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Facebook Inc. Strategic Analysis and Recommendation

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Abstract

"bring the world closer together"

-*Facebook mission statement*

For fifteen years, Facebook has been bringing people closer together. From a college project to the world's largest social-media platform, Facebook exemplifies the modern tech company. This astronomical growth is not an accident, rather the result of an open market and strong strategic planning. Facebook's plan focuses on rapid growth, aggressive user monetization, and smart acquisitions to further grow its market penetration. However, is this strategy still effective? As Facebook faces slowed growth and a litany of scandals, is it time for Facebook to change their strategy? This paper looks at Facebook's current state – from its suite of applications, to its monetization plans, to its acquisition history – and evaluates the effectiveness of the current strategic plan while recommending a future one.

Key Words: Business Strategy, Social, Media, Acquisitions, Facebook.com, Instagram, Messenger, WhatsApp

Company Background

Over the past fourteen years, Facebook has shown astounding growth. From a handful of accounts to over 2.3 billion monthly active users (MAU), Facebook exemplifies the modern tech company (Noyes, 2019). Through rapid growth, aggressive monetization, and acquisition of adjacent competitors, Facebook has maintained market dominance and remains relevant to this day.

Facebook launched at Harvard on February 4th, 2004. Zuckerberg developed "The Facebook," along with co-founders Dustin Moskovitz, Chris Hughes, and Eduardo Saverin (Greiner, Fiegerman, Sherman, & Baker, 2019). Facebook quickly grew from the Harvard Campus to other prominent colleges including Yale, Columbia, and Stanford. The app became Facebook.com in August 2005 (Phillips, 2007).

Facebook continued to grow, moving to US high-schools in September and UK campuses in October. By December 1st, Facebook had more than one million MAU (Greiner et al., 2019). This growth continued through September 2006 as Facebook became open to all users possessing an email and being thirteen years or older. By this point, Google and Yahoo, among other companies, became interested in buying Facebook with approximate offers from $1 to $2 billion, which Zuckerberg refused (Greiner et al., 2019).

In October 2007, Microsoft purchased a 1.6% share of Facebook for $240 million, spurring a competing offer from Google ("Microsoft Invests", 2007). This purchase valued the company at $15 billion. Microsoft's offer was meant to strike a blow against Google whose annual ad revenue rose some 60% that year. Microsoft's purchase was also pivotal in supporting Facebook's growth before it became public. At this point, Facebook had broken beyond 50 million MAU and showed no signs of stopping. While still only half the size of MySpace, Facebook's rapid growth was notable, doubling its company size from 300 to 700 workers from 2007 to 2008 (Greiner et al., 2019).

In 2007, Facebook also introduced Beacon – arguably their largest product failure. Beacon would track user activity on third-party sites and send that information back to Facebook to improve targeted advertisement (Greiner et al., 2019). Beacon launched with 44 partner sites including Fandango ("Leading Websites", 2007). When users would purchase move tickets on Fandango, Beacon would share the user's movie interests on Facebook. However, many users saw Beacon as a privacy violation as it would report on their activity even when not on Facebook. After introducing a feature letting users opt-out of Beacon, Facebook removed the product in 2009 as a result of a class-action lawsuit. The lawsuit alleged that Beacon broke federal wiretap and video-rental privacy laws (Kravets, 2009). In the $9.5 million settlement, Facebook issued more than $6 million in grants to the "Digital Trusts Fund" for organizations to study online privacy. While called a "mistake" by Zuckerberg, Beacon would serve as a stepping stone for Facebook's Connect years later (Zuckerberg, 2011).

In 2008, Facebook was able to hire Google Executive Sheryl Sandberg. Her professional experience included her role as Chief of Staff for the Treasury Department under the Clinton administration and Vice President for Global Sales and Operations at Google (Greiner et al., 2019). During her seven-year tenure at Google, Sandberg helped develop its advertising programs, AdWords and AdSense (Stone & Helft, 2008). As such, she was a key player in monetizing Facebook. While Sandberg would initially prioritize growth over monetization, she noted that Facebook should focus on brand marketing instead of direct marketing as the former accounted for more than 90% of sales in the marketing value chain (Olsen, 2008).

