

Company Case 2

Facebook: Making the World More Open and Connected

Synopsis

As the world has rapidly adopted social media, Facebook dominates the market. In little more than a decade, it has accumulated more than 1.6 billion active monthly users—more than 20 percent of the world’s total population—and some 1.5 billion people now access the network on a mobile device. More than one billion Facebook members log on daily and five new Facebook profiles are created every second. In the United States, more collective time is spent on Facebook than on any other website. Hordes of people have made Facebook their digital home 24/7. Having achieved such phenomenal impact in such a short period of time, Facebook’s success can be attributed to tenacious focus on its mission—“to give people the power to share and make the world more open and connected.”

Teaching Objectives

The teaching objectives for this case are to:

1. Introduce students to the concepts of business and marketing strategy.
2. Highlight the difference between a mission statement and a market-oriented mission statement.
3. Establish the role of goals and objectives in marketing strategy.
4. Help students understand the importance of the business portfolio in growing a business.
5. Introduce the marketing mix as a core concept of marketing.

Discussion Questions

1. Is Facebook’s mission statement market oriented? Explain.
A market-oriented mission statement is one that is defined in terms of satisfying customer needs. Facebook’s mission statement is: “to give people the power to share and make the world more open and connected.” The “power to share” and “open and connected” parts specify customer needs. The fact that the mission statement starts with “to give people” suggests a strong customer orientation. Therefore, Facebook’s mission statement is very clearly a market-oriented mission statement.
2. How is Facebook’s strategy driven by its mission? *Basically, everything that Facebook has done adheres to the mission of giving people the power to share and making the world more open and connected. Internal features like News Feed, posting of pictures and video, and endless settings that allow for the customization of a person’s network are designed to allow the individual user to*

quickly and easily share their lives with others. The part about making the world more open and connected is evident in Facebook's portfolio of products. When Facebook realized that its original "one site for all" approach could not serve the needs of everyone, it adapted and developed a portfolio of multiple apps that provides something for any and every individual. Facebook, Facebook Mobile, Instagram, and WhatsApp (even though Facebook already had Messenger) are all fulfillments of its strategy to reach everyone, even if it means doubling up on competing products. The Aquila project that aims to make Internet available to developing countries demonstrates is also a fulfillment of taking its "power to share" products to the entire world.

3. Is it wise for Facebook to give away its technologies for free? Why or why not?
Different companies have taken different approaches to the "giving it away for free" part and done so successfully. Apple is notorious for guarding its technologies and making them proprietary. In its early years, this hindered its growth. But looking at where Apple is today, that approach has clearly served it well. Facebook has taken a different approach. From its beginning, it wanted its platform(s) to be adopted and used by as many people as possible as quickly as possible. The only way to achieve that is to make it free. Now, it has taken the same approach to releasing core technologies such as all that it has developed for drones, lasers, data analytics, virtual reality, and 3D. It recognizes that its best chance at success is to focus on making its portfolio of products as usable and attractive and available to as many people as possible. When it does that, its primary revenue generator (advertising) generates more and more revenue. "We're not selling [servers] or cameras or connectivity services. But if no one else is building them, we're going to." The "giving it away" approach is also a tremendous competitive tactic. If Facebook is giving things away, it makes it very difficult for other companies to make money on those same types of things.
4. As it moves forward in fulfilling its mission, what challenges does Facebook face in the future?
Facebook has had more failures of products and features than it has had successes. While product failure is a challenge, it is clear that Facebook sees such failures as just another part of building the greatest social network on the planet. It isn't that which fails, but what ultimately becomes an integrated part of a very usable tool.

Likely Facebook's greatest challenge is to avoid the "MySpace" syndrome. That is, the nature of a social network product is such that users can abandon it as quickly as they adopt it. Everyone was on MySpace. But almost overnight, nobody was on MySpace. Facebook has been careful to prevent this thus far. When it bought Instagram, that was its first clear signal that it wasn't going to stick with "one thing" and try to force it on everyone. But as Facebook has made it easier and easier for customers to use its products, they become deeply engrained in them. For the many, Facebook is where they store and share their lives. It isn't so

easy to switch away from that.

Teaching Suggestions

The only way to really demonstrate the power of Facebook is to take students right inside that social network that they are all too familiar with. The goal here is to guide them in a way that will give them a different perspective. To do this, take them inside your own Facebook page. If this is not possible, prepare ahead of time by asking if students for a volunteer to serve as the tour guide based on their own Facebook page. Then ask the following questions to guide the discussion:

1. How many of you are on Facebook? How many of you check in to it at least a few times a week? Daily? Why?
2. How is Facebook valuable to marketers?

This case was developed for use with Chapter 2. This case also works well with the advertising chapter (Chapter 12) and the online marketing chapter (Chapter 14).