
PESTEL Analysis of Facebook

Introduction

As part of Assignment for Strategic Management I will be doing a PESTEL analysis of a company of my choice. For this analysis I have chosen to talk about Facebook. The four factors that I will be discussing will be Political, Economic, Social, and Technological. I will be discussing how these 4 factors will have an impact on a company like Facebook.

Political Factors

Political Stability:

When we think about political factors in relation to Facebook, one of the first things that comes to mind is political stability. The use of political discussion that users can do when using Facebook is a big thing that can impact Facebook. Back in the year 2008 during the US presidential elections Facebook gave users the allowed users to be able to communicate with others about their political beliefs with one another. Since Facebook is open to everyone it is very easy for anyone to just share their political opinions. First off, we think is this a good thing? Do these political debates and discussions on Facebook affect the political involvement of the younger generation or is it an example of "Slacktivism" (This is where there is involvement in political activities through the use of social media or other online resources. These resources involve very little effort from the user). A survey was taken by undergraduate students at public college in Midwestern in the USA. The survey was undertaken a month before the 2008 Elections. The results show that lots of students interact with Political activities through Facebook and other websites. The government of a country may view these acts as a threat to their economy but they will have to agree to terms and conditions with Facebook so they can both work together. Political stability is very important to help influence Facebook within a country.

Political Advertising:

Another way of how political factors can relate to Facebook is the use of Political Advertising. As we all know Facebook is used a lot for political discussions but as we see from sources based on political microtargeting and how it integrates with Facebook we have seen that Parties and Politicians have used Facebook as an opportunity to advertise their campaigns for promotional uses. Facebooks has shifted political advertising during the election periods so they may seem higher in user feeds. On these social media sites users can targeted based on their profile information such as Personal interests and hobbies. By using Sites like Facebook, the political leaders have a greater chance of reaching out to potential voters who are at a difficult reach at a relatively low-cost procedure. Studies that were on this found showed that personal advertising done online have an impact on viewers. They grabbed viewers' attention because the adverts are less compiled with information and they send a clear message out to help the viewers out with making their final decisions.

"Running a Facebook ad as a promotion of your page is a cheap method to get your page in

front of a targeted group of Facebook users". (Carter, B. and Levy, J. (n.d.). Facebook)

Economic Factors

Economic growth:

The Facebook service is big globally. Everyone uses it to this day for almost everything. It can be very important in the factor of economic growth. It is specifically important to the development of a country in a socio-economic situation. Within the socio-economic development of a country, around the world you have stakeholders using social media and increasingly changing and expanding their new products, markets to deliver new income streams. As shown from this abstract in recent case studies have looked at the look of environments that supports the use of sites like Facebooks in the developed world. From this study case Facebook and the socio-economic benefits would be impacted if it was operating from within an Enabling environment (rich and varied space environment). From a questionnaire taken out of 367 Facebook users we see that performance and effort expectancy and social influences are factors that can affect Facebook in a developing country. The finding also shows that other factors such as religion, ethnicity, language, gender and education moderate Facebooks adoption perception use- behaviour.

Facebook over the years has changed completely. It has gone from being just small communication tool for users. It has become a tool that has helped with the development of social capital and wealth within an economy (Ellison et al 2007, Baily 2010, Nielsen 2011, shin 2013). Even though Facebook is being used in developing and developed countries global, the advantages of Facebook in these countries to promote social economic well-being are less apparent.

Facebook Economy:

From within the US news Digital weekly article in 2012, it discusses that Facebook is in no Economic recession. The proposed 5 billion-dollar initial public offering from Facebook is aiming introduce economic energy which is then hoping to help spark the stock market and then result with creating over 1000 new millionaires. In terms of the employment levels within Facebook there is an estimated 8.5 % unemployment rate. The company took on up to 3200 new hires and still has more plans to hire even more. Every year Facebooks has risen by 50 %. With these successful rates with employment in Facebook it will continuously keep creating more jobs by buying more equipment. They have also created new feature within their social media world. The feature supports gaming and other apps that's didn't exist before. In 2011 there was a study case taken in university of Marylands smith school of business it was calculated that Facebook had created up to 183000 new jobs year by year within America and also 12 billion dollars of economic activity. This was a result of the new features such gaming and new applications that were added to Facebook.

