



How and why are brands using LinkedIn?

FreshNetworks report: The growth, current use and future direction of LinkedIn

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Contents

1. LinkedIn – charting the growth of the world’s biggest professional online network
 - » LinkedIn’s growth to date
 - » LinkedIn v Facebook: growth statistics and trends
 - » Predicted future growth of LinkedIn

2. How brands and businesses should use LinkedIn
 - » The top 10 companies on LinkedIn
 - » Four reasons why businesses should use LinkedIn
 - » LinkedIn’s tops tips for getting started with LinkedIn

3. The future of LinkedIn

4. Interview with Ngaire Moyes, Director of Communications EMEA, LinkedIn

5. Summary

1. LinkedIn – charting the growth of the world’s biggest professional online network

LinkedIn has changed the online landscape for employers and employees alike. The growth rate since the site launched eight years ago has been phenomenal and with a user base of over 100 million people, it’s now the world’s largest professional online network.

» LinkedIn’s growth to date

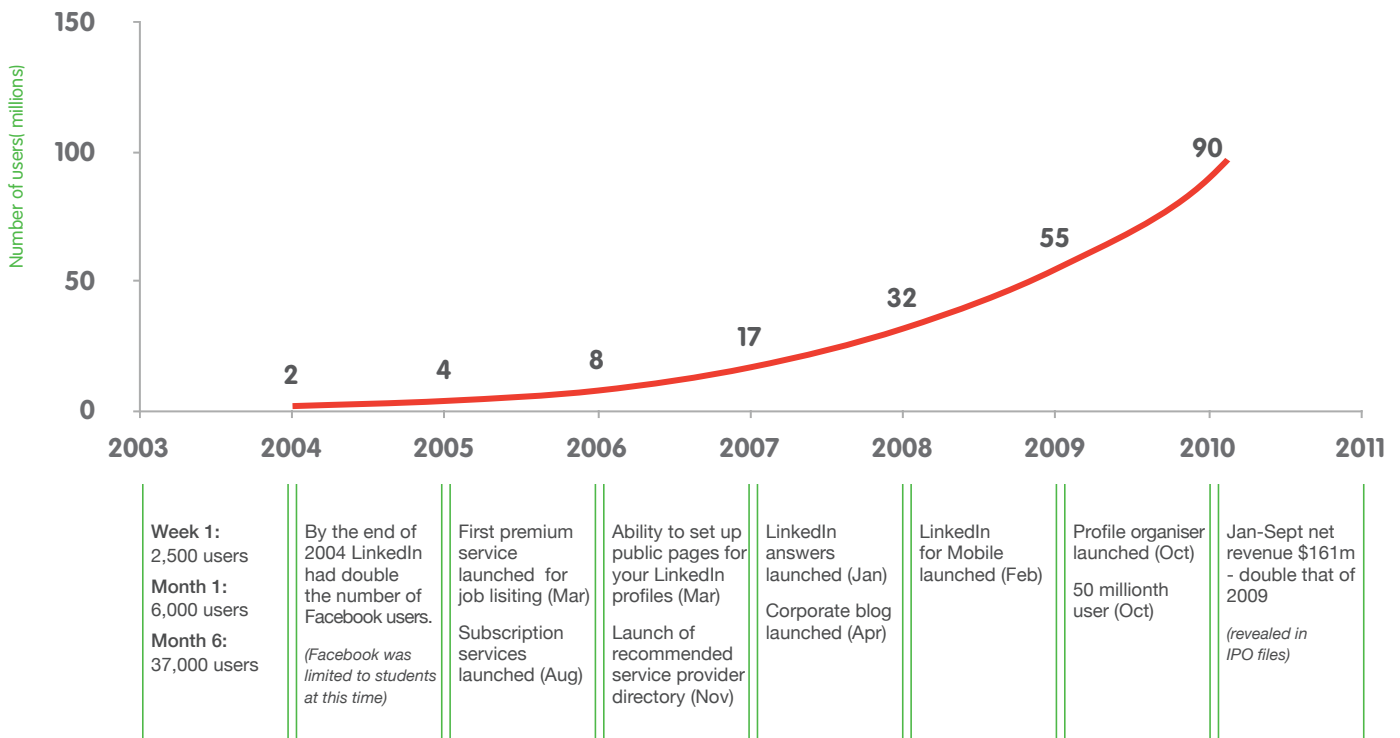
LinkedIn launched back in May 2003 and the exceptional increase in the number of users has been largely due to continuous platform development and the roll out of new features.

