challenging undertaking and a long-term possibility at best.

Zuckerberg stressed that the new graph search did not encompass Internet searches, Google's specialty.

Sterne Agee analyst Arvind Bhatia said the product was inevitable. "We think this

will enable them to expand beyond display ads and ultimately compete with Google," he said.

THE PROMISE AND THE THREAT

The world's largest online social network, Facebook is moving to regain Wall Street's confidence after the IPO and concerns about its long-term financial prospects.

Much of Facebook's recent focus has been on making money from users who are migrating to mobile devices. Zuckerberg said he could foresee a business in search over time, but analysts advised caution. Facebook has come under fire numerous times for unclear privacy guidelines.

While Tuesday's revelation fell short of some of the wilder guesses about what Facebook planned to reveal in its highest-profile news briefing since its market debut, analysts said it was overdue for a well-rounded search tool, given its current inadequacies.

Wedbush Securities analyst Michael Pachter argued that recommendations from trusted friends were more valuable than from strangers on the Web.

Facebook has a vast amount of information in its social network, including roughly 200 billion photos. But some analysts noted that the information each user has access to through a network of friends is not always that extensive and could limit the usefulness of Facebook's search offering.

"Very well-connected individuals have a rich treasure trove of data that they can mine, but the average person's storehouse of data is much sparser and has less relevance to these queries," said Ray Valdes, an analyst for Gartner Inc.

Facebook's announcement underscores the increasing overlap between social media and traditional Web search engines. Google, the world's No. 1 search engine, launched the Google+ social network in 2011 and has been integrating data between Google+ into its search engine.

In the works for more than a year, Facebook's new search feature will initially be available for the English language only and for use on desktop PCs.

Bringing the search tool to mobile devices, such as smartphones, would probably require a change in design of the product, noted Valdes. "It might be that they have to come up with innovation like voice search, a Siri-like voice assistant to get it to work well on mobile," he said, referring to the technology available on Apple Inc's iPhone.

Facebook executives at the event showcased a variety of different potential uses of the product, such as finding a date by searching for single men who live in San Francisco and are from India, and creating a holiday card by finding all the photos in which spouses appear together.

The search technology will use the "likes," "check-ins" and star-ratings that Facebook users have posted about restaurants to determine the order of the recommendations displayed, though Facebook search engineering head Lars Rasmussen noted that users' comments about restaurants don't currently affect search result rankings.

Zuckerberg said the search tool was a work in progress that would take the company years to fully build out. He pointed to a variety of additional features on the horizon, such as support for additional languages and the ability to incorporate data from third-party services, like online music services, which connect to Facebook.

"I don't necessarily think that a lot of people are going to start coming to Facebook to do Web search because of this, that isn't the intent," said Zuckerberg. "But in the event that you can't find what you're looking for, it's really nice to have."

(Additional reporting by Malathi Nayak in San Francisco and Himank Sharma in Bangalore, writing and editing by Edwin Chan; Editing by Phil Berlowitz and Prudence Crowther)

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