

## Facebook Thought Paper

The first thought that came to my mind when I sat down to write this thought paper was, how different would life have been had Mark Zuckerberg never hit upon the idea of creating something along the lines of a social network, now known all over the world as “Facebook”. Would life have been better or worse? How would people have interacted in the absence of this social network, that has now come to become an indispensable part of our lives. People can argue for hours on the merits and demerits of the influence of this social technology giant, but even the strongest detractors of Facebook would agree to this fact: Facebook has revolutionized the way people interact with each other and has made the world much more connected than ever. There were several other so called social networking sites, like Orkut, MySpace, Friendster and many more, before Facebook came into existence. However, the way in which Facebook took off, and the rate at which it has been growing, there’s no stopping this juggernaut. It literally killed all the competition it had, and has since then acquired smaller companies that may have threatened some of Facebook’s offerings.

Let’s try to analyze why Facebook has become such an unstoppable force and penetrated people’s lives to such an extent that the first thing people do when they wake up in the morning is check their Facebook news feed. To start with, I believe they have an extremely smart and visionary CEO at its helm. Mark Zuckerberg is a risk taker and that is evident with the way he’s run the company since its inception in 2004. He has a clear strategy in place and knows how he wants to take the company forward. His 3-year, 5-year and 10-year plans tell us that he has clear goals for the future and has strategies in place to accomplish those goals. In one of the papers on businessinsider.com titled ‘Mark Zuckerberg Just Revealed His Grand Vision For The Next 10 Years Of Facebook’, the author shares Mark’s plans for the future of Facebook, which are summarized as follows

### **3 year goals:**

- Continue to grow and serve existing communities and businesses and help them reach their full potential.
- Connect people around important public moments and personalities and reach 1 billion interactions every week between public figures and their fans.
- Improve the quality of ads and news feed and improving our targeting to show more timely and relevant content.
- Improve the reach and quality of their video platform.

### **5 year goals:**

- Use next generation of services, Instagram, Messenger, WhatsApp and Search and helping them connect billions of people and become important businesses.

Once those have reached mass scale, he wants to aggressively monetize them. Major focus is on messaging which includes Facebook Messenger and WhatsApp.

- Make Facebook a cross-platform platform that allows developers to build, grow and monetize their apps across every major mobile platform.

### **10 year goals:**

- Internet.org – Goal of connecting the whole world
- Oculus – Next generation of augmented and virtual reality

(Shontell, 2014)

I am impressed by the way Mark has broken down his goals, over the period of ten years. It shows that he does not want to do everything at once, and has his priorities and expectations right about what he wants in the next 10 years. Setting such goals also gives the management at the company a clear direction. He knows that customer base is Facebook's biggest asset and he wants to keep them engaged while acquiring new users. His goals show that he is willing to improve the existing services so that users have an unmatched experience, because user experience is what it all boils down to at the end of the day. All his acquisitions tell us the same thing. That he does not want competition. If he sees any competition, he either tries to destroy them or acquires them. He acquired Instagram and WhatsApp because he realized the potential and the loyal customer base these apps had. In 2014 he acquired Oculus which I believe is another masterstroke on his part because he knows that the future will belong to virtual reality. I believe companies have a lot to learn from the way Mark has structured his goals and the foresight he has shown about how he wants Facebook to remain at the top of their game.

One more thing I have grown to admire about them is that they are a technology company in the true sense. In addition to the rock-star programmers they have at their disposal, they have an entire Data Science Research team that uses a complex mix of math, statistics and algorithms to swim through an ocean of data and come up insights about how the users interact with each other. These insights allow them to tap into user's personalities and influence their behaviors. Isn't this a scary thought? It effectively means that Facebook effectively has the power to control how you think and feel about something. Also, they have developed their own frameworks and technologies like 'Hive' (Simonite, 2016) that they use to address the unique challenges of handling humongous amounts of data. These technologies are now being used by other companies. So, in a way, Facebook is contributing to technology by solving unique problems.

They have not become complacent despite being largely unchallenged in their domain. They are constantly challenging themselves by striving to improve their product and venturing into unexplored territories. This has been the major differentiating factor between FB and other social networks that died along the way. FB has constantly strived to innovate and predict the future, and it has been able to keep users loyal to their

platform. Zuckerberg and his team know the pulse of most the world's population, and they are leaving no stone unturned to us this to maximize their profits.