Facebook also began its history of acquisitions in 2009 with the $47.5 million acquisition of FriendFeed (Greiner et al., 2019). FriendFeed was a social networking aggregator that let users explore the web based on friends' activities rather than searching and browsing (Segall, 2012). At the time, FriendFeed was competing with Twitter in "real-time" web, notably in real-time news feeds (Frommer, 2009). Through the acquisition, all FriendFeed employees and co-founders Sanjeev Singh and Bret Taylor joined the Facebook team, bringing their extensive real-time web experience.

Facebook's next big acquisition was Instagram in 2012 for $1 billion (Greiner et al., 2019). The image-sharing app engaged younger users, with an estimated average user age of 31.4 compared to Facebook's 40.5 ("Ages of Social Network Users", 2010; "2012 Social Network Demographics", 2013). Just as FriendFeed was a defensive move against Twitter, so was Instagram a move against Snapchat (Shinal, 2017). This pattern began to illustrate one of Facebook's core strategic plans. To avoid becoming obsolete as MySpace had before, Facebook would expand into adjacent social media industries when sensing an opportunity. This expansion would take the form of an acquisition of an established player, which could then receive additional support from Facebook's financing, developers, and infrastructure. Thus, Instagram became Facebook's main foray into image-sharing, attempting to cut Snapchat out of the market. Snapchat would eventually turn down a $3 billion offer from Facebook in 2013 (Shinal, 2017).

In May 2012, Facebook released its Initial Public Offering (IPO) at the price of $38 per share and raising $16 billion through the offering ("If you had Invested", 2015). However, a mere five months later, Facebook stock fell to its historic low of $17.55 in September 2012 ("Facebook, Inc.", 2019). This drastic fall was motivated by investor concerns over Facebook's ability to capitalize on its massive user-base. While Facebook had approximately 955 million AMU and brought in $1.18 billion in second-quarter revenue, annual ad revenue estimates fell from $5 billion to $4.23 billion (Hof, 2012). Investors saw this monetization as an upper limit, especially considering Facebook's difficulty in monetizing mobile users where smaller screens made for less ad real-estate (Fox, 1012).

In an attempt to better court the mobile market, Facebook partnered with HTC in 2013 to create the HTC First, better known as the Facebook Phone (Greiner et al., 2019). However, the phone would prove a flop, with AT&T dropping its price from $99 to $0.99 after one month (Cheng, 2013). Analysts attribute the dramatic drop-off to a poor value proposition. The purpose of the HTC First was to make Facebook Home the core of its mobile experience. However, users didn't see a reason to buy a phone dedicated to an app that could be installed on superior phones including HTC's own HTC One (Gunther, 2013).

By July 2013, Facebook's focus on tackling mobile began to pay off as company stock returned to its IPO price (Greiner et al., 2019). The new dedication to mobile was evident in its ad revenue with mobile accounting for 41% of total ad revenue in Q2 of 2013 (Dillet, 2013). This mobile revenue provided a stark contrast to Facebook's mobile ad revenue of $0 in 2011 (Pepitone, 2013). By proving its ability to capitalize on mobile users, with an expected 16% mobile ad market cap in 2013, Facebook successfully reassured investors in its ability to stay relevant with a shifting user-base (Pepitone, 2013).

Continuing in its legacy of major acquisitions, Facebook bought WhatsApp for some $19 billion in February 2014 (Greiner et al., 2019). By moving into messaging apps, the acquisition allowed Facebook to compete with rapidly growing companies like Line, Kik Messenger, and Google Hangouts. The purchase was likely motivated in part by the threat of Tencent acquiring the young company and thus cornering the market (Iqbal, 2019).

