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BUS 232

Chapter 8

If you have a later edition, pick one of the companies above (i.e., Exxon, Starbucks, Kohl's, Facebook or Disney) and answer three questions:

I chose to analyze Facebook Inc. and did the research for them:

(1) What business level strategies is the company pursuing in the industry?

A business level strategy definition can be summarized as a detailed outline which incorporates a company's policies, goals, and actions with the focus on being how to deliver value to customers while maintaining a competitive advantage.

Facebook's generic competitive strategy supports the business through operational efficiency and customers' ease of access.

Related intensive strategies grow Facebook's market position and revenues by making the social networking website accessible in more regions worldwide.

The effects of these intensive strategies and generic strategy impact the competitive landscape and the external factors that influence the company's business performance relative to the multinational industry.

Facebook's Intensive (growth) strategies are the following points:

-Diversification:

Facebook utilizes expansion as a supporting concentrated procedure for development.

The principal objective in this escalated development technique is to build up new organizations.

For instance, the organization obtained the firm Oculus VR to offer computer generated simulation innovation that supplements person to person communication administrations.

With this development technique, Facebook's essential goal, is to buy or set up new auxiliaries or organizations to expand incomes and market reach, which also includes cost minimization that underpins the execution of this intensive strategy.

-Market Penetration:

Facebook achieves growth primarily through the market penetration intensive strategy.

The objective of this intensive growth strategy is to maximize current market share.

One example which represents this performance is, that Facebook increases shares in current markets by establishing alliances with telecommunications companies, to in turn increase the number of users who access the company's social media service through the Facebook mobile app.

This intensive growth strategy supports the company's generic competitive strategy of cost leadership by maximizing market reach using existing assets.

-Product Development:

The cost leadership generic competitive strategy optimizes profit margins when implementing this intensive growth strategy.

Product development is a supporting intensive growth strategy utilized at Facebook's online media business.

This serious procedure includes offering new items.

To show it with a specific example, they developed mobile apps to complement the social networking website.

The organization keeps on growing new item contributions.

This serious system impacts Facebook's showcasing blend or 4Ps.

New items pull in more individual clients and sponsors, which are the main source of the company's revenues.

-Market Development:

The intension here for Facebook is, to develop and growth, which in turn requires to enter new markets, to reach and fulfill this strategy.

One of Facebook's strategic objectives is to coordinate with governments to allow their citizens to access the online social network.

This intensive strategy aligns with Facebook's corporate mission and vision statements, which emphasize growth through global market reach.

Such market reach maximizes business effectiveness and efficiency and satisfies the company's cost leadership generic competitive strategy.

(2) What corporate level strategy is the company pursuing?

A corporate-level strategy is an action taken to gain a competitive advantage through the selection and management of a mix of businesses competing in several industries or product markets

Facebook Inc. uses the cost leadership generic competitive strategy, which enables Facebook to reduce its prices competitively.

This in detail means, minimizing the costs of doing business.

The company also broadly provides its online social media services to the global market, which is caused by the nature of Facebook's business.

For example, the company uses computing technologies to maximize the efficiency of its social networking website.

The online nature of this business again, enables them to easily reach Internet users across the international market, thereby satisfying the broad competitive scope of the cost leadership generic strategy.

The cost leadership generic competitive strategy leads to the strategic objective of expanding Facebook's online social network user base.

A related financial strategic objective would be, related to the provided source in the end of this assignment, to increase the company's revenues by at least 35% annually.

In this generic strategy for competitive advantage, Facebook has the potential to satisfy such strategic objectives by focusing on growing its membership, which currently stands at more than 2 billion monthly active users.

(3) Has the company made any changes to strategy recently?

In 2018 Facebook made a lot of, not positive headlines.

From the Russian ad debacle to the Cambridge Analytica scandal to suffering a major stock price blow just a few short weeks ago, Facebook was in the focus of the international medias and reports.

The problem for them, that users have been concerned about their privacy and how their data is being used and businesses and partners did not know about Facebook's future and whether they will continue to be a viable advertising and engagement platform.

In order to attempt and rebuild trust, ensure better data protection and transparency, they made some changes, such as a new news feed, stricter ad targeting, new data history tools, poor customer feedback=ban, which was one way to go against that negative news.

This wasn't a real change in the strategy.

One strategy that worked, was when Facebook went against conventional wisdom when starting off and focused on acquiring users instead of jumping straight into revenue generation. This

long-term strategy has allowed them to gain huge amounts of market share and become the de-facto social network.

Most recently Facebook made headlines for another huge strategic win by purchasing Instagram for a billion dollars, and at a point when it was making zero revenue.

At the time, the move did not make sense to investors or analysts who might not have been privy to the strategic plan for the future.

Now, with Instagram creating millions in revenue, the move turned out to be a big money maker rather than a crazy investment.

Source: <http://panmore.com/facebook-inc>

<https://www.businessinsider.com/zuckerbergs-3-5-and-10-year-facebook-plan-2014-10>

<https://fourweekmba.com/facebook-business-strategy/>

<https://www.toprankblog.com/2018/08/new-facebook-updates-mean-marketers/>