

i) Executive Summary

The new face of Facebook is: a provider of e-content in India. The scope of this assignment will identify the changes to its features and its e-commerce models required for this transformation, as well as the potential socio-economic benefits they could bring to the country. By establishing the current strategic intent, competitive advantage and value propositions of Facebook, and the market needs of those living in these disadvantaged environments, this report devises a plan to successfully break into the bottom of the pyramid market in India. The purpose of this project will be not only to gain access to this segment, but moreover to support it with an educational tool aimed at relieving the issues faced by the unfairly deprived people in this nation. The modified social network will simultaneously lower the access barriers for local and multinational brands in reaching these people through the use of the Facebook platform for educational advertising.

ii) A brief Introduction to Facebook

Founded in 2004, Facebook is the leading social network in the world. It operates on multiple revenue streams such as advertising and affiliate/referral fees, while also applying much focus on interaction between its users. This emphasis on community has given rise to a portfolio of features such as wall posting, one-to-one messaging, Open Graph, the ability to share pictures and many more, gaining it the highest engagement among its rivals (Laudon & Traver, 2014).

iii) Analysis of Strategy, Competitive Advantage, Value Proposition and Information Strategy

Facebook's mission statement underscores its strategic intent: 'to give people the power to share and make the world more open and connected' (Facebook, 2016). There are two methods through which it is fulfilling its aim, the first being the constant addition of information based on user profile details, searches, posts, likes and locations to a social graph that in turn enables social searching (Laudon & Traver, 2014). Thereby widening the scope of interaction through the firm's information strategy. Secondly, it interlaces the power of social intelligence and social commerce

into its strategy. This allows the firm's customers to be extended from social users to businesses that leverage the inter-relational network and its data for commercial activities (Dawar, 2014). Examples are behavioural and interest-based marketing initiatives (Choudary, 2015). Therefore, by linking multiple entities and permitting communication between them, Facebook remains committed to the ethos of creating a more open and connected world. With the above analysis, it becomes apparent that the platform's strategic intent consists of underlying secondary aims: aiding wealth creation and the development of social capital (Ellison, Steinfield & Lampe, 2007).

The company's strategy carves a competitive advantage that compels 1.09 billion users to the platform daily (Facebook, 2016). As illustrated by Metcalfe's Law, the dominance of a network grows exponentially as a function of the number of network members. Hence, the company's target to connect people has favoured a self-fortifying accumulation of users, whereby as the number of Facebook members increase, the propensity for new members to join it over rival social networks escalates (Dawar, 2014). Due to its widespread adoption, Facebook's demise as a result of rivalry therefore seems difficult, as exit from the network would have to be consensual (Gans, 2016a). Moreover, it has been said to have aggregated greater network effects than its potential contenders (Gans, 2016a), thereby enforcing a *sustainable* advantage. However, this advantage might only hold true in the absence of industry disruption (Gans, 2016b), and if its strategic information system of customer value fulfilment and data gathering and analytics also withstand changes in environmental needs.

The interplay between Facebook's value proposition, strategy and competitive advantage can be visualised through the lens of its two main audiences: organisational and social users. The relationship of the value proposition with elements of strategy can be seen where the social graph offers organisations scalable customisation of service to their target market (Shih, 2013), thereby improving worker performance. This is highlighted when employing Davis' (1989) definition of usefulness as noted in the technology acceptance model; where the perceived enhancement of work performance through a technology renders it useful for adoption, as with Facebook above. To social users, the supply of multiple features and the competitive advantage of the highest current network effects among its substitutes, offers the utmost

potential for connectivity with needs and acquaintances in one platform. This can also be attributed to the underlying assumption of a single social graph, which the firm operates on (Laudon & Traver, 2014). The aforementioned interlinks seem to strengthen each of the aspects of value proposition, strategy and competitive advantage, supporting the company's presence in the social media sector.

iv) The new face of Facebook

The World Bank classes India as a developing country ('World Development Indicators 2014', 2014), with 21% of its 1.295 billion population being left with no form of education ('Literacy and Level of Education', 2011). The following quote highlights Facebook's second strategic intent - elucidated in section iii - on wealth creation and social capital development, with respect to this developing country and its education needs:

'Connecting India is an important goal we won't give up on, because more than a billion people in India don't have access to the internet. We know that connecting them can help lift people out of poverty, create millions of jobs and spread educational opportunities.' - Mark Zuckerberg, CEO and Founder of Facebook ('India Blocks Zuckerberg's Free Internet App', 2016).

The modification of Facebook's business model from a community provider to a community *and* syndicated B2C content provider could help penetrate the emerging Indian market, in line with Zuckerberg's aim. The 'FacebookOurIndia' mobile app would deliver educational content in the form of short videos on user's newsfeeds. However, as highlighted by Pimmer, Linxen and Gröhbiel (2012), the issue with being a content provider on a social platform such as Facebook is the difficulty in quality control of information shared by users. Hence, to reduce the risk of this problem, the videos would be created and sponsored by credible local and multi-national companies, as well as be filtered by Facebook. The organisations would be permitted to incorporate their product or brand names into the videos, and Facebook would thereby generate revenue through advertisement in the process. In addition, a sale of data revenue model could also be employed due to the firm's pre-existing information systems strategy and strategic information systems that already collect and analyse

customer data and big data (Laudon & Traver, 2014). The common barrier of costly and scarce data service in developing countries (Tan, 2007) has been lowered in India by the provider Bharati Airtel, which supplies low cost connectivity with pre-paid cards that are readily available in local village shops (Prahalad, 2010). Yet, to specifically cater to this market, Facebook should endeavour to tailor the advertising content to individual profiles, based on gender, occupation and other filters in order to dampen data costs for the underprivileged population - while still satisfying their educational requirements. This bears resemblance to targeted advertising it currently features.

