



Business Case Study of FACEBOOK

By
Oishik Biswas

Source: Think School

Facebook & MySpace

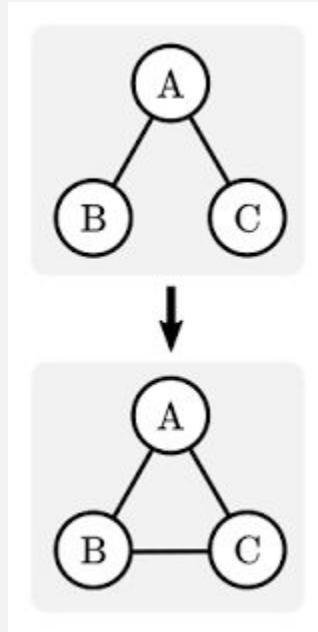
- You should be happy to build a business if there is already a giant competition in the market, golden opportunity to build a business.
- MySpace was the competitor of facebook in early days.
- News Corp understood the potential of social media ads
- It buys MySpace parent company for \$580 million dollars.

Triadic Closure Property

- Speed of Trust (mutual friend helps to build trust among people)
- Triadic closure is the property among three nodes A, B, and C (representing people, for instance), that if the connections A-B and A-C exist, there is a tendency for the new connection B-C to be formed.

Triadic Closure Property

The visualization of this property:



Failure of MySpace

- MySpace had well established 115 million subscribers.
- MySpace users had no real name, only user names.
- News Corp turned MySpace into a proper corporate organization.
- MySpace had to follow protocols and regulations.
- Their focus went to quarterly profits, yearly profits.
- Their brilliant idea got scrutinized by the lawyers.

Failure of MySpace

- Series of meetings and long process.
- Process became slow.
- Innovative ideas got lost in the bureaucracy.

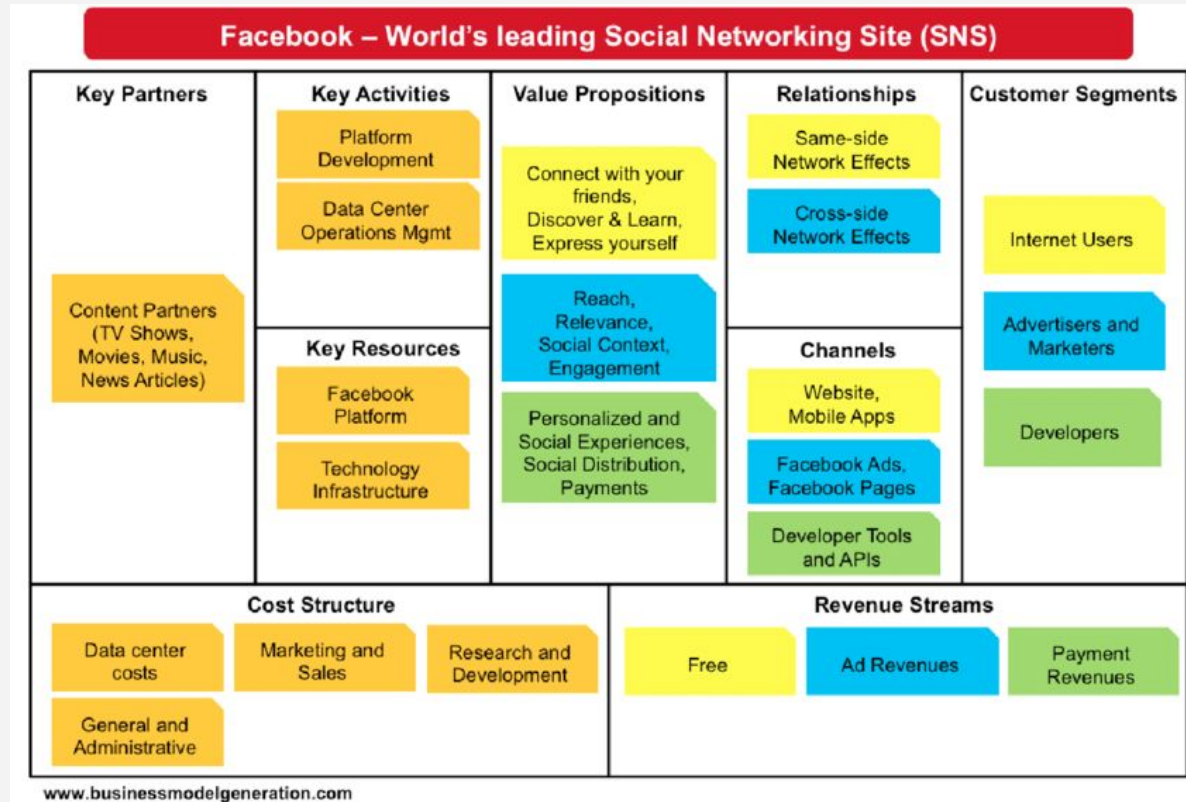
Facebook Strategies

- Facebook insisted real names as usernames to build authentic connection between people through technology.
- Promoted deep rooted connection and expanding connections beyond their social circle.
- Facebook could upgrade itself overnight, modifications without any formalities.
- Obsessed with what is right, executed ideas with agility.