According to its ‘Growth Filing Report’, released in June 2011, LinkedIn hit the 90 million user mark at the end of 2010.

Already by the end of Q1 2011, user numbers had gone beyond the 100 million mark.

Aside from the growth in users, LinkedIn has also recently announced a revenue increase of 120% - up year on year to \$121m (£74m) in the three months to June. Profit was also up to \$4.5m (£2.8m), compared to \$4.3m (£2.6m) in the previous year.

Figure 1: Charting the rise of LinkedIn over the last eight years

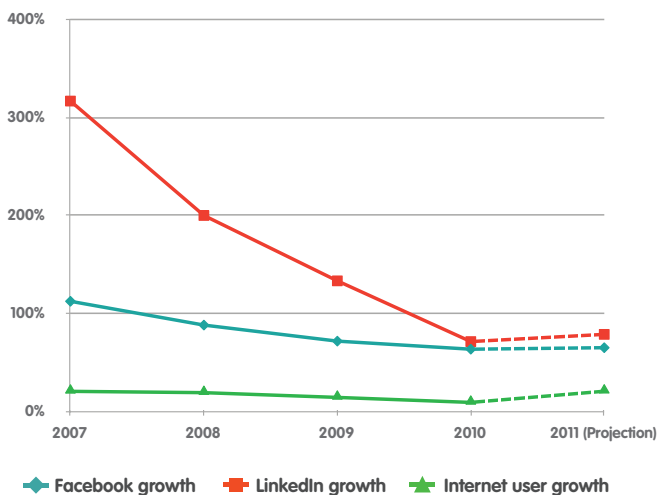


» LinkedIn v Facebook: growth statistics and trends

One of the most interesting ways to look at the growth of LinkedIn is to compare it with the growth of Facebook and the Internet.

Whilst LinkedIn's growth has been continuous, the rate at which this growth is occurring has been in decline since 2007. This trend is in fact similar to both that of Facebook and also the Internet (see figure 2).

Figure 2: LinkedIn, Facebook and the Internet user growth rate



LinkedIn's growth rate decline is not unexpected as saturation points are often seen within original/initial launch markets.

In fact, when comparing the decline in users across the three areas, LinkedIn's growth slow-down correlates to that of Internet adoption, whereas Facebook has seen a levelling off.

What is interesting to see is if you track growth for the first quarter of this year and compare it like-for-like to the previous two years growth, this indicates that the rate of growth will increase again, not only for LinkedIn but also for both Facebook and Internet use too.

This is a bold prediction, particularly when news reports in June this year reported that developed markets, like the US, UK, Canada and Russia have seen a loss in users, month-on-month, for Facebook.

So where will these new users come from? Eric Eldon, the Editor of Inside Network, which includes **Inside Facebook**, was quoted in **The Guardian** saying that:

“...by the time Facebook reaches around 50% of the total population in a given country (plus or minus, depending on internet access rates

in that country), growth generally slows to a halt... So far, Facebook has been able to make up stalls and losses with big gains in heavily populated developing countries like Mexico, Brazil, India and Indonesia.”

» Eric Eldon, Editor – Inside Facebook

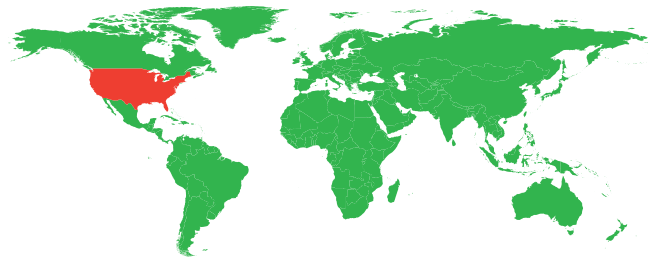
This also applies to LinkedIn, where recent figures on the LinkedIn's own blog highlighted Brazil, Mexico and India as the markets with the fastest growth rates.

Indeed, overall, global memberships (free and paid for) on LinkedIn grew to 115.8 million in the second quarter of this year - up 61% on 2010.

