

**ACADEMIC RESEARCHES in
SOCIAL, HUMAN AND
ADMINISTRATIVE SCIENCES**

Editor
Assoc. Prof. Dursun Balkan, Ph.d.

DUIJAR

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*Academic Researches in Social, Human and
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**The Economy of Facebook:
The Beginning The Growth and
The Maturity of the
Global Social Media Platform**

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Facebook is a US company which offers social networking services. Facebook was founded in the year 2004 by Mark Zuckerberg, Dustin Moskovitz, Eduardo Saverin, and Chris Hughes, who were all schooling at Harvard University at the time (Hall, 2004). It is free to access Facebook since the company earns money from advertisement. New users create profiles, upload their photos and even start or join pre-existing groups. Facebook contains many components such as timeline, status, a news feed, like button and messenger and other features that helped the company to dominate social networking industry. In order to clearly understand about Facebook growth and development, this paper will focus on bringing to light the economy of Facebook by clearly giving the history of the company, its sources of income and revenue and also the company's economic growth since its inception.

History

Mark Zuckerberg took his first steps when he was very young, where he understood the importance of coding due to the support of his father, Edward Zuckerberg. The latter taught Zuckerberg Atari BASIC computer programming (Boyd, 2019). When Mark Zuckerberg was 11 years, his parents hired a software developer named David Newman to tutor him. In a couple of years, Zuckerberg created and developed an amazingly practical programme known as ZuckNet for his father since he ran a dentist out of the house and needed a modest way for the receptionists to contact him without necessarily shouting (Boyd, 2019). In short, ZuckNet worked as an internal instant messenger. While studying at Phillips Exeter Academy, Microsoft and AOL developed interest for synapse hardware by Mark Zuckerberg. They wanted to buy synapse hardware that learned user's music taste through artificial intelligence and listening habits. Zuckerberg turned down

Microsoft's and AOL offers and set his site at Harvard University where Facebook origins can be found (Boyd, 2019). When Zuckerberg joined Harvard school in the year 2002, he had bigger plans and majored in Psychology, while he took plenty of computer science classes along with his course (Boyd, 2019). In the year 2003, Mark Zuckerberg created and published a website by the name Facemash, which lets the students in Harvard judge the attractiveness of each other and perform rankings. It did not go well with the students since Zuckerberg had not requested for permission to use their photos. The site had attracted 22k images in a few hours, but sadly it was shut down in a few days. He even risked getting expelled from the school after facing the Harvard administration board, where he publicly apologized (Boyd, 2019).

Surprisingly, one year after the shutdown of Face Mash, Mark Zuckerberg launched Facebook with a slightly different name where one could upload a photo, share interests, and connect with people while offering network visualization of one's connections (Boyd, 2019). He started by opening the site for Harvard students who had Harvard email address, and within the first one month, 50% of the Harvard students had signed up the app (Boyd, 2019). However, things did not go well after his fellow students Tyler Winklevoss, Cameron Winklevoss, and Divya Narendra sued him claiming that they had previously worked with Zuckerberg on a similar project and he stole their idea. After the court cases the three won 1.2 million shares of the Facebook company worth \$300 million (Sraders, 2020).

Facebook became a hotcake, and by the end of 2004, membership was not open to only Harvard students but also to nearly all Universities in Canada and the United States with people buying to sign up (Boyd, 2019). Zuckerberg moved Facebook's operations to California in 2004 and secured investments where Peter Thiel of PayPal joined The Facebook board and brought with

him \$500,000 (Boyd, 2019). In May 2005, Facebook acquired investments worth \$12.7 million Accel and \$1 million from personal fortune capitalist Jim Breyer (Boyd, 2019). Zuckerberg finally dropped the “the”, and the company officially was named Facebook, which cost \$200,000 million to develop its new domain name. Facebook continued to admit students to the website, and in November that year, Zuckerberg entirely left Harvard to become Chief Executive officer of Facebook rather than just a programmer and hired more employees (Boyd, 2019).

Around December, the company continued to expand and signed up New Zealand Universities, Australian Universities, high schools from Mexico, Ireland, and the United Kingdom, making it a total of 25,000 high schools and 2500 colleges (Boyd, 2019). In September 2006, the Facebook platform became open for everyone with a valid email address and 13 years and above. It made the company global with its membership growth being remarkable. In December 2006, Facebook’s membership was 12 million, while in April 2007, it rose to 20 million (Boyd, 2019). in July the same year, and October 2007, the membership had hit 50 million (Boyd, 2019).

Facebook opened its marketplace in the year 2007, which lets the users post their classified services and products for trading. Also, Facebook Application Developer platform was created, which assisted the developers to design and develop their applications, that were to be integrated with Facebook. By the end of the year 2007, the company signed up over 100,000 companies and launched Facebook for businesses. The user count continued to soar and by August 2008, the membership had hit 100 million while by January 2000 the membership was at 150 million (Boyd, 2019). February 2009 also had 175 million, and in September 2009, the membership was at 300 million (Boyd, 2019). The company also developed Facebook games, such as Farm-

ville, which was released in June 2009, which attracted at least 10 million daily active users.