Datta (2011) imposes the paramountcy of needs as a pre-requisite to e-commerce adoption in developing countries. Analysis of Facebook's current value proposition through Maslow's Hierarchy of Needs (Maslow, 1954), confirms that the social network satisfies individuals' belonging requirements through the *community* business model. However, to serve the less fortunate population whose requirements are more basic (Prahalad, 2010) through the content provider model, catering to physiological and safety needs lower down in Maslow's hierarchy may be essential. This can be achieved through its content provider business model. Hence, the educational videos supplied by Facebook must relate to topics relevant to their livelihood and living circumstances – for example, updated market prices for farmers, business and micro-finance methods, teaching on health, sanitation and domestic violence. The incorporation of such needs is supported by the performance expectancy or developmental potential as dictated by the relative advantage aspect of the diffusion theory (Rogers, 1962). Therefore, targeted learning is incorporated into the social network's value proposition catalogue. The more meaningful things Facebook becomes to its users, the higher its competitive advantage over substitutes that threaten its obsolescence (Dawar, 2014). Conversely, the more this underprivileged sector uses the social network, the more they might be unprotected from risks such as social engineering (Mitnick & Simon, 2011), identity theft and various forms of cybercrime. Therefore, they must be made aware of these phenomena.

Conflicting views between the World Summit on the Information Society (WSIS) and Microsoft Founder Bill Gates may illustrate the fierce effect FacebookOurIndia could

have on the country's socio-economic standing. The WSIS, being pro-information technology, believe that ICT can cultivate better living standards for residents of emerging countries, whereas Bill Gates believes more basic needs such as uncontaminated water supplies, health and education need to be addressed before it can prove its use (as cited in Tan, 2007). However, would etching a niche that partially addresses these needs through technology - as FacebookOurIndia aims to do - be valuable? By examining the example of Hindustan Unilever, its value here becomes more apparent. This company educated village populations on the simple preventative measure of washing their hands with soap prior to eating, to combat the issue of deaths of children from diarrhea. Associated mortality rates were decreased and the firm's soap sales escalated (Prahalad, 2010). FacebookOurIndia would be offering instruction on similar health issues, with the difference being delivery over the Internet. The case not only highlights the remarkable social benefit to communities and families, but also demonstrates the further possibility for economic advantages - whereby multinational corporations accessing unserved and uninformed Indian markets would be pouring foreign direct investment into the economy (Prahalad, 2010), achieving brand awareness and possibly higher conversions to sale in the process. The power of Facebook's network effects and ability to reach an extensive audience, at a marginal comparative cost (Datta, 2011), would aid in raising awareness to widespread community issues such as the above. The modified app will also focus on current societal problems such as recognizing what constitutes as domestic abuse and possible plans of action. India's National Crime Records Bureau has reported a 50% rise in cases between 2003 and 2013 and attributed this to higher education levels (as cited in '100 Women 2014: Violence at home is India's failing', 2014), directly exemplifying the link between information and subsequent potentially beneficial action in this feature of the app. Facebook's capabilities in tailoring of advertisements will be particularly useful with sensitive issues such as this. However, the risk in confronting such subjects is being held liable for adverse outcomes, which the social network would have to protect itself from, through transparent policies disclaimers. As declared by the Consensus of India in 2011, the higher the levels of education contribute to better social conditions, which indicate consistency between the Facebook's secondary strategic intent of community development, and its new features.

Wambui (2005) stated that information can be used as an economic asset and Prahalad (2010, p 45) pointed to 'poverty as an opportunity'. The involvement of companies in the FacebookOurIndia initiative creates a unique nexus to utilize both these views in action. 58% of the Indian population lives on less than \$3.10 per day (World Bank, 2011), nonetheless with access to scale through Facebook's large platform, companies can derive an advantage 10 to 200 times larger than alignment towards serving the top of the pyramid first (Prahalad, 2010). Hence, despite the low individual buying power and need for affordability to cater to the cost requirements of the underprivileged, large profits can be made. When reaped by local sponsors of the adverts, these returns would feed the economy directly. Providing fierce instruments for companies to enhance their financial performance, FacebookOurIndia would also help rural underprivileged populations increase their returns. For example, by informing farmers of market prices and seasonal weather reports and offering a tool for communication, other similar yet non-mobile technologies in the country have helped increased their incomes by 5-10% and woven efficiencies into their work through grain aggregation (Prahalad, 2010). Robey (1979) advocates systems that aid in performance enhancement, such as the above, and stresses users are more inclined to adopting them. Furthermore, due to the issue of repeated farmer suicides as a result of debts, drought, market unstableness and manipulation - the social benefits seem insurmountable. The potential socio-economic impact of FacebookOurIndia shows its potential in aiding the country's poverty. Bridging the digital divide through these few modifications, the app might also help the nation transition from its 'Break Out' status and achieve the 'Stand-Out' position as predicted by the digital evolution index, while simultaneously beginning a new cycle of network effects.

Facebook's strategy, competitive advantage, information strategy and value proposition are consistent with and provide FacebookOurIndia with an infrastructure it can utilise in this developing country. Its new business model and added features increase its use to the people of India, which as established above indicates its favourable adoption. The framework for a mutually beneficial relationship between companies and underprivileged populations mediated by the platform has been highlighted with its vast capability for socio-economic impact, etching possibilities for overall changes in the country. The key to its success would rely on continuous

groundwork on the varying needs of rural populations and collaboration with organisations to put forward relevant tools that support the disadvantaged.

v) References

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