Figure 3: User numbers and fastest growing markets for LinkedIn

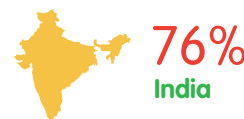
Worldwide professional network

44 million in the United States



56 million outside the United States

Fastest growing countries*



*2010 year-on-year growth

» Predicted future growth of LinkedIn

By looking at the growth figures for LinkedIn over the last three years and then considering the increase in users between 1st January and 31st March we predict that LinkedIn will have 165 million users by the end of 2011.

This would mean that it would be over half way to 200 million users by the end of the year.

This prediction also falls in line with what LinkedIn indicated on their **corporate blog** back in March, with almost 1m new users signing up each week.

2. How brands and businesses should use LinkedIn

LinkedIn has an ever expanding user base and there are now over 2 million company pages on the site. Even more impressively, there are over 1.3 billion connections between members and almost 80 million job transitions have been tracked across the network.

» The top 10 companies on LinkedIn

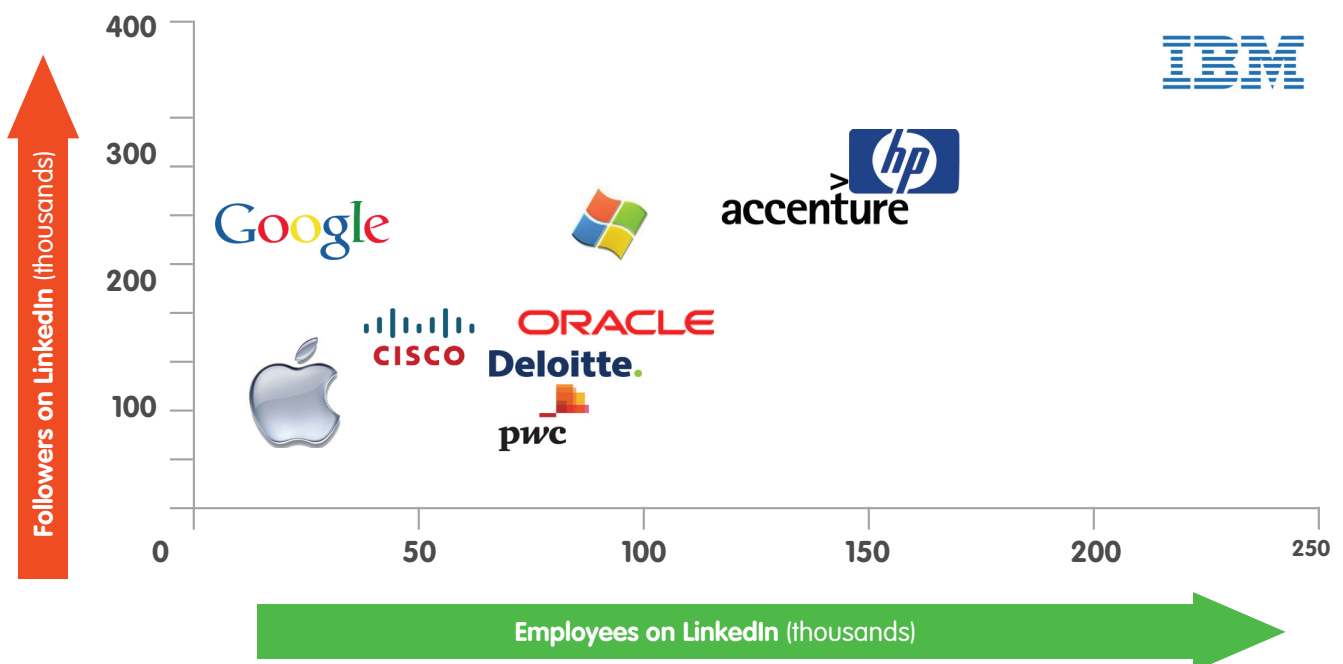
Users on LinkedIn can be linked to a company in one of two ways; by being an employee or by following the company.