Facebook Company hit a significant breakthrough in December 2009, where it had 350 million registered users and 132 million unique monthly subscribers, making it the most popular social networking platform globally (Boyd, 2019). In the year 2010, a lot of improvements were seen with the ability to like comments. Also, photo tagging was improved, making the number of registered users to keep going up to 500 million. With the company being valued at \$41 billion, which made it the third-largest web company in the US after Google and Amazon (Boyd, 2019). By the end of August 2011, the company had already reached one trillion-page view, making it the second most viewed site in the US and also acquired Beluga. This group messaging service saw the birth of Facebook Messenger as a standalone application.

By the year 2012, Facebook acquired Instagram at \$1 billion, and in the same year, the company had done its big event- IPO, which raised a considerable amount of 161 million (Boyd, 2019). As a result, the event got valued at \$104 billion with a \$ 38 worth share for the Winklevoss twins and Narendra. (Boyd, 2019).

In the year 2013, Facebook joined Fortune 500 at number 462 as its global reach increased rapidly and substantially. However, at some point, the company admitted to failing to moderate people who were abusing it for hate speech. Therefore, it came up with measures, such as increasing accountability for creators, enhance communications with groups already working against hate speech, and also updated training for teams responsible for such evaluations. In the year 2013, Facebook announced a new feature to flag fake news due to the problems with the fake news the company had to deal with. Further release of Facebook reactions, such as ‘haha’, ‘love’, ‘wow’ was done, which was a very positive one. At the same time, in June the same year, Facebook

registered that half of the world's population was using the platform for social networking, which translated to about 1.49 billion users (Boyd, 2019). video calling messenger, Facebook lives to verified public figures, and also 360 videos were released which saw 1.5 billion daily users, 3 million advertisers, and \$3,69 billion profit in the year 2015. Despite the fake news, harassment, and privacy issues raised against the company, Facebook was still up with more benefits, and new users increased, wherein 2017 they registered a whopping \$15.9 earnings with a 56 increase from the previous year (Boyd, 2019). However, in 2018 things hit rock bottom after Facebook faced the Cambridge analytical scandal, where the company was accused of influencing Donald Trump elections through reaping of people's data which was used in the campaigns. Due to the Cambridge scandal, Facebook lost \$70 billion off their share price with the advertisers getting cautious and nervous. Already on the ropes to data and privacy scandals, in 2018 the company saw the most significant loss in terms of its value by losing \$119 billion in value while Zuckerberg lost \$1.5bn (Boyd, 2019). However, Zuckerberg apologized for the saga and immediately suspended Cambridge Analytica. The scandal continued as Zuckerberg was called to testify in front of congress, and later a fine of \$663,000 was imposed by the information commissioner's office in the United Kingdom (Boyd, 2019). In an attempt to reassure its users on their data privacy concerns, the social networking program announced that it had disabled all fake accounts that stood at 1.3 billion for the six months after the scandal. Facebook also created a lot of awareness on topics such as the data Facebook collected and also the data advertisers held on users through its blogposts and newsroom. The company continued to face data privacy concerns, especially after it made 14 million people's private posts public and that it was sharing people's data with a Chinese company to

inform application designs. Amid all this, Facebook announced that the company would be funding shows from networks, such as CNN and ABC news, which would be published by the Facebook watch. The company also joined the game streaming arena after the company launched Facebook gaming which is a similar service to Twitch. In the same year, 2018, the company developed Facebook portal with video communication devices that allowed people to perform video calls. The video communication device was designed in a way that Amazon's Alexa voice assistant was incorporated, allowing hands-free video calls. The company admitted that the user data collected through the portal would be used to target adverts ad, of course, people were skeptical about it due to the previous sagas on user's data privacy. During the F8 2019 conference, Facebook announced about the company's social network plans to push out a redesign called 'The new Facebook' which would place a big emphasis on groups and events (Tillman, 2020). The same year 2019, the company came up with dark mode redesign for desktop users.

Economic Income and Income Sources of Facebook Advertising

The social networking platform business model is majorly based on advertisement which has made it to unlock so much business value from its operations (Gunnars,2020). For an organization like Facebook, 98% of its income generates from advertising and therefore the time people spend on the news feed is vital to help in increasing the profitability metrics of Facebook (Gunnars, 2020). The company primarily makes money by selling advertising space from its various social platforms such as Instagram, WhatsApp, Facebook messenger, and Oculus Virtual reality products, and Instagram. The company competes with other giants that sell advertising space to marketers

and also companies that provide platforms for communicating and content sharing among users' social network. These competitors include Google and YouTube, Apple Inc, Amazon and Tencent Music entertainment group. Facebook has 2.89 billion monthly users across its products, and of these, at least 2.26 billion people use one of the company's products every day (Gunnars, 2020). It means Facebook reaches around three-quarters of the world's internet population hence making it the best site for running adverts.