In recent years, Facebook has encountered turbulence over its political implications. The 2016 U.S. presidential election saw the rise of “fake news.” This scandal continued with Cambridge Analytica accessing more than 87 million Facebook users’ information through its quiz tool, thus gaining information on users' personalities and voting patterns. These events, along with an exodus of Facebook Executives and projected dip in revenue, struck a significant blow to Facebook stock – losing some $120 billion (Cherney, 2018). The long-reaching implications of user privacy regulation are still developing and will become more apparent in coming years.

Internal Situation Analysis

Products

While Facebook owns an impressive portfolio of services, this section will focus on the four main apps.

Facebook.com:

> *Facebook enables people to connect, share, discover, and communicate with each other on mobile devices and personal computers (“Form 10-k”, 2018).*

The titular website boasts a worldwide 2.32 billion MAU since December 2018. The accompanying mobile app boasts a comparable 1.15 billion DAU as of December 2016 (Noyes, 2019). Approximately one-third of this group is comprised of the 25 to 34 age bracket, making it a valuable group for advertisers (Noyes, 2019).

Messenger

> *Messenger is a simple yet powerful messaging application for people to connect with friends, family, groups, and businesses across platforms and devices (“Form 10-k”, 2018).*

While initially part of the core Facebook platform, Messenger split from Facebook.com in 2014 (Miners, 2015). The split was motivated by Messenger’s rapid feature growth and potential as a standalone market. The service has proven difficult to monetize as “click-to-Messenger” ads attempt to connect users to businesses’ Messenger bots (Gaus, 2018).

WhatsApp:

> *WhatsApp is a simple, reliable and secure messaging application that is used by people and businesses around the world to communicate privately (“Form 10-k”, 2018).*

WhatsApp is a messaging platform similar to Messenger. WhatsApp currently has some 1.5 billion users compared to Messenger’s 1.3 billion (Iqbal, 2019). While Messenger dominates in the US market, with some 73% usage compared to WhatsApp’s 30% in the 18-29 age bracket, these figures are largely reversed in markets like India and Brazil where WhatsApp dominates (Bucher, 2018). The service has proven difficult to monetize.

Instagram:

> *Instagram brings people closer to the people and things they love. It is a community for sharing photos, videos, and messages, and enables people to discover interests that they care about (“Form 10-k”, 2018).*

Instagram is a photo sharing platform which boasts 72% use by U.S. teens compared to Facebook's 51% (Riley, 2018). This slant towards younger demographics ensures a wide range of age groups across Facebook's product line and balances the core application's aging user-base. Instagram's "stories" feature has boasts 400 million ADU compared to Snapchat's 200 million (Price, 2018).

Business Model

While Facebook's monetization strategy has varied across its products, several core trends emerge. Facebook prioritizes fast growth over monetization, reasoning that the sheer scope of the app's user-base will allow for some monetization strategy down the line. This was proven true for Facebook.com, and a similar trend is currently playing with Messenger and WhatsApp. Both apps show little to no revenue aside from some ad experimentation and app purchases. However, with more than a billion users on each platform, Facebook is searching for monetization plans that fit the respective apps.

Similarly, Facebook is aware of the need to expand into adjacent social media areas. Its multi-billion dollar investments have seen a monumental rise in user-base and evaluation. As such, acquiring new companies keeps Facebook competitive, growing, and secure from the risk of an aging or disinterested demographic.

The primary revenue stream is from advertisement on Facebook.com, the Facebook mobile app, and Instagram.

Profitability and Assets

Facebook's profitability is unmistakable. Its high Net Margin is a testament to the efficiency of converting sales to profit, with low COGs and an overall smaller scale compared to Google. However, Facebook's COG's are 46% Depreciation and Amortization in constast to Google's 15%, leading to higher tax savings. Facebook shows high SG&A Expenses relative to COGS whereas Google's are equivalent. Both companies attribute half of their SG&A Expenses to R&D. This all reinforces Facebook's efficient profit generation, but also shows high asset liquidity and possible lack of investment.

