

# [Facebook is a social utility that connects people marketing essay](https://assignbuster.com/facebook-is-a-social-utility-that-connects-people-marketing-essay/)

Facebook is a social utility that connects people with friends and others who work, study and live around them. People use Facebook to keep up with friends, share their thought. It is mainly into social networking, a web-based service that allows users to construct personal profiles, connect with other users, view their profiles and connections, and communicate and share personal information. The main features are: profile, friends, groups, messages, wall, photos, forming study groups, finding roommates, keeping in touch with friends at distant schools, finding others with like interests, keeping up with social events, getting information on fraternities/sororities etc. The main problem faced by Facebook in this case study is its Top line. It has been unable to generate enough revenue, though it forayed into number of cash generating avenues. Therefore the cause for concern is the top line. Facebook can consider the following recommendation for its top line improvement that is its revenue.

## Recommendations

The following recommendations can be considered to improve Facebook’s top line performance.

## Facebook should share revenue from the ads it places on the right hand side of Application Canvas pages.

Why would Facebook sacrifice short-term revenue just in the interest of app developers? In the long run such a move would greatly benefit not only developers, but Facebook itself, its users and most importantly give new life to the Platform ecosystem. Below are some reasons why Facebook should seriously consider such a move.

Currently small developers have to constantly worry about monetizing their apps. For non-virtual currency apps, the options are few, far-between and sub-standard. If they were able to share in revenues from Facebook’s own ads, developers could create ad-free canvas pages. This would dramatically improve app usability and the likelihood of users clicking on Facebook’s ads. Currently Facebook suffers from reduced clicks on its application canvas page ads. By sharing revenue Facebook would be able to jumpstart a serious competitor to Google Adsense. Many apps are now

Integrated through both the Platform and Connect APIs. Such apps would likely run Facebook’s ads (if permitted) on their external websites as well if just for the sake of convenience.

When other webmasters & developers start noticing Facebook ads on Connect sites, they will be intrigued into integrating with Connect and running these ads. Given Facebook’s reach, it seems likely that Google Adsense will have its first serious competition in no time. Facebook Platform would see resurgence in quality app development. Users would be more likely to use apps, and to click on one of the smaller number of ads. Developers who have given up on making money via the Platform would be stimulated into trying their hand at new apps. Facebook could limit revenue sharing to Apps that do not run ads within their Canvas pages. It could also implement a quality control process similar to Google Adsense, this limiting it’s ad views to high-quality, usable apps.

Facebook, which uses Facebook Credits program to purchase virtual goods through Facebook gift shop, can use it to open up Credits to third-party developers.

The purpose is for developers of applications, like Farmville and other large social games, to integrate Facebook’s Credits product directly into their applications. Facebook will in turn take a large percentage of all virtual goods sold through applications.

The advertising prospects are just too high for big companies to ignore.

Different ways to advertise include: banner ads, sponsored groups, and text announcements. Apple has its own sponsored group called “ Apple Students” where it lists the hottest items, prices, and even gives away free stuff. Text announcements, which are more geared toward students who want to, announce a party or event. Banner ads are easily sold to many major companies.

## Summary

Facebook can consider the recommendation detailed above. The foremost problem in this case is to increase its top line-Revenue. Therefore the above detailed three suggestions can be of supporting system. Starting from its revenue sharing method to Facebook’s credit program it can start generating revenue which is generally a long term solution.

Business Plan Template (Do this second)

## What is your mantra (3-10 words on why your company should exist)?

We develop keepsakes for your keepsakes

Quality software through hard work and creativity

Facebook is a social utility that connects people with friends and others who work, study and live around them. People use Facebook to keep up with friends, share their thought. Connecting people friendly, economically etc.

## What is the overall mission of the business (1-3 sentences on what your company does or will do)?

We use high quality materials and craftsmanship to develop superior jewelry boxes for the discriminating buyer.

We develop general purpose and customized charity events planning software.

The overall mission is to give people the power to share and make the world more open and connected.

## How will you make money in terms of product differentiation and/or being the low cost producer?

We will generate profits by constantly introducing jewelry boxes with new features and cutting costs by using building technology to lower costs.

We generate most of our revenues by developing high-end customizable charity planning software. We will keep development costs down by developing software modules that are conducive to adding and subtracting features.