Revenue

In Millions

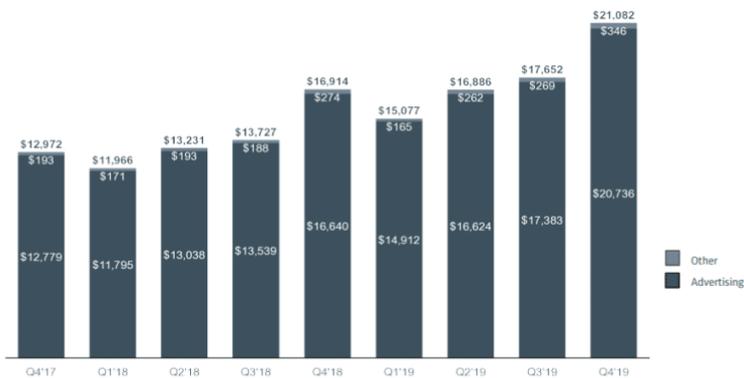


Figure 1

Facebook Quarterly Revenue from 2017 to 2019 Reprinted from How does Facebook make money, by K, Gunnars, 2020. Stock Analysis. Copyright 2020.

The graph describes Facebook earnings from the last nine quarters from the year 2017 to 2019. Currently, Facebook makes 98.5% of its revenues from digital advertising, which mostly consists of Facebook and Instagram adverts (Gunnars, 2020). Most of the Facebook adverts are “pay per click” such that the adver-

tisers are required to pay the company each time the user clicks on them. Facebook offers advertising tools to the marketers to help them decide the kind of clients they want to reach either in terms of age group, gender, location, and also interests. Use of these tools makes the advertisers earn a higher return by targeting their advertisements to interested people. Many users appreciate coming across relevant adverts rather than irrelevant ads since it provides a clear and better user experience than the ads on TV. Such a powerful advertising tool provided by Facebook is essential, especially to the medium-sized business who can now compete with giant companies without possessing large advertising departments and workforce. It is worth realizing that there are now at least 8 million businesses globally, which use Facebook as an advertising platform. Apart from the Facebook platform, the social networking giant also uses Instagram to run ads and earn income. Instagram and the old news feed on Facebook gain the company most of the money, while their acquired ads in the disappearing stories are making more money every year due to their growing popularity. In the past, Facebook derived most of its income entirely from the website, but currently, these have changed, and most of its revenue is from the ads on mobile apps. Facebook is aiming at rolling out privacy tools to prevent a user's data from being used for the targeted advertisement. This idea will not only protect the users' data but also ought to be one of the significant sources of income of Facebook shortly.

Oculus Virtual Reality Headsets and Apps

Since it assimilated Oculus for \$2.3 billion in the year 2014, the company has also been making income through Oculus (Gunnars, 2020). Oculus is globally the known giant in creating virtual reality headsets for consumers with its top products being the Oculus Go, Oculus Rift, and also Oculus Quest. Face-

book makes income from Oculus for each unit sold of Oculus headset, which costs several hundred dollars (Gunnars, 2020). On the latest earnings call by Facebook, the social networking giant stated that Oculus app store had \$5 million sales on Christmas day alone and this shows that the Oculus app market place might become the most significant source of income eventually (Gunnars, 2020). However, profit by the Oculus is smaller compared to that Facebook derives from advertising. With the Oculus current spending on research and development, that has resulted in augmented reality, headsets might obtain a lot of income for Facebook shortly.

Workplace by Facebook

The social networking giant also offers a service called workplace, which helps businesses and companies to manage their internal communications. It has made Facebook a competitor to other tech giants. Facebook has designed the service in a way that the users can either have a free subscription option or opt for the advanced service, which costs \$4 per month for every user (Gunnars, 2020). It is worth noting that at least 30,000 global companies and businesses, such as Walmart and Starbucks have an active subscription (Gunnars, 2020). By the year 2019, its users paid around 2 million, making this addition to Facebook's sources of income (Gunnars, 2020).

Commerce on Instagram and Facebook Marketplace

Facebook has seen a big opportunity in the growth of e-commerce online since most buyers identify the products through their services and shop. Approximately hundreds of millions of users are on Facebook marketplace, while many influencers and brands are highly dependent on Instagram to market their products and services (Gunnars, 2020). Due to this opportunity, Face-

book has already launched Instagram checkout in the US, where businesses can sell products directly through the platform. Instagram checkout works in a way that when a user taps to view a product from any brand's shopping post, they can see a checkout on the Instagram button on the product page. One is required to tap and select various options, such as color size and then make the payment without leaving Instagram. After this, the buyer received notification of payment, shipment, and delivery to help the client in keeping track of the item. It is an opportunity that is very promising in terms of income generation for Facebook.

