

SWOT ANALYSIS OF FACEBOOK

R. Arun Prasath

Department of Business Administration, Thiagarajar College, Madurai.

Abstract:

With over 800 million active users, Facebook is changing the way hundreds of millions of people relate to one another and share information. Facebook has affected the social life and activity of people in various ways. With its availability on many mobile devices, Facebook allows users to continuously stay in touch with friends, relatives and other acquaintances wherever they are in the world, as long as there is access to the Internet. It can also unite people with common interests and/or beliefs through groups and other pages, and has been known to reunite lost family members and friends because of the widespread reach of its network. Recent studies have shown that Facebook causes negative effects on self-esteem by triggering feelings of envy, with vacation and holiday photos proving to be the largest resentment triggers. Other prevalent causes of envy include posts by friends about family happiness and images of physical beauty—such envious feelings leave people lonely and dissatisfied with their own lives.

Keywords: Facebook, Internet, Face book: Facebook is a popular free social networking website that allows registered users to create profiles, upload photos and video, send messages and keep in touch with friends, family and colleagues. The site, which is available in 37 different languages, includes public features such as:

- **Marketplace** - allows members to post, read and respond to classified ads.
 - **Groups** - allows members who have common interests to find each other and interact.
 - **Events** - allows members to publicize an event, invite guests and track who plans to attend.
 - **Pages** - allows members to create and promote a public page built around a specific topic.
 - **Presence technology** - allows members to see which contacts are online and chat.
- Facebook, Inc. is an internet corporation which runs the social networking website Facebook. Facebook became a public company after its record initial public offering (IPO) on February 2012. Facebook is the largest social networking website and has more than a billion active users. Facebook's mission is to make the world more open and connected.

SWOT ANALYSIS OF FACE BOOK

Facebook SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Integration with websites and applications • More than a billion active monthly users • Excellent users experience • Understanding of user’s needs and behavior 	<ul style="list-style-type: none"> • Weak CTR of advertisements • Social network lacks of some features • One source of revenues – advertisements on Facebook • Attitude towards users’ privacy • Lack of website customization • Weak protection of users’ information
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing number of people using Facebook through mobile devices • Expansion to China • Diversify sources of revenue • Open Facebook marketplace 	<ul style="list-style-type: none"> • Increasing number of mobile internet users • Users using ad-block extensions • Slow growth rate of online advertising • Identity thefts • Weak business model

Strength

1. **Integration with websites and applications.** To enrich user experience and engage more users to use Facebook, the social network has launched many features that would allow closer integration with other websites and producers of applications that run via Facebook. Easy integration and use of applications results in competitive advantage over other social networking websites that struggle to provide the same level of service.
2. **More than a billion active monthly users.** For a social network to grow, it must have users. The more users the Facebook has, the more socially connecting it is. With one billion active monthly users, Facebook is able to connect people not only locally but globally as well.
3. **Excellent user experience.** Facebook has an easy to use interface, is integrated with many website, can connect people through PC or mobile devices, is translated into more than 70 languages and has many more additional features that lack other social networks.
4. **Understanding of user's needs and behavior.** Except Google, no other business has so many data collected on what users like, dislike, needs and how the users behave online. With so much data, Facebook knows what exactly to offer to its users (what additional features, what advertisements) and how to further improve their experience with Facebook.

Weakness

1. **Weak CTR of advertisements.** Facebook has a lower click-through-rate (CTR) than an average website, which is only 0.05% and about 4% respectively. In order to earn more income from the advertisements Facebook has to change the way it displays the ads (advertisements on wall posts have more than 6% CTR) but without interfering users' experience.
2. **Social network lacks of some features.** Although Facebook has a wide range of features that other social networks don't, the website still lacks: video chats, group chats, dislike buttons, ability to unsubscribe from alerts and many others.
3. **One source of revenues – advertisements on Facebook.** More than 80% of Facebook's revenues come from advertising on its social network. The growth of the revenues directly

depends on the growth of users. This leaves the business very vulnerable and dependent on continuous growth of users, which will eventually be only marginal as the social network has already attracted so many users.

4. **Attitude towards users' privacy.** Facebook collects private users' information and then stores it, uses it for its own purposes or sells it. Such treatment of users' private information draws negative attention that decreases popularity of Facebook.
5. **Lack of website customization.** Many Facebook's users spend a lot of time on social network and want the website to reflect their personalities but are unable to customize the website to their needs and are forced to use uniform template for all users. In comparison, Google+ allows for much more personalization of the social network account than Facebook does.
6. **Weak protection of users' information.** Facebook, having so many users that upload personal information to the social network, is a target for attacks that steal passwords and other personal information from the users. Such attacks occur every day and thousands of passwords are stolen. Though, Facebook is not doing enough to protect users' from identity attacks.

