

Brand Finance® Brand Stories

Facebook – “Like?”

'Like?'

Facebook

This year's highest new entry is Facebook. With a brand value of US\$3.7 billion it still lags other technology giants. However there is no denying that the social networking site has had the greatest recent cultural impact of any brand in this year's BrandFinance® Global 500.

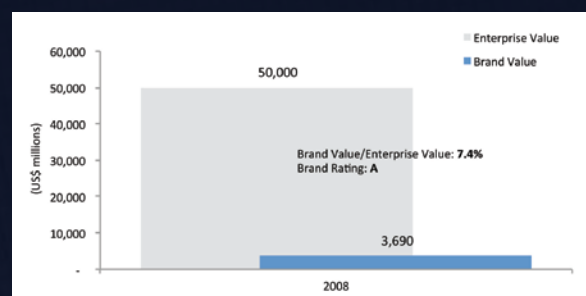
Started in Mark Zuckerberg's dorm room just over five years ago, Facebook has grown to eclipse all competitors in the social network market place. Pioneers such as Friends Reunited, MSN messenger and latterly Bebo and Myspace, have all seen their user numbers stall, dwindle or collapse in the face of Facebook's relentless advance. The site's user base grew organically, expanding from one Ivy-League campus to another, before swiftly leaping the Atlantic to incorporate prestigious universities in other countries in the UK and Europe. The site's user base then broadened, covering all social and work groups across multiple countries. Facebook now has more than 600 million active users around the world and is translated into dozens of language.

The range of services offered by Facebook has expanded rapidly, partly in a bid to monetise the enormous and growing user base. Through it is based on a traditional web platform, the site increasingly uses targeted adverts based on their user profiles, the groups they join and the branded pages they view.

More recently, apps for the android mobile operating system and iPhone have been developed so that Facebook is regularly used remotely by over 250 million people. This has enabled the introduction of the Facebook Places feature, where users 'check in' to particular locations. In time, users are expected to be able to redeem discounts at participating retailers for visiting their stores. Meanwhile countless digital marketing companies are cooperating with Facebook to facilitate the relationship between consumers and their clients' brands, through features such as the 'like' button.

Its commercial clout and diversified service offerings are beginning to seriously threaten much larger competitors. Major blue-chip companies are realising that Facebook's colossal user base and high retention rate make it a potentially invaluable marketing and communication tool.

As an example, the growing rivalry between Facebook and Google was highlighted recently when Facebook admitted hiring PR firm Burson Marsteller to smear Google over privacy policies. Despite this, Facebook is rapidly becoming a major commercial force. Although many exuberant valuations of tech companies are eliciting fears of another tech bubble, there is huge public and private interest in a potential IPO. Goldman Sachs, the leading investment bank, valued the company at over US\$50 billion and shares in Mail.Ru performed well on opening, in part due to its shareholding in Facebook. Mark Zuckerberg's elevation to Time Magazine's man of the year 2010 shows how Facebook has captured the public's imagination and, more critically, their activity on the internet.



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