Payments and Digital Currency

Facebook is currently earning income from its new service called Facebook Pay after noticing a significant market opportunity in digital payments (Gunnars, 2020). Facebook Pay provides people with a very convenient, consistent, and secure payment experiences across all Facebook apps, such as Messenger, WhatsApp, and Instagram (Liu, 2019). Users are making use of Facebook Pay to donate, shop, and transfer money. Facebook Pay users have options of adding their preferred method of payment to be used in the future transactions, set up Facebook Pay app-by-app such that it will be used across all apps, view payment history, and get customer support through live chats. Facebook pay supports primary credit and debit cards and also PayPal such that payments are processed in partnership with companies, such as Stripe and PayPal around the world. Facebook pay up is one of the company's ongoing big projects that will not only see growth e-commerce and promote secure and convenient payment but also will be one of the significant sources of income for Facebook. It is because it has many unique features that will encourage secure trading across all its applications such as Instagram and WhatsApp. The social networking giant is also rolling

out a cryptocurrency referred to as Libra, which is going to disrupt the global payment space in the future. Libra is set to provide cheap and affordable financial services to everyone across the world. Use of Libra will sooner or later turn to become a very significant source of income.

Business Messaging on Facebook and WhatsApp

Since the social networking platform launched business Facebook and WhatsApp messaging apps, its charging nothing although it seems like one of its future monetization opportunity. Many companies and brands are using Facebook's messaging on WhatsApp and Facebook to communicate with their customers. As a result, many websites currently have Facebook messenger chat widgets which customers use to send messages directly to the support. Since business Facebook and WhatsApp Messaging apps are now not making any income towards Facebook, the company is possibly going to come up with ways to monetize the features of these apps in the future such that they can charge businesses for premium and advanced features that help them to improve their customer service and hence make income out of this opportunity.

Facebook Portal Smart Video Communication Devices

Facebook also uses Facebook portal as a source of income, although the company is not yet clear on how much it makes from the Facebook portal. The device has a video camera that covers the callers as they walk around the house while video chatting with a friend. The portal can also function as a smart-home device, such as controlling home lighting since it contains the Amazon Alexa smart home assistant built-in. Many people across the world use the Facebook Portal, and it gets a very positive review with 4.5 or higher star rating, which shows how effective the en-

trance is. It is likely to give Facebook more income soon due to the technological advancements happening across the world.

Facebook Revenue

In the first quarter of 2020, Facebook reported having experienced a significant reduction in the demand for advertising and a decline in the pricing of the ads which profoundly affected the revenue of Facebook in the first quarter (Rodriguez, 2020). This steep decline in revenue, which was 17.74 billion, was due to the coronavirus pandemic, which has hit the global community. The company's average revenue per user was at \$6.95 while its total revenue came in at \$17.74 billion compared to the 15.08 billion the social networking platform reported on its first quarter of 2019 (Rodriguez, 2020). The good news is that after the company announced its first-quarter results of 2020, the company shares rose with 10% (Rodriguez, 2020).” Other” Facebook’s revenue registered at \$297 million for the first quarter of 2020, up to 80% compared to the last year 2019.

Facebook, since its inception to date, derives its revenue from its income sources. The sources of revenue for Facebook include advertising, Oculus apps, digital currency and payments, Facebook workplace and also Facebook Pay. Facebook revenue for the first quarter in the year 2019 was at \$17.65 billion compared to \$16.89 billion in the second quarter in 2019 and also in the third quarter of 2018 with \$ 13.727 (Iqbal, 2020). In the year 2019, adverts generated at least 98.5% of Facebook’s global revenue, which translated to ad revenue of 69.7 billion US dollars in a while around 2 % of the revenue came from payment fees revenue (Iqbal, 2020).

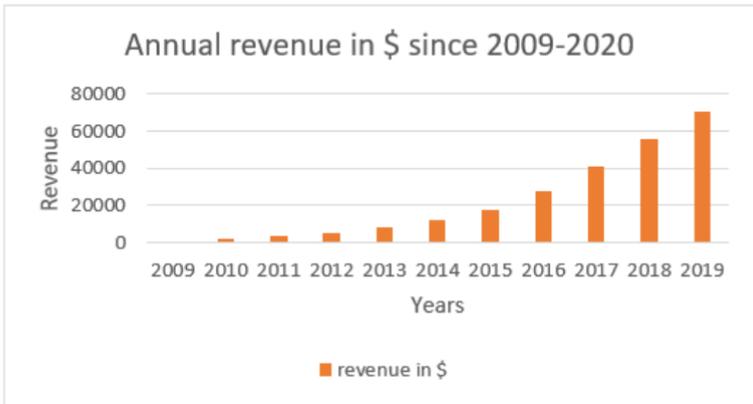


Figure 2

Facebook Annual Revenue from 2009-2020 The figure shows Facebook revenue from 2009 to 2020 with the year 2019, registering the highest revenue since the inception of Facebook.

Facebook Average Revenue Per User

Despite the controversies surrounding Facebook, from mishandling of user data to its unwillingness to fact check political adverts, advertisers and more users are still flocking to its services and products, which has seen its growth in revenue per user since its inception. Facebook's average revenue per user (ARPU), which is calculated by dividing quarterly revenue by the number of users within that period, indicates that consumers are enthusiastic in accepting more ads on Facebook without deserting it. It also demonstrates that the company can continue charging premium prices to advertisers across its platforms. By carefully looking at average revenue per user, one can get insight into the company's ability to monetize its users. The company reported ARPU of \$7.26 US dollars, which indicates a 19% increase from 2018, and also the second-highest ARPU in its histo-

ry (Rodriguez, 2019). The ARPU as of 4th quarter by region from 2011 to 2019.