Facebook and Alphabet Financial Comparison

	FACEBOOK INC.	ALPHABET INC.
NET MARGIN	39.6	22.4
COGS	$ 9.36B	$ 59.55B
SG&A EXPENSES	$ 21.57B	$ 45.88B
LIQUIDITY - CASH RATIO	5.86	3.15

Source: MarketWatch, 2018

Facebook's profitability and asset liquidity, with $41 billion in cash and short-term investments, is particularly interesting as the company doesn't pay dividends (Caplinger, 2019). While some investors want to see a dividend introduced, buybacks may remain prevalent given the lower stock price in wake of current scandals. Without a dividend obligation, Facebook is relatively free to spend its liquid assets on large-scale acquisitions.

Current Leadership structure

Facebook's swift rise is partially due to its leadership. As the company quickly passed through its Industry Lifecycle – growing from campuses to nations, surviving the shakeout when MySpace died, and now sitting as the world's largest social media platform – Facebook has employed experienced management.

As Facebooks Founder, CEO, and Chair, Mark Zuckerberg 's primary role is to decide the company's direction and product strategy ("Governance", n.d.). Over the last fifteen years of his guidance, Facebook has grown exponentially, made valuable company acquisitions, and hired outstanding talent. This consistent leadership has cemented Facebook's current position. While performing commendably, Zuckerberg has come under fire several times. One common call for resignation concerns Zuckerberg's public appearance and the handling of the 2016 election scandal.

As Facebook's COO, Sheryl Sandberg is a political and corporate veteran, serving both as a Google executive and U.S. Treasury Chief of Staff ("Governance", n.d.). Sandburg's presence is largely responsible for Facebook's world-class user monetization, and her lengthy experience serves as a strong contrast to Zuckerberg's recent rise.

The rest of the leadership shares similar pedigree, with CFO Dave Wehner previously serving as CFO of Zynga, CTO Mike Schroepfer previously serving as VP of Engineering at Mozilla, and CPO Chris Cox working for 15 years in Facebook's product suite ("Governance", n.d.).

This leadership team is a good fit for Facebook, with a mix of backgrounds, skill sets, and unifying excellence in their respective fields. Aside from consistently high revenue, employee satisfaction is a great testament to leadership strength. In 2018, Glassdoor ranked Facebook as the number one place to work, based on employee's choice ("2018 Best Places to Work", 2018). While it has since fallen to seventh place, Facebook's consistently high ranking demonstrates employee satisfaction with current leadership.

External Situation Analysis

Competition

YouTube

The video giant, YouTube, launched in 2005 and has grown to be the second largest social media platform with approximately 1.5 billion MAU. One these 1.5 billion MAU, 149.34 million are unique video viewers compared to Facebook's 68.17 million video viewers (Dogtiev, 2019). While YouTube and Facebook have different offerings, their social media focus makes them direct competitors of a similar scale.

Twitter

Twitter is a popular microblogging platform with 328 million users (Dogtiev, 2018). At a fraction of Facebook's size and with lower revenue per user, Twitter is not currently a threatening competitor. Moreover, Twitter's slow growth and high user churn make for dim prospects (Allan, 2016).

WeChat

WeChat is a Chinese micro-messaging platform developed by Tencent. However, WeChat's functionality exceeds messaging -- offering everything from payment services to appointment scheduling (Chao, 2017). With 710 million users in 2017, WeChat is a quickly growing communication solution popular across all of China. While WhatsApp has successfully spread to Portugal and surrounding nations, its overall international adoption has been limited, with low engagement in India and the US (Iqbal, 2019).

TikTok

A newcomer to the social media market, TikTok is a video sharing app launched by Douying in China in September 2016. The app moved internationally in 2017 and became the most downloaded free iOS app for the first half of 2018. Globally, TikTok downloads ranked third in the world in 2018 (Iqbal, 2019). With its rapid growth and successful international expansion, TikTok could become a serious competitor to Instagram in 2019 and beyond.