Currently, the most followed companies on LinkedIn are:

- | | |
|--------------|-------------|
| 1. IBM | 6. Deloitte |
| 2. HP | 7. PwC |
| 3. Accenture | 8. Cisco |
| 4. Microsoft | 9. Apple |
| 5. Oracle | 10. Google |

When looking at these top ten companies on LinkedIn in more detail there is a clear leader in both the number of followers and the number of employees on LinkedIn:

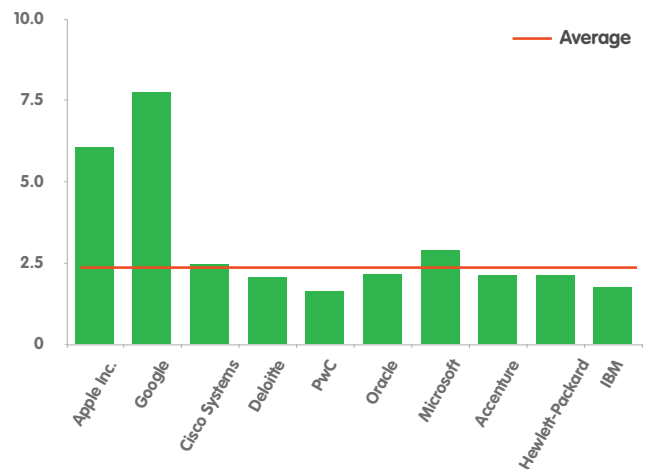
Figure 4 – Top 10 companies on LinkedIn



At the time of writing, IBM had 412,880 followers and 230,000 employees signed up to LinkedIn.

There's also a trend between the size of the company (based on the number of employees on the platform) and the number of followers it has.

Figure 5: Ratio of Followers per Employee on LinkedIn



On average, each company had almost 2.5 followers for each employee on the site, however, there are a couple of high performers on here: Apple has six followers to every employee while Google has eight.

As you would expect, the largest companies (with 10,000+ employees) account for only 0.007% of company pages on the site and over three quarters of the organisations on LinkedIn are SME's - 51% of which have between 1-10 employees and 27% have 11-50 employees.

» **Four reasons why businesses should use LinkedIn**

Last year, **Guy Kawasaki**, co-founder of **Alltop.com** and the former chief evangelist of Apple, wrote a guest post on the LinkedIn Blog about **Ten Ways for Small Businesses to Use LinkedIn**.

In his blog post, Kawasaki advises companies to be transparent in order to attract both prospective clients and employees. While his post focuses on small business uses, some of the points he raises can be applied to all businesses:

1. Win new business by answering questions in your area of expertise

Currently 17.8 million LinkedIn users are members of groups and 1.2 million post comments to groups every week.

If employees are demonstrating expertise and providing sound advice within the conversations relevant to their industry, then others will want to find out who they work for, thereby increasing a company's reputation.

2. Convince potential customers about your expertise by sharing content

The profile of your company will increase by having a presence in groups on LinkedIn and by sharing knowledge through these groups.

It's important to think of these people as prospective customers or employees – try to captivate them with your content, and then try to convert where possible.

Content can range from adding comments and joining in discussions in relevant groups on LinkedIn, to posting your company's blog and twitter feeds to your own profile, as well as that of your employees, in order to help people learn more about your brand and your products or services.

If you have resource you could even set up your own group on LinkedIn.

3. Acquire new customers through online recommendations and word of mouth

Nielsen's Global Online **Consumer Survey**, which sampled 25,000 Internet consumers from

50 different countries, demonstrates the value of word of mouth, with 90% of respondents trusting recommendations from people they know.

As with other online networks, having a company presence on LinkedIn increases word-of-mouth about your brand. Plus, getting recommended by a connection on LinkedIn will help to validate your professional credentials in a way that can be viewed by people across the LinkedIn community.

4. Cut recruitment costs

LinkedIn is a great platform to showcase professional qualifications and experience. As such, it can help businesses save money on recruitment. HR and internal recruiters can view information about potential candidates, as well as contact them, without having to use expensive agencies to provide names and contacts. A leading software provider managed to significantly cut its recruitment budget thanks to using LinkedIn for recruitment purposes.

» **LinkedIn's tops tips for getting started with LinkedIn**

According to Ngaire Moyes, Director of Communications, EMEA, at LinkedIn: "LinkedIn can help brands turn paid media into earned media". She advises companies to take the following approach:

1. Be consultative

Work with your agency and LinkedIn to clearly define what the objectives are. LinkedIn don't want to sell you media – we want to solve your marketing challenges.