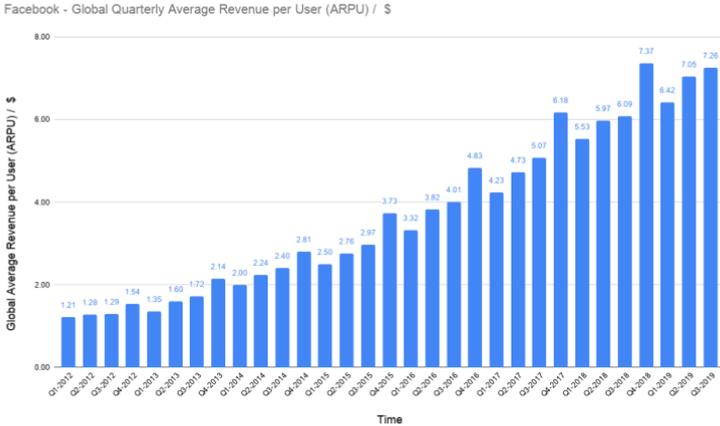


Figure 3: Global Average Revenue per User since 2012

Reprinted from Facebook Incredible Growth Story, by S. Heller, 2013, Motley Fool. Copyright 2013

The graph four shows the average revenue per user of Facebook globally every quarter. According to the trend in the chart, it is evidenced that Facebook’s average revenue per user has been rising every year since 2012. It has registered an increase of 6.05 US dollars in 2012-2019 (Dielert, 2019). It shows the user base of Facebook has increased over time, and thus advertisers have also increased at the same pace hence increasing the revenue per user of Facebook.

Facebook Revenue by Business Segment

Facebook revenue is either characterized as advertising revenue or payment and other fees revenue. The figure below shows the revenue of Facebook by business segment from 2009 to 2020.

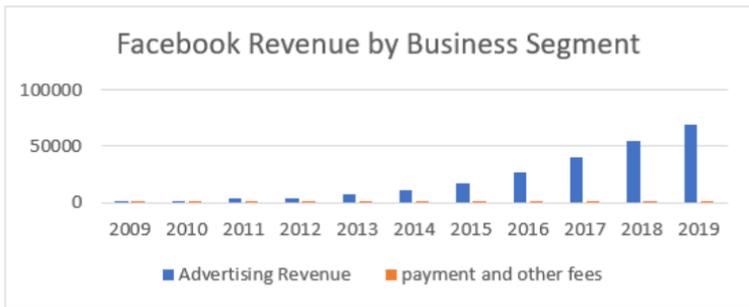


Figure 4: Facebook Annual Revenue by segment from 2009-2019

The figure illustrates Facebook's annual revenue made through advertisement, payment and other fees since 2009 to 2019 by comparing

Economic Growth of Facebook

Since its inception in the year 2004, Facebook economic growth in terms of total income and net profit has been tremendous. The growth curve of Facebook was flat until the year 2007 when it started booming in terms of the company's economic value (Boyd, 2019).

In its first year of existence, Facebook earned a revenue of \$382,000, which translated to around \$0.38 revenue per user (Heller, 2013). According to the graph below, it is evident that Facebook had a bit of economic growth when between the year 2006 to 2007 when the monthly active users tremendously rose from 12 million to 145 million. With the increase in the monthly active, Facebook had a great opportunity of monetizing the users and making more and more revenue from its sources of incomes. Since this moment, Facebook has managed to work through the kinks and scaled up its marketing aptitude to tap and accommodate more users. By the first half of the year 2013, Facebook average revenue per user went up by more than 17% over the same period in the year 2012