Porter's Five forces

Facebook faces moderate competitive rivalry. As advertisers can choose from many online platforms with low cost of switching between them, the market has high Buyer Power. Thus, advertisers can easily move from Facebook's Ads to Google's AdSense. Suppliers have moderate power, with hardware being ubiquitous, talent being highly contested, and with relatively constant social media users. Facebook also faces a moderate threat of substitution as advertisers can use other mediums to entice customers – from television to billboards. However, these substitutions are not revolutionary and few can compare with Facebook's price and precision. Finally, the threat of new entrants is difficult to pinpoint. New entrants have difficulty reaching critical mass due to the strength of the network effect and prominence of social media giants. However, apps like TikTok can still appear overnight and enjoy astronomic growth in just a few years. Thus, while the threat of new entrants is far smaller than what it was several years ago, it's still a possibility.

Ultimately, this indicates moderate competitive rivalry. Facebook must battle Google and Snapchat to retain its advertisers, but is in no active risk of losing. Facebook's willingness to appease advertiser requests has let it remain an industry darling (Wycislik-Wilson, 2017). In contrast, significant new entrants are rare, suppliers have low power due to the ubiquity of resources, and cross-product substitution remains inconsequential.

Competitive Advantage

Facebook.com is currently the largest social media network in the world with some 2.271 billion users, followed by YouTube with a distant 1.900 billion users ("Most famous social network", 2019). This monolithic size is the most obvious competitive advantage – giving Facebook (and its advertisers) unprecedented access to users and user-data for targeted marketing. Likewise, Facebook's demographics provide an attractive mix of age groups, with a majority in the lucrative 25-34 bracket, a fairly even gender breakdown, and presence in most countries (Noyes, 2019). Thus, a monolithic user-base coupled with an effective monetization policy makes the company a leader in its field.

Core Competence: Revenue per User

Facebook uses its competitive advantage to great effect, as can be seen by their $17 per user annual revenue – far higher that twitter's $7.5 or YouTube's $8.33 (Balakrishnan, 2017; Team, 2018; Levy, 2018). The ability to make more revenue from each user than other social media companies allows

Facebook to outcompete comparable platforms, and quickly grow new acquisitions. Thus, while Facebook's acquisition of younger companies allows it to quickly enter new markets and access new demographics, its monetization competence lets it outperform the competition.

Comparative Advantage

Over its years of operation, Facebook has created an experienced team and powerful technological infrastructure. These resources form Facebook's competitive advantage in social media, allowing them to easily create, extend, and grow their social media services. While instrumental in their future growth, Facebook's comparative advantage is not completely unique as Google boasts similar advantages.

Government policies and restrictions

Facebook's most pressing threat is arguably from government sources. As nations clamp down on tech, social-media platforms like Facebook.com must carefully navigate the changing landscape to ensure that government restrictions don't break their monetization strategies.

The most recent of these changes is Article 11 and 13 of the *Copyright in the Digital Single Market* directive. Introduced in 2016 by the European Commission, the two articles address different areas. Article 11 forces aggregators to compensate news organizations for displaying and disseminating their stories (Browne, 2019). Thus, services like Google News have been pulled in Spain as a result of such legislation. Article 13 holds tech companies liable to any copyright infringing content posted to their platforms, forcing even greater filtering and supervision (Browne, 2019). While Facebook plans to continue adhering to EU member states' law, these policies show the government's potential to disrupt revenue streams.

SWOT Analysis

Strengths:

- Largest user-base in the world, an extreme network effect
- Effective Facebook.com and Instagram monetization strategies and available financing
- Acquisition and growth of younger high-potential companies
- International presence
- Innovative and skilled employees

Weaknesses:

- Lack of monetization of Messenger and WhatsApp
- Poor optics after the 2016 election and Cambridge Analytica scandal

Opportunities:

- Higher international per-user monetization
- Future acquisitions in adjacent areas, such as possible competitors to TikTok
- Development of new monetization plans for messaging apps
- Market gain in younger demographics to ensure future users

Threats:

- Aging demographics
- Glut of competition

Strategic Alternatives

Goals and Evaluation

There are two main goals that Facebook should currently aim for. Firstly, Facebook should work to improve its public image as a secure and socially conscious platform. While the stock is recovering after its fall in summer 2018, public view is still lagging and may stifle future growth if unaddressed. Secondly, Facebook should continue developing monetization strategies for its Messenger and WhatsApp platforms. While the typical ad format may not work well for a pure messaging app, the platforms' large user-bases offer great potential.

