

# Mediocre Social Network Apps Are Facing Great Challenges

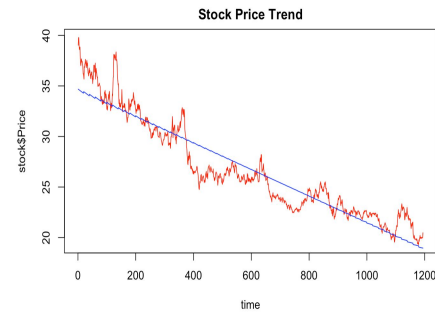
By Jiani Song, Haoyan Zhang, Xihuan Zhang, Jiuli Hou

## Market Overview

Social media statistics from 2019 show that there are 3.5 billion social media users worldwide, and this number is only growing. That equates to about 45% of the current population. (Mohsin and Anderson, 2020)<sup>1</sup>

The top ten popular networking sites, including Facebook Inc., LinkedIn Corp. and Twitter Inc., hold most of the market share. For example, roughly two-thirds of U.S. adults (69%) report that they are Facebook users. (Perrin, 2019)<sup>2</sup>

Mediocre Social Network Apps Incorporated, in this monopolistic market, has struggled for a few years as people's preferences change. We made a forecast for its stock price for the following ten trading days, which can be used for making a future plan to accomplish business goals as well as to secure a competitive position in the market.



Its stock price from January 2015 through the end of September 2019 is shown by above plot. We can see a generally declining trend and some periodic ups and downs, which becomes less obvious over time.

## Fitting Model

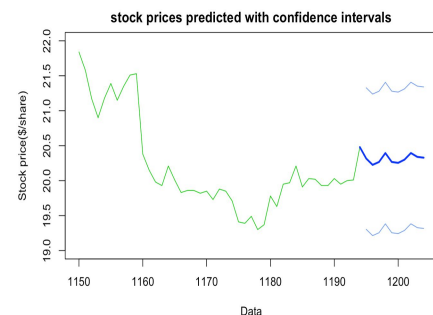
It will be interesting if the company can use the existing data to make a transition in the future to make profit. Combining with the downward sloping trend, a statistical model was generated using a professional fitting method. The downward model is reasonable from the fact that social networks are facing many challenges, such as Difficult to Monetize, Marketers moving in and users moving out, privacy concerns mount as developers move in... All these phenomena indicate that social networks are facing great challenges so their stock prices are decreasing as a whole. On the other hand, we can see there are some spikes in between years from years, which was typically happening during October, but following with decline in November through January. This could also be an interesting fact that affects the model selection, which is a seasonal signal.

## Prediction and Recommendation

After we selected the best model, we forecast the price of the stock for the next 10 days :

20.32, 20.23, 20.27, 20.39, 20.27, 20.25, 20.30, 20.40, 20.34, 20.33.

The prediction indicates that the stock price will have a small decline after a small hike and a relatively constant trend. In the long term, the Mediocre Social Network Apps are experiencing a decreasing trend. Mediocre Social apps should take actions to attract investors and improve their market competition, otherwise, Mediocre will lose all markets and face the risk of failure.



<sup>1</sup>Mohsin, Maryam, et al. "10 Social Media Statistics You Need to Know in 2020 [Infographic]." Oberlo, 30 Apr. 2020, [www.oberlo.com/blog/social-media-marketing-statistics](http://www.oberlo.com/blog/social-media-marketing-statistics).

<sup>2</sup>Perrin, Andrew, and Monica Anderson. "Share of U.S. Adults Using Social Media, Including Facebook, Is Mostly Unchanged since 2018." Pew Research Center, Pew Research Center, 10 Apr. 2019, [www.pewresearch.org/fact-tank/2019/04/10/share-of-u-s-adults-using-social-media-including-facebook-is-mostly-unchanged-since-2018/](http://www.pewresearch.org/fact-tank/2019/04/10/share-of-u-s-adults-using-social-media-including-facebook-is-mostly-unchanged-since-2018/).

