**NARRATIVE REPORT ON HOW SOCIAL MEDIA GENERATES INCOME**

As we visited reliable sources on the internet, we had found out that the key to make a social media generates income, is through **advertising**. According to Jonathan Strickland on his article “ How do social networking sites make money” at *https://computer.howstuffworks.com/internet/socialnetworking/information/how-social-networking-sites-make-money1.htm.* Web advertising is still and emerging market. In general, the more popular your website and the more user it has the more money it will be able to generate through advertising. Companies nowadays allow their advertisement to be viewed on social media since it has a plenty of audiences (which is the users). On the other hand, the website <https://www.makeuseof.com/tag/how-do-social-networks-make-money-case-wondering/>, states that some **websites offers premium options**. Here are some statements taken from the website…“While some social networks are completely free, others might offer a premium option to its users in an attempt to earn some money. LinkedIn, for example, has a premium package for job seekers. All of your networking options are free with LinkedIn, but if you want special privileges you have to sign up for one of their premium options.

An interesting example that took place recently was Ning. Although Ning has millions of users, they recently made the announcement to suspend their free services and concentrate solely on their premium model. They also were forced to cut several jobs. This shows just how difficult it is to monetize social networking (for now).” The same website says that most of the social media started with funding from venture capitalists. These investors are willing to take the risk on a company if they think it can be profitable in the future, so they invest early and hope for a huge payoff down the road. An example will be Twitter and Facebook which both have each raised several million dollars in **venture capital**. The goal is to either monetize the company or sell it to a large corporation for an even bigger profit. Monetizing can prove difficult, which leads me to my next revenue stream.

Another interesting example and an explanation from <https://www.business-management-degree.net/facebook/> , here is the statement:

“For instance, when watching a video in youtube or facebook and suddenly an ad popped up on your screen, they pay for the viewing of the ad. They pay the social media for allowing to show or to advertise the the services or product they offered. Just like television, every ad paid for the viewing of the advertisements, the company of the ad showed in television will pay the TV channel for the appearance of the ad. Similar to Social media, every ads appeared or showed paid the particular social media app that endorses their product or services. That how social media can make money.”