Continue Mergers & Acquisitions (M&A) Strategy:

Given its current health and consistent success, Facebook could stay the course. While Facebook.com's user-base growth is slowing, other Facebook apps, notably Instagram, are proliferating and provide a significant revenue stream. As such, Facebook can continue searching for promising young companies, acquire them, and then use its comparative advantage and core competencies to quickly grow the startup. While this strategy risks poor acquisition choices, it also helps Facebook maintain a growing and well-balanced user-base with consistent returns.

Become an "App for everything":

Given WeChat's success in China through its rich feature set, Facebook could try to become a similar "app-for-everything" by combining micro-messaging, video/photo sharing, payment options, map/city services, and payment score tracking. This approach is undesirable for several reasons notably that WhatsApp's Chinese success was due in part to China's market. As China blocked Google, Twitter, Facebook, and a myriad of other apps, its market was open for an entrant to fill all niches (Chao, 2017). As such, this strategy would not work in the U.S. – not only does Facebook already service most of those niches, but so do its competitors. With Google, YouTube, Twitter, Snapchat, and similar services, the US market is already very saturated, and a single bloated app would not have the same appeal as it would in China.

Diversify its Businesses:

While portfolio diversification seems like an obvious bet, the idea can be misleading. Facebook already has a slew of products in the social media market and leverages them appropriately. Thus, while Facebook can diversify by spreading into adjacent social media markets, such as focused video-sharing or payment systems, they should NOT try to blindly enter unrelated markets such as phone production (see HTC First). As such, diversification without purpose would prove no meaningful value to Facebook beyond making a naive gamble.

Recommendation

As Zuckerberg noted in his 2019 letter, private messaging, ephemeral stories, and small groups are the fastest growing areas in online communication (Welch, 2019). Therefore, Facebook should re-affirm its commitment to privacy and security to win back public support. However, this privacy-focused approach can conflict directly with Facebook's advertising revenue by limiting access to user data. As such, Facebook should use the unprofitable WhatsApp and Messenger apps to move into the security direction while retaining the advertising focus of Facebook.com and Instagram.

However, a security-focused free app can bring some monetization difficulties, especially considering the current lack of monetization in Facebook's messaging apps. The primary monetization strategy would thus be a payment system. This system would capitalize on the affirmed dedication to privacy and security and could begin competing with PayPal. Facebook Messenger and WhatsApp both support money transfer, and thus should focus on expanding the feature's adoption to third-party sites.

Strategic Justification

While it may seem naïve to "stay the course" in light of Facebook's recent scandals, the data shows otherwise. Facebook's core power currently resides in its size. For perspective, there are approximately 4 billion people on earth with internet access, and 2.7 billion people use Facebook's apps – meaning Facebook enjoys 68% global market penetration (Graham , 2019; McDonald, 2018). This percentage makes perpetual growth all but impossible for Facebook.com, but the current user-base is large enough and young enough to provide consistent advertisement revenue for decades to come.

To combat Facebook.com's decreasing growth potential, Facebook uses its other products to acquire new users. For instance, Instagram is half the size of Facebook.com and is poised to overtake its revenue in by 2020 (Wagner & Molla, 2018). However, this monumental growth and successful monetization is not just the result of a lucky acquisition – it's the result of synergy between a young startup and Facebook's considerable business acumen. As such, Facebook has and will grow promising companies to financial prominence.

To some extent, Messenger and WhatsApp are a glaring hole in Facebook's revenue. With each service boasting some 1 billion users, neither has generated considerable revenue due to a lack of successful monetization. While Sheryl Sandberg was able to bring her Google experience to Facebook and build the best monetization system in terms of revenue per user, her team has not been as successful with these two messaging apps. However, considering that Messenger was once a feature of Facebook.com, and that a Facebook account is required to use it, Messenger's revenue may actually be expressed in Facebook.com's revenue. WhatsApp only requires a phone number to register, and is thus less likely to contribute to Facebook.com's revenue.

