

Face book case study example

Business, Company



Introduction

Face book is a social networking site that came into existence in 2004 (Locke, 2007). An individual has to sign up before accessing the site. It is a social utility platform where individuals create user profiles and by logging onto them, they are able to share information about themselves with their friends who have similar accounts on face book. The corporation has grown rapidly over the recent years in terms of users and capital capitalization. It boasts of a market capitalization of over 100 billion dollars. Even though it is a recent innovation, it has grown over a short period and is now larger than many established corporations are.

History of face book

Mark Zuckerberg founded face book while he was a psychology student at Harvard University along with three of his classmates, Andrew McCollum, Chris Hughes, and Dustin Moskovitz. He ran this project as a hobby aided by finances from Edwardo Saverin. It started with the development of social networking sites for fellow students and in February 2004, Mark, the current chief executive officer launched face book. Within a day of its launch, a total number of 1200 students had already signed up. It then spread from Harvard to other universities including Stanford and Yale. The address, facebook.com, was then purchased at \$200 making face book a worldwide social site having expanded to seven other English-speaking countries worldwide. Being the second largest networking site, face book has continued to gain popularity in terms of user base. The services offered by face book including profiles, photos, group events, developers API, notes provides, and fulfills the

social needs of the users (Locke, 2007). The features on face book have continued to expand over the years as well as its membership, which averaged 900 million during this month. It enjoys presence in more than 30, 000 recognized organizations, schools colleges, universities and companies. To the members who have signed up for face book, it is free and mainly supported by adverts with companies and organizations such as apple and Microsoft Corporation.

External environment

Legal suits and concerns

The founders of a social networking site called ConnectU filed a legal case against Zuckerberg. They alleged that Zuckerberg stole their source code to create face book considering that he worked for them. The case did not proceed and the judge dismissed it without a ruling in March 2004 due to a technicality. Such legal suits against the corporation did not go away without financial losses. The corporation has so far lost millions of dollars due to litigations and fines imposed on them for settlement.

There has been a concern about some of the policies of face book. This is with respect to their collection of one's information from other sources regardless of whether you use the site or not. Furthermore, it can share the information they have about a member with a third party as well as a company they have a relationship with thus portraying face book as data mining and data collection tool. Governments also rely on information from face book to carry out their investigative and administration of justice. The process affects individual privacy of the users. This violation discourages

the users and may finally lead to loss of customers. Some prefer not to sign up for fear of victimization and constant monitoring by the government. This lowers the rate of sign up and user acquisitions for the firm.

Competition

Competition from other sites includes MySpace, twitter, tagged and others. Despite this, face book has maintained a competitive edge. Its features, tools, and innovative applications are appealing. Unlike other social networking sites, face book has a good financial position backed by financiers to an average of 40 million dollars. In 2012, the company issued an initial public offering of its share at a price of \$38 per share.

There has been criticism on face book concerning their inability to delete the information on terminated accounts, lack of steps to uphold child safety, sexual issues and hate speech concerns. The conversations and discussions are mainly on controversial subjects like sex and politics. Such user concern issues on the authenticity of profiles are an external environmental threat that faces the development and trust in face book.

Face book has brought about social, political and media impact. It has been customize to be used in many environments. Political aspirants have used the site to pass on their political ideologies. Users post their comments on debates about specific topics; take part in voter registration, and send questions that they seek answers. Socially, users stay in touch with their friends and families. This is by use of portable devices such as handheld computers and cell phones. The media uses face book to update their posts on information using text, graphics, and charts. Many countries outlaw Face book due to different reasons. For example, bans imposed in islamic

countries due to their perceived anti-Islamic content and religious discrimination.

Corporate-Level Strategies

The first strategic move implemented by face book is the effort towards providing customized features to the users. Face book pages provide the best platform for sharing videos and pictures compared to other social utility networks. With their rapidly growing customer base (growth rate of approximately 150 000 new sign-ups l a day), the company has to provide user-friendly sites that will encourage more return visits. Face book provides a variety of user pages designed to suit different types of users. Community pages serve the public in sharing public content while official face book web pages provide an opportunity for companies and institutions to advertise themselves (Luchetti, 2012).

Aggregation of content in face book pages increases more interactivity and user friendliness. Aggregation of Wikipedia, community pages, wall comments and logos provide the users with a friendly environment that enables them interact effectively. This feature has contributed to the increase in number of face book users who are now able to incorporate many aspects of their work through face book integration.

The second strategy is to move to keep the existing venture capitalists and raising more capital. Face book's recent move to go public has provided the opportunity to the customers and wider community to own and be part of the face book corporation. The strategic move aims at helping the corporation to raise capital more easily whenever it needs more funding through stock trading. It also aims at keeping the public interested in face book through

participation in the ownership and management of the company. This acts as a selling point for the corporation over other social utilities owned privately.

The strategy is nurturing of creativity and innovative culture in the organization. Through its CEO Mark Zuckerberg, the organization has maintained its emphasis on innovativeness in the firm. To them, creativity means innovating, apologizing and forgiveness later. The management allows employees to act on their own accord toward developing strategies and applications that will improve the face of face book.

Maintenance of a lean workforce of 3500 employees is a strategy to avoid bureaucracies that stifle creativity among the employees. Introduction of the face book platform that enables web and software developers to create applications on face book even when they do not work for it is an example of a strategic move that face book is pursuing towards maintain creativity and innovativeness. Creation of successful and popular applications is well rewarded and encouraged in the corporation to motivate employees towards innovation.

Market expansion is the fourth strategy that face book is currently pursuing in the social networking scene. Face book started as a social interaction utility for Harvard students. With time, it expanded in coverage to include other regional universities and finally other companies & corporate institutions. Currently the corporation aims at covering a wider global market and grow into a social network giant that is able to outsmart competition. The corporation strategic plan to expand globally will enable face book to keep competition at an arm's length as well as avoid the costs of absorbing smaller social network firms that will have developed in the market.

The Fifth strategic move is Customer retention. The corporation aims at introducing measures that ensure that it retains its current users as well as adding more to their databases. Currently face book ranks as the best social network in retaining users (Oywang, 2012). This is due to high levels of creativity and innovation put in the face book pages. Face book decision to integrate pay pal's utility in its web pages is another move that will boost its consumer interaction and retention.

Recommendations

Face book should maintain a highly innovative and constantly evolving platform. Minimal barriers to entry in the industry puts face book at a competition risk. By keeping a constantly evolving platform that meets the changing demands of face book users will keep off competition and increase the chances of future success in the industry. Face book has to maintain its unique features that separate it from other social networks. An example is their unique features that integrate what other users are into which is not available in other networks.

Acquisitions will enable face book obtain more resources that will aid in its developments. By acquiring emerging but competitive firms will reduce the level of competition and threats of acquisitions by other competitors (Oywang, 2012). Its recent move to acquire friend feed is a good example, which enabled it snatch a potential asset and tool of competition from twitter. Acquisitions lower the cost of initial setups and saves on time taken to establish markets since it can capitalize on the firm's capital & resources as well as the existing market.

Finally, the corporation has to maintain its creative & innovative culture. The

firm is currently at the peak of its performance due to the organization's culture of promoting independent thinking and decision-making. With global expansion and growth in the workforce, the management should be careful in that bureaucracies associated with huge corporations do not limit the level of innovation. The organization can achieve this by employing and maintaining a lean but highly qualified workforce.

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