

TO: Proximity Social Networking Team
FROM:
DATE: Nov. 4, 2013
SUBJECT: LinkedIn strategy report

LinkedIn is the leading professional social network platform for employers and business professionals. It is currently enhancing its mobile platform to attract more premium members. Most Gen-Y users, however, do not subscribe to LinkedIn's paid services as a means of job hunting.

LinkedIn profile

LinkedIn provide an online platform where users are able to create and manage a professional profile, find career opportunities, network with other users, and manage their portfolio. The company was founded in March 2003 as LinkedIn, Ltd by Reid Hoffman, Allen Blue, Konstantin Guericke, Eric Ly, and Jean-Luc Vaillant. It changed its name to LinkedIn Corp. in January 2005 and made its IPO (initial public offering) in May 2011 (LinkedIn 2013). Now based in Mountain View, California, LinkedIn's CEO is Jeff Weiner (Reuters 2013).

LinkedIn's revenue comes from three sources:

- *consumers* who purchase premium accounts with a monthly subscription fee;
- *businesses and employers* who subscribe to LinkedIn's services for hiring solutions;
- *advertisers* who use LinkedIn's marketing solutions to place ads and measure their effectiveness.

LinkedIn currently has 238 million registered users and generated \$972 million in revenue for 2012, up from \$522 million in 2011 ((Standard & Poors, 2013).

Social networking landscape is driven by consumer bargaining power

Consumer bargaining power is very high across all social networks because substitutes are available and the cost of switching is very low. Although LinkedIn offers professional features that cannot be found on free platforms such as Google +, Facebook, or Twitter, career seekers still have other options when it comes to job searching. Rival sites such as Monster and CareerBuilder, provide extensive lists of job/career opportunities (Standard & Poors, 2013).

LinkedIn now focusing on mobile platform

LinkedIn dominated the old desktop computer landscape by creating a useful and attractive online platform. Now more than 30 percent of the network's 238 million users surf the site using their smart phones.(PCWorld, 2013).

LinkedIn is positioning itself to compete in the new mobile landscape by optimizing its products

for smartphones and tablets.

- In April 2013 LinkedIn overhauled its mobile apps in an effort to help make the job hunting experience easier on mobile devices.
- In October 2013 LinkedIn released “LinkedIn Recruiter,” a mobile app version of the recruiter’s dashboard that the company offers on its web-based platform (NASDAQ, 2013).

Analysts believe that LinkedIn's expansion into the mobile segment with the new apps is a positive. In addition, LinkedIn’s premium subscription services and recruiting services continue to grow rapidly, generating increased amounts of revenue. (NASDAQ, 2013). I agree with this position.

LinkedIn appeals to older Gen-Y professionals

LinkedIn’s free services makes the platform very attractive to all Gen-Y job seekers. LinkedIn’s biggest challenge, however, is attracting younger users to their paid services. Currently, LinkedIn’s premium services appeal primarily to older Gen-Y professionals who can afford the pricy \$25 per month subscription fee (Standard & Poors, 2013). Proximity clients who wish to recruit and engage that cohort should consider paying for premium LinkedIn pages and ads. Clients who target a younger, less affluent demographic should use other social networking platforms.

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