2. Spend time on LinkedIn:

Become familiar with the site and understand the features and services on offer – for example groups, company pages and how they might assist your brand.

3. Look to build a long term franchise or an engaging presence on LinkedIn:

Think strategically about how and why you want to use LinkedIn. If you're interested in using LinkedIn, which of your business aims is it going to support? Recruitment? Internal career progression? Business Development? All of the above?

4. Build a community:

Establish groups, a company page, and a follower base that you engage with regularly.

Further reading:

<http://marketing.linkedin.com/>

<http://talent.linkedin.com/>

<http://blog.linkedin.com/category/new-linkedin-features/company-pages/>

3. The future of LinkedIn

“Going forward, we plan to continue to invest in our team, technology, and products in order to increase the value we deliver to members and realise the full potential of the LinkedIn platform.”

» Jeff Weiner, LinkedIn CEO

As a publically listed company, the major driving force behind LinkedIn’s future direction will be about making a profit. The obvious way to achieve this will be to increase the user base, thereby providing advertisers with access to a wider audience, as well as giving companies access to more prospective customer and employee data.

We asked LinkedIn what developments we could expect in the next six months and here’s what they said:

“LinkedIn is focused on continuing to innovate and add great new services and products for our members. Recent examples include the news service ‘LinkedIn Today’ and ‘Apply with LinkedIn’, a new tool for companies to allow applicants to submit their LinkedIn profile for job applications with one click. We’re also continuing to develop our mobile and developer platforms allowing members to access the insights of LinkedIn wherever they are.”

» Ngaire Moyes –
LinkedIn, EMEA Communications Director

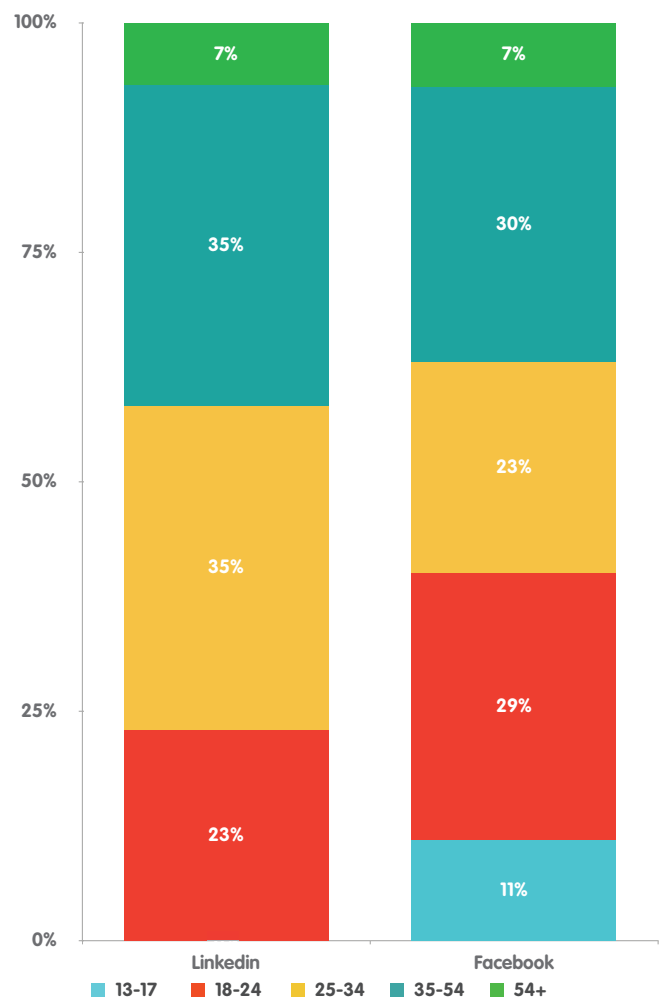
As expected from such a fast-growing, technology-led company, this doesn’t really give too much away so we’ve had a think about some possible future developments:

Developments for Young Professionals:

At the end of 2010, 40% of Facebook users were aged between 13 and 24, equating to approximately 240 million users. If we exclude the 11% of Facebook users under 18, this represents a total of 174 million 18-24 year olds.

