



Strategy Analysis of Facebook Under the Current Situation

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Abstract. With the rapid development of the times, the world has seamlessly stepped into the Internet era. Once a trailblazer in this domain, Facebook has witnessed a remarkable transformation from a simple social network to a multi-faceted business empire. Initially, it connected people across the globe, revolutionising the way we communicate and share. However, technological innovation has brought about a wave of new software as time passes. Twitter, with its real-time short-form content; YouTube, famous for its video-sharing capabilities; and TikTok, popular among the youth for its short-video entertainment, have all emerged as fierce competitors. These new platforms have lured away a significant portion of Facebook's user base, ultimately resulting in declining revenue. Moreover, geopolitical factors have played a role as well. Facebook has been unable to penetrate key national markets quickly, missing out on vast user segments and potential revenue streams. To address these pressing issues, Facebook needs to take decisive action. It should revamp its operation model, actively embracing technological trends such as AI for better user experience personalisation and AR and VR for immersive interactions. Collaboration with other emerging industries like e-commerce or fintech can open up new business paths. Additionally, Facebook must adapt its review rules and standards according to different regions' cultural and regulatory norms. This way, it can expand its business areas and regain its competitive edge in the ever-changing digital landscape.

Keywords: Business Expansion, Geopolitics, Future Development of Facebook

1 Introduction

In the global digital landscape, Facebook (now Meta) was once a brilliant star that illuminated the sky of social media. It broke through geographical and temporal limitations, closely connecting the world and becoming indispensable to billions of people's lives. From its innovative social model at the beginning of its establishment to the continuously expanding diversified business ecosystem, Facebook advanced triumphantly all the way, shaping a new paradigm of social interaction in the digital age and leading the industry's development trend [1].

However, the ever-changing business world is never short of challenges. In recent years, the once glorious Facebook has been mired in numerous difficulties. Looking

back from the current point in time, many problems, like dark clouds, are hanging over this technology giant.

The financial situation is the most immediate concern. Facebook's liabilities have slightly exceeded its assets. This change in data is like an alarm bell, sounding a warning about the company's financial health. Although the advertising business remains the main source of revenue, accounting for approximately 96.7% of the total revenue in the fourth quarter of 2024, the continuous losses of the Reality Labs business are like a heavy burden, constantly eroding the company's profits. The \$3.8 billion loss in the first quarter of 2024 has significantly increased the company's overall revenue cost pressure, and the financial risks are gradually rising [2].

At the same time, competitive pressure is overwhelming. In the social media realm, TikTok, with its innovative short-video model and precise algorithm-based recommendations, has rapidly gained popularity among the global young user group. Like a powerful whirlwind, it has swept away many users and advertising resources that originally belonged to Facebook. [3]. In South Korea, the total number of monthly active users of TikTok and its lite version exceeded that of Facebook for the first time in February 2025, and the user usage time was also much longer than that of Facebook. This phenomenon undoubtedly sounds alarming to Facebook. X (formerly Twitter), with its unique advantages in news information and opinion exchange, has also engaged in a fierce battle with Facebook for users and advertising shares. In the field of advertising business, Google, with its strong technology and market influence, occupies a large share of the global digital advertising revenue, putting Facebook under great pressure. Technology giants like Apple and Sony are also making aggressive moves in emerging fields such as the metaverse and augmented reality. With its profound accumulation in the hardware and software ecosystem, as well as a large user base and high brand loyalty, Apple has posed a potential threat to Facebook. However, it has not yet launched relevant products on a large scale. Based on its strong game content ecosystem and brand influence, Sony's PS VR series of products competes with Facebook's Quest series of products in the VR market [4].

Geopolitical factors have also become a huge obstacle on Facebook's development path. In Australia, Facebook had a fierce conflict with the local government over issues such as news content copyright and economic compensation and was forced to adjust its operating strategy. In the Chinese market, due to the complexity of Sino-US relations, the technological blockade by the United States and the West, as well as regulatory differences, although Facebook started making arrangements as early as the end of 2007, it has so far failed to enter the market fully and thus missed out on the Chinese market with a huge consumer group [5].

2 Facebook Data Analysis

According to the available information, in the fourth quarter of 2024, the advertising revenue was \$46.8 billion, and the total revenue was \$48.4 billion. The advertising business accounted for approximately 96.7% of the total turnover. The non-advertising business revenue in the Family of Apps was relatively small. In the fourth quarter of

2024, the total revenue of the Family of Apps was \$47.3 billion. After deducting the advertising revenue of \$46.8 billion, the other revenue was approximately \$0.5 billion, accounting for about 1% of the total turnover. For the Reality Labs business, the revenue in the fourth quarter of 2024 was \$1.08 billion, accounting for approximately 2.2% of the total turnover.