Third Party Integration

- Facebook unveils platform for developers of social application.
- Spotify could use FB API to allow users to share music directly with the app itself.
- Candy Crush FB login.
- Nike run club used FB to enable its users to share their achievements with friends by posting in facebook.

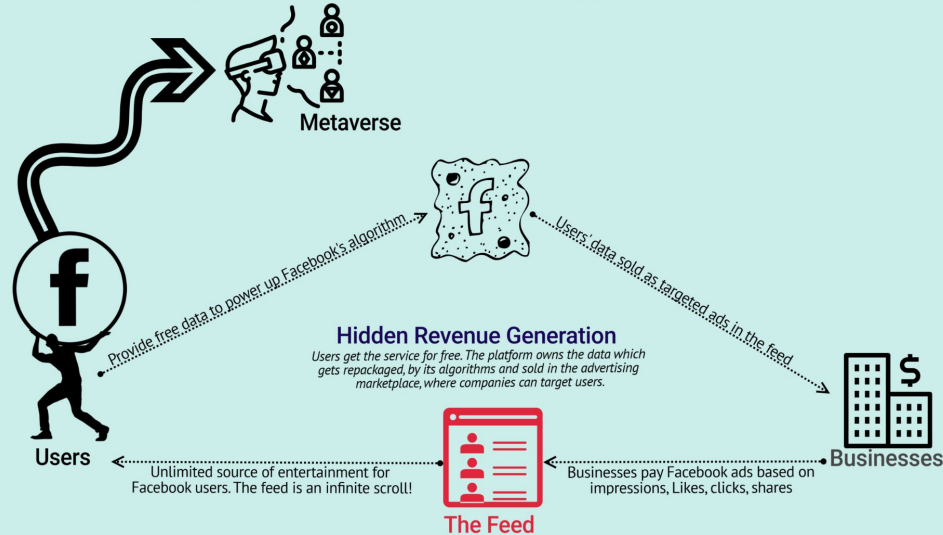
Facebook Business Model



Facebook Business Model

Facebook (Meta) Business Model

Facebook, the main product of Meta is an attention merchant. As such, its algorithms condense the attention of over 2.91 billion monthly active users as of June 2021. Meta generated \$117.9 billion in revenues, in 2021, of which \$114.9 billion from advertising (97.4% of the total revenues) and over \$2.2 billion from Reality Labs (the augmented and virtual reality products arm).



Third Party Integration

- Facebook became the platform of consumers, advisors, developer to integrate.
- Like Android with PlayStore
- MySpace blocked photobucket, the most photo sharing website.
- Nokia failed (Symbian OS too rigid for third party apps to build upon)
- Amazon generated 80.46 billion dollars in third party seller service revenue (2018), more than its own sellers.

Facebook SWOT Analysis

SWOT ANALYSIS OF facebook

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Strengths

- Massive User Base
- Strong Brand Recognition
- Diversified Platform
- Advertising Powerhouse
- Continuous Innovation

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Weaknesses

- Privacy Concerns
- Content Moderation Issues
- Negative Public Perception
- Regulatory Challenges
- Dependence on Advertising Revenue

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Opportunities

- Growing Digital Advertising Market
- E-commerce Integration
- Virtual and Augmented Reality
- Focus on User Experience
- Partnership Opportunities

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Threats

- Intense Competition
- Ad-blocking and Ad-avoidance
- Shifts in User Behavior
- Regulatory restrictions and bans in multiple countries
- Data Breach