## **Revenue and Business Model**

Facebook's business model is your time. They are churning you and your friend's content back at you. And lacing it with paid for advertising ("How does Facebook make money?," n.d.). For a social media site to generate a user base of billions, access has to be easy, almost effortless, and most of all, free. Using an advertiser-supported model, rather than charging each user individually, is unquestionably the easiest way for Facebook to garner as many users as possible. The more users on the site, the greater the number of advertisers willing to engage them, and the more those advertisers are willing to spend (McFarlane, 2014). The major source of revenue for Facebook is advertising. The only thing that FB lacks, is that Internet users have to be active FB members because unlike Google, FB cannot track users if they are not active users. Facebook however has one advantage. It is offering cheaper advertising options than Google and is trying to compete with Google on the price point.

I am a bit apprehensive about how far can FB go with advertising. Personally, I don't check ads on FB and I believe there are millions of others who use FB just for fun or to connect with each other. Google has an advantage here since it is a search engine whereas FB is primarily a social network. Even though they lag Google by a huge margin, Facebook's advertising revenues have grown tremendously over the years, so they know what they are doing. Small and medium sized businesses that cannot afford marketing themselves on Google have Facebook to their rescue. Also, it is a great platform for new as well as existing products to promote themselves and create an online presence.

## **Competitors**

As of today, Google plus is the only competitor that Facebook has globally. But the number of users on Facebook far outstrip the users on Google plus. There are other substitutes, but they are region specific and do not have the reach and user base that FB has. I don't see any competition for Facebook in the near future, and even if a threat does arise in the future, Facebook has become big enough to thwart it. At the stage that Facebook has reached, its only enemy can be Facebook itself.

## **Growth Markets**

Asian countries like India and China are still an untapped market for FB, especially considering the huge population and the number of active users. China has blocked

Facebook. In India, around 70 percent of the population lives in rural areas. Since many of these areas still do not have proper internet connectivity, there is still an untapped market for FB to capture. That is the primary reason FB has been trying to promulgate Internet.org in India. However, it was rejected outright since it violated the concept of 'Net Neutrality' in India. I am against the Internet.org concept, since in lieu of providing free internet access to Facebook, it is restricting people from using other apps and services which in my opinion, is unfair as it kills the competition without giving them a fair chance to compete.

## **Social Influence**

In today's age of instant gratification where the number of likes and comments on your profile picture can determine your popularity, Facebook has made people lose touch with reality. Offline interactions have reduced due to online messaging and people have started spending (wasting) their unaccounted time scrolling their feeds with not much to gain. I had read this somewhere, "Facebook is like a fridge, you know there is nothing new inside but you check it out every few minutes". This sums up the amount of time today's generation wastes on Facebook. With their unending timelines, Facebook ensures that you keep on scrolling, because the more time you spend on Facebook, the more they benefit from it. It has become a kind of an addiction that is hard to leave, especially for people who live their lives online more rather than offline. With the kind of user data, they have accumulated over the years, they can now control user behavior and influence opinions as per their will. As we discussed in class, the 'Ice Bucket Challenge' is a perfect example where in people drowned themselves in ice cold water just because their friends challenged them to do so. This is the kind of peer pressure that I am talking about. After using Facebook for a long time, I have learnt one thing, always take things that people post with a pinch of salt. People's lives are not as interesting as they seem to be when you look at their profile pictures and other photos.

They have had their share of controversies along the way, some notable ones include privacy and security issues and the very recent 'Fake News' controversy. However, they have been able to dodge most of them and retain their popularity among the users, and that is what matters at the end of the day.

Facebook has been walking on a tight rope and they have somehow been able to maintain the balance by offering users what they want and at the same time, experimenting to find new ways to generate revenue and maximize their profits. However, this does not mean that they can take users for granted. As the famous dialogue from one of the Spiderman movies goes, 'With great power comes great responsibility', Facebook needs to realize that there will be challenges in the future, especially with the kind of information they have access to, and if they do not act responsibly, no matter how big the company is, people can be unforgiving as others have realized over time.

References:

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