At the same time, from 2022 to 2023, Facebook's total assets (in millions, excluding the number of shares and par value) increased from 185,727 to 229,623, an increase of 43,896, representing a growth rate of 23.63%. Cash and cash equivalents surged from 14,681 to 41,862, a growth of 185.14%. Prepaid expenses and other current assets decreased by 29.04%, and total liabilities increased by 27.40%. Long-term debt increased by 85.28%, and current liabilities increased by 18.26%, mainly due to a 25.95% increase in accrued expenses and other current liabilities [2].

In terms of revenue, the advertising business remains the main source of income. In the fourth quarter of 2024, advertising revenue was \$46.8 billion, accounting for approximately 96.7% of the total revenue of \$48.4 billion. However, Meta also faces financial challenges. Reality Labs has been continuously incurring losses. In the first quarter of 2024, it suffered a loss of \$3.8 billion, impacting the overall revenue cost. Meta faces fierce competition in social media from platforms such as TikTok and X (formerly Twitter). Characterised by short videos, TikTok has attracted many young users and rapidly expanded in the global market, diverting some of Meta's users and advertising resources. On the other hand, X has an advantage in news information and opinion exchange, competing with Meta for users' attention and advertising share. In the metaverse and augmented reality fields, Meta also faces competition from tech giants such as Apple. Apple has a deep accumulation in the hardware and software ecosystem, and its product launches may pose challenges to Meta.

3 World Current Situation Analysis

Facebook users are distributed across all continents, from the Americas to Europe, Asia to Oceania, and even the relatively underdeveloped Africa. However, with the development of the times and the advent of the information age, Facebook has faced numerous competitors. In the social media arena, there are platforms such as TikTok, X (formerly Twitter), and YouTube. In the advertising business, Google is a strong competitor of Facebook. Meanwhile, in the metaverse and virtual reality businesses, Sony and Apple are in a competitive relationship with Facebook. In the United States in 2024, YouTube was the most popular social video platform, with an estimated audience of 211 million; Facebook ranked second. Instagram had approximately 143 million monthly users engaging with platform content; TikTok was estimated to have 112 million monthly users during this period [6]. Regarding the global social media user market share, data from November 2024 showed that Facebook accounted for 61.17% and Instagram (owned by Facebook) accounted for 11.63%. However, in some countries and regions, TikTok has significantly impacted Facebook. For example, in South Korea, in February 2025, the total monthly active users of TikTok and its version TikTok Lite reached 9.69 million, exceeding Facebook's 8.62 million for the first time. Regarding

user usage time, South Korean users spent an average of 98 minutes daily on TikTok, far exceeding the 52 minutes on Facebook. In 2023, Google accounted for 39% of the global digital advertising revenue share, while Facebook was expected to account for 18% [7].

This indicates that Google has seized much of Facebook's advertising share in the global digital advertising market. In the virtual reality (VR) hardware market, Sony's PS VR series of products competes with Facebook (Meta)'s Quest series of VR products. Although there is no direct comparison data on their market share, the PS VR series, relying on its strong game content ecosystem and brand influence, occupies a certain market share, posing a challenge to Facebook's development in the VR market. Although Apple has not yet launched products on a large scale in the VR/AR field, with its strong R&D strength, large user base, and high brand loyalty, once it launches relevant products in the future, it may seize Facebook's potential market share in the fields of virtual reality and augmented reality [8].

Against the current complex and changing international situation and geopolitics, the development of Facebook (now Meta) is deeply influenced by various factors. Globally, geopolitical factors have led to regulatory challenges for Facebook in some countries and regions. Take Australia as an example. Its government and Facebook are fiercely conflicted over copyright and economic compensation issues for news content. Australia believed that when Facebook shared news content produced by traditional media, it did not provide reasonable economic compensation, and the platform's algorithm controlled the communication sovereignty and gate-keeping power, posing a potential threat to national sovereignty. To this end, Australia introduced the News Media and Digital Platforms Mandatory Bargaining Code, aiming to safeguard the interests of the domestic media industry and information dissemination sovereignty. This incident highlights the contradiction between transnational social media platforms and national sovereignty and also forces Facebook to adjust its operating strategy in Australia to meet local regulatory requirements [9].