Advertisements on Facebook are very valuable considering the amount of traffic the site is able to generate. The advertising prospects are just too high for big companies to ignore. Ways to advertise can be of banner ads, sponsored groups, and text announcements.

## What are your goals & objectives over the next 3 months to year (2-6 phrases on precise performance intentions)?

Launch new product in July.

Increase sales by 5% over the next year.

Releasing new social functionalities every couple of months, and offering two application platforms for others To build on. Increase online members and revenues. To make it one of the largest and most technically advanced site.

## What tactics will you use over the next 3 months to a year to reach your objectives and mission (2-6 phrases)?

Purchase a high performance band saw.

Hire employees in April to develop new customer interface software.

Develop a radio marketing plan for introducing new product in November.

More investment on R&D. spread out across geographies particularly the emerging market. Use of advanced technology to support the business

Organizational and Industry Analysis Template (Do this first)

## Give a brief description of your business model including what products or service you are producing or will produce?

Essentially, it would be an online directory comprised of college students for their use and benefit.

## Describe your customers?

Social networking sites have been on the rise in the last decade and many are in existence today including MySpace, Friendster, and LiveJournal. First the target will be college students with the age group 18 to 24. Then it would extend to high school followed by corporate world. Finally it would be open to all. We don’t want to directly open to the public. Since we want to have a strong foundation by roping in youngsters, we first target college students through online directory.

## List and describe your current competitors?

The current competitors are MySpace, Google’s OpenSocial, Orkut(India and Brazil), though the following existed they target a particular community which at far was not a direct competitor to Facebook. They are, LinkedIn leader in professional networking. A host of vertically-focused sites catered to niche communities or ethnic groups, including Dogster (dog owners), Care2 (environmentally aware), MyChurch (Christian churches), and aSmallWorld (“ rich-and-famous only, please”). However, when it came to social networking for a mass audience, MySpace outpaced all other U. S. rivals.

## List and describe your potential competitors?

The potential competitors are MySpace, Google’s Open Social. The toughest competitor is MySpace with huge customer base and a direct competitor. MySpace was launched in 2003 by Tom Anderson and Chris DeWolfe. MySpace made all member profiles visible to any user and provided members with wide latitude in customizing their profiles. These policies made it easy for users to express their personalities and to make new online friendships. In 2004, Google had launched its own social networking site, Orkut, which quickly ran into Friendster-like technological problems, making it almost insignificant in the U. S. market, although it was big in Brazil and India. In November 2007 Google built an on-line social network platform, called OpenSocial, designed to compete directly with Facebook Platform.

## Who will you purchase materials, components or other inputs from?

This is service based business; therefore one of the major resources is servers that keep the site running despite the heavy amounts of traffic. The servers are very essential because the services and operations depend solely on the website. A down server could result in the loss of millions of page hits. Therefore we have a multi-year contract with web hosting provider and data center operator Terremark Worldwide to house over 450 servers at NAP west facility in Santa Clara, California. Hence by we are able to create more secure and efficient network by co-locating its servers, which is very important in the operations of the business.

## SWOT (consider human resources, R&D, marketing, procurement, manufacturing, distribution, engineering, IT, finance, accounting, and legal)

## What are your strengths (products, R&D, supply chain, brand, pricing core competencies, resources, infrastructure, scalability & interfaces)?

Strengths are R&D, brand, interface, and infrastructure.

## What are your weaknesses (products, R&D, supply chain, brand, pricing, core competencies, resources, infrastructure, scalability & interfaces)?

Weaknesses are pricing, scalability.

## What are the opportunities (growth, market share, product lines, Blue Ocean, complimentary products, lock-in, brand, & first mover adv.)?

Opportunities are growth, market share, first mover advantage, and brand.

## What are the threats (substitutes, emerging technologies, new entrants, economic climate, government regulations, and social/culture issues)?

Threats are social/cultural issues, emerging technology.

## Strategy canvas for existing products compared to competitor or industry

Very High

MySpace

MySpace

MySpace

High

MySpace

Facebook

Average

Facebook

Facebook

Facebook

Low

Very Low

Attributes

Price

Turnover

Traffic

Ad click

## If appropriate, complete strategy canvas for new product compared to competitor or industry

Very High

High

Average

Low

Very Low

Attributes

Price