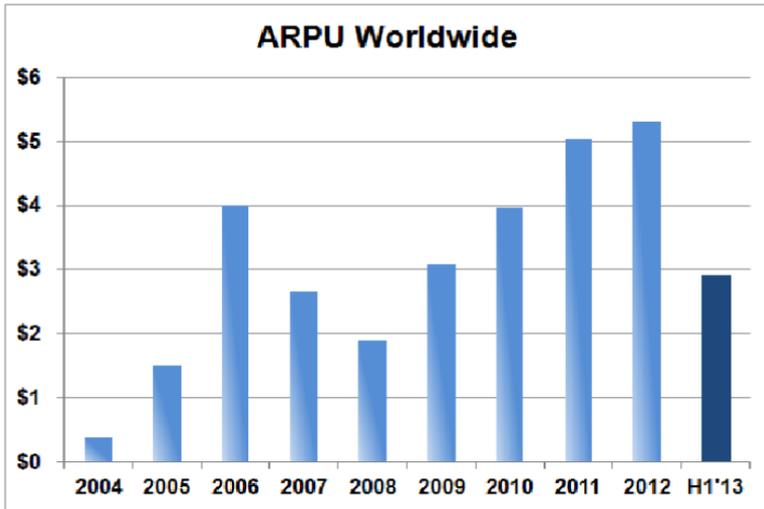


Figure 5: Facebook Global Average Revenue per user from 2004 to 2013

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By comparing the daily active users and monthly active users of Facebook, one can easily understand Facebook’s economic growth. It is done by dividing the number of daily active users by the number of monthly active users within a specified period. It helps to get a good sense if Facebook is developing more engaged audience overtime which translates to an opportunity of running more compelling ads. For the period between the year, 2009 to 2013 shows the steady growth of Facebook audience from roughly 45% to 60% (Heller, 2013). In addition to this, Facebook total share of time spent on the internet rose from 2009 to 2013. Time spent on the social networking platform in the United States of America went up by 500-basis points to 15.8&

since December 2012. The more time spent on Facebook by users translates to more revenue and economic growth since the company gets the opportunity to monetize them majorly through the ads.

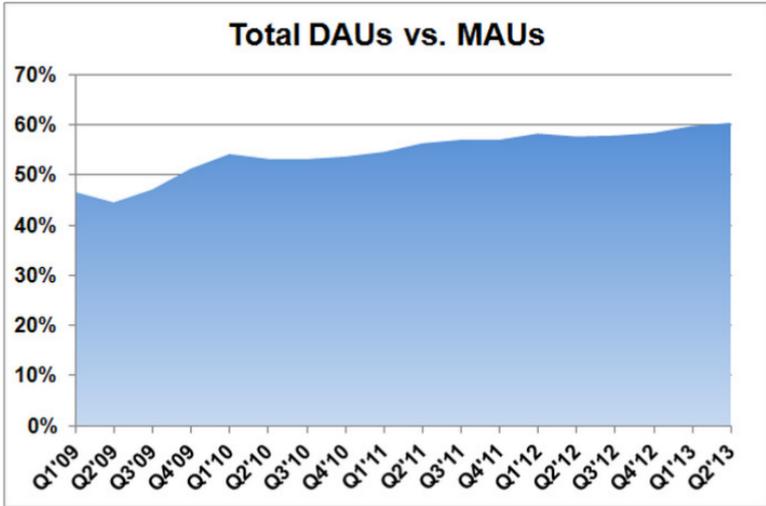


Figure 6 :Facebook Total DAUs and MAUs from 2009 to 2013

Reprinted from Facebook Incredible Growth Story, by S. Heller, 2013, Motley Fool. Copyright 2013

The idea of turning threats into opportunities saw Facebook's grow economically. Facebook converted the risk of mobile devices cannibalizing its desktop business into a great chance in only five quarters of 2012 and 2013 (Heller, 2013). Due to this opportunity that the social networking giant fully embraced, its revenues from mobile advertising rose from 3% of total advertising revenue to 41% (Heller, 2013). In a glimpse, the 38% mobile advertising revenue increase illustrates the management's capability to react promptly to changes in user behaviour. The 38% increase in mobile advertising revenue was not just a number,

but rather an illustration of the economic growth of Facebook in terms of income from mobile advertising.

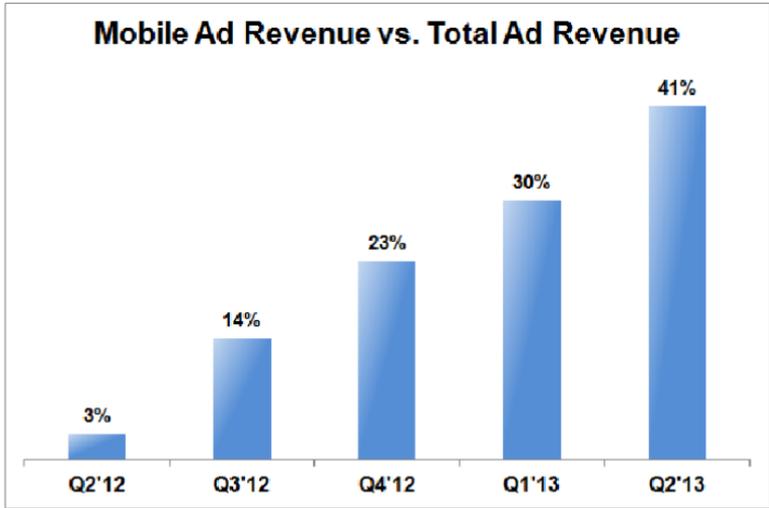


Figure 7: Quarterly Mobile Ad Revenue and Total Ad Revenue

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After five years since its inception, Facebook managed to turn its annual profit in the year 2009. Since 2009 to 2013, the company's net income kept rising from \$35, \$641, \$1642, \$1694, and \$2246 for the five years (Heller, 2013).