For example, the relationship has been erratic since the honeymoon period between China and the United States in the 1970s. Coupled with the technological blockade of China by the United States and Western countries, Facebook has missed out on the Chinese market with a population of 1.4 billion. With China's current development, it has become extremely difficult for Facebook to enter the Chinese market. At the same time, changes in the international situation have intensified competition in the social media industry. The acceleration of the global digitalisation process has led countries to support their local social media platforms to reduce dependence on foreign platforms. Local social media platforms in some Asian countries, leveraging their in-depth understanding of local culture, user needs, and policy support, have rapidly emerged and started competing with Facebook. In addition, emerging social media platforms like TikTok have suddenly risen. With its unique short-video model and powerful algorithm-based recommendation mechanism, it has quickly gained popularity among the global young user group, significantly diverting Facebook's users and advertising resources and posing a severe challenge to Facebook-owned products such as Facebook and Instagram. Regarding the financial situation, although Facebook still holds an important position in the advertising business, with advertising revenue reaching

\$160.633 billion in 2024, accounting for the vast majority of its total revenue, the uncertainties of geopolitics and the international situation have had an impact on its advertising business. In some regions, due to political instability or poor economic conditions, advertisers' willingness and budgets to place ads have decreased, putting pressure on Facebook's advertising revenue growth. Moreover, to meet regulatory requirements and competitive pressures, Facebook needs to invest a large amount of capital in technological research and development, the construction of content review teams, etc., which also increases operating costs and poses a certain challenge to its profitability [10]. In conclusion, although Facebook still influences the social media field, it faces many severe challenges in the current international situation and geopolitical environment. Its future development is uncertain, and it needs to adjust its strategies to continuously adapt to the new situation.

4 The Strategy of Facebook to deal with the Changing World

Artificial intelligence will be the future development trend and direction based on the current development trends. Given this, Facebook should continue to focus on developing AI and AI-related aspects. Insights into productivity derived from artificial intelligence-based data analysis have made AI an important part of strategies [11]. By better understanding user behaviour through artificial intelligence, Facebook can provide a personalised experience, which is crucial in the era of the information explosion [12]. Moreover, the metaverse is the related derivative industry that needs to be developed. By integrating virtual reality (VR) and augmented reality (AR) technologies, Facebook is committed to creating a virtual digital universe where users can socialise, work, and entertain [13]. This initiative not only helps Facebook gain a head start in the competition for the next-generation Internet but also opens up new revenue channels, such as the sale of virtual goods and virtual services. This strategy aims to adapt to global users' ever-changing digital consumption patterns.

At the same time, Facebook must balance business expansion and local sensitivities in some regions with geopolitical tensions. In countries concerned about data security and ideology's influence, Facebook must demonstrate respect for local laws and values. Taking China as an example again, although Facebook has always shown a strong interest in the Chinese market, it began to make arrangements to enter the Chinese market as early as the end of 2007, registering more than 60 different trademarks, including names such as "FACEBOOK" and "Lianpu". The scope of trademark use covers multiple fields such as data conversion, Internet search, virtual communities, and photo sharing. In 2011, there were reports that an agreement for its entry into China had been signed, and in 2014, it rented part of the Fortune Financial Center in the centre of Beijing, planning to open an office. However, due to geopolitical issues and regulatory differences, Facebook has not been able to enter the Chinese market today fully [14].

In summary, with the development of cross-border social networking, the diversity and scope of information dissemination have increased significantly. Still, the authenticity and quality of information have become prominent issues. Facebook needs to

strengthen the monitoring of false information and harmful content to maintain social media credibility. It should introduce advanced content-recognition technologies, such as using artificial intelligence algorithms to screen content and quickly identify false information and harmful content [15]. At the same time, develop user-reporting-assisting technologies to make it convenient for users to promptly report problematic content, thus improving the platform's efficiency in handling harmful information. Carry out user-education activities. Through in-platform notifications, special pages, etc., popularise methods and techniques for users to distinguish false information, enhancing their information-screening capabilities. Encourage users to participate in content supervision to foster a favourable information ecosystem on the platform.

Establish partnerships with authoritative fact-checking agencies to verify important information disseminated on the platform. If information is confirmed to be false, promptly label and handle it and clarify the facts to users. Also, forge partnerships with local content creators and brand owners, introducing content and services that conform to local cultural characteristics.

5 Conclusion

In conclusion, Facebook's liabilities are currently slightly higher than its assets. Based on this situation, Facebook must respond promptly to avoid losses and turn losses into profits. The problems Facebook currently faces are fierce competition and geopolitics. In the market competition, Facebook faces challenges from multiple parties. In the social media field, TikTok attracts many young users with short videos, and its monthly active users and usage time in South Korea exceed those of Facebook; X has an advantage in news and opinion exchanges. In the advertising business, Google occupies a large market share. Apple poses a potential threat in the metaverse and augmented reality fields, and Sony's PS VR series also competes with Facebook's products.

Regarding geopolitics, Facebook faces regulations in Australia due to copyright and compensation issues, and it has adjusted its operation strategy. Affected by Sino-U.S. relations, a technology blockade, and regulatory differences, it cannot enter the Chinese market.

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