Opportunities

1. **Increasing number of people using Facebook through mobile devices.** Currently Facebook has more than 600 million users who use Facebook through mobile devices. Despite that this group makes 60% of all Facebook users, the mobile advertising only accounts for only 14% income for the company. Facebook has an opportunity to create a platform that could be used to display ads for mobile users and increase firm's income.
2. **Expansion to China.** Easing government regulations and newly elected government may open a way for Facebook to enter China's social networking market. Until then, Facebook should prepare itself for such an entry.
3. **Diversify sources of revenue.** Facebook heavily relies on advertising on its social network as a source of income, but with being the number 2 website in the world and more than 1 billion active monthly users, Facebook could exploit other opportunities to attract the money.

4. **Open Facebook marketplace.** With so many users and extensive coverage of the world, Facebook is well positioned to open Facebook marketplace. If successful, it would bring more revenues than the advertising, thus boosting company's growth and future prospects.
5. **Increasing number of people using Facebook through mobile devices.** Currently Facebook has more than 600 million users who use Facebook through mobile devices. Despite that this group makes 60% of all Facebook users, the mobile advertising only accounts for only 14% income for the company. Facebook has an opportunity to create a platform that could be used to display ads for mobile users and increase firm's income.
6. **Expansion to China.** Easing government regulations and newly elected government may open a way for Facebook to enter China's social networking market. Until then, Facebook should prepare itself for such an entry.
7. **Diversify sources of revenue.** Facebook heavily relies on advertising on its social network as a source of income, but with being the number 2 website in the world and more than 1 billion active monthly users, Facebook could exploit other opportunities to attract the money.
8. **Open Facebook marketplace.** With so many users and extensive coverage of the world, Facebook is well positioned to open Facebook marketplace. If successful, it would bring more revenues than the advertising, thus boosting company's growth and future prospects.

Threats

1. **Increasing number of mobile internet users.** Currently Facebook has more than 600 million users who use Facebook through mobile devices. Despite that this group makes 60% of all Facebook users, the mobile advertising only accounts for only 14% income for the business. If the company will be unable to monetize mobile users, it will face decreasing advertising income as more PC users will turn to mobile users.
2. **Users using ad-block extensions.** Educated internet users often install extensions that block advertisements from the websites. The growing number of such users is threatening Facebook's model as they can't see advertisements and click on them.
3. **Slow growth rate of online advertising.** Although online advertising still grows in double digits (14% in 2012, down from 23% in 2011) that growth is slowing down, thereby threatening growth of Facebook's advertising income.

4. **Identity thefts.** Even today, identity thefts are common on Facebook. The more identities are stolen the more criticism Facebook will receive strongly damaging its brand for inability to protect users' private information.
5. **Weak business model.** Facebook's aim is to attract social network users, display the ads for them and charge the businesses for the ads displayed. Although Facebook's business model looks sound for the moment, the company may face severe difficulties if some conditions change that are not in firm's control. For example, slowing growth of online advertising, new social network, shift from advertising on Facebook to other websites, growing number of mobile users (Facebook is yet unable to monetize them) or failure to diversify source of income.

Conclusions

The face book is an effective social media network to connect all over the world people in the world. It helps to identify the old friends and creating new friends. Each and every media has certain pros and cons but how the people utilizing the social benefits to mutually each other. The social media connects the people across the country, but some people use the media for some entertainment purpose, and others for advertising and improving the business. The face book helps to share some useful information related to education, business ideas, quotes, spiritual science, entertainment, games. The quantity usage of facebook depends on the mettle of its users.

References:

1. Facebook (2012). Financial Releases. Available at:
http://files.shareholder.com/downloads/AMDA-NJ5DZ/2264826225x0x607714/2f174ca3-556b-429a-85d3-bea437ee2e6a/FB_News_2012_10_23_Financial_Releases.pdf
2. Heussner, K. M. (2012). Internet advertising still a growth business, but pace slows. Available at: <http://gigaom.com/2012/10/11/internet-advertising-still-a-growth-business-but-pace-slows/>
3. Wikipedia (2013). Facebook, Inc. Available at: http://en.wikipedia.org/wiki/Facebook,_Inc.
4. Wikipedia (2013). Criticism of Facebook. Available at:
http://en.wikipedia.org/wiki/Criticism_of_Facebook.