As you would expect from a professional network, 70% of its users are between 25-54, compared with only 53% on Facebook.

Figure 6: Percentage of age groups on LinkedIn and Facebook



In order to extend its user base, LinkedIn should try to encourage a younger demographic to sign up and use the platform. This is an area that’s already being addressed with the recent launch of a [new profile section designed for students](#).



Developments for students:

The LinkedIn platform could be developed to host **virtual job fairs**. This would be an added incentive for graduates to join the LinkedIn network and could also appeal to businesses as a more cost effective recruitment option instead of hosting stalls and fairs at universities around the country.

Embedded VOIP calling within LinkedIn:

A possibility for LinkedIn would be to partner with a Voice over Internet Protocol (VOIP) service like Skype. This would give LinkedIn users the ability to call direct from the site, helping to connect people, for interview purposes, business meetings, introductions and other collaborative projects, instantly.

4. Interview with Ngaire Moyes, Director of Communications EMEA, LinkedIn

/ Why do you think LinkedIn has grown so rapidly?

Professionals are increasingly realising the positive impact that a professional online profile can have on their careers. As we continue to have more jobs during the course of our careers and are more likely to work across borders, our online professional identity becomes a powerful tool in helping us manage our professional brand, stay in touch with our network or trusted contacts and gain access to insights and opportunities.

In addition, many people feel that they want to have a clear line between their social network and their professional network. Context matters. This is part of the driving force behind LinkedIn's member growth.

/ What impact has the IPO had on LinkedIn in terms of growth, expansion etc.?

LinkedIn is currently growing faster than one new

member per second and currently has more than 100 million members worldwide. We are focused on delivering the best experience for our members as part of our mission to make them more productive and successful. This clear focus has enabled us to grow organically to the scale you see today.

/ What do you feel has been the most impressive milestone in LinkedIn's journey over the last 8 years?

There have been many highlights from new product features such as LinkedIn Today and Apply with LinkedIn to passing the 100 million member mark earlier in 2011. However, the job is far from over. We are really focused on continuing to get more members on board, to innovate and deliver new features and on developing our hiring solutions and marketing solutions businesses.

/ In your opinion which brands are using LinkedIn in the most successful way? And why do you think they're successful?

Brands that are building a long term presence, that combine media with community to build 'earned media' are the most successful on LinkedIn. For example, IBM has built up a community of 25,000 followers. These people are connected, have opted in and are actively involved.

/ How reliant are you on emerging markets for new users?

It's not a question of reliance. New markets represent great opportunities for us to serve more professionals. Places like Brazil, India are all growing rapidly. In Europe we recently rolled out LinkedIn in new languages in Russia, Romania and Turkey which is opening up new markets and bringing the value of LinkedIn to more professionals worldwide.

/ What new features and functionality can we look out for in the next 6 months? What about in the next year?

LinkedIn is focused on continuing to innovate and add great new services and products for our members. Recent examples include the news service LinkedIn Today and Apply with LinkedIn a new tool for companies to allow applicant to submit their LinkedIn profile for job applications with one click. We're also continuing to develop our mobile and developer platforms allowing members to access the insights of LinkedIn wherever they are.

5. Summary

With a reported 120% leap in revenues between April and June this year and the first of the new generation of highly valued social media firms to make its stock market debut, the future looks bright for LinkedIn.

However, in order to ensure further growth, the company needs to look at expanding its user base in emerging markets, as well as engaging with a younger demographic.

LinkedIn will also need to keep up the pace with the new developments they roll out, as well as thinking about the future impact of mobile and how this impacts the way people access professional information online.

Either way, it will be interesting to track the growth, profitability and new developments that LinkedIn roll out in the coming months, particularly around the data available in their API, that help brands and businesses use LinkedIn more effectively.

About FreshNetworks

FreshNetworks is an award-winning social media agency. We help businesses use social media to achieve their key strategic goals. With over 15 years experience of working with social media and online communities, we offer practical solutions to help engage customers, develop advocacy and grow sales.

Our services include:

- **Social media strategy**
- **Social media monitoring**
- **Social media management**
- **Technical consultation on social media tools and technology**
- **Online reputation management**

Find out more about us at www.freshnetworks.com
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