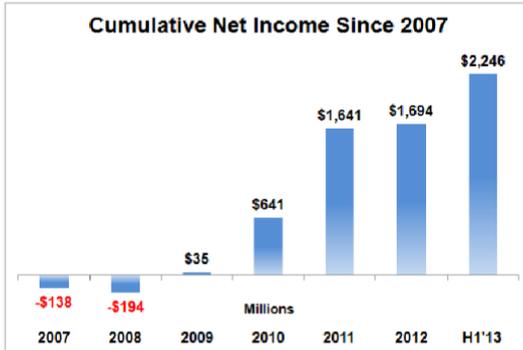


Figure 8 : Facebook Cumulative Net Income since 2007
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The growth in the net income from the year 2009 to 2013 gives a glimpse of Facebook’s economic growth in terms of its revenue from Facebook’s sources of income. Growth of the company’s net income represented its growth in terms of its daily active users and monthly active users, increase in the number of marketers and businesses willing to run adverts through Facebook and also growth in its other revenue sources, such as Oculus apps, payments and digital currency, Facebook Pay, Facebook workplace, and even its ploughed interests.

In the year 2014, revenue for the full year was at 12.47 billion, which saw an increase of 585 from 2013, while income from the full year was \$4.99 billion (Iqbal, 2020). Revenue for the fourth quarter was \$3.85 billion, which saw a rise of 49% compared to the fourth quarter of 2013, which registered 2.59 billion. Out of the total revenue of Facebook in 2014, \$3.59 billion generated from advertising translating to a 53% increase compared to 2013, while mobile advertising revenue was at 69% of advertising revenue for the fourth quarter of 2014 (Iqbal, 2020). Revenue from payments and other fees was \$257 million leading

to a 7% increase from the same quarter in 2013. These results generally show that Facebook grew economically from the year 2013 to 2014 due to its growth in income, net income, daily active users, monthly active users, and also its revenue globally. It has helped Facebook to contribute to the GDP just like any other business. In the year 2015, the company earned \$17.93 billion revenue which was an increase of 44% compared to the year 2014, while its income was \$6.23 billion and net income of \$3.69 billion (Iqbal, 2020).

In the year 2016, Facebook maintained the same trade of economic growth evidenced by its rise in revenue, profit margins, net income, monthly active users, daily active users, and also average revenue per user. Revenue was at \$8809 with an increase of 5%, and net income was \$3568 (Iqbal 2020). The daily active users of Facebook were at 1.23 billion registering a rise of 18% while monthly active users were 1.86 billion translating to a 17% increase compared to the previous year. Further, mobile daily active users hit 1.15 mark with a 23% increase, and mobile monthly active users were 1.74 billion as of December 2016, registering a rise of 21% compared to 2015 (Iqbal 2020).

In the year 2017, the company continued to soar in terms of its growth by registering a \$12972 with an increase of 47% from 2016 while its net income was \$4268 with a 20% rise from the previous year. Facebook's user base continued to go up with daily active users at 1.40 billion, leading to a 14% increase while monthly active users were 2.13 billion, with a 14% compared to the previous year (Iqbal 2020). It was commendable for the social networking giant with no sign of significant losses. Through its rise in revenue, income, and user base, it meant that the company would grow in terms of developing more employment capacity, more product developments and acquisitions not forgetting its contribution to the global economy.

The year 2018 was no different from the previous years as revenue continued to rise with \$16914, showing a 30% increase while the net income was \$6882 representing a 61% increase (Iqbal 2020). It meant that the company's sources of income were fetching good, especially the advertising, which is the primary source of income of Facebook since its inception. In contrast, other minor sources of income, such as Oculus, payment fees and digital currency still contributes to the company's profit. The increase in Facebook's revenue and income was because of its rise in the user base where the daily active users were at 1.52 billion with a 9% increase, and monthly active users were 2.32 with a 9% rise compared to the previous year (Iqbal 2020). It meant that the rise in the number of active users and subscribers allowed Facebook to monetize time used by the users online through ads and payments.

In 2019 total revenue spiked to \$ 21,082 with a 25% increase compared with that of 2018 while net income was \$7349 registering an increase of 7% (Iqbal, 2020). Facebook's daily active users were 1.66, with a rise of 9% while the monthly active users were 2.50 billion, with an increase of 8%. The first quarter of 2020 presented somewhat unpredictable results in terms of income, revenue, its users and developments such as investor relations due to the coronavirus pandemic, which has grossly hit the global economy. Facebook beat wall street expectations in terms of revenues and sharing that they had made \$17.74 billion while falling short of the earnings per share at 1.71 dollars. Facebook's monthly active users were at 2.6 billion marks which beat the company's expectations of 2.55 billion. The company shares rising with 10% after Facebook announced its 2020 quarterly report illustrates how Facebook is likely to grow amid the coronavirus pandemic. However, the company reported a slight decrease in the advertising demand, which is its primary source of income,

and this might eventually affect their financials due to the coronavirus pandemic according to their prediction.