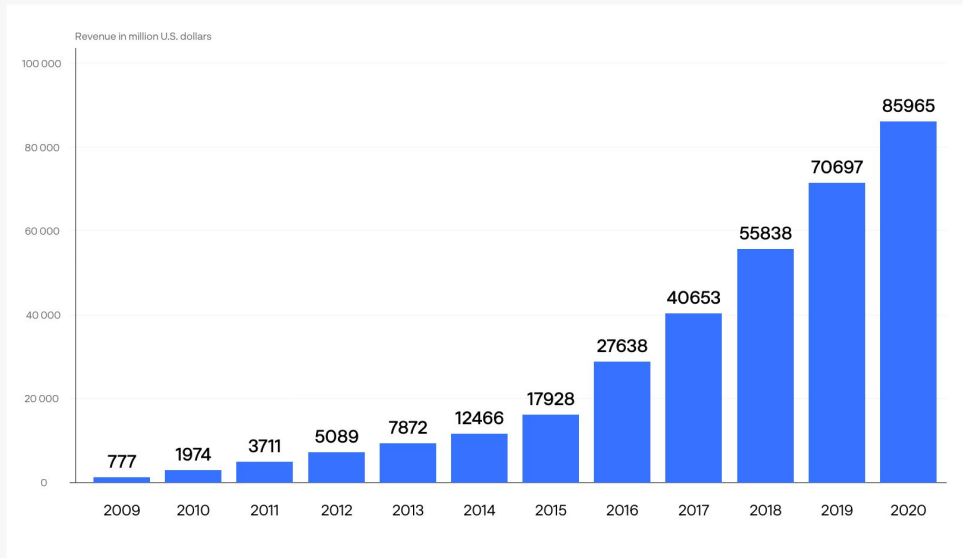


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Facebook Revenue

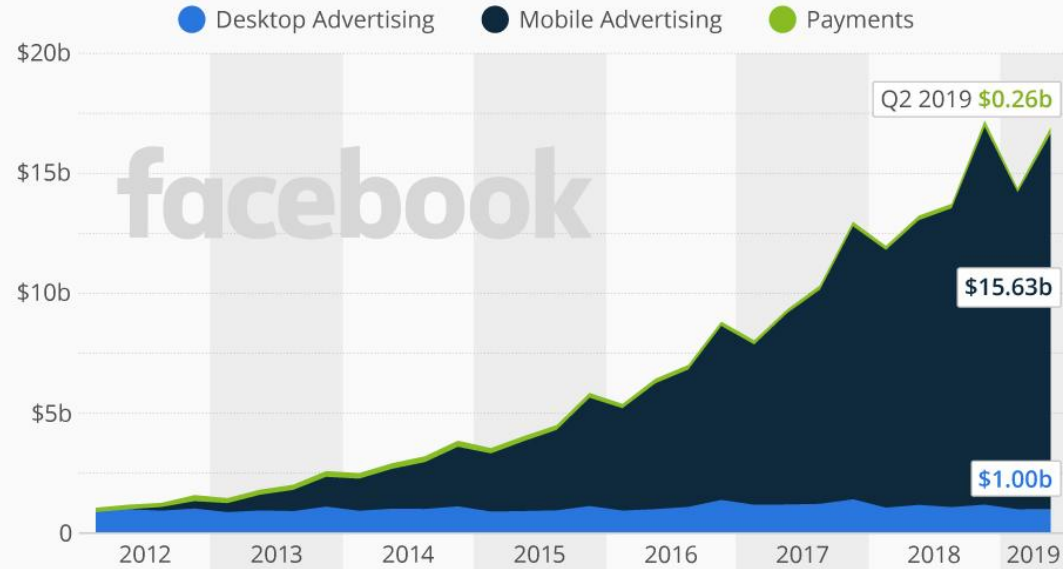
Facebook's annual revenue from 2009 to 2020



Facebook Revenue

Facebook's Growth Is Fueled by Mobile Ads

Facebook's quarterly revenue by segment



@StatistaCharts

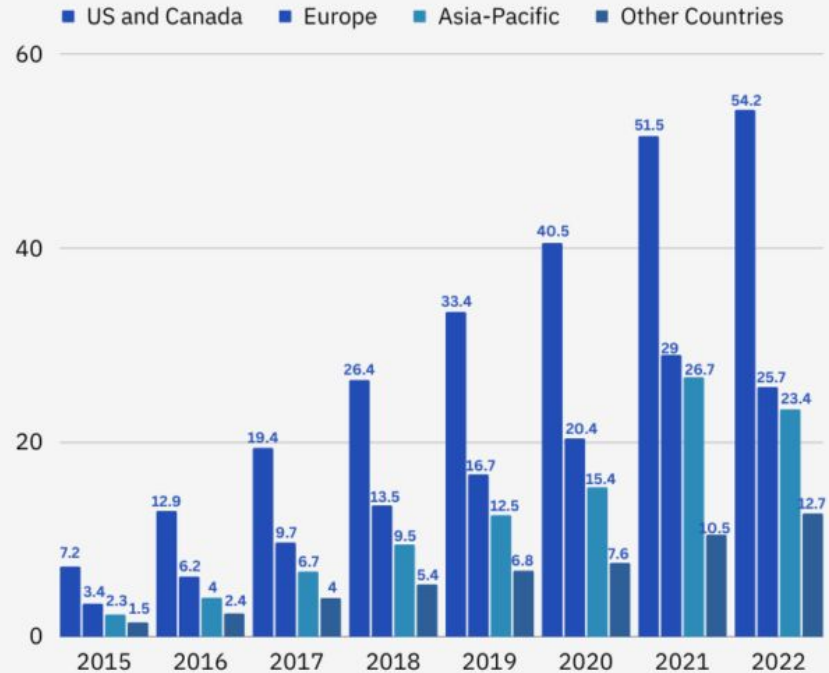
Source: Facebook

statista

Facebook Revenue



Facebook Annual
Revenue by Region (\$bn)



Business Lessons

- Every entrepreneurs and a leader needed to realize that the fundamental purpose of an organizational structure is not just to make strategic decisions, but to enable you make those strategic decisions before it's too late.
- Regardless of how marvelous your technology is, if you are building a business to consumer product.
- Human centred design must always be into consideration.

Business Lessons

- It's not important to become the first to enter in the market, bigger companies may make mistakes, venturing into a new space.
- Carefully learn from those mistakes, and have the opportunity to race ahead of the game.
- Wisdom is the attribute that often separates a few legendary entrepreneurs from many good ones.