All the new job created were mostly highly skilled and very high salaried. This helps keeps the economy and healthy. Forms of research were taken by the University of Maryland, found that the average salary for the these was up to 58000 Dollars which was calculated at 35% higher than other full time American jobs.

Social Factors

Education:

With Social Factors we look at things such as education. How does Facebook get involved with Education? Gathered from information from an Academic journal a group from the Department of Computer systems and technologies Ruse University took an assessment to use Facebook and other social media websites as a learning environment. During a period of over 5 years they gathered results from surveys of student from different courses. The results they got from the students were positive as they saw that students felt that Facebook helps increase learning abilities by having Communication with one another from outside of class periods. This increases the student's motivation levels and their results as shown.

Demographics:

With this experiment carried out from this academic journal we have looked at the impact of demographics and relationship status. This is based on a Facebook user posting their personal profile pictures. From this case they examined over 1000 Facebook profiles from Israel. The common age range was users from age 18 to 61. It was finalised that over nearly half of the users (40%) who posted their pictures were wearing skimpy outfits (Short, Revealing outfits). From statistics found it shows that users who posted these kinds of pictures were users who had low levels or no education at all, as well as them being at younger age. They also discovered other things about these users such as them not being involved in long term committed relationships. Another factor involved was gender. It was shown that women with high school education levels were the most common with posting pictures that are revealing then men with the same level of education.

Consumer Leisure Time:

We all know that Facebook is one of biggest social media websites in the world and has over millions of users. It has quite a huge amount of people from a younger generation especially students. It is a known fact that with Facebook, users usually reveal themselves in a favourable way with their profile pictures. Here we discuss the impact of Facebook on peoples lives. With users that are more involved with Facebook on a constant basis there are 2 ways in which they may view other people. Users usually judge others on examples easily recalled. Secondly users tend to respond or show interest in the posts on Facebook that are more positive. Over the years questionnaires have been filled out based on time usage of Facebook. Questions included how many years users have Facebook? and how often do they use it? How many friends do people have on their friends list? Were undertaken by over 425 students from various colleges. The results gathered from these surveys showed that people who use Facebook more often are happier in life.

Technological Factors

Rate of Technology Change:

In terms of technological factors with Facebook there is a connection as Facebook is a Social media website. Technology in this day and age is constantly evolving. One of the big

Technological factors about Facebook is the mobile application use. Over the years mobile Technology has made everything convenient for everyone. From sources gathered it is shown that over half of a billion customers globally use the Facebook mobile app. This is good for Facebook as it will increase their revenue as they gain more users. Back in 2014 it was calculated that Facebook has over 1.19 billion users using their mobile app monthly. An Estimated over 26% as the years went on.

Another fact that ties into the rate of Technology change with Facebook involves the Facial Recognition. As stated by the social media giant Facebook have been looking into the works of matching users faces through facial recognition in a very accurate way that is claimed to be “human like accuracy”. Social media giant has also stated that facial recognition software which renders 3D face modelling now has 97.25 % success rate with the recognition process. The software being used create this is called Deep Face. It uses up to “more than 120 million parameters” to recreate users face. It then scans through millions of user’s profiles and photos to match each user.

Forbes article report saying that the DeepFaces methods and technology could “improve Facebooks ability to suggest users for tagging in an uploaded photo and for other potential purposes”.

Another way in which the rate of technology with Facebook is changing is the new Feature they are building that can help describe pictures to blind people. Taken from Times magazine Facebook announced back in 2015 that they will be introducing new Artificial intelligence software that will aim to assistant blind people with describing images. Mark Zuckerberg CEO of Facebook announced that the new technology will be a way of Facebook growing by extending the social media aspect to everyone including people who are blind.

Mark Zuckerberg also stated that “We see AI as helping computers better understand the world so they can be more helpful to people”.

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Books

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