**External Environment**

**General Environment:**

In today’s era, communication online plays an important role in every aspect of our life. The global mobile apps market grew by 8.2% in 2017 and reach $415.1 billion.

***Geographic***

The Asia immigrants are increasing and became the biggest source of new immigrants to the United States. The world is aging. Middle-class Americans are decreasing. The financial gap between American’s in middle-income and upper-income increase.

According to CIA Factbook, between the 326 million population, Caucasian and Native American accounted for 85% and Asian accounted for 4.8%. While the migration from Mexico tern negative and Mexicans went home, the Asians immigration number rate are rising. Both in globally and the United States, the population is expected to the oldest age groups based on the rapid population growth between 1950 to 2010 and the slower growth from 2010. In 2015, the upper-income households holding 49% of US aggregate household income which is six times more than the middle-income households.

***Social culture***

While the US contain diverse social cultures, the most important is all people are considered equal with a ban of discrimination based on age, race, gender, sexuality or any other reason. The women’s role in the workplace has grown. The family role is changing.

By 2055, the U.S will not have more than one single racial the or ethnic majority based on the great amount of immigration. Some people believed that diversity ethnic improve the life expectancy. By According to the United States Department of Labor, in all occupations, 46.9% of employees are women whereas 26% of people employed in computer and mathematical occupations are women. The dual-income householder rises from 25% in 1960 to 60% in 2012, besides, 18% of them are married couples with children under 18. While the decreased rate of marriage people, the roles of mother and father are concurrent. The phenomenon that father caring the children while the mother goes outside work is increasing.

***Political-Legal***

The demographic changes influence the American politics. The sick Leave Requirement. Data security. Technology: Protection is Key.

The politics is more diverse with the increasing number of Hispanic and young adult Millennials who are more likely to hold liberal views on political than the elders. Based on the data breach incidents, Mark explained the importance of data security. While the Facebook is an online communication application with some customer’s personal information, the company should pay attention to the data security. When it comes to the employees, the Michigan state is considering the paid time off for sick leave of employers.

***Economic***

Based on the recession, the baby boomers are being forced to delay retirement. The temporary workers are increasing for a low cost. Interest rates are rising to reach a high benefit.

Prudential survey showed those aged 45-75 keep working in some capacity even they can afford to retire. The reason is to keep costs low and income high. Some company use temporary job instead of full-time workers for low overhead, the flexible in an unknown environment and avoid higher health care benefits. The federal reserve wants to raise the Fed funds rates to a sweet spot, 2 percent goal which will results unemployment at 4 percent and the inflation is 2 percent.

***Technology***

The seamless conversation based on the voice search almost become flawless. The UI overhauls next generation increase new technology. In 2018, the data collection is going to be higher priority;

With the power of consumer data, companies will have access to the practically unlimited amount of personal information since consumers use digital devices for most tasks. According to Microsoft, voice recognition software a 5.1 percent error rate, which means more accurately for translate human transcribers. The next-generation UI would include more voice search and a new type of visuals to serve the consumers’ needs.

***Globalization***

Facebook suit for countries for its powerful language data. Customers can use the Facebook in their native language. In Spain, over 25% of the population uses Facebook. Facebook will no longer use Ireland as a global tax and revenue base. Facebook will open hundreds of jobs in Ireland.

From January 1st, Facebook will book revenues from advertisers in 28 countries markets and pay the revenue taxes to expect Ireland. The move implement in the UK last year and plan to mirror it in global in middle of 2019. Facebook plans to expand different teams in Dublin headquarters while expanded the Clonee Data Centre.

**Five Forces Model of Industry Competition:**

Facebook Inc. is the leader in the global market in the mobile application market for its function of multi-language and its functional applications. Facebook is not only a social media but also an online display advertising industry that benefit from the popularity through users and advertisers. In order to keep its top player position in the social media market, Facebook Inc. must pay attention to its Five Forces analysis.

***The threat of new entrants is low.***

First, the switch cost is low since it’s easy to create websites and its subordinate mobile application even under the pressure of barriers like the capital requirement for marketing or suppress from existing business. Besides, it is easy to access to the distribution channels which increase the threat of new entrants. However, as a largest online social media industry, Facebook gains a huge following with brand recognition. New entries should pay significant investment to build its unique innovative ideas and features to attract users and develop a loyal customer base. In summary, the threat of new entrants is low.

***The bargaining power of buyers is high.***

Facebook Inc. has two kinds of customers, one is users and the other is advertisers. For users, there has a lot of choices for social media platforms with no switching cost, there is a strong force against the Facebook with intense competition. Although Facebook provides social media service, the main revenues come from the advertiser. There has a lot of substitutes for the advertiser to advertising, such as the television or the print media that have wide audiences. In addition, the online advertising is price sensitive, therefore, the price increase causes low profits and will finally result in the loss of customers. To sum up, the bargaining power of buyers is high.

***The bargaining power of Supplier is low.***

The suppliers of Facebook include the server, the firms that provide related technology and developers of various software and supplication on Facebook. Facebook is a volume buyer to the technology while the famous firms that provide technology of applications are few and the switch cost is high. Therefore, the technology supplies face few substitute products and the product is an important resource to Facebook. Conversely, with many manufacturers of equipment that Facebook needs, the equipment suppliers are widely available. Conclusively, the bargaining power of supplier is low.

***The threat of substitute products and service is high.***

For users, the substitutes firms of Facebook are various. Users can choose another social media platform with similar features such as Google, Twitter, and Skype reach the needs without the switching cost. For advertisers, it is also easy to pay for substitutes, such as television, radio, and print advertising instead of Facebook’s advertising fees. However, the price of television adverting service is more expensive than Facebook. In addition, an increasing number of new innovative applications flow into social media market constantly. Therefore, the threat of substitution is one major issue that Facebook should pay attention.

***The intensity of rivalry among competitors in an industry is moderate.***

For users, Facebook has various competition social networks. Some of them are full-featured such as Google Plus and Twitter that have special functions that the Facebook does not, the others could concentrate on one function like the Snapchat. The social media continue to come up with new technologies with innovating platforms to reach customers evolving requirement and needs. Although Facebook also recommended other function like Whatsapp to maintain market dominance and the competition application has not exceeded the Facebook, the competitors also attract users. For advertisers, only a few companies provide online advertising services similar with Facebook. However, the low switch cost makes it easy for advertisers to choose another platform to advertising. Based on this reason, the competitive rivalry is a moderate force to Facebook.

In summary, the Facebook is an attractive company. According to the five-force analysis, the weak new entrant force and low bargaining of supplies retain Facebook leadership in some way. Although there are several powerful competitors try to replace the top position of Facebook and more small companies attract away some customer, none of them replace the Facebook. However, Facebook still faces a lot of threats from external marketing environment since customers could easily transfer to other social media without switch cost. In summary, Facebook Inc. should not only maintain strategies to satisfy customers and users’ needs for social media and keep the adverting service more attractive than its substitutes.

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