It's easy to propose a payment system as a monetization plan, but both Messenger and WhatsApp already support the option. Selling stickers is not a significant source of revenue and does not fully capitalize on the large user-base (Aisha, 2018). As such, Facebook should continue exploring monetization strategies to benefit from the apps' users. While a PayPal competitor may not be the simplest of stances to take, it could provide a valuable service with higher per-user revenue than sticker sales or peer-to-peer money transfer.

Thus, acquiring and monetizing new companies has been a successful strategy and can continue to be one. Such a strategy leverages Facebook's strengths, avoids slow decline, and is potentially sustainable. While Facebook should not become the "app for everything" due to high competition and saturation of non-Chinese markets, Facebook can certainly expand through a suite of adjacent services.

In this light, Facebook should look to acquire a cyber-security company. While Facebook already has teams dedicated to security across their platforms, with WhatsApp supporting end-to-end encryption, Facebook currently lacks certain features. For instance, in September 2018, a flaw in Facebook's code allowed attackers to access personal information from 14 million accounts. It took Facebook eleven days to notice the attack – demonstrating poor intrusion-detection (Ng, 2018). As such, a specialized cyber security company could improve Facebook's security to avoid similar breaches.

FireEye is a possible candidate for cyber-security acquisition. With a market cap of $3.4 billion and a history of detecting disinformation campaigns on Facebook, FireEye offers a wealth of experience (Conger & Frenkel, 2018). As previously mentioned, Facebook has a history of expensive acquisitions, and has lots of cash on-hand, making a similar acquisition all but inevitable.

All of these plans are predicated on Facebook's ability to remain scandal and regulation free. With the recent passing of Article 13 and similar laws drafted worldwide, Facebook must re-brand itself as a source of trust to ensure its revenue sources aren't cut-off by government policy. A new dedication to secure communication could thus double as a valuable service and positive re-branding.

Implementation Plan

1. Zuckerberg announces new company direction (July 2019)
    a. Zuckerberg proposes bill to increase security and privacy requirement for social media (July 2019)
2. Augment Product Suite
    a. Add End-to-End Encryption to Facebook and Messenger (August 2019)
    b. Reveal block-chain based banking for low-cost transactions (September 2019)
    c. Hold international competition for new VPN protocols (September 2019-September 2020)
    d. Deliver improved detection for 'fake news' and disinformation groups (October 2019)
    e. Provide public resources on detecting cyber-attacks and social-attacks in preparation for 2020 election (November 2019)
3. Continue Acquisitions
    a. Investigate promising companies like FireEye for a new generation of acquisitions (June 2019)
    b. Choose a payment competitor to Paypal, such as TransferWise or 2Checkout (August 2019)
    c. Position new payment services as untraceable low-cost banking for individuals and businesses (April 2020)

Contingency

Should the recommended strategy prove insufficient, Facebook could once again enter the hardware market, developing new phones and tablets. While this market is already saturated, Facebook could use their extensive user history to make hardware that tailors itself to the current user's needs, such as predicting when users may need to buy new clothing for the winter. These products, called the "MyBook" line, will focus on a personalized user experience. In time, MyBook could automatically file taxes, enroll students in optimal classes, and perform other actions that an individual user may not have the experience to perform. This moon-shot idea could be just the crazy thinking that Facebook needs to capture a brand-new audience.

Conclusion

Facebook continues to grow fifteen years after its founding. The platform remains popular, the monetization plans remain profitable, and the prospects remain bright. As such, Facebook is still a leader in social media, despite the main platform's waning popularity with young audiences.

Thus, Facebook doesn't need to reinvent its corporate strategy. As with most large companies, Facebook will experience slower growth unless it acquires newer companies with smaller user-bases and this larger growth potential. These acquisitions should play into Facebook's core competencies and comparative advantages -- the ability to monetize users while supporting services on a strong tech infrastructure. If properly managed, such acquisitions will grow quickly and improve Facebook's public image.

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