Facebook's economic growth is not only evidenced by its increase in user base, revenue, and net income, but also from its developments that have happened over time since its inception. One of the significant growth of Facebook is substantial acquisitions of companies that it had to do over the years of its operations. The company has expanded far beyond its original social networking platform since its launching. It has been possible through the incorporation of augmented reality, messenger services, photo and video sharing, and many other apps in its acquisitions. Acquisitions by Facebook has been vital to have, in return, stimulated Facebook and business revenue growth. In the process of acquiring its potential rivals, Facebook have had to pay extremely high prices for some of the deals. In 2011, Facebook acquired Beluga- a group messaging service, which saw the birth of Facebook Messenger as a standalone application. In the year 2012, Facebook acquired Instagram at \$1 billion, and in the same year, its main event-IPO happened, which increased Facebook value with \$104 billion. In the year 2013, Facebook also acquired Atlas solution from Microsoft (Boyd, 2019). The acquisition of Atlas Solutions meant that the advertisers on Facebook were to monitor their social media outreach programs effectually. During the same year, the company acquired Jibbigo, which is a translation app. The company allows Facebook posts and chats to be explained into multiple languages. It helped the company to keep running its adverts in different styles which have been a massive attraction in both digital and the global economy. In the year 2014, the company bought WhatsApp, which is the text messaging app at \$19 billion while in the same year it acquired Oculus virtual reality company with \$ 2 billion (Boyd, 2019). In the same year 2014, Facebook received Live rail at 500 mil-

lion. Live rail was useful in connecting marketers to publish on the web and also by mobile. The company acquired Live rail to use its data in benefiting both ends and could also help the social networking company to gain a more significant piece of video advertising. Later in the year 2019, Facebook amplified reality company CTRL-Labs for a projected \$500 million to \$1 billion (Boyd, 2019). These significant acquisitions are just a few examples out of the 82 purchases the social networking has made since its launch. Facebook grew economically by using its earnings to develop the company through acquisitions. It has helped the company to tap more clients and reach the global economy despite the age group or language indifferences. Acquisitions of Facebook has led to the birth of more Facebook products and features that has helped users to keep glued on Facebook and the company to stay afloat in an industry which is very competitive and fast-paced in terms of technological advancements. By preserving and focusing on customer retention, the company has over time monetized their time spent on Facebook to make more money primarily through advertisements.

The growth of the social networking giant is also evidenced by the way it has impacted the economic growth businesses. Some of its significant clients that are doing well in the market are Walmart and Starbucks. There are many ways in which Facebook has impacted the growth of businesses. For example, the success of Forex trading is highly dependent on the social networking platform while connections among other social sites and Facebook are made. In its formative years, the social networking platform majorly aimed at having third party developers who would build social apps inside Facebook's domain and also the social graph which represents the network connection and relationships among people in the Facebook API. Since 2010, the platform has applied API versioning to host regular updates (Hel-

mond et al., 2019). The introduction of Facebook Ads API implied that the developers were to build their advertising technologies on top of Facebook's programmable platform. The development offered deeper levels of technology integration through assisting them to connect their tools with Facebook advertising products and permitting partners to automate and manage ads on the company's platform conveniently (Helmond et al., 2019). Therefore, the roll-out of the Ads API shows a significant development, transition, and growth of Facebook's platform through accommodation of advertisers, not just as customers but also as a new group of growth partners.

Facebook also contributes to the national GDP every financial year, thus, impacting the US economy and even the global economy as well. Since its inception, the social networking company has enabled the global economic activity through unlocking of new opportunities a, lowering barriers to marketing, connecting businesses and people while stimulating innovation. The Facebook-commissioned report from Delloite in 2014 indicated that the social networking company stimulated around \$227 billion in its economic impact and also created 4.5 million employment opportunities across the world (Kapko, 2015). Starting from Harvard and then later relocating to a new and bigger office shows how fast the company started growing. As of September 2019, Facebook reported having the employee capacity of 43,030. Due to its growth in its earnings over time, the company has been creating more and more employment opportunities to many people across the world. Many web and application developers are now provided with opportunities to develop apps and develop websites through Facebook. In short, to measure the economic growth of any company, one of the critical factors one ought to look at its contribution towards flattening the curve of unemployment either at the national, continental or global level. The com-

pany has also for the years participated in charity work which has been a significant contributor to community development. Its unwavering willingness indicates the Facebook sign of economic growth and development to help the societies growth through partnerships with various governments, NGO's and educational organizations to drive economic growth. Just like its power of social networks has impacted personal lives, the social networking company capability to impact economies will keep changing lives today and in the future.

Conclusion

Over 98% of the revenue of Facebook comes from advertising. Thus, unless things change, the news feed is still the core driver for monetizing Facebook's content. However, with the other sources of income that Facebook is using, it is prone to derive more of its revenue, not from advertising but different sources. These sources include digital payment and currency, Facebook Portal, among others.

Over the next years, it is easy to be convinced more than ever that Facebook will continue growing. It is because the social networking giant is a purpose-driven company aiming to fulfil its mission of giving its users the power to share and connect the world to a global village. With the company innovation strategies to make more and more money from its user's time spent on the internet, the company is bound to increase its revenue and also economic growth.

Economic profit of Facebook for the last four years from 2016 to the year 2019 shows an increase in financial benefit up to 2019, where the economic profit goes down compared to the previous year 2018.

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