

# Case analysis



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Facebook, the social networking website, originally began life as a way for college students both nationally and internationally to network with each other. In fact as proof of a college affiliation initially only users with an email address ending in . edu were allowed access. Now since May of this year anyone can join. Experts feel that this has left a gap in the marketplace for specific college only blogs and social networking sites, which is quickly being filled “ And that’s where three ventures by young alumni—CollegeOTR. com, CollegeTonight. com, and CollegeWikis. com—hope to come in.” (Facebook Faces Up, 2008) Facebook has increased its user base by opening admission to all: “ In June, 11. 5 million of the individual visitors to the site were 35 or older, more than double the number a year before, according to market researcher

ComScore Media Metrix” (Facebook Faces Up, 2008). Now at 33 Million subscribers total Facebook’s worth has been estimated between 1 and 4 billion dollars. However the increase in size has contributed to more site downtime and possible problems with security that are slowly being addressed.

Analysis and Evaluation:

In analyzing Facebook’s position in the marketplace, as table 1 on the next page shows, there are some key factors for the company as well as its competition to be explored. Facebook is the number two site for all social networking website as of April 2008. While MySpace is certainly dominating the field it has not grown as dramatically as Facebook has done. More recent numbers, as stated above, have put Facebook even closer with 33 million

subscribers since

opening its doors to all users in May. Furthermore, according to most reports, the college age users that have currently been using Facebook do not seem to be switching services any time soon. While other companies are attempting to fill the college niche market, they have not successfully created an easier to use platform with as much Web presence as Facebook. However, as this table reveals and many analysts agree with, LinkedIn is quickly increasing its user base and with some changes in its website structure and presence, may soon represent some valid competition for both Facebook and MySpace.

Recommendations:

While Facebook is certainly growing by leaps and bounds it may be time to consider partnering with other companies whose infrastructures have proven successful and who may assist Facebook with the challenge of growth and security that it currently faces. Recent refusal to partner with Google, Yahoo<sup>1</sup> and others may only be strategies to increase their worth to those companies, but at this point their position may be weakening as Google attempts to launch its own version of a similar site which Zuckerberg attempts to address:

“ Part of the issue with Google’s Friend Connect is that when users grant access to Google’s product, Google might share their information with another application, or some part of it, maybe not all of it, without that user knowing. And part of what makes our system work is that people know exactly who they are sharing all their information with...” (O’Hear, 2008)

Later in the same article the analysis is made that the real concerns is a “ data portability land grab by Facebook, MySpace and Google” (O’Hear,

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2008). Securing that information is the real value of any company and keeping that information proprietary is the key to their business. However, if MySpace decides to blink first and allow Google or Yahoo! To partner with either of them, FaceBook may be left well behind.

#### References

Facebook Faces Up. (2008) Strategic Management, 11th Ed. New York: McGraw-Hill

O'Hear, Steve (2008 May 19). After Google calls Facebook's bluff, Zuckerberg says " let's see if there's a way to make it work" [data portability]. The Social Web, Retrieved May 20, 2008, from [http://blogs.zdnet.com/social/? p= 502](http://blogs.zdnet.com/social/?p=502)

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